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## Sullivan Square developer sues 'bullying' Ireland company

● May 01, 2008 | By Hubble Smith

The Las Vegas-based developer of Sullivan Square filed a lawsuit Wednesday against Harcourt Developments, a private company from Dublin, Ireland, that had agreed to finance up to \$800 million for the mixed-use project.

The lawsuit, filed in Clark County District Court, alleges breach of contract by Harcourt Nevada for failure to perform funding obligations and breach of fiduciary duty.

Harcourt and its principal, Patrick Doherty, engaged in a "scheme" to use the resources of local developer Glen, Smith & Glen to get Sullivan Square out of the ground and is now taking control of the project, attorney John Manly said.

"Essentially, Harcourt is pushing Glen, Smith & Glen out of the project and they intend to build it themselves," the California lawyer said. "It amounts to economic bullying."

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Harcourt has repeatedly promised to pay subcontractors for work on the project, Manly said.

Meanwhile, two lawsuits and eight liens totaling more than \$2 million have been filed against Sullivan Square. Another \$2 million in back payments is owed to consultants and vendors. Among those owed are SR Construction and Flack + Kurtz mechanical and electrical contractors.

Sullivan Square, on 16 acres at the Las Vegas Beltway and Durango Drive, is planned for 1,300 residential units, 45,000 square feet of retail and office buildings, and a central park. It's regarded as a good example of urban development coming to Las Vegas.

Construction cost for the first phase, which began last year with dynamite blasting for excavation, was estimated at \$150 million. Vertical construction of the 20-story, 152-unit first tower was scheduled to begin earlier this year, after reservations were converted to binding contracts.

Kenneth Smith, principal of Glen, Smith & Glen, said he's been on the "front line" handling calls from subcontractors who haven't been paid and buyers wondering what's happening. He sent a letter to Sullivan Square home buyers explaining the situation.

"You know me. I'm not that kind of businessman," Smith said. "I've been yelling and screaming (at Harcourt) and their response is, 'So what?' They actually got more onerous. Now they're saying GSG should fund this part of the loan with full knowledge that we're not capable and it's not part of the agreement. They intend to plow ahead with this and freeze us out in the meantime."

He said Martin-Harris Construction had been directed by Harcourt to send a letter to subcontractors assuring them that Sullivan Square would start vertical construction in July and everybody would be paid, even though no contract for a guaranteed maximum price had been signed.

Frank Martin of Martin-Harris did not return phone calls for comments.

GSG has been working on Sullivan Square for three years, acquiring the land, getting it fully entitled and launching sales and marketing campaigns.

"The thing that gets under my skin is our company's reputation has been damaged and the other thing is the sadness of what they're doing to a very good project," Smith said. "I get it from people who aren't even our buyers who say they're excited about the project and so glad we're doing it. To have it go down not because of market conditions or credit, that's just sad. I don't know any other

word."

Harcourt became a 60 percent partner in Sullivan Square in August 2006. Doherty, with an estimated net worth of \$1 billion, attended the ceremonial groundbreaking last year.

Harcourt's projects include Ireland's largest business park, Carlisle Bay hotel in Antigua and the Titanic Quarter regeneration project in Belfast.



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