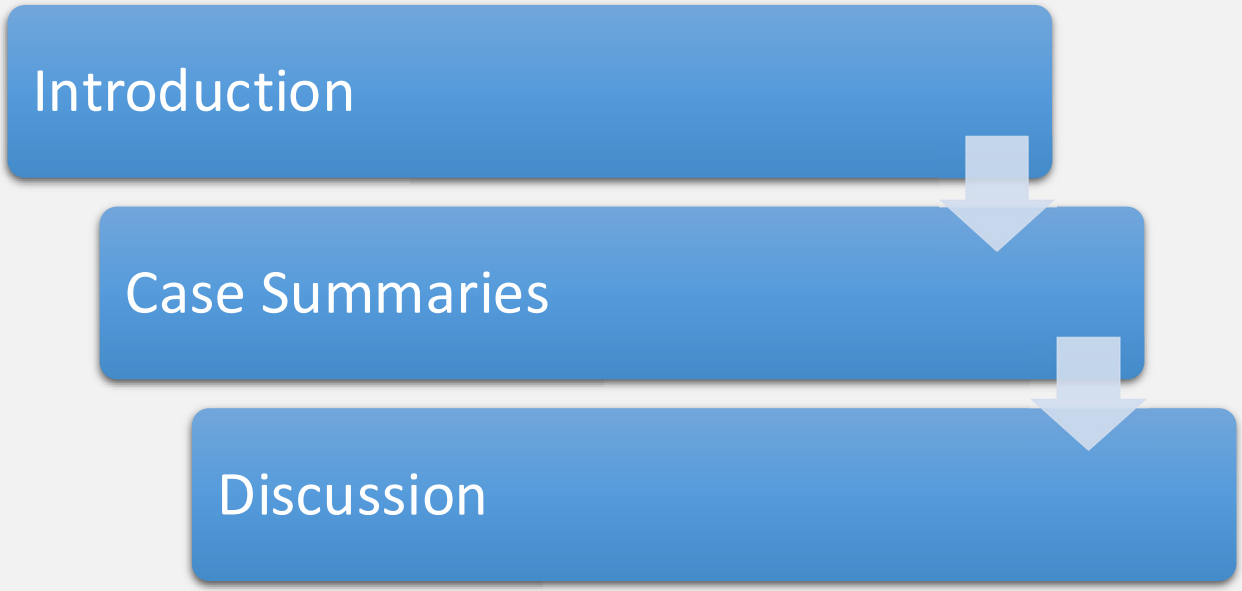


LITIGATING NUISANCE CASES LARGE APARTMENT COMPLEXES

Case Studies from Two Cities in Ohio

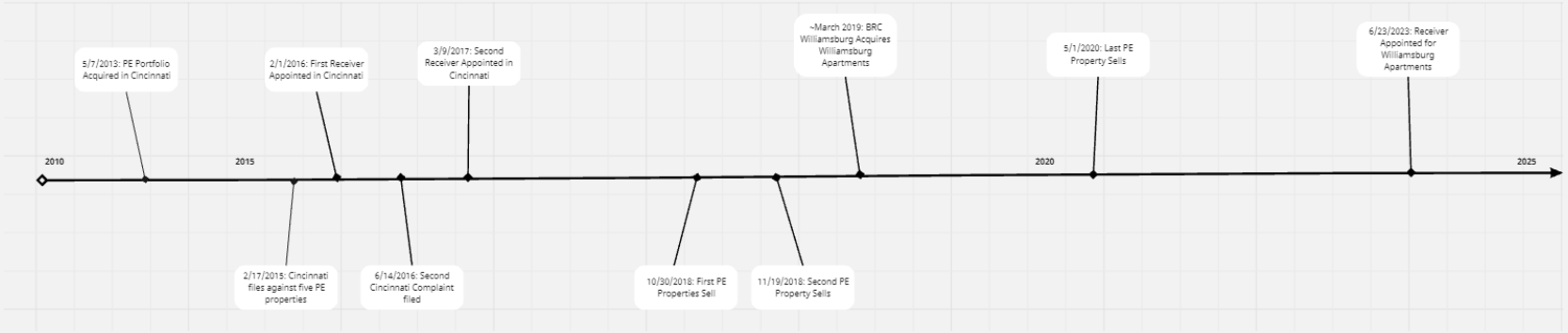

Introduction
Case Summaries
Discussion

INTRODUCTION

PE Alms Hill Realty

Cincinnati

Timeline


2010
2015
2020
2025
5/7/2013: PE Portfolio Acquired in Cincinnati
2/1/2016: First Receiver Appointed in Cincinnati
3/9/2017: Second Receiver Appointed in Cincinnati
~March 2019: BRC Williamsburg Acquires Williamsburg Apartments
5/1/2020: Last PE Property Sells
6/23/2023: Receiver Appointed for Williamsburg Apartments
2/17/2015: Cincinnati files against five PE properties
6/14/2016: Second Cincinnati Complaint filed
10/30/2018: First PE Properties Sell
11/19/2018: Second PE Property Sells

