

Profile

William J. Hoffman

Local resident grows company from small regional management firm to nationally-known specialist in salvaging commercial loans in default

By Arthur Lightbourn

His kids, both of them grown up and in the movie production business, have given up trying to explain what their dad does for a living.

"They just say 'He's a lawyer,'" says Bill Hoffman.

And they're right.

Hoffman is an attorney, real estate broker, and certified hotel administrator. He's also CEO, president and founder of Trigild, Inc., a San Diego-based company that specializes in loan recovery of non-performing commercial loans for banks and other lenders throughout the country.

And, in today's convulsive economic climate, his business is booming, up more than 500 percent. "We got five projects last week and we have another 25 on the burner," he revealed.

The increase in Trigild's business, Hoffman said, is largely due to the rising rate of commercial defaults as a burgeoning number of unfinished housing developments, new condo developments and condo conversion projects can't pay their commercial mortgages.

"We haven't seen this kind of overnight increase in business since the failure of the Savings and Loans industry [in the mid-1980s] and the formation of the RTC [Resolution Trust Corporation]," Hoffman said. "But to me, this current situation is much more extreme, bigger numbers and much deeper."

But don't get the wrong idea.

Hoffman doesn't sit around waiting for the inevitable cyclical downturns in the economy or in specific industries.

His services are in demand in both good times and bad.

"Even in the absolute best of times," he said, "there are still billions of dollars of commercial loans that go bad. It's just the

nature of the lending business.

"When times are good, we do fine; when times are bad, we do even better to some extent," he said. "It's a bit like being an emergency room doctor when there's an outbreak of the flu. You don't necessarily want people to get sick, but we're there, when they do get it."

The original Trigild was formed in 1976 primarily as a management company. It operated hotels and restaurants and similar kinds of commercial properties for owners and investors.

"Then back about 20 years ago," Hoffman, said, "we started getting calls [from banks] to handle non-performing commercial loans on those kinds of properties. So we'd get a call from a bank that had a mortgage on a hotel that was in default."

Trigild suddenly found itself in the "receiver" business and gradually began focusing entirely on receiverships.

Typically, a bank will take the ailing business and foreclose on it, own it themselves and sell it.

"If you're a commercial lender, you're going to do something to recover as much as you can of that loan by whatever means" Hoffman said. "In some cases that could be a workout with the borrower, where they might restructure the loan. But in many cases, ultimately, it needs to be foreclosed upon and sold."

When a bank, either a commercial bank or investment bank, goes to court and files the first notice of default and begins the foreclosure process, it is entitled to ask the court to appoint an independent third party to take possession of the asset while the foreclosure is pending. The property goes into receivership. And Trigild is often appointed as a receiver managing the property until it is eventually sold.

Today, Trigild is the only non-performing commercial loan recovery specialist that combines receivership/trustee, management and disposition (sale of the properties) services under one roof, Hoffman said.

It has handled more than 250 receiver appointments for over 1,000 assets, ranging from hotels and "fractured" condominium developments to amusement parks, convenience stores and restaurants.

We interviewed Hoffman in his office in Trigild's headquarters on High Bluff Drive in Carmel Valley. The company has a core group of 40 corporate employees and representatives around the country. It ramps up its employee force as needed.

The 64-year-old entrepreneur is articulate ("My wife says I talk too much and too loud."), prematurely white-haired, 6-foot-2, 185 pounds, and keeps in shape taking "long walks through airports" while traveling around the country on business.

Hoffman was born on the South-side of Chicago, the youngest in a family of two boys. His dad was an assistant manager of an American Can Company factory.

"I went to seven different colleges," he said, mostly part-time and at night, paying his own way by working at a variety of jobs along the way.

He started in Chicago junior colleges, including one semester in an all black junior college, then called Wilson College, later renamed Martin Luther King Jr. College. "A friend of mine and I, on a bet, wanted see what it would be like to be the only white students in a black junior college in a pretty rough neighborhood.

