

HILTON PRESIDENT HOTEL | Case concerned renovation loan

FRAUD LAWSUIT IS SETTLED

The “substantial” settlement comes after the redeveloper rejected \$27 million.

By DAN MARGOLIES
The Kansas City Star

The redeveloper of the President Hotel has settled its fraud lawsuit against Squire Sanders & Dempsey, one of the nation’s biggest law firms, for an undisclosed but “substantial” amount.

Although the settlement was confidential, sources familiar with the case told The Kansas City Star that the redeveloper, President Hotel LC, had rejected a \$27 million offer made by the law firm’s insurance carrier as too low.

Asked about the settlement, President Hotel LC’s principal, Ron Jury, said only that he was “happy” and that the settlement was “substantial.”

The settlement was hammered out Monday, a day before the case was scheduled to go to a Jackson County jury after a five-week trial. The jury was to decide whether Squire Sanders was liable for misrepresenting the ability of a client to finance the renovation of the hotel.

Jury’s attorney, John M. Edgar, also expressed satisfaction with the settlement but otherwise declined to comment, citing the parties’ agreement to keep it confidential.

Mark Thornhill, an attorney rep-



The Congress Ballroom is part of the nearly \$46 million renovation of the historic downtown Hilton President Hotel. Ron Jury, President Hotel LC’s principal, shows off the ballroom.

resenting Squire Sanders, also declined to comment.

If the settlement exceeded \$27 million, it would go a long way toward paying for the President’s renovation, which cost nearly \$46 million.

The 80-year-old hotel at 14th and Baltimore streets had sat empty for more than 20 years before Jury began his project. The renovation included removing the 453-room layout of the old hotel and replacing it with 213 more spacious quarters.

The lawsuit was one of several spawned by early funding difficulties encountered by President Hotel LC, which eventually got financing and redeveloped the

downtown landmark. The 14-story structure, now known as the Hilton President Hotel, opened seven months ago, the first project to be completed in the South Loop redevelopment plan that is transforming a dozen-block section of downtown south of 12th Street.

At issue in the lawsuit was whether Squire Sanders & Dempsey, a Cleveland-based firm with 800 attorneys, fraudulently induced President Hotel LC to believe that it would receive a \$14 million loan from an Ohio mortgage investment banker called H&A Capital.

President Hotel LC contended that Donald Longwell Jr., a now-former Squire Sanders attorney

HOTEL: Settlement is reached before funding case goes to trial

who represented H&A Capital, knew H&A was incapable of making the loan but negotiated the deal to pocket a \$10,000 fee. According to Jury's complaint, H&A was not a lender and had no intention of fulfilling its loan commitment.

H&A, which now appears to be defunct, was dismissed from the lawsuit earlier.

President Hotel LC said that H&A's failure to close on the loan caused it losses resulting from the delay in the hotel's opening and from the opportunity to redevelop the entire city block.

When Jury first outlined his plan to redevelop the long vacant structure nearly five years ago, he also announced plans to transform the then-desolate downtown block into an upscale residential community anchored by the hotel.

The plans called for the construction of luxury apartments and retail space nearby. The

area is now part of the overall South Loop Redevelopment Plan, which includes the new headquarters of H&R Block and the Power & Light District, a retail and residential project being built by the Cordish Co. of Baltimore.

Employees began moving into the new H&R Block building across the street from the hotel earlier this month.

Last week the city completed issuing revenue bonds and transferring the real estate required for the Power & Light project to Cordish. The developer plans to disclose the architectural renderings for its project and a construction timetable this week.

The project includes 425,000 square feet of retail, mostly bars and restaurants, but some shops, a supermarket and condominiums as well. The historic Empire Theater and Midland Theater also are being renovated as part of the project.