Puretz Acquires Portfolio

- HAP Properties
- 842 Units
- 11 Properties
- $9.2 Million value
- $19.6 million mortgages
- $6 Million in Annual HUD Subsidy
- Puretz Family

Pre-Litigation



- Comparing 4 years of prior owner to 2 years of Puretz: 1,108% increase in orders from B&I (36 to 435)

2014 Administrative Search Warrant

STATE OF OHIO
COUNTY OF HAMILTON

AFFIDAVIT FOR SEARCH WARRANT

Police Officer Kandice Roper-Issa, of the Cincinnati Police Department, City of Cincinnati, Ohio, being first duly cautioned and sworn, deposes and states that within the jurisdiction of the Hamilton County, Ohio Municipal Court, at: all common areas, storage areas, and basement of 2525 Victory Parkway in the community of Walnut Hills. The building is described as a 11 story, red brick multi-family apartment. The building address numbers 2525 is printed on the front entrance awning of the building. The affiant believes and has good cause to believe that at said place there is concealed;

STATE OF OHIO SEARCH WARRANT
HAMILTON COUNTY MUNICIPAL COURT

To the Chief of Police of the City of Cincinnati, the Chief of the Fire Department of the City of Cincinnati, the Director of the Department of Community Development-Property Maintenance Code Enforcement of the City of Cincinnati, and to the Director of the Department of Health of the City of Cincinnati, Greetings: Whereas, there has been filed with me an affidavit, a copy of which is attached hereto and incorporated herein, these are therefore, to command you in the name of the State of Ohio, with the necessary and proper assistance, to enter, in the daytime, to the premises located at: all common areas, storage areas, and basement of 2525 Victory Parkway in the community of Walnut Hills. The building is described as a 11 story, red brick multi-family apartment. The building address numbers 2525 is printed on the front entrance awning of the building, and there diligently search for the goods, chattels, or articles to wit:

Paper products, refuse, garbage, litter, junk, combustible and non-combustible waste, miscellaneous debris, structural instability of the building, improper and dangerous electrical wiring and connections, inadequate methods of ingress and egress for inhabitants and fire personnel, and for evidence of unsanitary conditions, posing a risk to life, health, and safety; and for evidence of ownership/control/occupancy of premises; and that you complete a report of the conditions found at the above location and file a copy of such report with your agency.

Given under my hand this 3rd day of December, 2014, at 2:25 (P.M.) / A.M.)

Judge, Hamilton County Municipal Court

2014 Administrative Search Warrant





Burton Apartment Flood









Litigation Against Puretz

IN THE COURT OF COMMON PLEAS
HAMILTON COUNTY, OHIO

CITY OF CINCINNATI, et al.,	:	CASE NO. A1500883
Plaintiffs,	:	JUDGE BETH MYERS
v.	:	PLAINTIFF'S FIRST SET OF INTERROGATORIES, REQUEST FOR PRODUCTION OF DOCUMENTS, AND REQUEST FOR ADMISSIONS TO PE ALMS HILL REALTY, LLC
PE ALMS HILL REALTY, LLC, et al.,	:	
Defendants.	:	

IN THE COURT OF COMMON PLEAS
HAMILTON COUNTY, OHIO

CITY OF CINCINNATI, et al.,	:	
Plaintiff,	:	Case No. A1500883
-vs-	:	JUDGE BETH MYERS
PE ALMS HILL REALTY, LLC, et al.,	:	FIRST REQUEST FOR INSPECTION OF PROPERTY UNDER CIV. R. 34(A)
Defendants.	:	

Plaintiff City of Cincinnati and Relator Paula Boggs Muething directs the following Request to Enter onto Land to Inspect at 2525 Victory Parkway, Cincinnati, Ohio for the purpose of inspecting and photographing the property; its common areas, roof and basement, mechanical or maintenance areas, occupied or unoccupied residential units pursuant to Civil Rule 34. Such inspection to take place at 9:00 AM on April 1, 2015.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
77 W. Jackson Blvd., Suite 2646
Chicago, Illinois 60604-3507
Tel (312) 353-5895 Fax (312) 913-8363

OFFICE OF GENERAL COUNSEL
DEPARTMENTAL ENFORCEMENT CENTER

June 26, 2015

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED
7008 0500 0001 6859 5963

Chaim Puretz, Managing Member
PE Alms Hill Realty LLC
1223 East 13th Street
Brooklyn, New York 11230

SUBJECT: Notice of Default of the Housing Assistance Payments Contract and Compliance, Disposition and Enforcement Plan
Project Name: Alms Hill Apartments
Project Location: Cincinnati, Ohio
HAP Contract Number: OH10-L000-009
iREMS Number: 800016224

On April 16, 2015, the HUD Real Estate Assessment Center ("REAC") inspected the Project and the Project received a score of 49 c*. The inspection report identified serious deficiencies that demonstrate the Owner is in default of the HAP Contract and HAP Renewal Contract. Some of the deficiencies cited in the REAC report include, but are not limited to the following: tripping hazards; cracks and gaps in walls; exposed electrical wires; inoperable auxiliary lighting; damaged hardware to locks and doors, and roach and insect infestation.

