



# Schlitterbahn co-owner plagued with financial, legal troubles before murder charge in boy's death

By Joshua Fechter, Zeke MacCormack and Patrick Danner | March 31, 2018 | Updated: April 1, 2018 8:12am



Photo: Jason Hoekema /Associated Press



IMAGE 1 OF 7

Schlitterbahn co-owner Jeffrey Wayne Henry sits in court during an extradition hearing Wednesday, March 28, 2018, in the 107th state District Courtroom in Brownsville, Texas. Henry was arrested in Cameron ... [more](#)

The criminal arrests in the death of a 10-year-old boy at a Schlitterbahn Waterparks and Resorts park in Kansas City are just the latest in a string of troubles the New Braunfels-based amusement park company and its owners have faced in recent years.



Co-owner Jeff Henry has a history of drug arrests and domestic violence accusations. A rift between Henry and his brother and co-owner Gary emerged as the water park group's founding patriarch lay on his death bed.

Efforts to expand Schlitterbahn into the Austin area and Florida have been stymied by lack of financing or politics. A Schlitterbahn development on North Padre Island has been mired in Chapter 11 bankruptcy proceedings since last year and is on the auction block.

Now, Jeff Henry along with two other Schlitterbahn employees, the amusement park group and its private construction firm stand charged in the death of Caleb Schwab, who was decapitated on the Verrückt water slide in Kansas City in 2016.

Jeff Henry was the ride's mastermind and designer, though he has no formal education in engineering or physics. At 17 stories high, Verrückt was the tallest water slide in the world, certified as such by the Guinness Book of World Records in 2014. Prosecutors say it was designed to catch the attention of producers at the Travel Channel's Xtreme Waterparks series and "violated nearly all aspects of longstanding industry safety standards."

Henry fast-tracked the ride's development and cut corners from the get-go, the indictment states. He failed to make key repairs, ignored warnings from his staff and "recklessly" killed Schwab while his executives sought to bury injury records, misled investigators and destroyed key evidence, prosecutors say.

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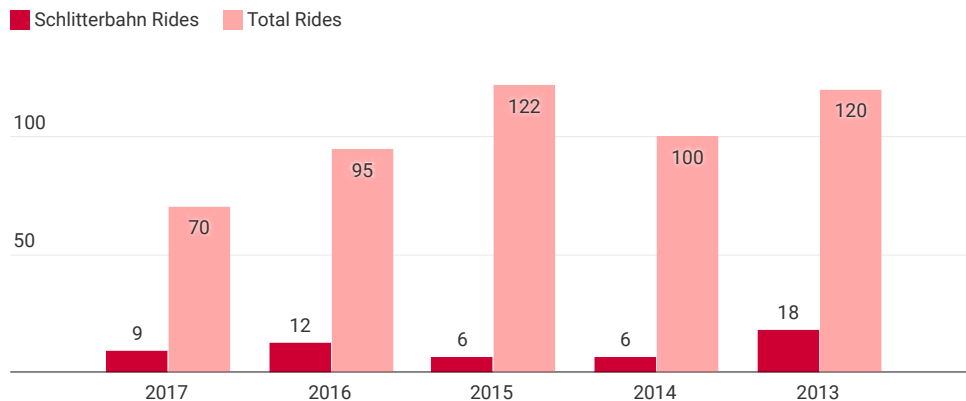
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## Texas, Schlitterbahn amusement park injuries, Feb. 1, 2013 - Feb. 1, 2017



*Schlitterbahn's incidents are included in the total numbers for each year  
Dates for 29 incidents statewide during this period were not listed in the data*

Chart: Annie Millerbernd • Source: [Texas Department of Insurance](#) • [Get the data](#)

“This child’s death and the rapidly growing list of injuries were foreseeable and expected outcomes,” prosecutors said in the indictment. “Verrückt’s designers and operators knew that Verrückt posed a substantial and unjustifiable risk of death or severe bodily harm.”



Schlitterbahn has aggressively denied the allegations, insisting the company didn’t alter or hide evidence from law enforcement agents and that it considers safety a core value of its business.

The indictment names Jeff Henry as Verrückt’s “visionary and designer” and John Schooley as the slide’s lead designer, but says neither man possessed technical or engineering credentials needed to build a ride as complex as Verrückt, a German word for “insane” or “crazy.”

“Jeff Henry has designed water park rides the world over,” company spokeswoman Winter Prosapio said in an email. “Nearly every water park that exists today has an attraction or feature based on his designs or ideas.”

