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Court-appointed receiver takes over Bethany communities

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Hundreds of worried tenants and cash-strapped employees at three troubled Chandler apartment complexes are getting some relief this week.

A court-appointed receiver has taken over 13 large Valley apartment communities owned by the California-based Bethany Group - including those in Chandler. Bethany abandoned an estimated 60 properties nationwide, leaving employees without paychecks since December and residents concerned about lax maintenance and overflowing trash bins.

"Bethany walked off without notice, and for a judge to appoint a receiver on such short notice like this was extraordinary. There were health and safety issues," said Bill Hoffman, president of San Diego-based receiver, Trigild, Inc.

Receivership gives lenders a court-appointed third party to preserve and liquidate assets during foreclosure, said Trigild spokeswoman Sydnie Moore. Records show Bethany Group acquired 12 of its 13 Valley properties in 2007 for \$428 million. Multiple lenders and receivers are involved with the Valley properties and others across the country, Hoffman said; his company has control seven in Arizona and six others in California, Colorado and Florida.

Those in Chandler include Alante at The Islands, 2222 N. McQueen Road Laguna Village, 102 W. Palomino Dr., and Crosswinds, 868 S. Arizona Ave.

Employees at several Valley complexes had earlier reported they haven't been paid since December, and Hoffman said one of his first actions was to send \$500 to each worker. All will have jobs with new management companies but may not get back pay, he said.

"These employees went above and beyond what they were supposed to do and they took a horrible beating. They were more victims than the tenants," Hoffman said.

Dan Anderson, Chandler neighborhood services official, said before the receiver stepped in trash hauler Waste Management picked up the three complex' garbage at no charge. A local non-profit delivered food boxes to unpaid workers and the city announced it would not turn off water for non-payment or take action against the properties for code violations.

Alante tenant Michael Eggert said he is pleased with the city's response but worries about employees who may not get the back pay they deserve. "We paid our rent; where did the money go?"

Some tenants have inquired about security deposits, but Hoffman said they can expect bad news. Unless Bethany Group held those deposits in a separate account and turns the money over the court, it won't be returned to tenants. In his experience, "Almost no one with distressed properties keeps the money in a segregated account; they get desperate and they dip into it." Although Bethany is required to turn over financial records to the receiver, Trigild doesn't have them yet and doesn't even know what rents tenants have been paying, Hoffman said.

The Chandler apartments and others will likely be sold in a foreclosure sale but residents who pay their rent will not be forced to move, he said. "I want these people to stay and I want them to be happy." Hoffman said maintenance will resume but it could be slow as the large properties have endured months of neglect.

Bethany Group CEO Greg Garmon in Irvine, California did not return phone messages. The company's Web site has been shut down.