Litigation Against Puretz

'Nuisance' apartments placed in receivership

Kevin Grasha, kgrasha@enquirer.com 5:53 p.m. EST January 29, 2016



(Photo: Enquirer file)

Five low-income apartment buildings declared public nuisances after more than 1,800 code violations were found will be placed into receivership.

Hamilton County Common Pleas Judge Beth Myers made that ruling Friday at a hearing. Myers is expected Monday to name who will take control of the buildings, receive rent money and ultimately use that money to make repairs.

All five buildings – which offer subsidized apartments where residents pay what they can afford based on their income and the federal government pays the rest – are owned by New Jersey-based landlords.

IN THE COURT OF COMMON PLEAS
HAMILTON COUNTY, OHIO

COURT OF COMMON PLEAS FILED Beth Myers HON. BETH A. MYERS THE CLERK SHALL SERVE NOTICE TO PARTIES PURSUANT TO CIVIL RULE 58 WHICH SHALL BE TAXED AS COSTS HEREIN.

CITY OF CINCINNATI, *et al.*	:	
	:	**Case No. A 1500883**
Plaintiffs,	:	
	:	**JUDGE BETH A. MYERS**
-vs-	:	
	:	**ENTRY FINDING NUISANCE AND FINDING THAT OWNERS HAVE FAILED TO ABATE NUISANCE**
PE ALMS HILL REALTY LLC, *et al.*	:	
	:	
Defendants.	:	

1. In the last seven months, the City has issued over 1,800 violations related to conditions in these buildings that threaten public health, safety and welfare.

4. The U.S. Department of Housing and Urban Development ("HUD") notified Defendant PE Alms Realty in April 2015 that the Alms property had failed HUD's physical inspection of the property.

5. Defendants PE Alms Hill Realty, LLC; PE Entowne Manor Realty, LLC; PE Reids Valley View Realty, LLC; PE Shelton Gardens Realty, LLC; and PE Burton Realty, LLC admit that they have had approximately seven months to address and resolve many of the conditions at the Buildings and have not done so to the satisfaction of the City or the Residents.

Upon consideration of the stipulated facts and law, **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

1. 2525 Victory Parkway, 1006-1026 Burton Avenue, 3652 Reading Road, 2000 Westwood Northern Boulevard, and 1990 Westwood Northern Boulevard (hereinafter all buildings referred collectively as the "Buildings") are a public nuisance pursuant to R.C. 3767.41(A)(2)(b) because the buildings are not in good repair and/or free from health and safety hazards.

Puretz Portfolio in Receivership

What Went Wrong at the Alms?

Owners didn't pay for upkeep. HUD didn't pay attention. Now residents may have to leave.

By Nick Swartsell

U.S. DEPARTMENT
Multifamily Midwest
Detroit Satellite Office
477 Michigan Ave.
Detroit, MI 48226

December 19, 2017

Chaim Puretz, Individually and as Managing Member of
PE Alms Hill Realty LLC
1223 E. 13th Street
Brooklyn, New York 11230

Jodi Ridings
Milhaus Management LLC
Receiver of PE Alms Hill Realty LLC
460 Virginia Avenue
Indianapolis, Indiana 46203

Dear Mr. Puretz and Ms. Ridings:

This is to notify the Owner and the Receiver of Alms Hill Apartments that the U.S. Department of Housing and Urban Development is hereby withdrawing its abatement of the Housing Assistance Payment contract of Alms Hill Apartments. Accordingly, HUD's Notice of Commencement of Abatement of the Housing Assistance Payments letter dated July 31, 2017 and its decision to move forward with the abatement and termination of the rental assistance contract at the Alms, as stated in HUD's Notice to Residents of Alms Hill Apartments dated September 26, 2017 are hereby rescinded.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

ALMS RESIDENTS ASSOCIATION, *et al.*, Case No. 1:17-cv-605

Plaintiffs, Judge Timothy S. Black

vs.

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, *et al.*,

Defendants.

ORDER GRANTING PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION (Doc. 3)

#: 1 Filed: 09/12/17 Page: 1 of 23 PAGEID #: 1

TATES DISTRICT COURT
RN DISTRICT OF OHIO
STERN DIVISION

CASE NO.:_____

COMPLAINT FOR INJUNCTIVE RELIEF

DEVELOPMENT and BEN CARSON in his Official Capacity as Secretary of the United States Department of Housing and Urban Development,

DEFENDANTS.

COMPLAINT

Stabilization & Disposition

- Receiver spent $5.9 million
- Alms complete electrical retrofit

Puretz Portfolio Re-Development

- $Alms re-developed $14.9
- Avondale Properties $8.6
- Two properties closed – All 60 units relocated with HAP contract authority

Colonial Village

Columbus

Colonial Village Apartments



2018 – Rated Top 20 Worst Landlords by City
of Columbus Code Enforcement.

2019 – Rated Top 5 Worst Landlord by City of
Columbus Code Enforcement.

