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## **Hospitality Firm True Blue Development Seeks International Arbitration against Caribbean Nation of Grenada, Claiming Government Broke Investor Agreement to Complete 5-Star Kimpton Kawana Bay Resort on Island**

*True Blue claims nearly-finished luxury condo resort has been targeted by government to “squeeze the project into failure;” True Blue principal Warren Newfield resigned as Grenada’s ambassador-at-large and consul general in May, declaring country’s leadership had turned into an “anti-business regime;” claims to be heard by World Bank arm for investor-state disputes ICSID; True Blue and investors represented by law firm BakerHostetler*

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WASHINGTON, DC (June 17, 2021) – Hospitality developer [True Blue Development Limited](#) has filed claims against the Government of Grenada at the International Centre for Settlement of Investment Disputes asserting that the Government has blocked True Blue’s efforts to complete the five-star luxury [Kimpton Kawana Bay](#) resort on the island. Washington-based ICSID is an arm of the World Bank devoted to resolving international investment disputes against sovereign states.

Here is link to notice of arbitration: [www.lp.kawanabay.com/international-arbitration](http://www.lp.kawanabay.com/international-arbitration).

True Blue submits that the urgency of the ICSID filing reflects the essential need to protect investors in Kawana Bay from what claimants say is an obvious scheme by the Government of Grenada to thwart the successful completion of this world-class resort.

Three of the buildings at Kimpton Kawana Bay are largely finished, and some 92% of condos have been spoken for, either through outright purchase or by confirmed reservation. However, last December, the Government of Grenada started “a surreptitious, multi-front effort to squeeze the project into failure,” according to the ICSID notice for arbitration filed by True Blue and its investors.

Funding for the project primarily comes from private investors participating in Grenada’s Citizenship by Investment program (known as “CBI”), through which investors purchasing condos at Kawana Bay are able to gain citizenship. Grenadian citizenship affords visa-free travel to more than 140 nations worldwide. Owing to Grenada’s unique E2-Visa treaty with the United States, citizens are also eligible to invest in U.S. businesses and live there with their families.

Although funding did not come from government sources, True Blue alleges that the Government’s financial squeeze included revoking a 2017 approved project budget of US\$99 million, imposing administrative rules that limit how the developer could use of investors’ money for the project, and ultimately halting approval of CBI applications that provide the principal source of capital.

The ICSID filing asserts that through its arbitrary and unlawful conduct, the Government of Grenada destroyed a successful project and inflicted damages on claimants, the CBI investors, and the economy of Grenada.

The arbitration request is made under the 1986 Treaty Between the United States and Grenada Concerning Reciprocal Encouragement and Protection of Investment. Claimants seek damages for their significant loss of investment principal and lost profits.

The investor group is represented by law firm BakerHostetler, led by head of its International Arbitration and Litigation team, [Mark Cymrot](#), who has brought numerous investor-state disputes before ICSID.

“The issues raised by the CBI committee and Government are flimsy and easily disproven, in some instances by the Government's own records,” Mr. Cymrot said. “We are deeply concerned that this slipshod attack against a reputable developer is politically motivated or has some other improper purpose. Unfortunately, the ultimate losers here are the Grenadian people who will now lose jobs and vital tourism revenue as travel and hospitality return to the Caribbean.”

### The Luxury Resort

Kimpton Kawana Bay, ideally positioned on the island's famed Grand Anse Beach, was set to become the newest five-star resort in Grenada and a jewel of the Caribbean. The project was initially approved by the Government of Grenada in 2016, and construction began in 2017 with a revised government-approved budget of US\$99 million. The project, which is at an advanced stage of construction, employed local labor and drew on goods and services produced in Grenada. The impressive project has already won several awards for design and architecture.

[Kimpton Hotels & Restaurants Group LLC](#), which has a successful track record operating boutique hotels internationally, signed on in 2017 to manage and brand the property after its completion.

### Government's Prior Support

In formally launching the project in early 2017, Grenada Prime Minister Keith Mitchell lauded the public-private collaboration underpinning the Kawana Bay development. “I believe that this country is on a path of serious growth and development,” he said at the ribbon-cutting ceremony, referencing the CBI Program. Grenadian media heralded the project as “a major addition to the tourism industry,” as well as a coup for the island's economy.

As recently as October 2020, Grenada's Prime Minister again visited the site and praised True Blue for the impressive progress of work, while stating that his administration looked forward to its official opening sometime in 2022.

