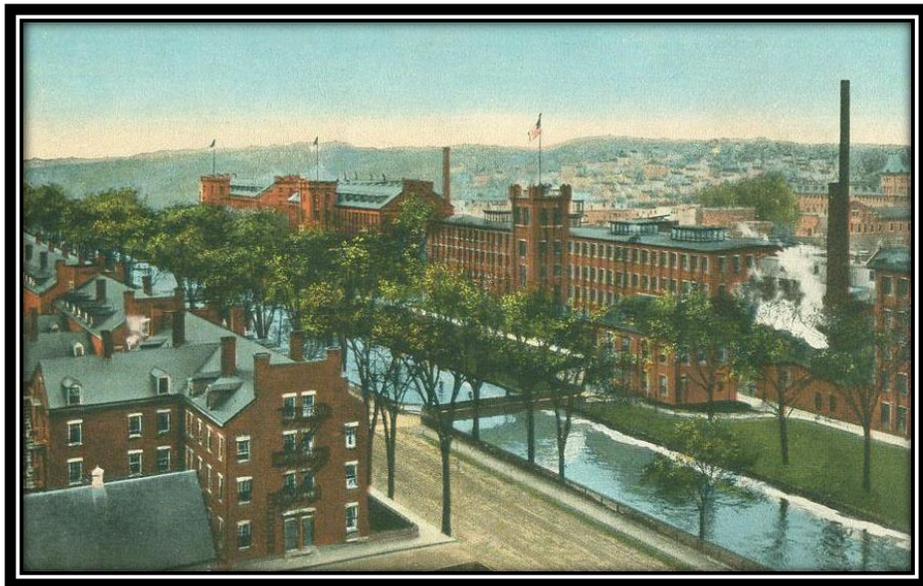


# **Time to Name Names: Lewiston's Landlords of Concern**

*How Joe Dunne, Ted West, and Rick  
Lockwood Profit off the Poor*

August 11th, 2015

Maine People's Alliance



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## **Executive Summary**

Joe Dunne, Rick Lockwood, and Ted West are landlords that currently and historically profit from the ongoing suffering of their tenants in sub-standard housing conditions. Together, they are associated with more than \$10 million worth of property in Lewiston, through networks of at least twenty-nine different shell companies. The seventy-one buildings in question have long histories of code violations.

A survey of tenants of landlords of high concern in Lewiston, reveals that about half face major issues with their housing. Most struggle to pay market rate rent and receiving no public assistance.

The largest financier of these properties, the network of corporations is associated with Ted West. It is headquartered at 50 Portland Pier in Portland, Maine and is connected to other corporations in Delaware and Florida. It functions as a direct conduit to large banks like Wachovia and Wells Fargo, allowing Wall Street to profit from the exploitation of Lewiston's poor.

To move forward, the City of Lewiston should implement policies to improve transparency and code enforcement, and promote investment in high-road, ethical landlords who are working to rebuild the city.

## Introduction

Lewiston's historic, moral, and economic center is its downtown. In recent years, businesses have begun to make a comeback on Lisbon Street. Restaurants like Davinci's, Fishbones, Fuel, Marche, Mother India, and Rails are reinvigorating Lewiston's dining scene. Forage Market, the Vault, and Rainbow Bike draw retail customers. Businesses like TD Bank and Baxter Brewing have revitalized substantial portions of mill space. Even Mill Number 5 now has a path to renewal.

Unfortunately, residential property in the downtown has not experienced the same renaissance. In fact, fires, foreclosures, and neglect have caused the area to be littered with abandoned and condemned properties and vacant lots. As a result, the most recent draft of the Lewiston Comprehensive Plan notes that about 150 acres of the downtown (about one third) is underdeveloped. This creates a significant hole in the city's tax base. By comparison, just 18% of Lewiston is non-taxable property held by non-profits (City of Lewiston March 2015, 48).

Lewiston cannot fully recover if residential real estate does not undergo the same revival as what is beginning to happen in the mills and on Lisbon Street. As City Administrator Ed Barrett noted during the most recent Lewiston budget process, despite development that the city should be proud of, "We are not seeing growth in our non-tax revenue; we are not seeing growth in our property tax base" (Sun Journal 2015). The question that must be asked is: what is the right strategy for redeveloping downtown housing?