Jan. 2018 – June 2019: Total Police Calls for Service = over 4,0000.

Types of Calls: Homicides, Shootings, Gun Runs, Stabbings, Assaults, Burglaries.



Colonial Village Apartments



In 2019 Code Enforcement Issues over 400 notice violations for:

- Bed Bugs
- Rodent & Roach Infestation
- Water Damage
- Holes and Cracks in Ceilings
- Lack of Utilities
- Trash & Debris/Solid Waste
- Broken Windows
- Unsecured vacant units

March 2020: COVID-19

- Property Floods
- More Shootings

City Files Lawsuit, April 2021



Procedural History

- Environmental Court – 2021 EVH 60155
  - Complaint for Preliminary and Permanent Injunction – April 2021
    - Based in chronic code violations + criminal nuisance activity
    - “Owner” - Named titled owner, management, signatories on contracts at the property and on mortgages
    - Included lienholders, including the primary lender
  - Preliminary Agreed Injunction with Local Counsel – April 2021
    - Basic security requirements
    - Bond posting for failure to make payments
    - Emergency code requirements
    - Inspection Schedule
    - Vacant Units
    - Trespass

Procedural History

- Environmental Court – 2021 EVH 60155
  - Permanent Injunction – Agreed with Local Counsel – Aug. 2021
    - Finding of a Public Nuisance due to criminal activity & code violations
    - Permanent Injunction Running With Land and with Listed Owners for all of County
    - Duty to Abate within 30 days
    - Security – private and CPD Special Duty
    - Camera and Lighting Installation
    - Trespass Enforcement
    - Vacant Checks + Boarding
    - Staffing requirements
    - Communications with Tenants
    - New Owner Screening
    - Maintenance of accurate rent roll

Procedural History

- Environmental Court – 2021 EVH 60155
  - Contempt + Judgments
    - May 2021 – failure to pay security = $30K bond forfeited
    - August 2021 - failure to comply with multiple provisions of prelim and permanent Court order
      - $50K Fine - *paid*
      - Specific Compliance Date or else $2K/day past that date
    - October 2021 – still failure to comply with most provisions
      - Receiver proceedings started in Common Pleas
      - Updated Compliance Date
      - 10-day Compliance Required for all new violations
    - Jan.-Mar. 2022 – continued failure to comply all code violations and to implement many provisions
      - Additional Briefing on Judicial Authority to Issue Contempt
      - $50K Additional Contempt Fine – still unpaid

Receivership Through Foreclosure Action

- Common Pleas – 21 CV 005425
  - *August 2021* – filing of foreclosure action by Lender, joining the City as an interested party
    - Unpaid mortgage amounts ~$16 million
    - Failure to maintain the asset
  - *August 2021* - Joint Motion for Receivership
  - *January 2022* - City Files Cross-Claims for Unpaid Utilities
    - ~$339K in unpaid water and power bills
    - ~$100K in unpaid power bills from tenants

Receivership Through Foreclosure Action

- Common Pleas – 21 CV 005425
  - *February 2022* - 1st Receivership Appointment
    - Turning over of records from Owner
      - *Apex later found in Contempt for not turning over records by Court*
    - Maintenance of the Property (abatement of outstanding notices, security, cameras, rent roll, vacant checks, etc. to comply with Injunction)
    - Hiring of Property Management Company and to hire/discharge employees
    - Notice to Tenants about Receiver Possession of the Property + Receipt of Rents
    - Procedures for entering into contracts for work at the property
    - Payment of Taxes
    - Procedures for Sale of Property

Receivership Through Foreclosure Action

- Common Pleas – 21 CV 005425
- *February 2023* - 2nd Receivership
  - *Adopts the terms of the Receivership Order*
  - Changes who the receiver is, all else the same
  - Property Management Remained, despite City's Objection
- *September-December 2023* - Tragedy
  - *Sept.* - Code notifies City of inconsistencies in rent roll
  - *Oct.* – Lender expresses desire to possibly take possession; City intends to object unless an audit of units; Audit begins; Lender and City discover hundreds of unknown persons occupying vacant and inhabitable units
  - *Nov.* – City Demands Abatement of Units with Emergencies or Relocation; Lender does not provide timely plan and refuses to pay for relocation
  - *Dec. – City Attorney's Office partners with Code, CPD, CPH, Local Nonprofits, Community Shelter Board, etc. to relocate ultimately over 1300 residents*

Receivership Through Foreclosure Action

- Common Pleas – 21 CV 005425

Current Litigation Status

- *Nov. 2023*
  - Motion for Leave to Add Parties to Environmental Ct.
  - Motion to Assess Costs to the Receivership Estate
- *Jan. 2024*
  - Motion for Contempt in Foreclosure Case
    - Requires finding of gross negligence
    - Joint Motion for Contempt
    - Finding of Gross Negligence
    - Order to Sell
  - Motion for Leave to File Contempt in Environmental Ct.
- *Mar. 2024*
  - Discovery and Briefing Schedule

