

IDC, Inc.

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Contact: Clare Eckert
Flynn Consulting Group
401-855-2601
flynnconsultinggroup@gmail.com

Recent Court Decisions in Goat Island's Decade-long Legal Saga Rule in Favor of IDC *Court Decisions Question Truthfulness of Goat Island Condominium Associations' Claims*

Newport, R.I. – July 23, 2010 – With fact-based information before the court, two recent judicial decisions exonerate Thomas Roos and his business entities, IDC and IDC Clambakes, from nearly 12 years of bogus claims regarding development of Newport's Goat Island. These decisions bring clarity to the litigious history of unsupported claims by the Goat Island Condominium Associations ["Associations"] against Mr. Roos, who has a family legacy of business ownership on the Island.

In March 2010, the RI Superior Court denied the Associations' claim that Mr. Roos acted with a willful intent to avoid compliance with the Condominium Act and found, quite to the contrary, that Mr. Roos merely followed the advice of his attorneys, some of the most prestigious in the state, in taking the actions that led to his ejection from the Regatta Club. "The Plaintiffs' assertion that Mr. Roos "micromanaged" and "directed" his counsel implies that his highly regarded attorneys with decades of experience discarded their professional independent judgment—and apparently their ethics as well—relegating themselves to mere puppets over whom Mr. Roos was the master. The Court outright rejects this suggestion along with the tandem characterization of Mr. Roos as a reckless rogue, rushing headlong and unprincipled through these complicated transactions without a nod to the applicable law," said Judge Melanie Thunberg.

Three months later, on June 9, 2010, the U.S. Bankruptcy Court stated that the Associations' claims that Mr. Roos "trespassed" by operating the Regatta Club between 1998 and 2005 were unfounded and therefore the Associations' are not entitled to the millions of dollars in damages they claimed. In fact, the Court states that "For the period in question, and as to that single issue [of whether or not the Association accepted the fact that Mr. Roos owned and operated the property], there is unmistakable apparent consent...I find as a fact and conclude as a matter of law that the Association plainly and continuously manifested apparent consent for Clambakes to operate the Regatta Club on the Reserved Area from March 1 [1998] until April 8, 2005." The Court also ruled that Mr. Roos reasonably relied upon the Condominium Associations' consent between 1998 and 2005 when he invested millions of dollars constructing the business now known as Belle Mer.

These two recent Court decisions call into question not only the truthfulness of the Associations' claims over all these years, but also their expenditure of more than \$1.9 Million of the unit owners' cash on legal fees lining the pockets of the lawyers.

"I demand to have full accountability of every nickel spent on legal fees," said Terry Moy. "Every time I've requested transparency, I've been ignored. We want to know where our money is going, who's making the decisions to spend it, and when this wasteful litigation will end."

The legal saga began in 1999 when the Associations filed suit against Mr. Roos, whose family purchased Goat Island in the 1960's, and several of his businesses, claiming that legal documents drafted by Mr. Roos' grandfather, Thomas Rodgers, were illegal. Hinckley, Allen & Snyder, who represented Mr. Roos' grandfather's business in the 1994 sale of Goat Island to Mr. Roos, joined the fray in 1999 and began claiming that the property they sold to Mr. Roos never existed and the documents they sold to him were illegal. A partner from Hinckley, Allen & Snyder, Jacques Hopkins, who participated in the 1994 sale, later admitted in Court that "we could have given you [Mr. Roos] a deed to the Breakers, and if you paid us \$26 million, we would have said thank you very much, the fact that you [got nothing out the transaction was a matter for you [Mr. Roos] to be concerned with and not us [Hinckley, Allen & Snyder]. We [Hinckley, Allen & Snyder] were looking for the money."¹

Several years later, the litigation culminated when the Courts ruled in 2005, that the land that Mr. Roos had purchased was a common element, and Mr. Roos was not entitled to operate the 14,000-square-foot ballroom and the 3,000-square-foot gazebo that made up the former Newport Regatta Club. This ruling resulted in the ejection of Mr. Roos and his entities from the Regatta Club, a business he conceptualized, built and successfully operated on Goat Island from 1998 to 2005.

Following the 2005 decision, Mr. Roos had no choice but to file for bankruptcy protection on behalf of IDC Clambakes, the business operating the banquets at the Newport Regatta Club, to protect the brides he had scheduled for the 2005 wedding season, which was in full swing at the time the Associations sought to eject Mr. Roos and his businesses. In response, the Associations filed a claim that IDC Clambakes was trespassing, seeking several million dollars in damages. As a result, Mr. Roos was required by the Bankruptcy Court to set aside \$3.5 Million to satisfy their claims in the event that they succeeded. He complied with the Court and relinquished \$3.5 Million to the Court in an escrow account where it remains today. The Bankruptcy Court's recent decision dismissed these claims by the Association for the trespassing claim on the basis that the Associations consented to IDC Clambakes operations at the Regatta Club. Presently, the Associations are appealing their resounding loss.

"I am extremely pleased with the courts' decisions," said Mr. Roos. "These decisions are the first fact-based rulings we've received in nearly a decade of litigation. The support I am receiving reaffirms my belief that one day soon I will be able to operate the business that I built and justice will be served."

For copies of the recent decisions, a history of the litigation on Goat Island, and more information please visit: www.goatlandsouthknowthefacts.com.

¹ Hopkins Testimony