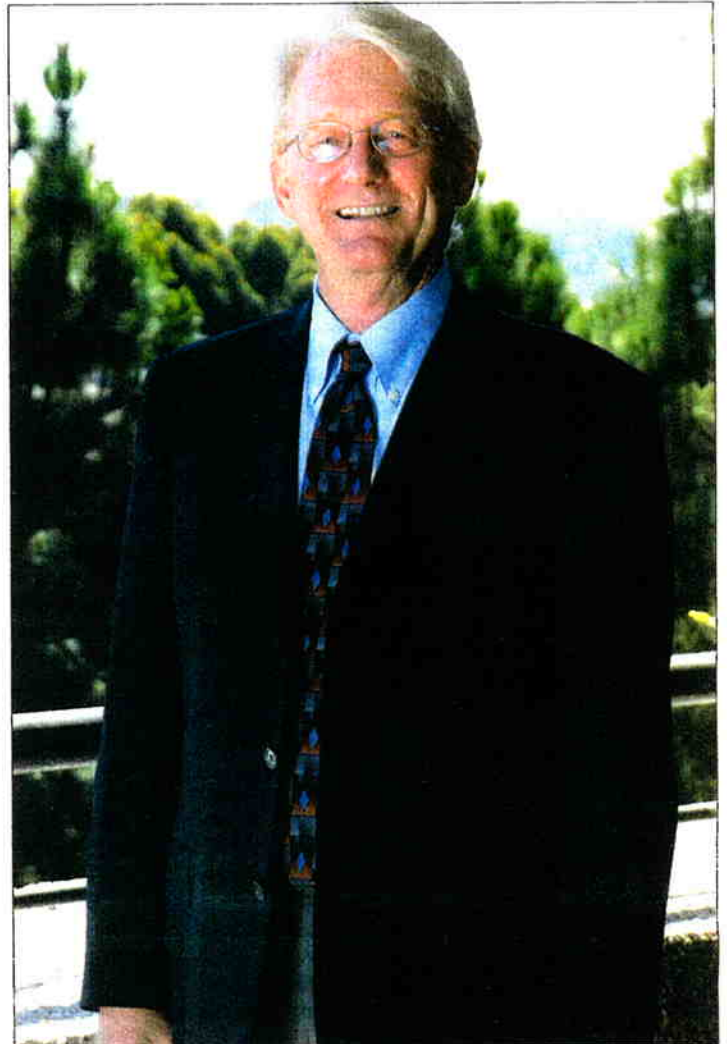
Chicago, he said, was a very segregated city. "It's tolerant in many ways, but highly segregated. "I went to public schools, grade school and high schools in Chicago, and there was never a black child..."

As it turned out, Hoffman said, "We had a great experience and this sounds more political than I'd care to be, but there's no doubt in my mind whatsoever that we were treated a thousand times better than had you reversed that situation. Had two black kids come into either the grade school or high school I went to, I think it would have been a very serious problem."

Hoffman met his wife, Judy, "in the Pacific Ocean somewhere" while both were shipboard in college travel study program on a trip around the world that he had financed by working more than 100 hours a week during a Chicago telephone strike and at the Democrat Convention in 1968.

He eventually completed his undergraduate studies at Western State University College of Law, San Diego campus, earning a B.S. degree in business administration in 1971 and a law degree in 1976.

"As I was finishing law



William J. Hoffman
Photo/Jon Clark

school, I was running a hotel in Del Mar that was doing very well and two of the owners of that hotel and I decided we would form a management company because they had built a second hotel and acquired a couple of more properties and needed someone to manage them."

That was the beginning of Trigild Corporation that later morphed into the current Trigild, Inc.

As for the recent \$700 billion bailout package passed by Congress, and which is impacting the banking industry, Hoffman said, "They did

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the right thing in taking action. The precise action, I don't know, and I don't know anybody who does know for sure if it was exactly the right thing to do... I think taking some action to at least stop or resolve some people's fears I think is critical because a lot of it does depend on what people think and believe."

Hoffman believes we have been in a recession most of this year. "And I think we're possibly heading into something slightly worse than that ...possibly a very serious, very deep recession."

Asked if he would describe himself as an optimist or a pessimist, Hoffman said, "I started this business 32 years ago so I've been an entrepreneur for 32 years. I'm not sure there are any pessimistic entrepreneurs. I can't imagine why you'd own a business if you didn't think it's going to be much better next year."

Trigild is sponsoring its 8th annual Lender Conference Oct. 22-24 in downtown San Diego's Omni Hotel (www.TrigildLenderConference.com). Designed to help lenders maximize returns on non-performing commercial loans, the conference will examine key market issues in today's economic climate including recovery options, inter-creditor issues, sale and recovery, pricing assets realistically, problem loan areas and forecasts by property type.

"There are many ways to minimize rising losses," Hoffman said, "and it's crucial that lenders educate themselves."

Quick Facts

Name: William J. Hoffman

Distinction: Attorney, real estate broker and certified hotel administrator, Bill Hoffman is president, CEO and founder of San Diego-based Trigild, Inc. a company specializing in the recovery of non-performing commercial loans for banks and other lenders through receiverships, management and disposition of commercial properties in default.

Born: Chicago, Illinois, 64 years ago

Education: B.S. in business administration from Western State University College of Law, San Diego campus, 1971; law degree, Western State, 1976.

Family: He and his wife, Judy (nee Maxwell), have been married 38 years. His wife is senior vice president of Trigild. They have two grown children, Jennifer, 28, in the movie production business in Los Angeles; and Eric, 25, a movie audio engineer in New York.

Interests: Has 15 books on his "to read" bookshelf; currently on a fiction reading binge; also loves traveling, and gets his exercise walking through airport terminals; enjoys fishing and amateur radio.

Philosophy: "Maintain a good sense of humor. And do something that continues to be interesting."