

Jury got \$43M for settlement, lawyer says

President redeveloper recovers in dispute about failed loan

BY CHRIS GRENZ | STAFF WRITER

The redeveloper of the Hilton President Kansas City Hotel received \$43 million in a confidential settlement with an Ohio law firm, a lawyer familiar with the agreement said.

Ron Jury, who led a group of investors called President Hotel LC, sued Squire Sanders & Dempsey LLP for its role in a \$14 million loan that failed to materialize. When the loan disintegrated, Jury said that he was unable to complete a substantial portion of his plans and that it nearly caused the entire project to collapse. Jury said his losses totaled more than \$200 million, including lost opportunities and costly construction delays, court records indicate.

The settlement came July 24, just before the case was to go to the jury after a five-week trial in Jackson County Circuit Court. Although it came with a condition of confidentiality, Jim Frickleton, a lawyer with the Leawood-based law firm of Bartimus Frickleton Robertson & Gorny PC, said he learned the settlement amount before the confidentiality agreement was imposed.

Frickleton acted as an informal consultant to Jury's attorney, John M.



Frickleton



Edgar

Edgar of Edgar Law Firm LLC, in the case. He said Edgar told him the amount of the settlement five days before Squire Sanders "sprung this confidentiality on him."

"As I understand the agreement, it was from that point forward," Frickleton said of the confidentiality clause. "I have no compunction telling you that the settlement was for \$43 million."

Because of the confidentiality clause, Edgar hasn't disclosed the amount. He declined to comment on Frickleton's remarks.

"It all came to a conclusion, and everybody's pleased with it," Edgar said of the settlement. "Our client was extremely pleased. It's always beneficial when the parties can work these issues out themselves."

Jim Price, a partner with Spencer Fane Britt & Browne LLP, which represented Squire Sanders, said Edgar may have breached the terms of the agreement by discussing the settlement amount.

"It might depend on the circumstances, but it sounds like it's not consistent with the terms of the settlement agreement," Price said.

Originally, Jury had planned to redevelop the entire block on which the President Hotel sits. The project included plans to build a structure north of the hotel that would have included 45,000 square feet of retail space on the first floor, a 425-space parking garage with a pedestrian plaza, five floors of residential housing, a rooftop terrace and a tenant

swimming pool, court records state.

Ultimately, Jury rehabbed only the historic hotel at a cost of about \$46 million.

According to court documents, Donald Longwell Jr., a Squire Sanders partner, represented that an entity called H&A Capital LLC was a lender and would provide financing for the project.

In fact, H&A Capital wasn't a lender and was unable to supply the promised financing, Jury argued in court documents.

As a result, Jury claimed that he had to put up his money, had to bring in partners to help finance the deal, was unable to carry out a substantial portion of his plans for the rest of the block, and paid hefty fees and costs to find alternative financing and because of construction delays.

Jury sued Squire Sanders for fraud and negligent representation. The complaint filed in the case claimed that Longwell told Jury that they had "a done deal" and that Jury "shouldn't worry about the deal closing."

Brent Erwood, co-chairman of Stinson Morrison Hecker LLP's financial services division, said it would be highly unusual for an attorney to guarantee that a loan was coming.

"The guy crossed the line, clearly," said Erwood, who wasn't involved with the case.

Longwell no longer is with Squire Sanders.

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Jury