The purpose of this report is to answer some basic questions about who owns and finances the residential property of greatest concern downtown, in order to begin to formulate a plan for redevelopment that will benefit the whole city. For example, if locally-owned, owner-occupied apartment buildings in good condition characterized the market, that would call for one set of strategies. Unfortunately, the research shows that much of the properties in question are controlled by a few large players, who currently and historically flout code regulations, creating morally and economically unacceptable arrangements for tenants and taxpayers. The three landlords that have been identified as being associated with the largest number of these questionable properties are Joe Dunne, Ted West, and Rick Lockwood.



These three individuals use many different corporate and financial structures which serve to obfuscate their role in property ownership or management. For example, Ted West is a major player in a network of corporations from Florida to Delaware and headquartered at 50 Portland Pier in Portland, Maine. These corporations used the same kind of exotic, variable-interest, "exploding" mortgages that caused the Great Recession. They sold mortgage products to Wachovia, a "too big to fail" bank that was acquired by

Wells Fargo when the predatory practices that caused the financial crisis came to bear in 2008.

An analysis of ownership structures, financing patterns, and code violations (past and present) suggest that the smartest strategy for redeveloping downtown should focus on three key interventions.

### **Policy Recommendations:**

- **Transparency:** To effectively regulate and encourage development in this market, it is necessary to understand what is actually happening. In the tax assessor's department, the city already has a GIS mapping system that contains corporate ownership information for properties. That database should expand to include other basic information in an easily-searchable fashion. Such information should include the actual owners of the corporations, code violations, the property management firms responsible for the property, the financial institutions responsible for mortgages, and contact information that tenants and other landlords can use to communicate with each other.
- **Enforcement:** Code enforcement should focus on the biggest historic violators. They should develop a clear, progressive schedule for fines that increases penalties the longer an issue remains unresolved. This schedule should be mandatory. Records should be kept and easily searched and compiled from the first time a complaint comes in until it reaches resolution. It should be more expensive to break the law than to obey it. Revenue from fines should be plowed back into inspections and, if possible, programs to rehabilitate buildings.
- **Investment:** For landlords that are looking to rebuild Lewiston, and that have a good track record of taking care of their buildings, the city should be a partner, making investments to increase the quality of their housing. The new lead abatement funding, Community Development Block Grants, municipal bonds, state bonds for senior housing, low-interest weatherization and energy efficiency loans, special programs from the state and federal government, and financing from local banks should be directed with this evaluation in mind.

### **The Biggest Corporate Owners of Lewiston's Downtown Housing**

A list of all owners of housing downtown, supplied by the City's Tax Assessor's office was reviewed for this report. Although individuals do own some buildings, corporations own most. When a corporation owns a property, the Tax Assessor database is not required to list the individuals who own the corporations. Oftentimes, for example, a lawyer is listed who represents the corporation.

To find the actual people who own these corporations, the research team contacted the Secretary of State's office. Corporations that do business in Maine must register with the Secretary State; that registration includes the names of the owners of

the corporation. Unfortunately, that information is not easily searchable online. As a result, ownership information for every corporation that owns property downtown was not easily available. Information was obtained, however, for the largest players in the housing market.

Two networks of corporations are revealed by this analysis. The first are ten corporations connected to Debra Sullivan, who lives at the same address as Joe Dunne: 11 Ryder St, Lewiston, Maine. The second are eleven corporations headquartered at 50 Portland Pier, in Portland, ME; they often (but not always) have some variation of the word “Atlantic” in their name. A review of documents at the Androscoggin County Registry of Deeds, combined with confirmation from local landlords, reveals Ted West as the central senior figure within the “50 Portland Pier” network of corporations.

The third individual of interest revealed by this analysis is Rick Lockwood, who seems to use “Investment Properties” as his primary LLC. This corporation, and all the buildings downtown that it owns, have financing related to Ted West and 50 Portland Pier. Although Lockwood operates at a smaller scale than Dunne and West, the connection with 50 Portland and similar pattern of disregard for basic living standards at his linked properties have prompted his inclusion on this list.

