

## Napa Lawsuits Snarl Chinese Tycoon's Howell Mountain Land Buy

By Lewis Perdue

A Chinese tycoon with prominent global winery and vineyard holdings is still waiting to buy a substantial piece of Napa Valley's Howell Mountain, thanks to a deal gone sour between Pacific Union College (PUC) and an Atlanta real estate developer. Court records indicate that the deal, in which the developer was to spin off part of their 730+ acre purchase to the Chinese investor, went sour because of land title problems that included Pacific Union College's failure to disclose more than \$16 million in trust deeds on the land in question. The college quietly added another \$8.5 million to that total after being sued by the developer.

Informed sources say that the Seventh Day Adventists College may have failed to work through the title issues with the developer because of its aversion to selling to a alcohol-related operation— something PUC has admitted in the failure of previous land sales. Other sources suggested that PUC broke off talks because it wanted a “cut” of the revenues that the developer was going to get from the Chinese investor.

A knowledgeable real estate expert not connected with the case said, “it may or may not have been illegal for PUC not to disclose the trust deeds up front, but it was certainly unethical and deceptive.” The attorney added, “anyone looking at buying anything from them [PUC] should now know that the land is encumbered to the tune of almost \$25 million.”

*Wine Industry Insight* contacted all the parties involved, but none would offer any comment. PUC failed to respond entirely. This is just the most recent setback for the Seventh Day Adventists' college which has been embroiled in years of controversy with neighbors over its plans for developing college lands in and near Angwin.

### **PURCHASE AGREEMENT DISCLOSED SPINOFF TO CHINESE INVESTOR**

The issue began with a purchase agreement signed on Feb. 13, 2013 between Pacific Union College (PUC) and Sustainable Community Partners (SCP) an Atlanta-based real estate development company. According to court documents, PUC agreed to sell more than 730 acres of land in Angwin, most of it near the college's airstrip. The sales agreement—for an undisclosed amount—required SCP to pay \$210,000 on signing and another \$210,000 by April 15, 2013. The sales agreement disclosed that SCP planned to pay for part or all of its purchase by selling a portion of its land to Goldin Investments III.

Goldin is a U.S. corporation controlled by Chinese tycoon Pan Sutong and his Hong Kong company, [Goldin Financial Holdings](#) (HKEX:530). The same investment company owns Sloan Estate Winery of Rutherford as well as Le Bon Pasteur in France. The amount that SCP was to receive from Goldin “was substantially higher” than the amount that SCP was to pay PUC in the purchase agreement, according to court records.

Court records filed in Napa Superior Court, also indicate that SCP paid the first installment, but did not pay the second one because its due diligence found problems with land titles and mortgages that had not been previously disclosed by PUC. One of the biggest issues concerned the land title report. “Both PUC and SCP acknowledged that title report, which PUC's counsel obtained and delivered to SCP, was inaccurate both as to its legal description of the purchase parcels and the exceptions to title that SCP would assume at close of escrow,” said a declaration filed with the Napa Court on Jan. 7, 2014 by Robert Thompson, an attorney who represented SCP in the negotiations. Thompson's declaration said that among the discrepancies revealed by SCP's due diligence were more than \$16.3 million in deeds of trust against the land to be purchased: something that had not been disclosed by Pacific Union College.

### **PREVIOUS WINE INDUSTRY INSIGHT COVERAGE**

[Goldin Financial To Buy Sloan Estate Winery Trademarks](#)  
[Napa's Sloan Estate Owner Buys Le Bon Pasteur](#)  
[Sloan Estate Winery Property Sold To Chinese Investor](#)  
[Hong Kong Tycoon Offers \\$40 Mil For Napa Valley Winery& Vineyard](#)

### **PUC REFUSES TO RESOLVE LAND TITLE AND DEED ISSUES**

In addition, Thompson's declaration outlined a number of subsequent conversations with PUC's lawyers, including one on April 12, concerning the necessity of delaying the closing in order to handle the previously undisclosed title problems.

SCP did not make the April 15 payment and on April 16 received a letter from PUC's John Collins cancelling the agreement. "On the same day, I received a copy of an email, also from Collins, 'looking forward to our meeting tomorrow for the purpose of finding a way to put an agreement [reviving the PUC-SCP Purchase Agreement] together.'"

#### **PUC SUES TO STOP DEVELOPER'S LAWSUIT, SAYS HAS ANOTHER BUYER**

After several months of unsuccessfully trying to convince PUC to resolve the land title issues it had failed to disclose, SCP, in December 2013, threatened pending legal issues unless the college came back to the table. Instead, PUC filed suit first, asking the Napa Superior Court for a preliminary injunction to stop SCP from filing its own breach of contract action. In that filing, PUC claimed that it needed the injunction because it had a buyer and that the alleged transaction—scheduled to close Feb. 24—would be endangered by the SCP lawsuit. No details were released about the supposed new buyer or sale.

#### **JUDGE DENIES COLLEGE'S REQUEST, DEVELOPER SUIT PROCEEDS**

On Jan. 16, Napa Superior Court Judge Diane Price denied Pacific Union College's request for the preliminary injunction. Sustainable Community Partners filed its cross-complaint for breach of contract. The next court date has been set for May 27.

#### **PUC ADDS \$8.5 MIL IN NEWDEBT TO LAND AFTER LOSING**

On January 21, the week after losing its battle to stop SCP's lawsuit, PUC filed deeds of trust and assignment of rents on four parcels contained in the sales agreement for land that SCP had agreed to buy. The beneficiary of that deed of trust and assignment of rents recording is the Pacific Union Conference. The document indicates that the beneficiary now has "the power of sale of that property."

#### **NEW DEEDS ANOTHER POSSIBLE LEGAL/ETHICAL BREACH FOR COLLEGE?**

"This has all the appearance of a straw man transaction," said a real estate attorney not connected to the case. "The Pacific Union Conference is too closely integrated with the college for this to be an arms-length transaction. That raises the issue of whether this was a legitimate transaction. Was there consideration involved? Did money or something equally valuable change hands? Or was this simply a ploy to make the land harder for SCP to buy? And if that is the case, then this might be construed as evidence of fraud."

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