WILLIAMSBURG

Cincinnati

Acquisition of Williamsburg

- Market Rate
- 976 units

Pre-Filing on Williamsburg



Pre-Filing on Williamsburg



Williamsburg Filing & Discovery

'We have been suffering': Cincinnati sues owners over Williamsburg Apartment conditions

91.7 WVXU | By Nick Swartsell

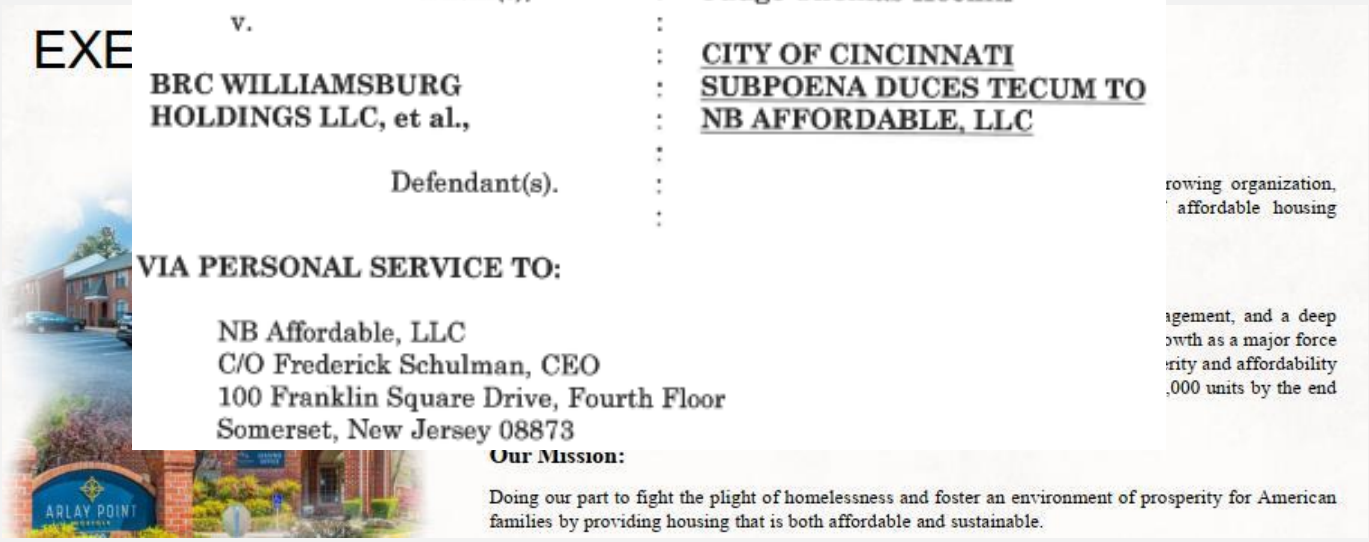
Published January 10, 2023 at 2:45 PM EST



Tana Weingartner / WVXU

Proposed Sale of Williamsburg

- NB Afford[redacted]



COURT OF COMMON PLEAS
HAMILTON COUNTY, OHIO

CITY OF CINCINNATI, et al.,	:	Case No.: A2300096
Plaintiff(s),	:	Judge Thomas Heekin
v.	:	CITY OF CINCINNATI
BRC WILLIAMSBURG HOLDINGS LLC, et al.,	:	SUBPOENA DUCES TECUM TO NB AFFORDABLE, LLC
Defendant(s).	:	

VIA PERSONAL SERVICE TO:

NB Affordable, LLC
C/O Frederick Schulman, CEO
100 Franklin Square Drive, Fourth Floor
Somerset, New Jersey 08873

EXE

rowing organization,
affordable housing

agement, and a deep
owth as a major force
rity and affordability
,000 units by the end

ARLAY POINT

Our Mission:

Doing our part to fight the plight of homelessness and foster an environment of prosperity for American families by providing housing that is both affordable and sustainable.

Proposed Sale of Williamsburg

- NB Affordable/Frederick Schulman



MANAGEMENT TEAM

Best-in-Class Senior Management Team

LEADERSHIP WITH A PROVEN HISTORY OF SUCCESS WITH OVER 100+ YEARS OF COMBINED EXPERIENCE

Fredrick Schulman
Managing Partner

From 1999 through 2006, he focused on building and running East Coast Capital Holdings, Ltd. (serving as its President), a Specialized Small Business Investment Company licensed by the U.S. Small Business Administration, and its affiliate, NewBank (serving as its Chairman), a New York community commercial bank. NewBank was licensed in 2005 and opened its first branch (and base of operations) in 2006, and by 2012 had become and remains the largest small business lender in New York, and one of the leading small business lenders in New Jersey. Fred remains NewBank's Chairman to this day. In 2012, he joined forces with Mark Silber to form Rhodium Capital Advisors. In 2020, he created NB Affordable in order to focus his extensive real estate experience in the affordable housing space and give back to the community.

