

**EVENCE BECHES and ET
DEVELOPMENT CORPORATION,
Appellants,**

v.

**CHRISTINA SUMOR,
Appellee.**

CIVIL APPEAL NO. 09-025
Civil Action No. 08-225

Supreme Court, Appellate Division
Republic of Palau

Decided: August 17, 2010

[1] **Appeal and Error:** Clear Error

A finding of fraud is a question of fact that we review for clear error. Under this standard, we will not reverse a factual determination unless it lacks evidentiary support such that no reasonable trier of fact could have reached the same conclusion.

[2] **Appeal and Error:** Clear Error

An appellate court's role on clear error review is not to re-weigh the evidence produced below, and any conclusion that this Court might have reached upon hearing the evidence for the first time is irrelevant. Where admissible evidence supports competing versions of the facts, the trial court's choice between them is not clear error.

[3] **Appeal and Error:** Briefs

Rule 28(a) requires a party to support asserted facts, including proper citations to the record below. The rule is clear and unambiguous,

and failure to comply permits the Court to disregard any factual arguments unsupported by cites to the record.

[4] **Property:** Deeds; **Torts:** Fraud

Where a deed is procured or induced by fraud, the fact that a deed otherwise complies with relevant legal formalities is immaterial. Fraud inducing one to execute a deed relates back to the inception of the deed and vitiates the entire transaction.

[5] **Torts:** Fraud

To prove fraud, a plaintiff must establish that defendant (1) made a fraudulent misrepresentation of a fact, opinion, or law, (2) with the purpose of inducing the plaintiff to act upon the representation, (3) that the plaintiff justifiably relied on the representation, and (4) was damaged as a result of that reliance.

[6] **Torts:** Fraud

A person's representation of his intention to do an act in the future may be fraudulent if he does not possess that intention at the time he declares it.

Counsel for Appellant: Carlos H. Salii

Counsel for Appellee: William L. Ridpath

BEFORE: LOURDES F. MATERNE,
Associate Justice; ALEXANDRA F.
FOSTER, Associate Justice; RICHARD H.
BENSON, Part-time Associate Justice.

Appeal from the Trial Division, Honorable ARTHUR NGIRAKLSONG, Chief Justice, presiding.

PER CURIAM:

Christina Sumor filed this action seeking to void her transfers of two properties to ET Development Corporation (“ET Corp.”), an entity she formed with Appellant, Evence Beches. Sumor alleged that Beches fraudulently induced her to convey her lands by falsely stating that he would also contribute certain property to the enterprise, to be held and managed for the lasting benefit of both parties and their descendants. The trial court found fraud, concluding that Beches never intended to convey any property to ET Corp. Rather, he sought control over Sumor’s land with the intent to profit unjustly therefrom. Beches now appeals. For the following reasons, we find no error in the trial court’s decision.

BACKGROUND

Christina Sumor and Evence Beches are first cousins, and they enjoyed a close relationship until this dispute arose. Their families originate from Kayangel, a state Beches represented in the House of Delegates from 1988 until 2000. Sumor, on the other hand, does not read English or Palauan, and she speaks only Palauan. Christina married Sumor Albis,¹ who had been previously married and had children with his first wife.

¹ For the remainder of this opinion, the Court will refer to each party by his or her last name. Thus, we will refer to Christina Sumor as “Sumor,” and her husband, Sumor Albis, as “Albis.”

Sumor and Albis lived in Echang, and Sumor stated that she relied on her husband to handle most business or financial decisions, calling him her “eyes, ears and mouth.” Beches remained close to the couple, stating that Albis was a man of integrity and was like an older brother.

Albis owned the two lands disputed in this case, both located in Ngerkebesang, Koror: *Ked*, a large hillside tract, and *Echol*, a smaller oceanfront property. At some time prior to this dispute, Albis conveyed *Ked* and *Echol* to Sumor to ensure that the lands passed to his children with Sumor, rather than those of his previous marriage.² Albis passed away in 2005.

