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Judge OKs massive home sale

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Nearly six months after a trustee proposed selling nearly 400 properties tied to bankrupt NJ Affordable Homes, a judge has approved what could be the largest property auction in state history.

The ruling clears the way for bankruptcy trustee Charles For man to sell about 390 properties as a way to raise money for the estate of NJ Affordable. Authorities have branded the now-defunct real es tate company a massive fraud and Ponzi scheme that took \$40 million from about 500 investors.

In a 35-page opinion issued late Thursday, Bankruptcy Judge Donald Steckroth overruled objections from lenders and some investors who claimed their rights would be violated by a mass sale. The judge noted "all interested parties are faced with a tragic situation of unusual proportions. The fraudulent conduct committed by (company owner Wayne) Puff and NJ Affordable Homes can only result in deleterious ramifications for all parties involved."

But the facts of the case "demand an expedited sale of the disputed properties," Steckroth wrote. The trustee's plan is the only one that can benefit the largest number of victims, the opinion said.

NJ Affordable crumbled last year after the Securities and Ex change Commission sued the company and owner Puff, alleging the business was a fraud. Puff promised investors returns of 15 percent or more and also engineered deals to use people's credit to buy homes by agreeing to split the profits once he flipped the property.

Accountants for a receiver who took over the company before its November bankruptcy filing found nearly \$100 million in mortgages or liens against NJ Affordable properties. The value of the properties is unknown, but regulators alleged many of the parcels had wildly inflated appraisals.

The trustee had asked in January for permission to sell hundreds of homes and vacant lots via a huge auction. But banks and other lenders that hold mortgages on more than half the properties fought the proposal, asserting it was a violation of their rights and sales should be done on a case-by- case basis.

"Now we're going to begin the marketing and sales process," Harry Guffeish, an attorney for the bankruptcy trustee, said yesterday. He estimated the auction would take place sometime in September.

NJ Affordable investor Michael Cohen, a Manhattan attorney who works in New Jersey, said he was glad the properties were finally being liquidated. But he's not ex pecting much, if any, money back.

"I would be very happy just to have this off my credit report," he said.

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