

# Bankrupt Bay Ridge office building heads to auction

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Sale will end years of legal drama and foreclosure attempt by controversial investor Tim Ziss



9201 4th Avenue, Rosewood Realty Group's Greg Corbin (Getty, Rosewood Realty Group, LinkedIn)

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By

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A rare mid-rise office building in Bay Ridge is headed to a bankruptcy auction next week after years of legal drama.

The seven-story, 100,000-square-foot building at 9201 4th Avenue will hit the auction block on April 14 with a starting bid of \$28 million. A sale would end two years of litigation between the property's owner, SPL Partners, and its lender, an entity tied to controversial Brooklyn landlord Tim Ziss.

Problems surrounding the building go back as far as 2017, when SPL struck an agreement with a Brooklyn-based property manager called Xemex, controlled by Steve and James Pappas. The same year, they secured a \$16.4 million loan on the property from New York Community Bank.

But the owners soon began noticing discrepancies in Xemex's management: Namely, they claim they discovered that Xemex made at least \$1.25 million in withdrawals into its own accounts, while the property fell into disrepair.

SPL further alleged that the property manager falsified records, including corporate tax returns. In a 2019 special meeting, SPL terminated its agreement with Xemex.

SPL also claimed that Xemex entered into a lease agreement with Lundy's Management, a separate company that was also connected to Steve and James Pappas, to lease the building's seventh floor, but that Lundy's stopped paying rent just a few months after signing the lease. SPL sued Lundy's in 2019 to collect on the unpaid rent.

Things only got worse for the building's owners when the pandemic struck.

In early 2021, New York Community Bank declared the loan in default, accelerated the interest and sold it to Signature Lien Acquisitions, an entity connected to Ziss. The new lender initiated a foreclosure that May.

SPL halted the foreclosure with a bankruptcy filing a few months later, arguing that the property faced Covid-related financial issues and claiming that Signature had refused to let it pay off its loan. It further alleged that Ziss' goal when buying the debt was always to foreclose on the building.

Ziss' attorney, Kevin Nash of Goldberg Weprin Finkel Goldstein, sought to have a Chapter 11 trustee appointed and accused SPL of using the pandemic "as a convenient excuse to mask years of mismanagement and misappropriations of funds."

Now the dispute will be settled with an auction, where Ziss' group will be able to use the existing debt, which has accumulated to about \$25 million, as part of a credit bid. The auction is being marketed by [Greg Corbin](#), president of bankruptcy and restructuring at Rosewood Realty Group.

Ziss, whose legal name is Efthimios Zisimopoulos, and his company Allied Properties raised eyebrows in 2019 when he sold the site of a former Nathan's restaurant in Bay Ridge to the New York City School Construction Authority for more than double what he'd paid for it just six months earlier.

An investigation by The City last year revealed that Carlo Scissura, head of the New York Building Congress, an influential construction trade group, had secretly been paid by Ziss to facilitate the deal. Scissura was the one who recommended the site to the city agency as a possible location for a new public school.

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