In 1997, Beches and Sumor, with Albis’s assistance, agreed to form a corporation for the ownership and management of several properties. The circumstances surrounding the birth of ET Corp. are disputed and essential to this case, and we therefore describe them in detail.

ET Corp. was incorporated on July 11, 1997. The Articles of Incorporation name Evence Beches as president and Christina Sumor as vice president. They further provide that the company’s initial capitalization is \$50,000, comprising 1,000 shares of authorized stock at \$50.00 per share. Beches, his wife Emy, and Albis executed a stock

² According to Sumor’s counsel, Albis had taken similar actions to ensure that land in Sonsorol passed to the children of his first marriage.

affidavit on the same day.³ This document states that Beches owned 550 shares of ET Corp., whereas Sumor owned 450 shares. The affidavit provides that the subscription price for these shares “consists of cash and real property with a total value of \$50,000.00.” The parties never adequately explained why they chose to capitalize ET Corp. with a value of \$50,000. The affidavit then outlines the capital contributed by each shareholder, stating that Beches contributed “\$27,500.00 cash/land,” while Sumor contributed “\$22,500.00 land.” The affidavit is signed and notarized.

On the same day, July 11, 1997, Christina Sumor signed a warranty deed conveying *Ked* to ET Corp. According to the deed, the market value of *Ked* was \$38,000. In exchange for her land, she received 450 shares of ET Corp., valued at \$22,500. The deed attributes the remaining \$15,500 as consideration for 310 shares granted to Beches. The deed itself is ambiguous regarding the basis for Beches’s shares, saying only that Sumor conveyed property as payment for her shares and that she acknowledged certain payments, benefits, and

privileges from Beches. Neither party suggested that the valuation of *Ked* had any relation to its actual market value. Instead, Beches claimed that it was approximately three times bigger than *Echol*—which, as described below, the parties valued at \$12,000 based on Sumor’s alleged debt to Beches—so Beches tripled that amount to approximate *Echol*’s value (\$36,000) and rounded up to make the total of the two lands equal an even \$50,000.

Approximately eight months later, on March 13, 1998, Christina Sumor conveyed the second land, *Echol*, to ET Corp. The warranty deed states that *Echol* had a market value of \$12,000, and it again provides that the conveyance is in consideration for “payments made by Evence Beches for the above described lots, together with the benefits and privileges, the receipt of which Christina Sumor acknowledges.” Unlike the prior deed, this document is silent regarding any exchange for or allotment of ET Corp. stock. It appears that the parties attributed the entire contribution of *Echol* to Beches, meaning he acquired an additional 240 shares of ET Corp., valued at \$12,000.

As a result of these transactions Beches obtained 550 shares of ET Corp., the same amount listed in the original stock affidavit, while contributing neither money nor land. This gave Beches a majority and controlling interest in ET Corp., even though Sumor was the only one who contributed assets to the enterprise. The initial contributions, however, conflict with the stock affidavit’s statement that Beches contributed \$27,500 in “cash/land” as of July 11, 1997. To explain, Beches claimed that he provided financial assistance to Sumor and Albis over

³ According to section 2.5 of the Palau Corporate Regulations, a corporation must file an affidavit sworn to under penalty of perjury by the corporation’s president, secretary, and treasurer, as named in the articles of incorporation. The affidavit sets forth the number of authorized shares, their par value, the subscribers for the shares, the number of shares outstanding, the subscription price paid by each subscriber, and the amount of capital paid in by each subscriber. See ROP Corporate Regulations § 2.5. Christina Sumor was named as the vice president of ET Corp., and she was therefore not required to sign this affidavit.

the course of several years, including a recent payment of \$8,000 to help them pay a loan at Palau Bank, and an additional \$4,000 for other purposes. Beches averred that *Echol* was collateral for Sumor's \$8,000 debt at Palau Bank; that his assistance prevented foreclosure on the property; and that he was therefore *Echol's* "de facto" owner.⁴ Consequently, he claimed that the 240 shares he received for Sumor's contribution of *Echol* was repayment for the \$12,000 he previously gave her. Rather than credit that amount as a *portion* of *Echol's* value, Beches simply established it as the property's *entire* value. As for the \$15,500 of shares Beches obtained from Sumor's conveyance of *Ked*, he asserted that these were a repayment for his help in building a house in Kayangel for Sumor and Albis. Neither of these transactions were in writing or well-supported, and there was no evidence that Beches and Sumor ever entered into an actual agreement or exchange whereby Beches's alleged financial assistance would be repaid using Sumor's property. In the end, although Beches conveyed no land to ET Corp., his shares totaled \$27,500.

