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■ In Assets & Answers, Shannon Buggs helps a reader determine how to avoid turning the sale of a house to a son into a gift in the eyes of the IRS.

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Tony Vallone: I bailed son out

■ Father says he's entitled to son Joey's part of sale

By PURVA PATEL
HOUSTON CHRONICLE

Jurors on Tuesday heard how Tony Vallone went from being a dishwasher growing up in Houston's Sunnyside neighborhood to the owner of a collection of upscale restaurants.

His life story was part of the testimony delivered during a trial to settle a lawsuit brought by his son Joey Vallone, over his cut of some restaurants sold to Landry's Restaurants in 2003.

The elder Vallone testified that after high school he worked various jobs at local restaurants, including runner, waiter, dishwasher and carpet cleaner.

Then in 1965, he opened his first Tony's restaurant on Sage Road, where he took his concept upscale at the encouragement of local developer Gerald Hines. He kept that location for 33 years before moving it to Greenway Plaza.

Vallone would later open La Griglia and two Grotto locations that he testified he sold to Landry's for \$8 million.

The son claims he is owed about \$1.6 million.

Vallone's testimony in state District Judge Ken Wise's court was cut short, however, when a juror learned of a death in the family after lunch. Both sides agreed to resume the trial Monday.

Earlier in the day, Joey Vallone's attorney, Thomas Schmidt, went through various company tax statements and showed jurors a document in which Tony Vallone agreed to buy a loan his son took out in 1995 if his son defaulted.

The loan enabled his son to open a Dallas restaurant called Joey's.

Schmidt argued that when Joey Vallone couldn't make the payments, Tony Vallone bought the debt because he was obli-

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VALLONE: Trial focuses on son's loan

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gated to do so under the agreement, and that allowed Tony Vallone to keep control of the company shares that were collateralizing the debt.

Tony Vallone testified he bought the note in 1998 to help his son and keep the shares in the family. He had to take out a loan himself to buy the promissory note, he said.

Tony Vallone added that he and his son had a verbal agreement that the elder Vallone would take back the stock, which had originally been a gift, in return for pulling Joey out of a \$225,000 hole.

"My whole goal was to rescue the stock," Tony Vallone testified a day earlier. "This is the business I worked all my life creating for my family — it's 44

years of work."

Tony Vallone said his son agreed to give up his shares in 1998, but he acknowledged during Schmidt's questioning that the shares sat in the bank's vault in Joey's name until 2001.

Changing the name is something he would have left to his lawyers, Tony Vallone said.

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