

MONEY

Paradise Cove deal approved

Ko Olina's developer buys luau operation

By Greg Wiles

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The multimillion-dollar sale of the Paradise Cove Luau to the builders of leeward Oahu's Ko Olina Resort has been completed, ending a legal dispute over the tourist attraction and possibly indicating the financially troubled resort is moving forward again.

West Beach Estates, the developer of Ko Olina, took control of the 12-acre luau operation yesterday after completing

SAT NOV 16 1991 AD P 1
the deal with Cove Enterprises Inc. The luau operation is near the entrance of the resort's first phase of development on 642 acres.

West Beach Estates is headed by Herbert Horita and Takeshi Sekiguchi.

No purchase price was disclosed, but in the terms of an earlier agreement West Beach Estates was to pay \$20 million for the luau and \$10 million to Cove Enterprises president Roy Tokujo for "consulting" services.

Cove Enterprises earlier this year sued West Beach when it tried to back out of the original agreement. Jerry Hiatt, Cove's attorney, argued in court that West Beach's primary lender, the Industrial Bank of Japan,

had pressed for acquisition, then failed to loan money for the purchase after the deal was set.

The bank has loaned more than \$300 million so far to West Beach Estates to develop the resort site.

Cove prevailed in court in April, and in August reached a second sale agreement. But further settlement discussions ensued among Hiatt, and West Beach attorney Jim Duffy, and Circuit Court judges Patrick Yim and Robert Klein. A final agreement was struck this week.

Jim Boersema, West Beach spokesman, said complex financing kept the deal from closing earlier.

"It took a while to put all the

money together," Boersema said, confirming the Industrial Bank of Japan provided the funds.

The bank's willingness to provide more money to Horita and Sekiguchi is seen by observers as positive for the project. Two developments at the resort — a luxury condominium and a big hotel — have stalled because of funding problems.

A third development by a subsidiary of Japan Airlines is under construction at the resort and is not linked to the projects that have bogged down.

Boersema acknowledged Horita and Sekiguchi now hope to get the project on track again.

"We're working on financing for the rest of Ko Olina and hope to report something soon."