As one media outlet [reported](#), “Dr. Mitchell said: *‘I must commend the project developers and investors for creating this idea and executing it. We welcome the modifications made along the way to make this an even bigger project than was initially envisioned and we look forward to the end product – the completion of construction and the formal opening in 2022. We expect Grenada's tourism product to be revived in the not-too-distant future and developments like these help to expand and improve our offering.’*”

### The Squeeze

According to the ICSID notice, the government's clandestine scheme appears to have begun in July 2020, with the Grenada CBI Committee informing True Blue that certain documents were missing from its files. True Blue resubmitted the previously approved application and the Grenada Cabinet reaffirmed the 2017 approved budget of US\$99 million.

Shortly thereafter, the Committee arbitrarily withdrew reaffirmation of the 2017 budget and suggested in letters to the developer that the budget would need to be adjusted *downward*. Such a reversal of policy posed an existential threat to the project. Multiple letters to the Foreign Minister and Minister of Finance by True Blue principal Warren Newfield seeking clarification about the proposed withdrawal went unanswered.

Tellingly, these abrupt governmental decisions did not appear to apply to other CBI-funded projects in Grenada.

In December 2020 the CBI Committee's chief executive Percival Clouden informed Mr. Newfield that the Committee's August confirmation of the 2017 budget was "withdrawn," due to "discrepancies." An explanation of the "discrepancies" was promised but not given for five months. Subsequently, the Committee raised an issue around construction being done by a sister company of True Blue. This arrangement was well known to the government from the outset of the project. Thus, according to the ICSID filing, this so-called explanation was nothing but a poor excuse to cover the government's clandestine motives.

Mr. Clouden advised True Blue that the government would hire an engineer to review and report on a requested budget expansions for the Kawana Bay project. However, the CBI Unit never provided a report to the developer. Shortly thereafter, Mr. Clouden resigned as head of the CBI Committee. In early 2021 the committee sought to impose unexplained changes to the escrow account True Blue maintains for CBI funds invested in the project. These changes would further restrict the use of the funds permitting them to be used only for construction.

The project is not funded by the government but by CBI investors who contract with True Blue for real estate interests in condominiums. Thus, the CBI Committee was prohibiting True Blue from properly using investor funds to complete the project. "In other words," states the ICSID filing, "the CBI Committee was effectively further reducing funding to Kimpton Kawana Bay."

In May, the CBI Committee Chair informed Mr. Newfield that it had halted all processing of CBI applications for Kimpton Kawana Bay, thus turning off funding for the project completely. Soon after, Mr. Newfield announced his resignation from two official diplomatic posts as Grenada's ambassador-at-large and consul general in Miami. In tendering his resignation, he cited the government's transformation into "an anti-business regime."

"I am proud of the spirit with which we began our mission and of the progress we made in getting world-class investors and brands to see the best in Grenada," Mr. Newfield said in a letter to the Grenadian Minister of Foreign Affairs, adding, "I can no longer serve in good conscience as Grenada's business and diplomatic representative abroad." [Here is a link to his resignation letter.](#)

Subsequently, the Permanent Secretary in the Ministry of Finance, now interim CBI Committee Chairman, along with the Attorney General, confirmed that CBI applications were being "processed." However, more than 50 Kawana Bay CBI applications are currently on hold, half of which have been pending for over four months, despite CBI rules providing for decisions within 60

days. As a result of the government's inaction, worsened by the Prime Minister's public false allegations against the project and its principal, some investors have begun withdrawing their applications or signalling their intention to do so.

"The Project cannot move forward without the funding promised through the CBI Programme," the ICSID filing states, "so the Grenadian Government's actions are thwarting the Project after nearly five years and as it approaches completion."

#### Request for International Arbitration

BakerHostetler's Mr. Cymrot wrote in the demand for arbitration: "The Government of Grenada has not been candid about its motive for the senseless destruction of the five-star resort project that has been bringing substantial benefits to the Grenada economy. The Grenada Government has much it cannot explain."

Mr. Newfield, an internationally prominent investor whose official roles for Grenada prior to his resignation included engaging with potential investors into the country's economy, said, "As heartbreaking and perplexing as I find the government's turnabout on Kimpton Kawana Bay, we have worked diligently to understand and resolve its sudden hostility. I underscore that our development group has diligently met all our obligations, while the government of Grenada has been deceitful. It is a disheartening end to what should be a jewel of a project for all of Grenada and the Caribbean."

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