Christina Sumor expressed a much different version of the events leading up to ET Corp.'s incorporation. She denied any agreement permitting Beches to take shares of ET Corp. to repay money he previously

provided to Sumor and Albis, and she further disputed the extent of Beches's financial assistance. She stated that she and Beches agreed that she would convey *Ked* and *Echol* to ET Corp., while Beches would convey three lands in Kayangel: *Uchelangas*, *Kedesau*, and *Ngerbelas*. The two would then manage the properties as ET Corp.'s directors and officers in hopes of attaining the maximum benefit from the land and thereby providing for their children. Sumor kept her part of the bargain, conveying *Ked* to ET Corp. on July 11, 1997. As for *Echol*, she stated that Beches asked her months later to come to Koror from Kayangel to sign some documents for ET Corp. Despite uncertainty regarding the nature of the documents, she signed the warranty deed conveying *Echol* on March 13, 1998.

Little occurred concerning ET Corp. or its properties for several years. Beches continued to serve as the corporation's president. In 2004, he filed an Annual Report with the Attorney General's Office for the year 2003. In it Beches reported that ET Corp. owned property in Kayangel worth \$65,000. He also stated that ET Corp. had rental property in Kayangel, but he wrote "indefinite" regarding the value and term of the lease. Finally, Beches listed the value of ET Corp.'s property in Ngerkebesang as \$800,000, bringing the corporation's total assets to a staggering \$865,000. A marked discrepancy exists between the value of the Ngerkebesang property in 1998 and in 2003, and no evidence indicated that ET Corp. had ever owned or leased property in Kayangel. Beches executed the Annual Report before a notary public and under penalty of perjury.

According to Sumor, at some point in 2004 or 2005, her daughter told her that

⁴ Beches did not enter into any formal relationship with Palau Bank. He was not a cosigner on the loan from the Bank to Sumor and Albis, nor was any documentary evidence produced at trial that he otherwise acquired any interest, as security or otherwise, in *Echol*, or that his contribution was anything more than a gift. Beches claimed that it was a loan, but no document supports this contention.

Beches had not conveyed any property to ET Corp. and that the entity's sole assets were the Ngerkebesang properties *Ked* and *Echol*. This upset her greatly, and her relationship with Beches deteriorated rapidly. Sumor attempted to recover the properties from Beches out of court, with no success.

Beches, however, continued to operate as the head of the corporation. In 2008, Palau Ocean Resort, Inc. expressed interest in leasing a number of properties surrounding and including *Echol*. Separate counsel for Beches and Sumor participated in the initial negotiations for such a lease, despite the parties' internal dispute over the land. On April 18, 2008, counsel for both parties signed a memorandum of understanding, tentatively approving certain proposed lease terms. From this point forward, however, Beches acted alone on ET Corp.'s behalf, without board or shareholder approval. He executed an initial lease for *Echol*, payment for which was denied due to Palau Ocean Resort's lack of funds. Beches thereafter negotiated a second lease agreement for the substantially reduced rental rate of \$200,000—which he signed on the corporation's behalf *after* Sumor filed this suit. Beches received a check on ET Corp.'s behalf and, despite disbursing \$33,300 to himself and his wife, he gave Sumor only \$1,000.⁵ There was no evidence at trial that ET Corp.'s board of directors or shareholders ever approved or ratified the lease, and Sumor even claimed she never heard of or saw the final agreement.