Williamsburg of Cincinnati - Proposed Capital Improvement Budget

Item		Price Per Unit	Total Units	Total
Unit Upgrades to Include:		$25,000.00	976	$24,400,000.00
	Kitchen Cabinets, Countertops and Appliances	*$10,000*		
	New Vinyl Flooring	*$3,000*		
	Bathroom Vanities and Fixtures	*$2,500*		
	Painting and Doors	*$2,000*		
	HVAC	*$5,000*		
	Misc.	*$2,500*		
Total Unit Upgrades				**$24,400,000.00**
*Note - Per unit cost is based on average as unit conditions vary and not all upgrades may be necessary on every unit				
Exteriors and Common Areas				**$ 7,160,000.00**
	Exterior Brick and Siding			$ 700,000.00
	Roofing			$ 3,500,000.00
	Landscaping			$ 250,000.00
	Upgraded Clubhouse and Amenities			$ 600,000.00
	Improved Security Cameras and Features			$250,000
	Parking lot repairs			$500,000
	Concrete repairs			$250,000
	Gutters and downspouts			$250,000
	Welding repairs			$150,000
	Security Gates			$60,000
	Garage doors			$50,000
	Building Entry doors, Apartment entry doors & Hallway passage doors			$100,000
	Window replacment & Repair			$100,000
	Property signage & Directional signage for buildings			$50,000
	Water Main & sewer Main replacment			$350,000
Total Exteriors and Common Areas				**$ 7,160,000.00**
Total Capex Budget				**$31,560,000.00**

Proposed Sale of Williamsburg

city of CINCINNATI LAW

VIA ELECTRONIC MAIL

May 8, 2023

Mr. Todd Castellini
Senior Vice President of Public Finance and Industry Development
The Port
3 East Fourth Street, Suite 300
Cincinnati, Ohio 45202
tcastellini@cincinnatiport.org

Re: NB Affordable's proposed acquisition of Williamsburg Apartments

Dear Mr. Castellini:

The City of Cincinnati (City) appreciates the opportunity to provide its perspective to the Port regarding the proposed acquisition of the Williamsburg Apartments by NB Affordable (NB) and the Port's facilitation of bond financing for the purchase.

The City has serious and uncurable concerns about the proposed transaction. As a result, the City will not dismiss its case. Further, the City requests that the Port not enable the requested bond financing.

As a preliminary matter, the process employed by NB is a concern. While it is clear this transaction has been in the works for some time, the City was only notified about it within the last two weeks. The request to dismiss litigation and support almost $100 million in financing on such an aggressive timeline does not allow proper due diligence that would be merited on a deal of this magnitude.

There is substantial connection between Rhodium, NB, and their principals, and NB has not been transparent about this connection. Initially, NB represented to the City that there was a past business relationship with a partner of Rhodium. NB was clear that there were no current connections between NB and Rhodium. But after the City served subpoenas, NB disclosed a partner of Rhodium is a partner in NB. NB indicated that the individual was only a passive investor in Rhodium who wanted to take a more active role in operations due to frustrations with the operational problems at the property caused by the principal of Rhodium.

NB's lack of transparency likely has good reason. As referenced, Rhodium's assets are distressed. Both the City of Columbus and U.S. Department of Housing and Urban Development (HUD) have filed litigation about substandard housing conditions at properties controlled by Rhodium. In Columbus, tenants had to be relocated from two sizeable buildings due to the conditions.

While any housing provider can become overleveraged, NB has indicated that it has already secured $31 million for the rehabilitation of Williamsburg Apartments. If Rhodium and NB have access to such capital, the failure to maintain other properties under their control indicates an intentional diversion of resources away from its current residents in dire need, an abhorrent decision that cannot be condoned.

Williamsburg Receivership



IN THE COURT OF COMMON PLEAS
HAMILTON COUNTY, OHIO

FANNIE MAE, Plaintiff, v. BRC WILLIAMSBURG HOLDINGS, LLC, *et al.*, Defendants.	Case No. A2302278 Judge: Tom Heekin

