

23/November/2024

**Dear AYC Members,**

I am writing in response to the recent letter circulated by the Antigua Yacht Club (AYC) regarding the relationship between Marina and Resort Ltd. (formerly South West Trading since 2016) and AYC. As the director of Marina and Resort Ltd., I feel it is necessary to provide a detailed account of our position to ensure clarity and transparency for all involved.

The history of this partnership dates back to the late 1980s when the AYC was in financial distress and on the verge of bankruptcy. Yacht Club member Carlo Falcone proposed the construction of a dock, with the goal of revitalizing the yacht club and yachting community in general. Despite the significant challenges, he persevered and secured the necessary approvals from the government and invested significantly in this vision. In good faith, he entered into an agreement with AYC, committing to pay a generous percentage of the dockage revenues from the newly constructed AYC Marina to support the Yacht Club.

Over the years, this partnership has faced numerous challenges. The following points outline key issues that have contributed to the current situation:

- 1. Breach of Agreement by AYC:** The initial agreement stipulated that a portion of the dock be reserved exclusively for club members and not for commercial use. AYC violated this by backfilling the allocated section and commercially exploiting additional dock space without consultation or approval.
- 2. Unjustified Financial Demands:** AYC began issuing invoices labeled as "rent" in 2015 without any legal basis, as no rental agreement ever existed. Despite numerous cease and desist letters, these "invoices" continued for years and led to significant tax complications with Inland Revenue, which Carlo resolved personally for the benefit of AYC, reducing a tax liability of hundreds of thousands of dollars to the token sum of \$50,000 ECD.
- 3. Lack of Legal Authority:** A survey conducted by Leslie King in 2007 revealed that the AYC did not hold a proper lease with the government, raising questions about their authority to grant passage rights to the dock. This fundamental issue undermines the legality of the original agreement. Currently, there is still no registered lease for the AYC.
- 4. Failed Negotiations:** Despite our efforts to renegotiate terms to address these issues, proposed agreements were rejected by AYC's board. Most notably, a mutually agreed-upon draft in 2019 was never presented by the club's subcommittee to the annual general meeting for approval, leaving us with no resolution. Carlo spoke personally at the end of the AGM once it was clear the agreement was not on the agenda, notifying the board and members present that until a new agreement was signed, no further payments would be made and that all further communications be directed to our lawyer.

5. **Unreasonable Demands:** In recent email communications (summer 2024), AYC demanded exorbitant sums for licensing intellectual property, totaling \$1.5 million ECD annually and \$100,000 ECD per month for access through the car park, on land for which AYC still does not hold a lease. These demands are a sevenfold increase from the most recent agreement in dispute, leading us to seek legal counsel. Additionally, earlier this month, we received two legal letters from AYC lawyers insisting AYC Marina cease to use the AYC name and logo by the end of November, allowing inadequate time for the rebranding process and refusing to extend the date while reopening good faith negotiations.
6. **Final Proposal:** In a final effort to find common ground, we proposed a solution that would benefit all stakeholders: Marina and Resort Ltd. would fund the complete demolition and reconstruction of the AYC clubhouse into a world-class facility, along with assuming responsibility for its maintenance and management. Our request was simple: a reasonable extension for the rebranding deadline to allow time to finalize this proposal together. Unfortunately, AYC's counter-condition—acknowledging a disputed debt of \$2.9 million ECD and ownership of property rights—rendered this proposal unworkable.

Our intention has always been to foster a productive and mutually beneficial relationship with AYC. Over the last 35 years, the Marina has contributed more than \$6 million ECD to the Yacht Club, demonstrating our commitment to its success. Despite this, continued breaches of trust, unsubstantiated financial demands, and a lack of good faith negotiations have made it impossible to move forward amicably.

We regret that this matter has come to the point of legal action, but we are confident that the courts will provide a fair resolution. Our ultimate goal remains the same: to build a thriving marina and support a yacht club that serves its members and the broader community with excellence.

We appreciate your understanding and welcome any questions or concerns.

**Yours sincerely,**

Shaun Falcone



*Director, Marina and Resort Ltd.*