

Hospitality Enterprises dispute resolved

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6:29 p.m., Tuesday

Tourism magnate Warren Reuther Jr. will again resume control of Hospitality Enterprises Inc., the company he co-founded but was terminated from six years ago during a bitter family feud, according to a court document and an attorney for Reuther.

Reuther will reassume the position of chairman of the board of Hospitality Enterprises and will directly manage the company's hotel operations and airport shuttle operations, Reuther's attorney Randall Smith said. Another Hospitality company, Paddlewheels Inc., which operates the Creole Queen and the Cajun Queen, will be managed by Craig Smith. James Smith Jr., Reuther's nephew and rival in the family feud, will have no management role in the company beginning in January when Reuther resumes control, said Randall Smith, who is of no relation to James Smith Jr. or Craig Smith. But the Smith and Reuther families will continue to share ownership of the company.

"All the litigation is resolved," Randall Smith said. "It's gone, finished, done."

The matter was scheduled for trial in February. But a document filed Tuesday in U.S. District Court called the pending hearing "moot" because the court had been advised that "the parties have reached a compromise."

Smith called the settlement a win for Reuther, who had maintained that he was wrongfully terminated from his post as chairman and chief executive officer of Hospitality Enterprises in 2001. Terms of the settlement, however, are confidential. Randall Smith said Reuther had asked for back pay and other financial compensation.

"The good news is that Mr. Reuther is satisfied with all of this," Smith said. "I can tell you, he's pleased with the settlement and some of the financial considerations from being illegally fired."

Telephone calls to James Smith Jr. and his attorney Patrick Klotz were not immediately returned. Reuther was out of the country and unavailable for comment.

The agreement settles a more than six-year long dispute at Hospitality Enterprises, one of the city's largest locally owned hospitality companies. In addition to paddlewheels and bus tour companies, the firm, which was founded in the 60s by Reuther and his sister Betty's husband James Smith Sr., operates the Queen & Crescent and Royal St. Charles hotels.

Reuther and Smith had been locked in the dispute over the operation of Hospitality Enterprises since October 2001, when, following growing tension between the two, Smith locked Reuther out of the firm's office and revealed that Reuther's titles as chairman and chief executive had no authority because they were not written into the company's bylaws. Smith was then president of the company.

Reuther, in response, filed a wrongful termination lawsuit in Orleans Civil District Court. The matter wound its way to U.S. District Court when New Orleans Paddlewheels Inc. and New Orleans Tours Inc., filed for Chapter 11 bankruptcy reorganization. All issues of ownership must be resolved in order for a reorganization plan to be created. New Orleans Tours Inc. has since emerged from bankruptcy.