Jeff Henry has had an atypical education for a water park executive and ride designer. A 2015 Texas Monthly article described him as a “self-taught savant of water park design.” He has no formal training, having dropped out of high school to work for his father as a teenager, prosecutors say.

He's also been accused of running projects into the ground with cost overruns and missed deadlines. He has a mercurial personality, at times lashing out at family and business partners.

With the company's river park and resort on Padre Island on the rocks in fall 2016, just days before Schlitterbahn founder and family patriarch Robert "Bob" Henry died, Jeff Henry sent an email to brother Gary and their business partner, Paul Schexnailder on Oct. 26, 2016, [a copy of the exchange](#) included in a court filing shows.



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"I am extremely tired of both of you guys, consider me your lifelong enemy now, as I have sworn on dad's grave to avenge," Jeff Henry raged. "Believe me now, I'm going to blow both of you out of the water or worse sink you below it. You may win in court but let me assure you you will not win in the end. Hell is where you both belong. Don't worry Paul, Gary, one in the same, judges will eat you both!!!"

Bob Henry died five days later at 89.

Jeff Henry's estranged wife has described him in divorce proceedings as an abusive alcoholic with a bad drug habit.

Multiple arrests

He's been arrested at least twice on drug violations dating back to 1994 when he was charged in Guadalupe County with possessing between 4 ounces and 5 pounds of marijuana, public records indicate. Jeff and then-wife Mary Henry were caught with nearly 17 ounces of pot, a revolver, a derringer and more than \$7,000 in cash, divorce court records state.

He pleaded guilty to a third-degree felony, was placed on three years deferred adjudication probation and fined \$10,000, court records show. The state agreed to drop a companion charge against his wife.

The court terminated Jeff Henry's probation after only 16 months, records show, after his lawyer successfully argued it stigmatized his business dealings.

"His consultations with some of his potential customers in planning, designing and building various theme and water parks are restricted and impaired somewhat by the fact of his being, in effect, under 'the shadow' of his deferred adjudication," his attorney, Charles D. Butts, wrote at the time.



He was arrested on drug charges again in 2007 and pleaded guilty to a misdemeanor for possessing between 2 and 4 ounces of marijuana. He was fined \$4,000, court files show.

'Horrific assaults'

Mary and Jeff Henry were divorced in early 1996, Comal County records state. Divorce proceedings are pending there between Henry and Louise Settree, who were married in June 2007, court records show.

The divorce case initiated by Jeff Henry in May 2013 has been consolidated with a lawsuit filed three months later by Settree against him and his businesses over alleged domestic abuse.

"On multiple occasions throughout their marriage ... Jeff Henry assaulted, battered, beat and tormented plaintiff," her suit claims, alleging many of the assaults were sexual in nature and occurred in the presence of her minor child.

The suit also claims Henry threatened to kill her, falsely imprisoned her, rammed his company vehicle into hers and threw a concrete pedestal through her bedroom door during an Aug. 29, 2013 incident that prompted a call to 911.

Settree said Jeff Henry's use of alcohol and drugs contributed to the "horrific (sic) assaults," the suit claims he "has had in the past serious mental, psychological, psychiatric, anger management and emotional problems long standing in nature."

Settree's suit also claims Schlitterbahn was negligent in entrusting motor vehicles to Henry "who was a careless, incompetent, wreckless (sic), intoxicated and drug-impaired driver."

Stephen Orsinger, Jeff Henry's divorce lawyer, said those types of allegations "aren't unusual in divorces ... All of the allegations made by Ms Settree have all been denied."

The court issued a final decree of divorce last November after Jeff Henry failed to appear at the scheduled trial, but his attorney successfully petitioned the court to vacate that order in January and to reset the case for trial.

The ruling had required Jeff Henry to pay more than \$6.8 million to Settree "for the purpose of a just and right division of property" in the divorce case, and for him to pay her and her daughter \$4.6 million in a default judgment issued in the lawsuit.

Visionary

Before Schwab's death, Jeff Henry had been considered a visionary. The 39-year-old firm was widely regarded as one of the nation's top water park companies by industry analysts and insiders. Within the past five years, at least 9 million guests have visited Schlitterbahn parks, company spokeswoman Prosapio said.

An act of "hubris" on Jeff Henry's part to build the world's largest and fastest water slide, resulting in Schwab's death, has put Schlitterbahn's reputation on the line, said Martin Lewison, an associate business management professor at Farmingdale State College in New York and an expert on the theme park industry.

"He wanted to break a record and he wanted to have a spotlight on his company," Lewison said. "And it's really a shame because Schlitterbahn is known as one of the best water parks."

