

Newfoundland and Labrador Premier hasn't always been faithful to his own admonitions

Advisor's suit brings to light another side of Williams

BY GEORGE EMERSON

"A deal is a deal," Danny Williams said, repeatedly scolding Canadians as he yanked down the Maple Leaf in his battle with Ottawa to get more money for his province from offshore oil revenues and equalization subsidies.

But a deal is not a deal if the Premier owes the money to a judgment against Williams in a long-profile lawsuit.

The suit was brought by Henley, who has been on a campaign to get the Premier to stop advising Mr. Williams of Cable Atlantic's million in 2000 owned more than the cable outfit.

In her May, 2004 decision, Justice MacLennan flatly rejected Mr. Henley's claim that Mr. Henley had provided no assistance in the deal.

"Mr. Henley brought his considerable skills to bear on the services and advice he provided to Mr. Williams."

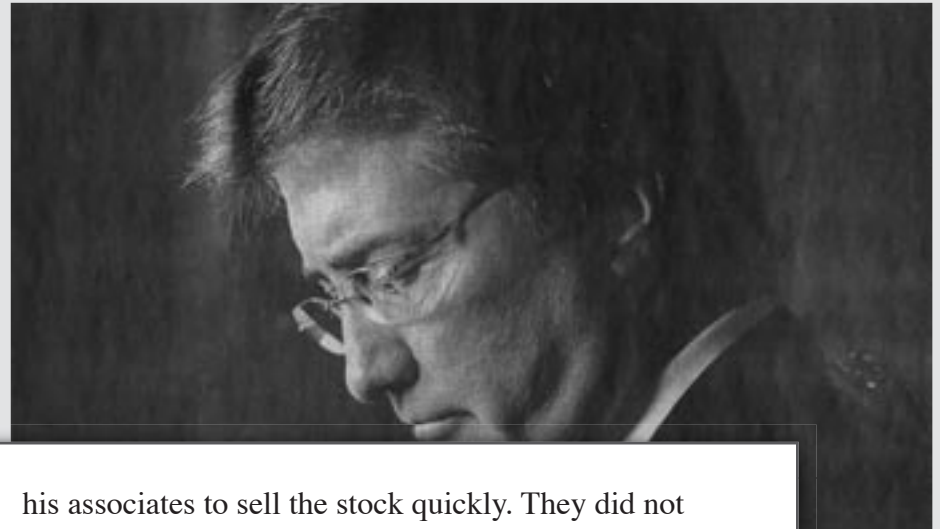
The judge ordered Mr. Williams to pay more than \$200 million to Henley, a Newfoundland and Labrador Tory party politician. Mr. Williams has appealed.

Evidence shows Mr. Williams was as audacious toward Mr. Henley as he was bombastic in the flag flap. The court heard in Toronto in early 2004 that Mr. Williams threatened to "bury" Mr. Henley for bringing the case to court.

Mr. Henley had tried repeatedly to get full payment for his advice to Cable Atlantic on the sale of its assets to Rogers Communications Inc. and Group Telecom Inc. in the summer of 2000, a deal in which Mr. Williams pocketed an estimated \$200-million.

Testimony from Mr. Henley por-

trayed Mr. Williams's friend was Alex Henley, Chris Henley's father, a pioneer in the cable business in Newfoundland who sold Avalon Cable to Mr. Williams. Mr. MacDonald was one of Chris Henley's best friends and university roommate. Even after Mr. Henley moved away to work on Bay



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The assets of Cable Atlantic were sold in two parts, and Mr. Henley advised on both deals. The company's business telecom unit was sold to Group Telecom Inc. of Montreal for \$57-million, some in cash, but most of it in Group Telecom stock. Mr. Henley advised Mr. MacDonald and Mr. Williams to get as much cash as possible. Mr. Henley, unlike many analysts, believed GT's share price was overvalued. Mr. Henley also advised Mr. Williams and

his associates to sell the stock quickly. They did not follow his advice and Mr. Williams admitted later in court the shares "tanked."

The judge also found in her ruling that Mr. Henley gave key advice about the Rogers stock that Cable Atlantic received for its residential cable-TV operations. He drafted a clause that would force Rogers to pay more shares to Mr. Williams if Rogers's share price slipped below a guaranteed value. It did, and Rogers paid an extra \$36-million.



second in command as CEO, drew three bidders. All offered packages that included stock in the buyers' companies. They called on Mr. Henley to help value the bids.

"They chose Henley," Judge Sanderson wrote, "because he was a Newfoundland, a friend of MacDonald's, a son of a friend of Williams."

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Mr. Henley and "categorically and absolutely refused" to negotiate.

The judge found that Mr. Henley tried to settle things amicably, then suggested arbitration. Mr. Williams refused and insisted that it was "a black-and-white case" and that he was "disgusted" by Mr. Henley's attempts to "extort" him and that

in the cable company sale.

The judge awarded Mr. Henley about \$275,000 in damages, interest and court costs -- about \$100,000 less than the original invoice -- in addition to the \$65,000 Cable Atlantic had already paid him.

Mr. Williams would not comment on the case. Mr. Henley re-

more than

his lawyer. Mr. Williams says he and his father were "vindicated" by the court. Mr. MacDonald, now with Hydro, says the judge found the deal was awarded Mr. Williams the amount he wanted. Mr. Henley suggested that the deal might make it look like Mr. Williams was lecturing on "a deal is a deal." Mr. Henley said: "I can say this about Mr. Williams and his father: They have always treated me with respect."

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