⁵ The remaining proceeds of the lease *Echol* are in a bank account owned by ET Corp. On September 10, 2008, the parties to this case filed a stipulation stating that Beches would not make any further withdrawal from the account.

Based on the above events, Sumor sued Beches for fraud, forgery,⁶ failure of consideration, and breach of contract. This matter went to trial on April 8 and 9, 2009. The trial court first found that Beches induced Sumor to convey her properties through fraud.⁷ The court credited Sumor's testimony that Beches promised to convey land in Kayangel to ET Corp., and it found that Beches never intended to do any such thing. In addition to Sumor's testimony, the court cited statements by her daughter, Martul Scott, the stock affidavit's statement that Beches contributed "cash/land" (suggesting that Beches had agreed to convey property), and the 2003 Annual Report in which Beches swore that ET Corp. owned property in Kayangel worth \$65,000. The court concluded that Beches made his misrepresentations to induce Sumor to convey her lands to a corporation he could then control, seeking to benefit from commercial development of the properties. It also found that Sumor's reliance on Beches—a close and well-educated family friend—was justifiable, and that the fraud damaged Sumor because she relinquished her properties in exchange for a minority interest in ET Corp., whose only assets were her own land. The court went on to conclude that Beches's misrepresentations convinced Sumor to convey her land for far less than it was actually worth. Beches valued the properties

⁶ Sumor later withdrew her forgery allegation.

⁷ Before reaching the substantive claims, the trial court held that Sumor's action was not barred by the statute of limitation. Beches does not appeal this determination, and we do not discuss it further.

based solely on the debts he believed Sumor owed him, rather than their fair market value. Primary evidence of this finding was the \$200,000 lease agreement later obtained for renting *Echol* (which was a discounted price after Palau Ocean Resort's check failed to clear), in addition to Beches's sworn statement that the Koror land was worth \$800,000. The trial court went on to find that the amounts of money that Beches claimed to have paid to Sumor and Albis were not credible. The court questioned Beches about these payments and gave him the chance to support them with documentary evidence, but Beches was unable to do so.

The trial court then found a breach of contract based on the same findings. It determined that an enforceable agreement existed between Beches and Sumor, whereby each agreed to convey certain properties to ET Corp. Beches failed to fulfill his side of the bargain, to Sumor's detriment.

To remedy these wrongs, the trial court first declared the warranty deed to *Ked* void and rescinded, meaning title returned to Sumor in her individual capacity. The court considered *Echol* a more difficult proposition because it had already been leased to a third party. Rather than void the warranty deed conveying the land from Sumor to ET Corp., the trial court sought to give Sumor exclusive control over *Echol* and any accompanying proceeds. It accomplished this by removing Beches as an officer of ET Corp. and voiding his shares and ownership interest in the corporation. Finally, the court considered Beches's conduct sufficiently egregious as to warrant punitive damages in the amount of

\$40,000.⁸ Beches filed this appeal, and we consider his arguments below.

ANALYSIS

Beches alleges that the trial court made numerous mistakes below. Among them are that the warranty deeds conveying *Ked* and *Echol* complied with all relevant laws and must be recognized; that the trial court disregarded the extent of Beches's financial support to Sumor; that the method of valuing the properties was legitimately related to the amount of debt Sumor owed Beches; that the trial court ignored Sumor's contradictory testimony concerning her execution of certain documents; that the court erred by crediting Sumor's allegation that Beches agreed to convey lands in Kayangel; and, finally, that all of these circumstances compel a finding by this Court that the trial court clearly erred. Reading through the conclusory arguments in Beches's brief,⁹ it appears that he is ultimately

⁸ Beches does not appeal the trial court's remedies or the punitive damages award. His appeal focuses solely on the trial court's determination that the circumstances surrounding ET Corp.'s incorporation constituted fraud. This Court will confine its opinion accordingly.