### **Corporations Connected to Joe Dunne and Deb Sullivan**

1. Abigail’s Holdings
2. AD Trust LLC
3. D&D Management LLC/ D&D Properties LLC
4. KLOA LLC
5. LJM LLC
6. Solis Corp
7. Solis Group LLC
8. SPM Property Management Corp
9. Sullivan Property Management
10. Sultan Corp

### **Corporations Connected to 50 Portland Pier**

1. ANS Holdings LLC
2. Atlantic Bayside Holdings/ CWM Holdings
3. Atlantic Bayside Investments
4. Atlantic Bayside Trust/ Capital LLC
5. Atlantic Commercial Trust LLC (a Delaware LLC)
6. Atlantic Holdings LLC
7. Atlantic National Servicing
8. Atlantic National Servicing I CO LLC
9. Atlantic National Trust
10. Atlantic Refinance (a Delaware LLC)

- 11. Capital Servicing
- 12. Capital Servicing Inc.
- 13. Casco Bay Finance Company LLC (a Delaware LLC)
- 14. Casco Bay Holding Company LLC (a Delaware LLC)
- 15. Interim Capital (a Florida LLC)
- 16. Interim Holdings LLC (a Florida LLC)
- 17. North Atlantic Capital Fund I LLC
- 18. Rocky Coast LLC

The corporations associated with Sullivan and Dunne account for at least \$4.2 million of assessed value between 34 properties. The corporations associated with 50 Portland Pier and Ted West own outright at least 15 buildings with \$2.8 million of assessed value. At least an additional 17 buildings with an assessed value of \$2.7 million have financing associated with 50 Portland Pier. Rick Lockwood owns five buildings, all of which have financing connected to 50 Portland Pier, with a combined assessed value of \$602,290.

<b>Network</b>	<b>Number of Buildings Owned</b>	<b>Assessed Value</b>
Joe Dunne	34	\$4,238,940
Ted West	15	\$2,816,430
Rick Lockwood	5	\$602,290
Ted West financed, but owned by others	17	\$2,658,260
<b>Total</b>	<b>71</b>	<b>\$10,315,920</b>

Source: Lewiston Tax Assessor and Androscoggin County Registry of Deeds

Importantly, it is difficult to trace buildings, through corporate entities, back to their individual owners. There are probably LLCs owned by Joe Dunne, Deb Sullivan, Ted West, and others at 50 Portland Pier that were not included in this analysis. It is also difficult to disentangle all the documents at the Androscoggin County Registry of Deeds to determine exactly who owns what mortgages. Furthermore, these buildings are bought and sold quite frequently, often between networked entities. For these reasons, this list should be considered reasonable approximations rather than exact figures.

There is no easy way to compare these ownership patterns to the other corporate networks of other landlords downtown. But in our review of tax assessor documents from the city, it seems clear that the Dunne and West networks are likely the largest networks in the city.

In terms of financing, while again difficult to know for certain, it seems that the 50 Portland Pier network is the single largest financer of housing downtown.

To put the roughly \$10 million of assessed property in perspective, these three networks of large landlords, when combined, would have roughly the taxable valuation of Gendron & Gendron Construction, the 9<sup>th</sup> largest taxpayer in Lewiston.<sup>1</sup> In the same way that the capital decisions of large firms have enormous impact on Lewiston's economy, so do these much more opaque networks of corporations. One difference, however, is that while large companies like Gendron & Gendron directly employ many people, just a handful of people control and directly work for these landlord networks.

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<sup>1</sup> <http://www.lewistonmaine.gov/index.aspx?NID=627>

## Properties Owned and Financed by Landlords of Concern

Source: Lewiston Tax Assessor Data, City of Lewiston Code Enforcement records, and the Androscoggin County Registry of Deeds

Number	Street	Network	Owner	Property Has Recent History of Major Code Violations	Associated with 50 Portland Pier Network?	Total Assessed Value
111	Ash	Ted West	ANS Holdings LLC	No	Yes	\$170,480
114	Bartlett	Joe Dunne	LJM LLC	Vacant Lot		\$17,040
131	Bartlett	Joe Dunne	Solis Corp	Yes	Yes	\$65,040
135	Bartlett	Joe Dunne	Solis Corp	Yes	Yes	\$131,340
141	Bartlett	Rick Lockwood	Investment Properties LLC	Yes	Yes	\$167,820
166	Bartlett	Rick Lockwood	Investment Properties LLC	No	Yes	\$98,880
184	Bartlett	Rick Lockwood	Investment Properties LLC	Yes	Yes	\$112,990
118-120	Bartlett	Joe Dunne	LJM LLC	Yes		\$17,040
192	Bates	Joe Dunne	Sultan Corporation	Yes		\$184,680
275	Bates	Rick Lockwood	Investment Properties LLC	Yes	Yes	\$94,080
54	Blake	Joe Dunne	Sultan Corporation	Yes		\$136,080
128	Blake	Ted West	Casco Bay Holding Company Co LLC	Yes	Yes	\$118,880
182	Blake	Ted West	ANS Holdings LLC	Yes	Yes	\$92,320
182	Blake	Ted West	ANS Holdings LLC	No	Yes	\$92,320
33	Bradley	Joe Dunne	Sultan Corporation	No		\$124,240
34	College	Joe Dunne	Solis Group LLC	Yes	Yes	\$378,450

