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From the Tampa Bay Business Journal:

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Owners of Kenilworth Lodge in Sebring sue partner after decade-long dispute



Image: Sergio Oday

The 65,000-square-foot, three-story hotel has sat vacant since it was condemned by the city of Sebring in August 2016 following a fire.

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By **Christina Georgacopoulos** – Reporter, Tampa Bay Business Journal
Apr 11, 2024

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The longtime owners of the 105-year-old Kenilworth Lodge in Sebring are suing their business partners, claiming they conspired to wrongfully take full ownership of the historic hotel and purposefully let the property fall into disrepair to purchase it at a deep discount.

Mark and Madge Stewart are requesting a dissolution of the hotel and all net proceeds of the sale, which is estimated to be valued at around \$2 million, according to a complaint filed in Highlands County Circuit Court on March 27.

The Stewarts brought the legal action against their main partner, Monier Rahall, after a recent news story suggested he and two other individuals owned the property – not the Stewarts – and that they planned to restore and reopen the hotel, according to the complaint.

Stewarts were also made aware in recent weeks that Rahall had acquired TD Bank's secured position on the Kenilworth for \$800,000 to avert foreclosure, which was a claim the bank had only due to his failure to uphold promises to pay the debt, according to the complaint.

An attorney for Rahall did not return a request for comment.

The Stewarts' dispute with Rahall dates back more than a decade. They claim he forced them out of daily management of the hotel in 2012 around three years after they made a verbal agreement to transfer 49% ownership to Rahall and 2% to a third, supposedly independent partner. In return, Rahall promised to guarantee and help pay the outstanding debt on the hotel with TD Bank as well as pay off a \$350,000 mortgage the Stewarts took out on their home to fund operating shortfalls, according to the complaint.

Rahall not only failed to uphold those promises to the Stewarts, which resulted in default and foreclosure action, but he also did not invest capital to

stabilize the hotel's finances and fund maintenance of the property, they claim.



The Kenilworth has been vandalized by trespassers and fallen into disrepair after years of neglect.

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At one point, he allegedly unnecessarily boarded up the windows in a deliberate effort “to make the hotel so thoroughly unappealing to anyone else that it could be his for the taking,” the Stewarts claim in the complaint.

“The endgame has been to pay nothing for full ownership of the hotel,” they allege.

The 65,000-square-foot, three-story hotel has sat vacant since it was condemned by the city of Sebring in August 2016 following a fire, which they claim resulted from his neglect, according to the complaint.

In 2017, Hurricane Ida tore the roof off a portion of the hotel, which resulted in an insurance claim that would have largely satisfied the repayment of outstanding debt on the property, but that Rahall sought to delay with litigation, according to allegations in the complaint.

Rahall later tried to transfer ownership of the hotel to another business entity he owned in a bankruptcy sale, knowing the Stewarts would receive

little to no proceeds due to the accumulated debt he failed to service throughout the duration of the partnership, according to the complaint.

Rahall did not file for bankruptcy and instead purchased TD Bank's secured position.

The Stewarts also requested a court injunction to prevent Rahall and his partners from receiving new mortgages on the property or taking actions without their consent.

