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Article published Sep 11, 2007

Four-year Ritz suit ends with buyout

Kevin Daves sells his stake in the Ritz-Carlton Sarasota to the Bufords

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SARASOTA -- After four years and a multimillion-dollar judgment that ranked as one of the largest jury awards nationwide in 2006, a contentious and complex lawsuit involving the Ritz-Carlton Sarasota has been settled.

Though details are scant, part-owner Kevin Daves has sold his 20 percent stake in the resort to brothers C. Robert Buford and Daniel Buford, of Kansas and Oklahoma.

The estimated \$50 million payment to Daves came as part of a settlement finalized Thursday.

It is a move that sets the stage for a potential sale of the resort before year's end.

"They seemed determined. We put a number to them, and they met it. We're very satisfied," said Daves, who declined further comment, citing confidentiality clauses in the settlement.

In addition to consolidating ownership, the settlement also effectively voids the autumn 2006 judgment against the Bufords, their SLAB LLC partnership and home builder Taylor Woodrow.

A six-member jury awarded Daves and his Core Development Inc. \$44.2 million in damages in November 2006, capping a five-week trial that was the longest civil case in Sarasota County history.

The case had been set to go before an appeals court later this year, a costly process that would have taken roughly a year to complete and that would have provided no guarantees for a judgment reversal.

"The parties are satisfied with the terms and the resolution of the issues," said Thomas Dart, a Sarasota attorney who represented the Bufords and SLAB.

Neither Robert Buford, SLAB's managing director, nor Taylor Woodrow executives returned calls for comment on Monday.

Though hotel operations likely will not be affected, the settlement raises speculation that the Bufords will sell the resort -- which includes a 266-room, five-star hotel and condos downtown, a private beach club on Lido Key, 18 holes of golf near Lakewood Ranch and a spa -- to either a private equity fund, a real estate investment trust or another wealthy investor.

In particular, Irish American Management Services Ltd., the Dublin-based investment firm working to develop Sarasota Bayside, a \$1 billion collection of residences, retail and hotel rooms adjacent to the Ritz-Carlton, has expressed interest in acquiring the hotel.

Patrick Kelly, Irish American's chairman, has said he would like to extend the Ritz-Carlton's services to residents in Bayside's trio of planned condo towers. In all, Irish American is planning 700 residences on



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Kevin Daves received an estimated \$50 million for his 20 percent share of the resort.

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Robert Buford, above,
and his brother now
own the Ritz- Carlton

Sarasota. The action sets the stage for a potential sale.

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the 15-acre waterfront site.

Kelly could not be reached Monday for comment.

It is expected that the local Ritz-Carlton resort would sell for between \$200 million and \$250 million.

"To my knowledge, no sales are pending or have even been considered," Dart said. "But I'm not certain, as that wasn't our role."

Charles Githler, who led the group that sold the Hyatt Sarasota in May for \$65 million, said he believes the Bufords may have been motivated by a desire to shed the Ritz-Carlton quickly because of credit-market tightening.

"Without full control, they can't go out to market with a process, and they may realize that while the market for a stabilized hotel is good, it's probably not as good as it was six months ago," Githler said.

Even so, Githler believes the Ritz-Carlton remains a solid investment: "There will be plenty of buyers for the Ritz-Carlton asset."

The settlement with Daves marks the second time this year an agreement has been reached in the case, which was filed in August 2003 by Horizon Mortgage Co. against Taylor Woodrow.

In July, Horizon settled its case against the British home builder for an estimated \$1.5 million.

Horizon sparked the fight between Daves and the Bufords when it claimed it was owed a commission for bringing Taylor Woodrow and the Bufords together to develop 88 luxury condos next to the Ritz-Carlton Beach Club.

Daves, in turn, claimed he had been cut out of the lucrative deal to develop the residences, which generated \$56 million in profit.

After the jury agreed that the Bufords had conspired to eliminate Daves, it was widely assumed that the architect-turned-developer, not the Bufords, would eventually control the resort.

That impression jelled when, during the trial last year, Daves' attorney Steven Hutton introduced evidence that showed the Bufords' finances were limited and that the brothers owed millions of dollars to lenders.

Instead, the Bufords will now fully control what is considered one of the best-run Ritz-Carlton properties in the country.

Daves, for his part, intends to focus on the \$600 million Concession golf course and residential community he is building near Lakewood Ranch, and on a similarly sized Ritz-Carlton project in Charleston, S.C.

He also intends to scope out other developments to work on: "It's a nice time to be looking at projects," he said.
