

Chaskiel Strulovitch saves 18 of his 31 buildings with costly loan

A portion of Strulovitch's Brooklyn portfolio is heading to auction this week

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Maguire Capital's Marvin Azrak, 55 Stanhope Street in Bushwick; 106 Kingston Avenue in Crown Heights and 107 South 3rd Street in Williamsburg (Google Maps)

It's been a wild ride for Brooklyn landlord Chaskiel Strulovitch.

The beleaguered landlord put his 31-unit rental portfolio into Chapter 11 two years ago in Westchester County to thwart foreclosure by hardball lender Maverick Real Estate

Partners. Strulovitch and his partners were also accused by investors of defrauding them “in the style of Bernie Madoff.” Strulovitch’s legal team denied the allegations.

Now Strulovitch has secured exit financing to take a majority of his portfolio out of bankruptcy.

Strulovitch recently closed on a \$13.9 million, one-year refinancing from New York-based Maguire Capital for eight buildings in the portfolio, according to a person close to the situation. It comes a few months after Strulovitch landed a \$16.5 million loan from Maguire for 10 buildings (<https://therealdeal.com/2021/07/12/brooklyn-landlord-scores-rescue-loan-on-apartment-portfolio/>) in Williamsburg and Carroll Gardens.

The remaining 13 buildings are headed to auction (<https://therealdeal.com/2021/05/04/part-of-chaskiel-strulovitchs-brooklyn-portfolio-to-be-sold-at-auction/>) this week, according to bankruptcy court filings in New York’s Southern District.

Although the loan from Marvin Azrak-led Maguire gets eight properties out of bankruptcy, rescue financing does not come cheap.

The loan, which covers 36 residential units and one retail unit, has an interest rate of LIBOR plus 10.42 percent with a floor of 10.50 percent per year. On top of that is a 2 percent origination fee and a 1 percent exit fee, according to a court filing in October. The clock is now ticking for Strulovitch to find a lender to replace that loan when it expires.

The properties are mostly small apartment buildings throughout Brooklyn. They include 55 Stanhope Street in Bushwick; 106 Kingston Avenue, 119 Rogers Avenue and 127 Rogers Avenue in Crown Heights; 167 Hart Street in Bedford-Stuyvesant; and 107 South 3rd Street, 109 South 3rd Street and 129 South 2nd Street in Williamsburg.

Strulovitch’s legal issues go back to 2017.

That year, Maverick Real Estate Partners bought \$40 million in loans tied to Strulovitch’s 31-building portfolio from Signature Bank. Maverick initiated 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 Joshua Wagschal’s ownership 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 (<https://therealdeal.com/2017/04/18/strulowitz-hit-with-90m-fraud-suit-over-alleged-brooklyn-ponzi-scheme/>) in a Madoff-style scheme. They said they had 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.

That case is now in arbitration.

In 2019, companies tied to Strulovitch's properties filed for bankruptcy (<https://therealdeal.com/2019/06/17/amid-fraud-case-a-bevy-of-brooklyn-properties-end-up-in-bankruptcy-court/>). Instead of filing in Brooklyn where the buildings are located, Strulovitch got his case before Westchester County federal judge Robert Drain, who some consider debtor-friendly and who recently approved Purdue Pharma's Chapter 11 bankruptcy. Strulovitch also tapped David Goldwasser, a Boca Raton-based bankruptcy specialist, as the restructuring officer.

At the beginning of 2021, Drain ruled that Maverick improperly accelerated loan payments on the Brooklyn apartment portfolio. This stopped the foreclosure action and allowed Strulovitch to restructure some of his debt. Maverick is appealing the ruling.

The remaining properties are being brought to auction Jan. 6 by Greg Corbin, president of bankruptcy and restructuring at Rosewood Realty Group. The minimum opening bid for all the properties is \$17.4 million, according to a court filing.

Maverick's lawyers and Azrak of Maguire Capital could not be reached for comment. Strulovitch's attorney did not return a request to comment.

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