


Greenwich Time

Search:

Site

ENHANCED BY 

Weather



54° F, Scattered
Clouds

[Traffic](#) | [Trains](#)

Site Contents

Business

- Your Money
- National Business
- Computer & Technology
- Investing
- Taxes

Classifieds

- Find a Mortgage
- Personals

News

- Local
- National & World
- Around the State
- Obituaries

Your Health

Opinions

- Editorial
- Columnists
- Letters from readers

Sports

- Scoreboard
- Baseball
- Mets
- Yankees
- NBA
- Nets
- Knicks
- Hockey

Business

Greenwich fund sued over mine investments

By **Julie Fishman-Lapin**
Staff Writer

 [Email this story](#)

 [Printer friendly format](#)

Published January 4 2007

When the Airlie Group acquired a struggling Montana coal mine last year, the intention was to turn it around and make a handsome return on investment.

Instead, the Greenwich hedge fund is embroiled in an emotional federal lawsuit involving about 350 middle-class investors who say Airlie owes them \$20 million.

Advertisement The a story goes back to 2001, when the original owners of the Bull Mountain Mine, a 22,000-acre coal mine just outside Roundup, Mont., looked to raise capital in hopes of commercially producing coal, said plaintiff attorney Gregory Bartko of Atlanta.

Three promoters - Webb Financial Group Inc., Franklin Asset Exchange LLC and Disciples Limited LLC - tried to find the money. They turned primarily to "middle-class, hard-working, unaccredited investors," Bartko said.

Investors in hedge funds must be "accredited," or able to prove a high level of income and assets.

With promises of 12 percent to 15 percent returns a year, the promoters drew more than \$20 million from investors, most from North Carolina.


But the mine's owners found themselves "way over their head," and the year passed without the promised payout, Bartko said.


In September 2005, the Airlie Group became the mine's majority owners and assumed its unpaid debt. The hedge fund has about \$1 billion under management and a portfolio of about 200 investments, concentrating heavily on bonds and bank debt,

Airlie promised to pay the notes with interest by November 2006, but it missed the deadline and has asked for an extension in order to pump more money into the mine, Bartko said.

He said Airlie is callously putting business before its investors - many of whom put half their life savings into the mine, according to Bartko.

Top Stories

 [Greenwich fund sued over mine investments](#)

 [Jupitermedia's added value](#)

- UConn
- College
- Tennis
- Golf

Features

- Garden and Home
- Movies
- TV
- Restaurants
- Lottery
- Travel
- Entertainment
- Wedding Forms
- Astrology
- What's Brewing

Community

- Directions
- Maps
- Schools & Kids
- Seniors

Newspaper Services

- To Subscribe
- Advertise With Us
- Media Kit
- Vacation Stop
- Restarts
- Make a Payment
- Change of Address
- Delivery Concerns
- Mail Subscriptions
- Newspapers In Education
- Contact Us
- Reprint Policy
- Archives

Online Services

- Advertise With Us
- FAQ/Help
- Register
- Contact Us

"These are middle-class Americans that worked hard all their lives," he said.

Many lent \$50,000 to \$100,000. The investor group also includes several churches, one of which invested more than \$2 million.

Calls to Airlie's Greenwich office were not returned, and the hedge fund's chief investment officer, Dort Cameron, did not respond to an e-mail requesting comment.

The hedge fund's attorney, Stanley Lane, of Manhattan-based Otterbourg, Steindler, Houston & Rosen said he would not comment about the lawsuit.

Bartko said he spent about a month negotiating with Airlie last spring.

"They explained to us they were going to get deeply involved and put a lot of money into the mine," he said.

Airlie is developing a 35-mile short-line railroad to transport the coal, according to court documents. The mine is expected to supply coal to a \$2 billion coal-to-liquids power plant under development.

With a large capital project in the works, the hedge fund asked for a few extra months of forgiveness on the loan, Bartko said.

Airlie and the investors entered into a settlement agreement, and according to court documents, in May 2006 the hedge fund signed a promissory note saying the debt, plus interest, would be paid by Nov. 15. In return, the investors promised not to file a lawsuit.

This time, the investors secured the promissory note, putting the group near the front of the line to get paid.

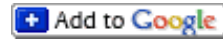
In November, Bartko said, Airlie sought another extension.

"Defendants have openly and cavalierly indicated . . . that the financial resources available to the defendants are, by necessity, being diverted for the construction of the short rail line now under construction at the Bull Mountain Mine 'because it is more important that the rail line be completed than the (note) be timely paid,' " the lawsuit says.

"We were shocked that a group with the reputation of Airlie and the people that run Airlie, who are top-flight private equity people, would simply say, 'We are not going to pay you because we want to use the money to continue to develop the mine,' " Bartko said.

"And here we have Mom and Pops waiting for their money, and they are not even receiving interest. They want to use their money for free," he said.

Copyright © 2006, Southern Connecticut Newspapers, Inc.



Jobs: CareerBuilder.com | **Autos:** Cars.com | **Homes:** Homescape.com | **FSBO:** ForSaleByOwner.com
Rentals: Apartments.com | **Shopping:** Shoplocal.com

© 2006 Southern Connecticut Newspapers, Inc.

All rights reserved. Reproduction in whole or in part without permission is prohibited.

[Terms of Service](#) | [Privacy Policy](#)