AGREED ORDER APPOINTING RECEIVER

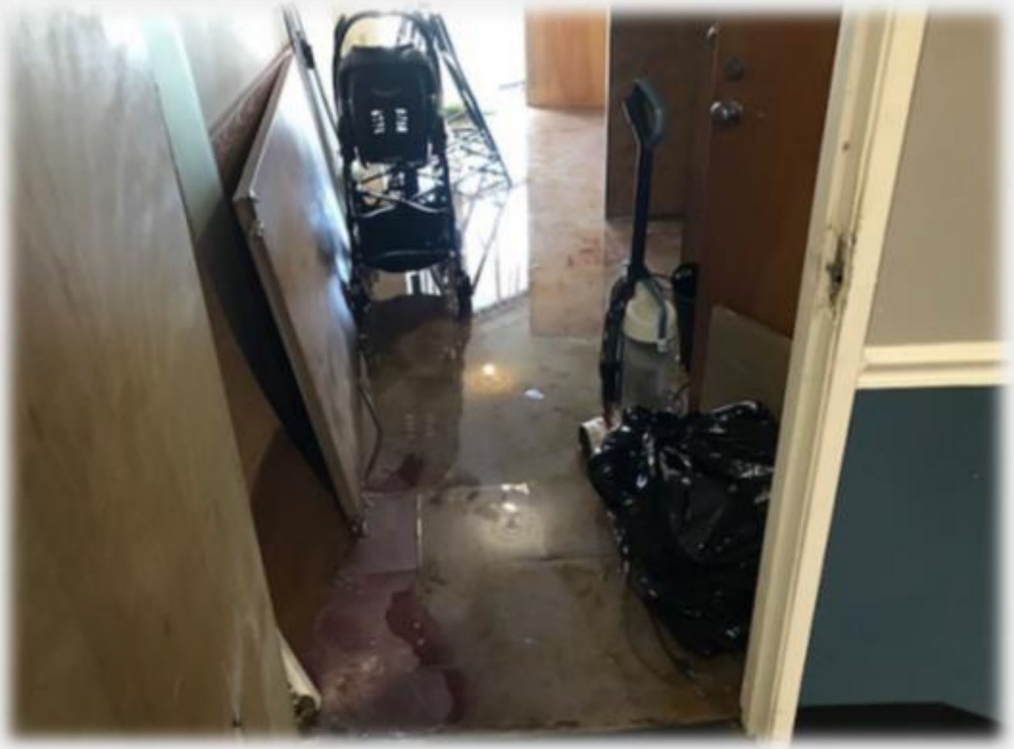
This matter came before the Court on Plaintiff's Motion for *Ex Parte* Appointment of Receiver (the "Motion"). Subsequent to the filing of the Motion, the Plaintiff Fannie Mae and Defendant BRC Williamsburg Holdings, LLC ("BRC") have stipulated to the appointment of a receiver.

Sawyer Towers

Columbus



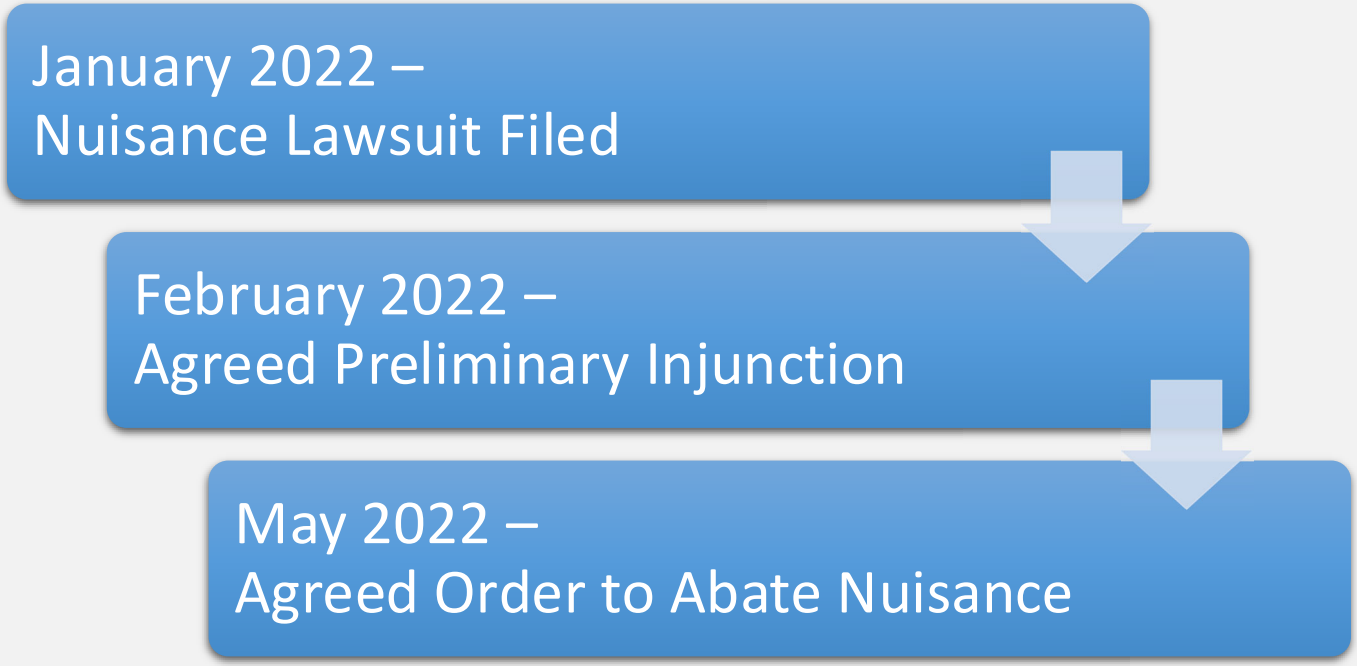









ICE
POL


January 2022 –
Nuisance Lawsuit Filed
February 2022 –
Agreed Preliminary Injunction
May 2022 –
Agreed Order to Abate Nuisance






September 2022 –
Contempt
October 2022 –
Foreclosure Filed
November 2022 –
Agreed Order to Sell