## Properties Owned and Financed by Landlords of Concern

Source: Lewiston Tax Assessor Data, City of Lewiston Code Enforcement records, and the Androscoggin County Registry of Deeds

Number	Street	Network	Owner	Property Has Recent History of Major Code Violations	Associated with 50 Portland Pier Network?	Total Assessed Value
78	College	Joe Dunne	Solis Group LLC	Yes	Yes	\$159,000
84	College	Joe Dunne	Solis Group LLC	Yes	Yes	\$82,560
94	College	Joe Dunne	Solis Group LLC	Yes	Yes	\$195,780
123	College	Joe Dunne	D & D Properties LLC	No		\$111,360
233	East	Joe Dunne	D & D Properties LLC	Yes		\$-
2	Granite	Ted West	Casco Bay Holding Company LLC	No	Yes	\$146,340
32	Horton	Rick Lockwood	Investment Properties LLC	Yes	Yes	\$128,520
95	Horton	Joe Dunne	Debra Sullivan	No		\$106,080
65	Howe	Joe Dunne	Sultan Corporation	No		\$141,240
68	Howe	Joe Dunne	Debra Sullivan	Yes		\$90,160
37	Jefferson	Joe Dunne	Sultan Corporation	No		\$203,160
33	Lisbon	Ted West	ATL Holdings LLC	Yes	Yes	\$81,100
37	Lisbon	Ted West	ATL Holdings LLC	No	Yes	\$83,880
408	Main	Joe Dunne	Debra Sullivan	No		\$109,440
65	Nichols	Joe Dunne	Debra Sullivan	Yes		\$129,260
206	Park	Ted West	Casco Bay Holding Co	Condemned	Yes	\$104,340

## Properties Owned and Financed by Landlords of Concern

Source: Lewiston Tax Assessor Data, City of Lewiston Code Enforcement records, and the Androscoggin County Registry of Deeds

Number	Street	Network	Owner	Property Has Recent History of Major Code Violations	Associated with 50 Portland Pier Network?	Total Assessed Value
220	Park	Ted West	Atlantic Refinance LLC	Demolished	Yes	\$11,880
246	Park	Ted West	Casco Bay Holding Co	Yes	Yes	\$119,170
250	Park	Ted West	Casco Bay Holding Company LLC	Demolished	Yes	\$1,300
42	Pierce	Ted West	A N S Holdings LLC	No	Yes	\$13,560
42	Pierce	Ted West	ANS Holdings LLC	No	Yes	\$13,560
43	Pierce	Joe Dunne	D & D Properties LLC	No		\$104,580
47	Pierce	Joe Dunne	Solis Group LLC	Yes		\$124,870
74	Pierce	Joe Dunne	Solis Group LLC	Yes		\$121,480
78	Pierce	Joe Dunne	Sultan Corporation	Demolished		\$17,040
119-121	Pierce	Ted West	Casco Bay Holding Company LLC	Yes	Yes	\$117,120
155	Pine	Joe Dunne	Solis Group LLC	Yes		\$132,540
179	Pine	Joe Dunne	Solis Group LLC	No		\$116,640
192	Pine	Joe Dunne	Sultan Corporation	Demolished		\$153,060
264	Pine	Joe Dunne	Sultan Corporation	No		\$166,840
108	Sabattus	Joe Dunne	Sultan Corporation	Yes		\$208,320
112	Sabattus	Joe Dunne	Sultan Corporation	Yes		\$106,140

## Properties Owned and Financed by Landlords of Concern

Source: Lewiston Tax Assessor Data, City of Lewiston Code Enforcement records, and the Androscoggin County Registry of Deeds

