

# Chaskiel Strulovitch's Bankruptcy Saga Nears End

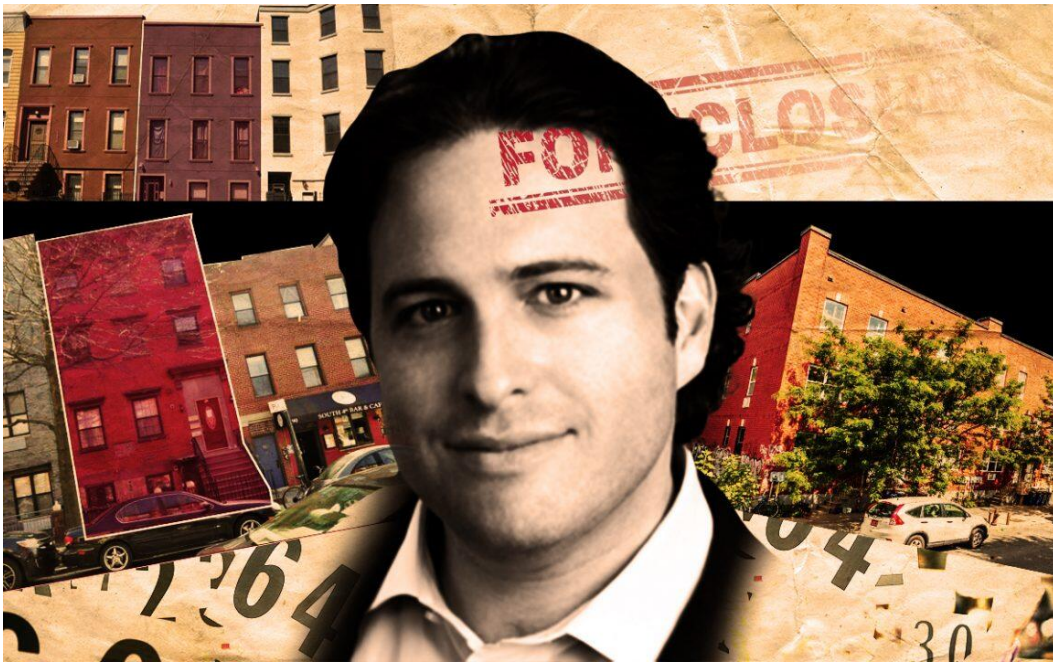
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[New York](#)

## Chaskiel Strulovitch's Brooklyn bankruptcy saga nears end with auction

Landlord filed for bankruptcy after threat of foreclosure from hardball lender Maverick Real Estate Partners



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Brooklyn landlord Chaskiel Strulovitch's grueling three-year bankruptcy battle with lender Maverick Real Estate Partners is nearing its finale.

After putting 31 of his Brooklyn apartment buildings into Chapter 11 bankruptcy in 2019 to fight off a foreclosure attempt from Maverick, Strulovitch managed to save most of the properties earlier this year with costly rescue financing from Marvin Azark's Maguire Capital, a New York-based lender.

Now Maguire, not Maverick, is set to take control of the majority of Strulovitch's remaining portfolio, according to court filings.

Maguire recently won an auction for six of the properties. Investors Joel Wertzberger and Josef Mikkelson separately purchased the other three. The winning bids for the nine properties totaled \$19.6 million, including brokerage fees and about \$350,000 in break-up fees paid to stalking-horse bidder FREO Group.

The sales mark the end of a lengthy and brutal auction process that received over 150 rounds of bidding, lasted more than two days and faced objections from Maverick's lawyers, who in court filings called the auction "a chaotic and disorganized spectacle."

FREO Group opened the auction in January with a stalking-horse bid of \$17.4 million for the entire nine-property portfolio. Nine others joined the bidding, but only on individual properties, not the entire portfolio.

Maverick, through an entity called Brooklyn Lender, then stepped in with a credit bid, or an offer using its existing debt on the properties, of about \$20 million for the entire portfolio.

Despite Maverick's higher bid, the Strulovitch entities selected Maguire, Wertzberger and Mikkelson as the winners of the auction, arguing that their individual bids had a greater cash component, which meant more money to pay professionals and estate expenses.

Maverick contested this, stating that it was the true winner of the auction, as it placed the highest bid. The lender further alleged a number of flaws about the bankruptcy process, including that the debtors had failed to consult with it on the terms of the auction.

A third auction date was supposed to be held in February, but Maverick decided not to go forward with its bid.

Westchester County bankruptcy judge Robert Drain approved the sale to the individual bidders on Monday.

The marketing and sales process was led by Greg Corbin, president of bankruptcy and restructuring at Rosewood Realty Group. Corbin declined comment.

Strulovitch's legal issues date back to 2017, when Maverick bought \$40 million in loans tied to his portfolio from Signature Bank. Maverick initiated the foreclosure within six months, alleging that the landlord was in default in part because Strulovitch failed to disclose the true ownership of the properties.

Strulovitch had concealed the ownership of real estate investor Joshua Wagschal in order to shield Wagschal from creditors, Maverick argued.

Around the same time, a group of Israeli investors alleged that Strulovitch and his partners defrauded them out of \$20 million in a Madoff-style Ponzi scheme. They claimed to have invested in 20 properties co-owned by Strulovitch and his business partners, who then illegally borrowed against those assets at many times their value to purchase additional properties.

Companies tied to Strulovitch's properties filed for bankruptcy two years later. But instead of filing in Brooklyn, where the buildings are located, Strulovitch got his case before Judge Drain, who oversaw Purdue Pharma's controversial Chapter 11 proceeding and has a debtor-friendly reputation. Strulovitch also tapped David Goldwasser, a Florida-based bankruptcy specialist, as the restructuring officer.

Jen Recine, the co-chair of real estate litigation practice at Kasowitz Benson Torres, who represents Maverick, declined to comment. Maguire Capital's Azrak also declined to comment.

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