UNIT	TENANT	TEMP	HOT WATER
302E	Jacob Alexander	51	NO
210E	Anthony Stanford	51	YES
309E	Donald Murph	52	YES
1211E	Terry Hyder	55	NO
711E	Zachary Martin	55	YES
314	Miguel Davenport	57	NO
305E	Henry Laws	57	NO
311E	Wesley Moore	58	YES
310E	Hammond Rodriquez	59	NO
308	Dale Hairston	60	NO
312	Isaiah Gaiter	60	NO
1210E	Lindsay Wolford	60	YES
207E	Curtis Tensley	60	YES
609	Charles Bowman	61	NO
904E	Edwin Daniel	61	YES
802E	Dougless Fessler	62	NO
501	Fred Jenkins	62	YES
908E	Chas Goodwin	62	YES
1402	Tyrone Turner	63	NO

UNIT	TENANT	TEMP	HOT WATER
204	Robert Elmore	82	NO
302	Kasandra Greene	75	NO
304	Steven Hassen		
307	Hilda Hathaway	78	NO
308	Dale Hairston	74	NO
403	Steve Rankin	79	YES
404	Chris Lohman		
405	James Grace	74	NO
412	Natsha Lewis	82	YES
413	Cherokee Phelps	77	NO
502	Cole Scott		
506	Billy Lewis	76	NO
509	David Swoope jr	77	NO
512	Rhonda Nelson	79	YES
513	N/A	77	NO
514	Bobby Newsome		
1512E	Jose Garcia	77	NO
1403E	Shalamar Burton	76	YES
1201E	Pishai Bhuckdwonges	76	NO













December 2022 –
Contempt

January 2023 –
Agreed Order






GORILLA CARTS

January 2023 –
Contempt

February 2023 –
Contempt Order


February 2023 –
Bankruptcy Filed
August 2023 –
Contempt
August 2023 –
Bankruptcy Dismissed
September 2023 –
Receiver Appointed

Discussion

Criminal Cases: Puretz, Rhodium, & NB Affordable

PRESS RELEASE

Three Real Estate Investors Plead Guilty to $119M Mortgage Fraud Conspiracy

Fredrick Schulman, 72, of New York, and Chaim "Eli" Puretz, 29, of New Jersey, pleaded guilty today to one count of conspiracy to commit wire fraud affecting a financial institution. Moshe "Mark" Silber, 34, of New York, pleaded guilty on July 9 to one count of conspiracy to commit wire fraud affecting a financial institution.

According to court documents, between 2018 and 2020, Silber, Schulman, and Puretz conspired with others to deceive lenders into issuing a mortgage loan for a multifamily property and Fannie Mae into funding or purchasing the mortgage loan. Silber and Schulman were managing members of Rhodium Capital Advisors, an entity that was involved in the acquisition and management of Williamsburg of Cincinnati, an apartment complex in Cincinnati, Ohio. Puretz was one of the owners of commercial property Troy Technology Park in Troy, Michigan. Silber, Schulman, Puretz, and their co-conspirators provided the lenders and Fannie Mae with falsified documents, including a purchase contract with an inflated purchase price and other fraudulent documents.

PRESS RELEASE

Real Estate Investor Pleads Guilty to $165M Mortgage Fraud Conspiracy

According to court documents, between 2018 and 2020, Boruch "Barry" Drillman, 36, of New York, conspired with at least four others to deceive lenders into issuing multifamily and commercial mortgage loans. Drillman and his co-conspirators provided the lenders with fictitious documents, including purchase and sale contracts with inflated purchase prices. Drillman managed BRC Williamsburg Holdings LLC, which purchased multifamily property Williamsburg of Cincinnati in Cincinnati, Ohio, and Troy Technology Holdings LLC, which purchased commercial property Troy Technology Park in Troy, Michigan.

PRESS RELEASE

Real Estate Investor Pleads Guilty to $54.7M Mortgage Fraud Conspiracy

According to court documents, between 2016 and 2022, Aron Puretz, 53, conspired with others to deceive lenders into issuing multifamily and commercial mortgage loans. Puretz and his conspirators provided the lenders with fictitious documents, including purchase contracts with inflated purchase prices, fake financial statements, and other fraudulent documents. Puretz was an employee of Apex Equity Group, a real estate investment and advisory firm, and one of the owners of Maple Lawn in Eureka, Illinois, and Big Country Chateau in Little Rock, Arkansas, both multifamily properties, and Troy Technology Park in Troy, Michigan, a commercial property.

Other Impacted Cities

- Toledo, OH: https://www.toledoblade.com/local/city/2024/01/31/hud-converges-on-toledo-s-troubled-ashland-manor-for-apartment-inspections/stories/20240131094
- Chicago: https://www.injusticewatch.org/project/tenant-trap/2024/tenant-class-action-lawsuits/
- Pittsburg: https://www.wesa.fm/development-transportation/2023-03-22/affordable-apartment-sale-pittsburgh
- Philadelphia: https://therealdeal.com/national/2024/07/17/puretz-mortgage-scam-devastated-philly-senior-housing/
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