Number	Street	Network	Owner	Property Has Recent History of Major Code Violations	Associated with 50 Portland Pier Network?	Total Assessed Value
80	Shawmut	Joe Dunne	Debra Sullivan	Condemned		\$72,040
93	Shawmut	Joe Dunne	Sultan Corporation	No		\$133,060
45	Walnut	Joe Dunne	Solis Corp	No		\$108,240
106	Webster	Joe Dunne	Sultan Corporation	No		\$103,920
48-54	Webster	Joe Dunne	Sultan Corporation	Yes		\$188,220
99-101	Wood	Ted West	Atlantic Refinance LLC	No	Yes	\$35,720

## Recent Code Violation History: A Track Record of Flouting the Law

Large-scale ownership is not necessarily a problem in itself. Forcing tenants to live in appalling conditions and letting housing assets deteriorate, however, is a major moral, economic, and community problem. The Sullivan/Dunne, Rick Lockwood, and Ted West corporations have a long track record of putting their profits ahead of what's best for Lewiston.

In 2004, the EPA issued a large, uncommon fine against the 50 Portland Pier network of \$53,000. The EPA found that corporations headquartered at 50 Portland Pier are responsible for children as young as one and two years old being tested with elevated levels of lead in their blood, having failed to inform tenants of the dangers of lead in their apartments. EPA attorney Gregory Dain noticed the strange connections between these corporations over 10 years ago, even saying to the *Sun Journal*, "There's a complicated interrelationship among these parties. Frankly, I think they are the same people" (Hartill 2004).

Furthermore, as seen in the table "Properties Owned and Financed by Landlords of Concern," thirty-four of the fifty-five properties have a recent history of major code violations, or have been condemned, demolished, or burned. "Major code violations" in this usage describes either significant habitability issues (like prolonged loss of heat) or major structural issues (like electrical problems that could cause fires), multiple sanitation issues, or all of the above.



There are many issues with these buildings that have not been addressed by code enforcement, but were reported by tenants who completed our surveys (and are detailed in following sections of this report). It's important to note, however, that code enforcement has clearly been spending a good deal of time dealing with violations at these properties. Clearly, citations for major issues every year or so has not resulted in these bad actors changing their business model. Also, this magnitude of code violations becomes a nuisance to taxpayers not just through the deterioration of a property tax base, but also through the staff time the city must expend in identifying and pursuing them.



## Current Code Violations: Results from Survey Project

The most common housing problems encountered when interviewing tenants included loss of heat and hot water, health hazards, inoperable fridges, water leaks, and unresponsive landlords/property management. Health hazards, all documented by the tenant's physicians, include severe and infected bedbug bites, black mold which has

caused persistent pneumonia, unsafe porches from which a tenant fell, and extreme stress associated with their living conditions. Tenants have also described water leaks and burst pipes, most likely due to incomplete repairs in older buildings. Cockroach infestations are the most persistent problem across all tenant narratives, with bedbugs occurring at slightly lower rates. The final common problem identified is unresponsive landlords and property management companies that either take a long time or, in some cases, simply never get back to tenants about repairs.

The survey and violation research confirms that certain landlords and property management companies are consistently more egregious than others, most notably those operated by Joe Dunne and Rick Lockwood.



## **Methodology**

The surveys were conducted in Lewiston between April 2015 to July 2015. Researchers identified 201 properties of concern, including all those known to be connected to Joe Dunn, Sullivan Properties, Rick Lockwood or 50 Portland Pier. A door-to-door canvass obtained responses from sixty-one residences, housing 114 adults and 79 children. Many of the tenants who responded only felt comfortable sharing their issues privately, fearing retaliation from their landlord should they go public. The results clearly show that tenants face major issues of housing quality downtown, particularly with the landlords of concern identified in this report.

## **Key findings**

Tenants lived in their apartments for an average of two and a half years. Most tenants reported receiving no public assistance to pay their rents. (Only eight people interviewed were on General Assistance and only seven had received section-eight Housing Vouchers.) Rent averaged \$605 per month.

Approximately half of the tenants are currently experiencing issues in their apartments and eight report that they have experienced retaliation from their landlord for making complaints, including but not limited to the creation of financial barriers by increasing rent, not extending lease terms, terminating month-to-month provisions and personal harassment.