Schwab's death is "one of the most serious complaint incidents that I've ever seen in my 50 years" in amusement parks, said Dennis Spiegel, president of Ohio-based firm International Theme Park Services Inc.

The Henry family had been considered a leader in the water park industry, Spiegel said. Now, theme park owners are watching Henry's case and waiting for big changes in how theme parks approach safety, he said.

Schwab wasn't the first person to die at a Schlitterbahn park. The company also has a high injury rate in Texas, where its four locations accounted for 13 percent of the 542 ride-related injuries reported to the state within the past five years — the second-highest for any single amusement park company operating in Texas, according to the Texas Department of Insurance.

Lifeguard Nico Benavides, 20, died in March 2013 after the gate of the company's South Padre Island park's wave generator hit his head and pinned him against the wall. Another park employee was severely injured in the incident.

Schlitterbahn paid \$60,000 in fines in the case after the U.S. Labor Department's Occupational Safety and Health Administration slammed the company with six safety violations in August 2013. The agency claimed the company "tragically exposed its workers to unnecessary risks."

Since Feb. 1 2013, Schlitterbahn has reported 71 ride-related injuries at its parks in New Braunfels, South Padre Island and Galveston Island, state insurance records indicate.

Schlitterbahn and its other companies have been sued 25 times in Comal County since 1985, mostly over injuries suffered by water park patrons, which generated claims of negligence in the design of rides and training and supervision of its employees.

The allegations were denied each time by Schlitterbahn, regularly represented by attorney Jonathan Hull of New Braunfels. Hull could not be reached for comment.

Only a handful of the cases went to trial. Most were dismissed at the urging of plaintiffs or for want of prosecution, which suggests the parties may have reached settlements before going to trial.

Schlitterbahn was granted summary judgments in three cases and prevailed twice at trial, the most recent in 1992.

Schlitterbahn paid \$5,000 in 2013 to settle a suit brought two years earlier by a woman who alleged her son suffered facial lacerations and dental injuries when he went down a water slide at the park in New Braunfels and hit an industrial vacuum

cleaner left at the bottom of the slide, court records state.

'Biggest and baddest'

Schlitterbahn began in 1966 as a campground resort in New Braunfels called Camp Landa owned by Schlitterbahn founder Robert "Bob" Henry. The Henry family developed a larger complex of water slides and opened the first Schlitterbahn park — a portmanteau of the German words for "slippery" and "track."

By the 1990s, the New Braunfels park had grown to more than 65 acres, hundreds of hotel rooms, dozens of slides and children water playgrounds. After the turn of the century, the theme park expanded its reach beyond Central Texas, adding three facilities in Texas — South Padre Island, Galveston and Corpus Christi — and in Kansas City, Kan., the company's only park outside Texas.

But the New Braunfels company's expansion moves haven't always panned out. Starting in 2006, Schlitterbahn and officials in Cedar Park had discussed building a potential park in the Austin suburb and even struck a \$360 million development deal. But the project failed to secure financing by 2012 and since has fizzled, a Cedar Park spokeswoman said in an email.

Schlitterbahn sought to spend \$110 million to build its "biggest and baddest" park in Fort Lauderdale on land leased by the city. But a federal judge rejected the agreement in March 2017 to develop the park when it discovered Fort Lauderdale officials hadn't sought competitive bids, the Sun-Sentinel reported.

When the formal bidding process began for the water park project, Schlitterbahn didn't submit a proposal, ceding to the owner of Rapids Water Park in Riviera Beach, Florida, the newspaper reported.

And as the indictments in Kansas were announced, a New York real estate brokerage firm searched for a buyer for the troubled Schlitterbahn water park and resort on North Padre Island.

Family feud

A feud between Jeff and Gary Henry and their business partner Schexnailder over the Padre Island development ultimately led last spring to the group's bankruptcy filing. The project had been losing money, court records show. It halted the 500-acre development, which was supposed to include residential properties, a marina, and a waterfront experience modeled after San Antonio's famed River Walk.

Schexnailder, who contributed the land for the development, accused the brothers in September 2015 of fraud, conspiracy and malfeasance, among other allegations. Schexnailder is seeking \$30 million in damages.

The project ran into funding troubles when Jeff Henry decided to expand it from about 20 rooms to 92 hotel rooms and event space.

Schexnailder said the costs ballooned by about \$30 million over budget to about \$58 million.

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Jeff Henry blamed Schexnaider's "interference at all levels" for delaying completion of the water park's 92-room hotel, according to an email he sent Schexnaider in December 2015.

"You already took out so much cash that none of your partners want to put any more money in," Jeff Henry wrote.

