

## **Purchase Of Bolts Fizzles; Group Sues Key Investor**

By Erik Erendsson of The Tampa Tribune

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### **Read The Complaint**

TAMPA - The deal to sell the Tampa Bay Lightning and land the team owns in the Channel District blew up amid accusations of backroom dealings spelled out in a lawsuit filed Monday in Hillsborough County Circuit Court.

The differences between the two warring sides, however, may still be resolved and the deal potentially resurrected.

Companies led by Lightning suitor and real estate developer Jeff Sherrin of South Florida say in their lawsuit that California investor and Hollywood producer Oren Koules went behind their backs and advised the Lightning not to deal with Sherrin's group, killing an agreement to sell the team.

The deal was officially terminated on Nov. 14 by Palace Sports and Entertainment, the Detroit-based owners of the Lightning.

The team is based in the St. Pete Times Forum near downtown Tampa.

An announcement of the sale of the team, reportedly for more than \$200 million, took place on Aug. 5 during a news conference featuring the principal members of the group - Sherrin, Koules and longtime National Hockey League executive Doug MacLean. Other members of the buying group, Absolute Hockey Enterprises, later included Tampa lawyer Steve Burton, movie producer and Koules' business partner Mark Burg, and previously unannounced Albert Vorstman.

According to court documents, Sherrin alleges Koules failed to provide his initial share of \$4.1 million toward the purchase agreement by a deadline of Nov. 13.

The original deal called for a Dec. 31 deadline to complete the entire sale transaction. When the financial obligation was not met by Absolute Hockey Enterprises - the main investment group formed by Sherrin and MacLean - the deal was killed by the Lightning.

An e-mail sent to Koules on Monday seeking comment was not returned.

The lawsuit, which alleges breach of contract, also describes "civil conspiracy" and "deceptive trade practices" resulting in the termination of the deal.

According to the contract, entered as evidence with the lawsuit, Koules was to front \$40 million toward the purchase of the team. In addition, Absolute Hockey Management - headed by Sherrin - was to receive a 2.5 percent management fee of the "partnership's monthly gross revenues from the operations of the team and the arena."

Sherrin and his partnership groups are seeking damages of lost revenue and other accrued costs of \$50 million, according to the suit.

"This lawsuit was necessitated by Mr. Koules who defaulted on loan payments and as a result the sellers terminated the sale," said Tampa lawyer Tom Scarritt, the lead attorney for Sherrin and his partners. "The partners have worked hard the last couple of weeks since all this dispute arose to try to resolve things, and as late as the end of last week thought they had done so.

"Then Mr. Koules, once again, backed away from what he said he was going to do, so we felt like we had no option but to file suit."

Scarritt also said there is a chance a deal could still be reached if the partners iron out their differences.

"If Mr. Koules were to become as reasonable as he was when he first started with the group I think my clients would be happy to try to work something out," Scarritt said. "I mean, this is really a sad day for hockey and for Tampa, for this ownership group and for these people who wanted to become the new owners."

Koules, who along with partner Burg, formed Twisted Pictures productions and owns the rights to the "Saw" horror movie franchise that recently released its fourth installment of the series in theatres. Koules once played minor league hockey in the same league as Lightning head coach John Tortorella and was added to the Absolute Hockey group as a main financial investor.

The NHL declined to comment through league spokesman Frank Brown, deferring to the team. Lightning officials also did not comment on Monday's developments, but issued a prepared statement.

"Palace Sports & Entertainment has worked diligently with Absolute to move the process forward and was confident in its direction," the statement says. "On November 14, 2007, the Lightning entities terminated the agreement because of the failure of Absolute to comply with the terms of the purchase. At the same time, the buying group expressed continuing interest in purchasing the team, while informing PS&E that there were internal disagreements to be resolved. Prior to the Thanksgiving weekend, PS&E was informed most differences were settled and subsequently was very surprised when it became aware of the lawsuit. ...

"While there is no current agreement in place to sell the team, PS&E is hopeful that those differences can still be resolved and a successful ownership transfer can take place."

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