

DEALMAKERS

By Jaime O. Hernandez

BILZIN SUMBERG LAWYERS INVOKE TREATY IN \$230 MILLION RESORT SALE

Dealmakers: Attorneys Martin A. Schwartz and Michelle A. Kahn

The Deal: Schwartz, a partner at Miami-based Bilzin Sumberg Baena Price & Axelrod, and Kahn, an associate, represented Aruba Hotel Enterprises in the \$230 million sale of the Wyndham Aruba Resort, Spa and Casino.

Details: The buyers were New York-based Belfonti Capital Partners and SVD International Holdings, an affiliate of Starwood Hotels. Wachovia financed the sale, which closed May 3.

Schwartz began working on the deal in April 2005, and Kahn joined the effort in January. They handled negotiations among Belfonti, SVD and eight other parties on the seller's side. In all, attorneys from 11 law firms were involved, Schwartz said.

Belfonti, which was interested in purchasing the hotel, brought in SVD to buy a parcel of undeveloped land slated for timeshare construction.

Complicating the deal was Aruba's foreign exchange tax of 1.3 percent on funds moving out of the country. That would have meant Aruba Hotel Enterprises would owe nearly \$3 million if it transferred the \$230 million directly to its Miami bank account. Schwartz and Kahn applied a treaty forged between



Photo by Aixa Montero

Michelle A. Kahn and Martin A. Schwartz

Aruba and the Netherlands Antilles, which Aruba seceded from in 1986, to exempt the transfer from the tax. The seller ended up transferring the funds to its parent in the Netherlands Antilles, which moved the funds to Miami, avoiding the tax penalty.

Schwartz and Kahn also negotiated the transfer of hotel management from the Wyndham chain to Westin within three months of the sale.

Quote: "On a scale of one to 10 in terms of complexity, this deal is probably an eight," Schwartz said. "We've handled deals where there were more problems involved and more parties involved. But this was not an easy deal."

Background: Schwartz and Kahn are in Bilzin Sumberg's commercial real estate practice.