

Greenberg duo works 'sophisticated transaction' in purchase of former Versace mansion

*By Eric Kalis
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**Ralph Bekkevold
and Mark Bloom**

Dealmakers:Ralph Bekkevold and Mark Bloom

The Deal: The Greenberg Traurig attorneys represented VM South Beach LLC in the Oct. 10 purchase of the former Gianni Versace mansion for \$41.5 million.

VM, a partnership of the New York-based Nakash and Gindi families, was the winning bidder in last month's auction of the landmark mansion at 1116 Ocean Drive. It was the lead creditor in the Chapter 11 case of former mansion owner Casa Casuarina LLC, backed by telecommunications entrepreneur Peter Loftin. VM agreed to serve as the stalking-horse bidder at \$25 million and was able to make a credit bid of more than \$34 million. Details: VM obtained financing from Bank Hapoalim of Israel. The attorneys declined to disclose the loan value.

Bekkevold has represented the Nakash and Gindi families in real estate investments since 2005. During the past eight years, the families have acquired numerous South Beach hotels. The plan for the mansion is to combine the building with their Hotel Victor next door. The Nakash family founded Jordache Enterprises Inc., the prominent apparel company.

Bekkevold also represented VM in its December 2011 purchase of debt secured by the mansion from German's WestLB AG. That month, the company filed a federal foreclosure lawsuit in Miami against Casa Casuarina.

"This was a sophisticated transaction, and the federal courts would have better resources to deal with a lot of the issues that would probably arise," Bekkevold said. "We also knew that a logjam of foreclosures in the state courts" was delaying the resolution of pending cases.

Additionally, convicted Ponzi schemer Scott Rothstein acquired a nearly 10 percent ownership interest in the mansion through fraudulent transfers before his fraud unraveled in 2009. Michael Goldberg, the liquidation trustee for Rothstein's defunct law firm, had a claim for a \$4.92 million equitable lien on the property.

"They contended the lien had priority over the mortgage," Bloom said.

As the federal foreclosure case played out, Loftin put the residence on the market in June 2012 with a \$125 million asking price, which was reduced to \$75 million in May.

Around that time, hotelier Barton G. Weiss terminated his long-term lease to operate the property as the Villa by Barton G.

"Barton G was becoming increasingly frustrated by an inability to do the volume of business he wanted to do," Bekkevold said. "The marketplace became aware the property was in a troubled position, so Barton G ultimately abandoned the lease."

Once Loftin lost his source of income at the mansion, an auction became inevitable. His company filed its Chapter 11 petition July 1.

The auction attracted bids from companies tied to celebrity developer Donald Trump and Wellington developer Glenn Straub, owner of the Palm Beach Polo and Country Club. But neither attempted to top VM's winning bid.

Quote: "Our client fully appreciates how unique this asset is," Bloom said. "I'm sure they will use it and enhance it in a way that is not only profitable for them, but a great attraction for their clientele."

Background: Bekkevold is a Miami-based shareholder and Bloom a Miami-based co-chair of Greenberg's national business reorganization and financial restructuring practice. They were assisted by shareholder Scott Grossman and associate John Dodd.

Marshall Socarras Grant founder and managing member Joe Grant represented Casa Casuarina.

Coldwell Banker Real Estate LLC brokers Jill Eber and Jill Hertzberg marketed the property.

Lamar Fisher, Francis Santos and Jason Welt of Pompano Beach-based Fisher Auctions LLC oversaw the auction.