

LAW

Court won't consider Lee's Inn dispute

A long-running legal battle among members of the Lee family of North Vernon over the valuation of their hotel chain has come to an end.

In August, the Indiana Supreme Court declined to consider an appeal from **Lee's Inns of America Inc.**, which is controlled by founder Lester Lee. That means an earlier judgment in favor of Lester Lee's nephews, Donald and Robert, will be upheld.

The nephews' attorney, David Wright at **Kroger Gardis and Regas**, said the case is important for business because it modernizes the law with respect to valuation of corporate shares.

Lester Lee had contested a Jennings Circuit Court ruling that the closely held company was worth \$12.2 million, based on an accounting that factored in the potential expansion or sale of the 21-hotel chain. Lester Lee, who held 51.6 percent of the shares, argued the court should have used a valuation of \$1.9 million, based on the fact that the chain was deeply in debt and unprofitable in 2000.

Lee's nephews countered he'd breached his fiduciary duty by receiving excess compensation, charging unreasonable rent for office property that he owned personally, and by borrowing from the company at overly low interest rates.

The family came to legal blows in 2000, after Lee proposed a merger that would have eliminated the trust of his late brother, William, as a shareholder. The dispute was over how the trust shares would be valued. Lee had already ousted the nephews from the company in 1998.