While Jeff Henry was listed as the president of the partnership the three formed for the project, he "stated candidly that he didn't know what his duties" were and would make decisions without board approval, U.S. Bankruptcy Judge Craig Gargotta said at a hearing in September.

"He also admitted that he uses money from any budget source that (the general partner) has to make payments and does not spend money in conformity with the budget," Gargotta added.

Keen-Summit Capital Partners was hired by the bankruptcy trustee to find a buyer for the park and resort a few months ago. Harold Bordwin, the company's managing director, said Jeff Henry's indictment could impact the park's operation. The trustee likely will hire an engineer to inspect the rides in light of current events, he wrote in an email.

"While the river may open, the rides will not open unless and until a qualified engineer certifies them as safe," Bordwin said.

#### Trouble in Kansas

Verrückt's design was flawed from the beginning, prosecutors say. It was too high, too steep, too fast and the rafts were "guaranteed" to go airborne "in a manner that could severely injure or kill the occupants," especially on the ride's second hill that took Schwab's life, the indictment states.

Jeff Henry and Schooley favored "crude trial-and-error" methods over complex mathematical and physics calculations and didn't employ a single qualified engineer in the project, the indictment says. Henry also pushed for the ride to be finished by mid-June 2013 — about seven months after he got the idea for it — considered an extremely short turnaround by industry experts who testified to the grand jury in Wyandotte County.

Henry, Schooley and Kansas City Director of Operations Tyler Miles knew the slide's rafts could go flying on its second hill — according to video footage obtained by criminal investigators showing Henry and Schooley in an airborne raft while testing the slide's prototype. The designers failed to prevent rafts from going airborne during a redesign effort undertaken by Henry and Schooley.

The injuries started piling up almost immediately after the ride opened: whiplash, concussions, broken toes, lacerations, slipped spinal disks and fractures, to park records detailed in the indictment show. More than a dozen other park visitors had been injured on the ride by the time Schwab and his 12-year-old brother climbed into Raft B on Aug. 7, 2016. The raft itself had a lengthy repair record and history of injury, prosecutors say.

Jeff Henry seemed to brag about the ride's potential dangers on video footage the company dismissed as evidence, saying was scripted for "dramatic effect" for a reality TV show.

'I could die'



Verrückt “could hurt me, it could kill me, it is a seriously dangerous piece of equipment today because there are things that we don’t know about it,” Jeff Henry said, according to the indictment. “Every day we learn more. I’ve seen what this one has done to the crash dummies and to the boats we sent down it. Ever since the prototype. And we had boats flying in the prototype too. It’s complex, it’s fast, it’s mean. If we mess up, it could be the end. I could die going down this ride.”

Schlitterbahn has blasted prosecutors for using the footage in their indictment.

“The vast majority of quotes in the indictment are lifted directly from outtakes of a reality TV show that was scripted for dramatic effect and highly edited to create entertaining television,” Prosapio said in an email. “The TV show is not an accurate portrayal of the design and construction process.”

Miles also is accused of trying to cover up the company’s injury reports and silence park employees.

“The allegation that anyone concealed or tampered with evidence is patently untrue,” Prosapio said, adding that attorneys in a civil case related to Caleb Schwab’s death said the company fully cooperated.

Henry, Schooley and Henry and Sons Construction Co. Inc., Schlitterbahn’s construction firm, all face charges of second-degree murder, aggravated battery and aggravated endangering of a child. Kansas law says suspects can be charged with second-degree murder if evidence shows the act was committed “unintentionally but recklessly under circumstances manifesting extreme indifference to the value of human life.”

A grand jury in Kansas City, Kansas, also indicted Schlitterbahn and operations director Miles on charges of involuntary manslaughter, aggravated battery, aggravated endangerment of a child and interfering with law enforcement by concealing evidence. Miles also drew a separate charge of allegedly giving false information to a detective.

Miles pleaded not guilty. Jeff Henry is scheduled to enter his plea in court this Thursday. A lawyer for Schooley told ABC News on Friday that he was out of the country but intends to turn himself in.

Caleb Schwab’s family has reached settlements of almost \$20 million with Schlitterbahn and various companies associated with the design and construction of the water slide. The two women who rode with Caleb settled claims over serious injuries with Schlitterbahn for an undisclosed amount.

“When you’re taking guests’ lives into your hands every day then you have to build up whatever fail safes can be built up,” said Lewison, the industry expert from Farmingdale State College in New York. “You can’t build the tallest water slide in the world without 100 percent surety that it’s safe, to the best of your ability.”

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