62% of respondents reported problems with pests, plumbing and safety issues : 69 adults and 55 children. Pest and plumbing issues can lead to mildew. Exposure to certain fungi (molds) can cause illnesses, particularly of the respiratory system.

### **Tenant Case Study #1: 78 College St (Dunne/Sullivan Property)**

A woman living at 78 College Street has suffered a litany of violations. She also lost heat for a night in the middle of winter. Recently, the building, managed by Joe Dunne, lost power, apparently because the electricity bill wasn't paid. Fuses blow frequently, making the operation of appliances difficult.

Recently, a pipe burst on the floor above and water flooded into her apartment ruining her food, ceiling, and counters. Dunne ignored the issue, so she was forced to call the Fire Department. Both ceiling and bathroom tiles are falling off. She reports that code enforcement gave Dunne a week to fix the ceiling where the leak had been. Dunne didn't repair the ceiling until two weeks after the notice, and code enforcement never checked up on problem. Now, the ceiling is leaking again. She sees cockroaches almost every day in the apartment, even though she keeps her living space clean. On June 23<sup>rd</sup>, parts of the ceiling collapsed and water leaked into the apartment. Again, she contacted code enforcement, the fire department, and Joe Dunne.



Code enforcement records include a citation on February 2<sup>nd</sup>, 2015 for water damage in ceilings and walls, plumbing and missing smoke detectors.

### **Tenant Case Study #2: Elida Jones, 40 Blake Street, Dunne/Sullivan Property**

Elida has lived in this apartment since last winter. Sullivan Property Management has never responded to her repair requests. This building has pest problems and lost heat for a week in winter. Joe Dunne is her landlord.

Elida has lost power three times since she moved in, for around a week each time. These outages occurred in January, February and April. She has lost all the food in her fridge each time this happens. Elida believes she has lost 3 months worth of food and around \$300. She only receives \$67 per month in food stamps, and has had to ask friends for groceries. She is afraid to buy food that needs to be refrigerated because she doesn't want to lose more.

The most recent power outage, April 29 to May 10, apparently occurred because Sullivan Properties had not paid the electric company. A previous outage occurred because the downstairs tenant had not paid rent, and the electricity payment is somehow connected. The downstairs tenant contacted code enforcement about the power. Code enforcement came and showed Elida and her neighbor how to replace the fuses with

ones the tenants had bought. Elida did not know if code enforcement contacted Sullivan Properties to hold them accountable for keeping on the power.

Perhaps most seriously, there is mold in the walls, the bathroom, and most likely in the frame of the building as well. The mold has led Elida to contract pneumonia several times, and worsened her chronic obstructive pulmonary disease and asthma. She is forced to shower at the Women’s Center.

Elida still has done her best to make her situation livable and improve the building. She retiled three floors that were falling apart and splintering when she moved in. She also replaced a light, and tried to replace the kitchen counter. These repairs have cost her over \$1,000.

### **Tenant Case Study #3: Shawn Greeley at 32 Horton St, Rick Lockwood Property**

Shawn Greeley lives at 32 Horton, an Investment Properties LLC building where Rick Lockwood is the landlord. Its financing is connected to the 50 Portland Pier network. He has lived here since last October, 2014. Immediately upon moving in, he noticed large, leaking holes in the walls and floors. Cockroaches and bedbugs were in the apartment prior to his moving in. Shawn contacted Lockwood about repairs within the first month, and many times after that, but still has never heard back.



Although elderly and disabled, Shawn fixed the hole in the floor by himself. He eventually stopped paying rent because Lockwood was unresponsive, and the apartment was in such horrendous condition. According to Shawn, Lockwood then threatened to kill Greeley after he stopped paying rent and insists that he won’t fix anything in the apartment until Greeley pays. Code enforcement assessed the apartment in April due to many complaints, but there are no violations for this building on file past January 8, 2015. (The violations on file from that time do corroborate the issues Shawn raised: damaged doors and walls, missing smoke detectors, damaged floors, bed bug and cockroach infestations.) On June 10, 2015, Lockwood shut off Greeley’s power.



In August last year, code enforcement cited Lockwood for no hot water, no electricity, missing smoke detectors, and no locking mechanisms on an external door. In March last year, code cited Lockwood for loose and missing handrails, inadequate heat, unsanitary/damaged interior surfaces, missing smoke detectors, and for

emergency exits that were not readily operable. In 2013 there was a solid waste civil penalty.