⁹ The Court could not help but notice that the bulk of Beches's appellate brief corresponds nearly word-for-word with his written closing argument filed with the trial court. The Court has no quarrel with efficiency and utilizing a wheel already invented, and, because the Court presumes that Beches's counsel did not bill his client anew, it would commend counsel for saving his client additional fees. But to adopt wholesale the same legal arguments made below indicates that counsel did not tailor the brief to the appropriate issues on appeal, and the result is a smattering of

challenging the trial court's factual determination that Beches committed fraud.

[1, 2] A finding of fraud is a question of fact that we review for clear error. *See Arbedul v. Isimang*, 7 ROP Intrm. 200, 202 (1999); *see also* 37 Am. Jur. 2d *Fraud and Deceit* § 28 (2001). Under this standard, we will not reverse a factual determination unless it lacks evidentiary support “such that no reasonable trier of fact could have reached the same conclusion.” *Sambal v. Ngiramolau*, 14 ROP 125, 126 (2007). An appellate court's role is not to re-weigh the evidence produced below, and any conclusion that this Court might have reached upon hearing the evidence for the first time is irrelevant. *Id.* at 127. Where admissible evidence supports competing versions of the facts, the trial court's choice between them is not clear error. *Id.* at 128.

I. Beches's Statement of Facts

[3] Before reaching the merits of Beches's appeal, we first address the statement of facts in his brief. With a single exception (see Appellant's Br. at 10), Beches failed to include a pinpoint citation to the record in support of any of his asserted facts. He occasionally refers to documentary evidence, but the lack of citation to the witnesses' testimony—especially where there is no transcript of the proceedings—is inappropriate and contrary to Palau's Rules of Appellate Procedure. Rule 28(e) of the Rules of Appellate Procedure states:

factual arguments which are not all pertinent to the issues before this Court. At minimum, it indicates that Beches simply disagrees with the trial court's resolution of facts, rather than asserting any error of law.

References to the Record.

References to evidence must be followed by a pinpoint citation to the page, transcript line, or recording time in the record. Only clear abbreviations may be used. Any pinpoint citation to an audio recording must include the day, hour, minute, and second the testimony was offered. Factual arguments or references to the record not supported by such an adequately precise pinpoint citation may not be considered by the Appellate Division.

This rule is clear and unambiguous, and it permits this Court to disregard Beches's unsupported factual arguments—which is nearly all them. The Court finds this recourse appropriate in light of the violation of Rule 28(e), and it will not consider Beches's specific factual arguments. The Court therefore confines the remainder of its opinion reviewing the trial court's decision for clear error, that is, whether its findings and conclusions were adequately supported by the evidence. We admonish counsel in the future to cite and support all factual assertions or risk this Court disregarding them.

II. Validity of the Warranty Deed

[4] One additional argument requires brief discussion before turning to the trial court's fraud determination. Beches argues that the warranty deeds for *Ked* and *Echol* “were duly executed in compliance with the law,” and thus the “trial court has no authority to void them.” (Appellant's Br. at 15.) This

argument—as even a modicum of legal research would have revealed—is an incorrect statement of law. The trial court found that the warranty deeds in question were induced by Beches’s fraud; therefore whether the deeds themselves comply with legal formalities is immaterial. *See* 23 Am. Jur. 2d *Deeds* § 169 (2002) (stating that fraud inducing one to execute a deed “relates back to the inception of the deed and vitiates the entire transaction”); *see also* 37 Am. Jur. 2d *Fraud and Deceit* §§ 2, 358. Beches’s main contention is that he did not perpetrate a fraud, and it is to that issue that we now turn.

