

Appeals Court Upholds \$21.2 Million Judgment in ‘War of the Roses’ Case

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The 2nd U.S. Circuit Court of Appeals affirmed a \$21.2 million judgment by a U.S. District Court judge in a complex breach of contract case involving the breakup of a lucrative business partnership, a breakup the judge said rivaled Warren Adler’s “The War of the Roses.”

In 2003, Thomas Charron, a West Point graduate, founded Sallyport Global Holdings, launching the sole proprietorship with a \$100,000 home equity loan. Fellow West Point graduate and veteran John P. DeBlasio joined the company in 2004 and was given a 50 percent stake by Mr. Charron in exchange for “sweat equity.”

The two built the company – which provided facility maintenance and logistical support to the U.S. government and its contractors in Iraq, Afghanistan and other global hot spots – into an enormously lucrative enterprise earning tens of millions of dollars in profit every year. But by 2009, the partners were in conflict and in 2010, Mr. Charron agreed to sell his share of the company to Mr. DeBlasio.

That agreement included a “windfall sale” clause that entitled Mr. Charron to 20 percent of any proceeds if the company was sold for \$65 million or more within a year of his departure. The company was sold several months later in a complicated transaction that included the curious role of a newly formed company, cash, rollover stock and different stock share prices that on paper, appeared to value the company at \$64.5 million, which Judge William H. Pauley, III, of the United States District Court for the Southern District of New York, noted in his opinion was “startlingly close to the \$65 million trigger.”

In a three-week trial, attorneys for Bailey Glasser showed that the transaction actually reflected a value of the company closer to \$81 million. Judge Pauley awarded Mr. Charron just over \$21.2 million as a result.

Mr. Charron was represented at trial by Brian Glasser, J.B. Perrine, and Athanasios Basdekis, of the Charleston, West Virginia; Birmingham, Alabama; and Washington, D.C. offices of Bailey Glasser.

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Mr. DeBlasio appealed to the 2nd U.S. Court of Appeals, which issued a ruling affirming the judgment – and confirming both that the windfall sale clause was triggered by the sale and that Mr. Charron was due 20 percent of the entire proceeds.

Defendant Sallyport Global Holdings, Inc. is a subsidiary of Michael Baker International, a Pittsburgh, Pennsylvania company.

Defendant JPD Private Trust Company Ltd., is Trustee of the GPD Charitable Trust in Bermuda.

Defendant John P. DeBlasio is Founder and Executive Director of the GPD Charitable Trust and lives in Chicago, Illinois.

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Practice Areas

Business Litigation & Counseling