#### **Tenant Case Study #4: Anonymous 50 Portland Pier**

An anonymous woman and her family with young children live in an apartment building that recently changed ownership from Rockwell Investment Group LLC to the bank. Rockwell is financed by 50 Portland Pier corporations. Since the bank possessed the property, this family has been living on a month to month lease.

They have a severe and persistent bed bug infestation. The bed bugs and their bites have both social and health effects for this mother and her family. The bites have kept her children from school and from feeling comfortable interacting with friends.

The mother explained that “I don’t even recognize my legs anymore [from the bites].” She refuses to show her legs in public, and they are so wound-filled that she can’t shave. She itches her bites in her sleep and wakes up bleeding. Both the mother and one of her daughters have obvious welts from the bites. She once found her daughter grinding her legs with a hairbrush. Since the bank has taken over the building they have sprayed the apartment several times, but have not eradicated the bedbug problem.

When they spray, the tenant reports that they don’t spray the entire building, or move any of the furniture, and it doesn’t take them nearly long enough to be thorough. The family in this apartment fears speaking out about their situation because of their short-term lease and threat of potential eviction.

### **How Wall Street Benefits from Exploiting Tenants**

While Joe Dunne and Rick Lockwood stand out as particularly callous landlords, the network of 50 Portland Pier corporations, and their financial practices, give these stories broader economic implications. Their lending practices turn exploitative living conditions into Wall Street profit.

Although most lending terms are not disclosed in publicly available documents, evidence was found of so-called “exploding” mortgages that featured variable interest rates, made on risky investments.. A case study involving the most notorious Lewiston landlord of recent memory, Travis Soule, who has served federal prison time, illustrates this practice.

#### **Travis Soule: A Case Study of Predatory Lending and “Too Big to Fail” Banks**

On May 8th, 2006, IVO LLC and Ponte LLC, both owned by Neil Difazio and Paul LaPointe, sold apartment buildings located at 198 Blake St, 111 Ash St, and 190 Bartlett St (aka 101 Birch St) to ANS Holdings, a 50 Portland Pier Corporation. On May 6<sup>th</sup>, 2006, ANS Holdings sold those properties to LA Italian, a Travis Soule LLC, for \$958,259.20. The deal included a variable interest rate mortgage, with interest rates possible up to 18%.<sup>2</sup> This mortgage was passed on to Wachovia, a “too big to fail” bank that was on the verge of collapse in 2008 before the government assisted its purchase by Wells Fargo. (Wachovia, and then Wells Fargo, routinely receive mortgages from 50 Portland Pier companies.)

Travis Soule was ultimately convicted of fraud and embezzling money from the Department of Housing and Urban Development’s “HOME” program. (The EPA also charged Soule with \$500,000 in lead disclosure fines.) At his peak, Soule owned 600 units of housing in Lewiston-Auburn (Sun Journal 2011).

After Soule lost the buildings in this deal, Lewiston suffered the consequences. 198 Blake St was condemned in November 2012, after three fines for trash and fire violations in 2009. 190 Bartlett (aka 101 Birch St) was damaged by fire in September, 2014 and was approved for demolition in October, 2014. 111 Ash is now owned by Rick Lockwood (Investment Properties).

These kinds of financial practices have led to foreclosures and abandoned properties all over the country. While much of Maine escaped the worst consequences of this kind of lending, this deal illustrates the way downtown Lewiston is still suffering from the Wall-Street-inflicted damage of the Great Recession.

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<sup>2</sup> From the agreement between ANS Holdings (a 50 Portland Pier Corporation) and LA Italian Properties LLC (one of Soule’s corporations): “The principal balance of this Note outstanding from time to time shall bear interest at a variable rate equal to “Wall Street Prime” plus Two Percent (2%) per annum to be adjusted monthly on the 1<sup>st</sup> day of each month (the “Change Date”) and calculated at a daily rate based on a 360 day year with 30-day months. The initial and minimum interest rate is Seven and One Quarter Percent (7.25%) per annum. In any event the interest rate of this promissory note shall never be less than Seven Percent (7%).... All past due principal and interest shall bear interest from the Maturity Date until paid at a rate of Eighteen Percent (18%) interest per annum (“Default Rate”)” (Properties n.d.).

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