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Software company alleges in lawsuit that executives stole more than \$15 million

By **L.M. Sixel** Updated 7:22 pm, Thursday, February 9, 2017

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Ray Davis, founder and CEO of BRSLabs in Houston, says his security product called AISight issues fewer false alarms. Some industry experts are skeptical.

The Houston software company Giant Gray sued two of its former executives, alleging they siphoned millions of dollars from the enterprise to pay for antiques, medical bills, theater tickets, luxury car rentals and other personal expenses.

Giant Gray, which changed its name from Behavioral Recognition Systems last year, accused company founder Ray C. Davis, and his son, Charles C. Davis, of allegedly stealing more than \$15 million by creating fraudulent invoices and charging personal expenses, according to the lawsuit filed last week in state district court in Harris County.

The suit, which alleges fraud, breach of fiduciary duty and unjust enrichment, seeks to recover the money allegedly diverted from Behavioral Recognition Systems.

Neither Ray nor Charles Davis could be reached for comment. They have not filed a response in court.

Giant Gray makes artificial intelligence technology that analyzes video information. Ray Davis, a serial entrepreneur in Houston, founded Behavioral Recognition Systems in 2005.

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Ray Davis raised \$47 million for his then-new venture, according to a 2009 interview with the Houston Chronicle. Before launching BRS, Ray Davis had created and sold other ventures, including one involving fax broadcasting technology and another that sold virtual office software.

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Ray Davis served as chairman and chief executive officer of BRS until he sold his controlling interest in July 2015, according to the lawsuit. In 2010, he hired his son, Charles, who became an executive vice president and ran the investor relations department. Giant Gray terminated Charles Davis in May 2016, according to the lawsuit.

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In the lawsuit, first reported by the Houston Business Journal, Giant Gray accuses Ray Davis of setting up a series of companies disguised as providing legitimate services including marketing, finance and search engine optimization. Ray Davis invoiced millions of dollars for the non-existent services and used the money to buy bronze swords, Roman gold coins and an emerald bangle, the lawsuit alleged.

One of the companies, L.S. Farrow, was paid more than \$650,000 for financial services, according to the lawsuit. Upon further investigation, according to the lawsuit, Giant Gray discovered L.S. Farrow shared the same address as a cemetery in Australia, where a person named L.S. Farrow, who died in 2010, is buried.

Another company - designated as providing reputation management and other services - shared an address with a UPS store in Colorado, according to the lawsuit.



Giant Gray also alleges that Ray and Charles Davis put millions of dollars worth of personal expenses on their company credit cards and did not reimburse the company. Ray Davis' credit card expenses included \$25,000 for medical bills, \$2,400 for theater tickets and \$1,300 for a luxury brand pen, according to the lawsuit, while Charles Davis

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