III. Fraud Determination

[5, 6] The trial court concluded that Beches induced Sumor to convey her properties through fraud. To prove fraud, a plaintiff must establish that the defendant (1) made a fraudulent misrepresentation of a fact, opinion, or law, (2) with the purpose of inducing the plaintiff to act upon the representation, (3) that the plaintiff justifiably relied on the representation, and (4) was damaged as a result of that reliance. *Arbedul*, 7 ROP Intrm. at 201 (citing Restatement (Second) of Torts § 525); *see also* *Isimang v. Arbedul*, 11 ROP 66, 74 (2004); *Republic of Palau v. Reklai*, 11 ROP 18, 22 (2004). A representation may be “fraudulent” if it is known to the maker to be false. *Arbedul*, 7 ROP Intrm. at 201. A person’s representation of his own intention to do an act may be fraudulent if he does not possess that intention at the time he declares it. *See* Restatement (Second) of Torts § 530(1) (1977); 37 Am. Jur. 2d *Fraud and Deceit* § 90. This is particularly true where one misrepresents facts inducing another to enter into an agreement. *See id.* § 2 (defining fraud in the inducement).

This Court finds no error in the trial court’s conclusion that Sumor met all four elements.¹⁰

A. Fraudulent Misrepresentation of Fact

The trial court found that Beches fraudulently stated that he would convey certain lands in Kayangel to ET Corp. in exchange for Sumor’s conveyance of her lands *Ked* and *Echol*. We therefore consider whether the evidence before the trial court supported this conclusion.

First, Sumor testified that Beches promised to convey Kayangel property to ET Corp. so that the entity could hold their lands for joint management and mutual benefit. She stated that at that time, the two were in a close familial relationship. Sumor contested Beches’s assertion that they agreed to exchange shares of ET Corp. as repayment for any debt she may have owed Beches. She

¹⁰ Neither party raised the burden of proving fraud, and the law in Palau on this point is unclear. *See Arbedul*, 7 ROP Intrm. at 201 (noting a disparity of opinion in U.S. common law and declining to determine the issue, which neither party raised on appeal). One Palauan trial court has held that a plaintiff must prove fraud by “clear and convincing evidence,” *see Foster v. Bucket Dredger S/S “Digger One,”* 7 ROP Intrm. 234, 241 n.12 (Tr. Div. 1997), although the decision is not binding on this Court. In this case, the trial court found that Sumor established fraud by “clear and convincing evidence,” meaning that it deemed the proof sufficient even under the greater standard. Because we find no error in the trial court’s decision under the stricter standard, we need not address the appropriate burden of proof in this case, nor is it prudent to do so where the parties neither raised nor briefed it.

stated that there was no such quid pro quo, and the only reason she conveyed her properties was that Beches made a similar promise. Sumor apparently expressed her version of the parties' agreement to her daughter, Martul Scott. Scott later attempted to acquire information about *Echol* and ET Corp. from Beches, but he would not oblige. Scott went to the Attorney General's office to obtain corporate documents for ET Corp., which revealed that the company's only assets were Sumor's lands *Ked* and *Echol*. This upset Sumor greatly, and she attempted to recover the two properties. This reaction is further evidence that Beches's version of the agreement did not accord with Sumor's intentions at the time they formed ET Corp.

Beches asserts that Sumor was an interested witness, in that she knew at the time she filed her complaint in this matter that *Echol* was to be leased for a substantial sum of money. He also claims that certain testimony was contradictory. These matters concern the credibility of the witnesses, which is solely the province of the trial judge. The trial court in this case determined that Sumor was a more credible witness than Beches, and it therefore accepted her version of the facts. This is the trial court's proper role as a finder of fact, and we find no error.

Second, and even more convincing than Sumor's own testimony, the documentary evidence suggested that Beches promised to convey additional lands to ET Corp. As the trial court noted, the stock affidavit, which was filed on July 11, 1997, stated that Beches received 550 shares for a contribution of "cash/land" worth \$27,500. On that date, he had contributed neither cash nor land. And, at that point, Sumor had not yet conveyed *Echol*,

making the basis for Beches's 550 shares even more tenuous. Beches claimed that his cash contributions were actually a portion of the value of Sumor's land, to which he believed he was entitled as repayment for his previous financial support to Sumor and Albis. The inclusion of "land" next to his name, however, supports Sumor's allegation that he expressed an intention to convey land to ET Corp. The most probative document, however, is ET Corp.'s 2003 Annual Report. Beches swore to the report on behalf of the company, and he stated that ET Corp. owned property in Kayangel worth \$65,000. He also indicated that ET Corp. had rental property in Kayangel, although the value and term is listed as "indefinite." Both of these assertions are blatantly false, and Beches could not present a convincing reason for including this misinformation. Whether he was attempting to conceal the actual status of ET Corp.'s assets from Sumor is uncertain, but the false report is at least probative evidence that Beches promised to contribute lands to ET Corp.

