



FUNDING INTERNATIONAL ARBITRATION: Longford's Role in Resolving a High-Stakes International Dispute Between Grenada and Foreign Investors

By Andrew Stulce

"The opportunity to partner with these investors to pursue their international arbitration wasn't just a matter of good business—providing capital so they could enforce their treaty rights with top-shelf legal representation was also the right thing to do."

So says Andrew Stulce, Vice President at Longford Capital, about a recent international arbitration the firm funded. Partnering with law firm BakerHostetler and claim owner True Blue Development and its investors ("True Blue"), Stulce and his team at Longford funded a high-value claim over stalled construction of a luxury resort hotel in the Caribbean Island nation of Grenada. Armed with this funding, True Blue was able to reach a successful settlement of the dispute.

After investing substantial capital and resources into developing the project, True Blue was forced to arbitrate before the World Bank's International Centre for Settlement of Investment Disputes (ICSID) to enforce its rights. True Blue thus sought funding so it could arbitrate its claim.

"We're proud that we could get involved to support True Blue in this dispute," Stulce says. "BakerHostetler partners Paul Levine and Carlos Ramos-Mrosovsky did a tremendous job driving the arbitration forward and, ultimately, their knowledge and skill helped bring this claim to a mutually beneficial resolution for all involved."

How The Dispute Unfolded

True Blue Development, a Grenada-registered luxury hotel developer, set out to develop a five-star resort hotel near Grenada's most noted stretch of beach, Grand Anse. Grenada approved a \$99 million development budget for the project to be funded by Grenada's Citizenship by Investment Programme.

With approval in-hand, True Blue pushed forward with development. By 2021, construction was nearly complete:



The Kawana Bay Project, as imagined in pre-construction renderings, and as built in 2021.

But according to True Blue, the Grenadian government reneged on its obligations, including by withdrawing approval of the expanded budget, altering regulations, and severely restricting the use of certain funds earmarked for development. Taken together, these actions ground development to a halt and left True Blue with no way to recoup its investment or expected returns. Left with no other option, in June 2021, True Blue **filed** an ICSID claim under the U.S.-Grenada bilateral investment treaty.

Soon after the case was filed, True Blue contacted Longford about securing additional funding for attorneys' fees and expenses for the arbitration. According to Stulce, "The merits of the case were really compelling, it was evident that True Blue had sustained serious damages, and the team at BakerHostetler really impressed us as we dug into the case and asked hard questions." After completing its two-stage due diligence process, Longford decided to invest.

Finding a Mutually Beneficial Solution for Grenada and True Blue

Levine and Ramos-Mrosovsky advocated vigorously for True Blue through the initial stages of the arbitration, including through several procedural filings by Grenada's counsel. True Blue's Memorial on the Merits—which laid out True Blue's case and evidence, as well as the support for its substantial damages claim—was filed in the summer of 2022, and in early 2023, the arbitral tribunal declined Grenada's request to bifurcate the proceedings. Grenada filed its Counter-Memorial in June 2023. Soon thereafter, settlement discussions between True Blue and Grenada intensified.

Both parties recognized that settlement was preferable to a drawn-out battle before an ICSID panel. While Grenada's damaging acts were taken under the supervision of the former prime minister, True Blue worked with newly elected Prime Minister Dickon Mitchell's administration to settle the dispute.

Under the terms of the settlement agreement, the Grenadian government will acquire ownership and control and seek a new developer to complete construction, allowing the vision for the Kawana Bay project as the crown jewel of Grenada's prime stretch of beach finally to become a reality.

"Most importantly, it sets right a legal injustice that may not have been pursued without Longford's funding," Stulce says. "We're gratified that we were able to support these claims and play an important role in resolving this dispute in a constructive way."

About the Author

Andrew Stulce is a vice president at Longford Capital. He was previously a member of the litigation departments of Hunton Andrews Kurth LLP and McGuireWoods LLP.

About Longford

Longford Capital is a leading private investment company that provides capital to leading law firms, public and private companies, universities, government agencies, and other entities involved in large-scale, commercial legal disputes. Longford was one of the first litigation funds in the United States, and is among the world's largest litigation finance companies with more than \$1.2 billion in assets under management, and having invested in the outcomes of more than 500 meritorious cases. Typically,



Longford funds attorneys' fees and other costs necessary to pursue meritorious legal claims in return for a share of a favorable settlement or award. The firm manages a diversified portfolio, and considers investments in subject matter areas where it has developed considerable expertise, including, business-to-business contract claims, antitrust and trade regulation claims, intellectual property claims (including patent, trademark, copyright, and trade secret), fiduciary duty claims, fraud claims, claims in bankruptcy and liquidation, domestic and international arbitrations, claim monetizations, and a variety of others. For more information, please visit www.longfordcapital.com.