Additional evidence supporting the trial court's determination that Beches promised to convey lands in Kayangel to ET Corp. without an intent to actually do so include: Beches's inability to substantiate his allegations that he and Sumor agreed to offset her debt by crediting him with part of her contribution of *Echol* and *Ked*; the drastic undervaluation of *Echol*, evidenced primarily by the subsequent lease for \$200,000 and Beches's claim in the 2003 Annual Report that *Ked* and *Echol* were worth \$800,000; Beches's acknowledgment that he valued *Echol* at \$12,000 based solely on the amount he felt Sumor owed him, rather than on the fair market value; the fact that Beches became

the majority, controlling shareholder of ET Corp. despite contributing almost nothing to the enterprise; and his continued management of ET Corp. without regard to corporate formalities or notifying Sumor of his actions on ET Corp.'s behalf, even after Sumor filed this suit. As we stated above, if admissible evidence supports competing versions of the facts, the trial court is obligated to select between them, and it cannot clearly err in doing so. That is precisely the case here—there is evidence in the record to support the trial court's conclusion that Beches told Sumor that he would contribute certain lands to ET Corp. while lacking any intention of actually doing so.

B. Purpose of Inducing Sumor's Action

The trial court did not err in concluding that Beches misstated his intent to contribute property to ET Corp. to induce Sumor to act. Sumor testified that the only reason she agreed to transfer *Ked* and *Echol* is that Beches was also going to contribute property, and he would then help manage them to attain the greatest benefit for both parties and their children. The circumstances surrounding ET Corp.'s formation—resulting in Beches's controlling interest despite his failure to directly contribute property or money to the corporation—suggest that he devised a plan by which he would gain control of two valuable properties without any financial or capital outlay on his part. This evidence was sufficient to support the trial court's conclusion.

C. Justifiable Reliance

The trial court also did not err in finding Sumor's reliance on Beches's statement to be justifiable. The court cited their close family relationship, as well as the disparity in education and business sophistication. Sumor testified that Beches simply presented her with several papers for signature on a number of occasions, and there was some dispute below about the extent to which these documents were translated into Palauan. Even if Sumor was aware of the contents of the documents, as far as she was concerned Beches was also obligated to convey property to ET Corp. The stock affidavit and the Annual Report both indicated that this was the case. The trial court's finding on this issue is another finding of fact that we cannot conclude was clearly erroneous.

D. Damages

As the result of Beches's misstatement, Sumor ceded full ownership of *Ked* and *Echol* to ET Corp. In exchange, she received a mere 45% interest in that company, whose *only* assets were the lands previously belonging solely to her. What is more, even if the court accepted Beches's version of the events, Sumor conveyed her property in exchange for a value far less than it was really worth and essentially exchanged a property worth at least \$200,000 for relief from a \$12,000 debt. Although we are not ruling on the conscionability of such an agreement, it demonstrates the extent to which Sumor was harmed. Further, even had Sumor knowingly agreed to receive a mere minority interest in ET Corp., the evidence indicates that her expectation based on Beches's statements was that the corporation would own far more property than it actually did, making her 45%

interest much more valuable. The trial court did not err by finding that Sumor was damaged by Beches's fraud.

CONCLUSION

Beches lodges several challenges against the trial court's factual findings. We have not outlined each and every allegation here, but we have considered them all. In the end, the evidence before the trial court was sufficient to support its conclusion that Beches committed fraud. Beches sought to benefit from Sumor's property without capital contributions of his own, and he fraudulently induced her to convey *Ked* and *Echol* to ET Corp. for well below its fair market value. For these reasons, we AFFIRM.