

Archives

The Denver Post

Angry developer sues RTC for \$30 billion Wasteful, underhanded dealings alleged

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Steven Wilmsen; Denver Post Business Writer DENVER POST

As the saying goes, **Harmon Wilfred** got mad and now he's trying to get even.

The Denver real estate developer yesterday sued the Resolution Trust Corp. for \$30 billion on behalf of all taxpayers after suffering three years of what he called underhanded and wasteful dealings by the government's S&L bailout agency. In a 14-page in U.S. District Court in Denver, Wilfred asked for the immediate halt of all RTC activity, resignation of the giant bureaucracy's top management and \$30 billion as compensation to taxpayers for "RTC's irresponsible actions in selling assets below market value and generating unconscionable and exorbitant profits" for some private firms. He also seeks class-action status for the suit.

"I am outraged by what is happening," he said in a recent interview. "I'm outraged as a taxpayer and as an individual by the things that have happened to me and my country. It shouldn't be allowed to continue."

RTC officials said yesterday they haven't yet seen the suit and declined to comment, citing rules that prohibit talking about matters in litigation.

The suit, filed on behalf of all taxpaying U.S. citizens, grew out of Wilfred's personal experiences with the agency, which he describes as an odyssey of frustration, broken promises and unending bureaucracy that nearly ruined him.

In his lawsuit, Wilfred says his saga began in the mid-1980s, when Denver's real estate market was exploding. Like a lot of developers in Denver, Wilfred says he made big money in the boom. But unlike a lot of them, he stayed in Colorado and continued to pay his loans when

the market went bad.

Property after property folded as tenants went out of business or fled Denver's dying economy. But Wilfred stayed on, selling belongings to stay afloat, he said. The last straw came in 1990, when the tenant in his last property, a two-story office building, moved out.

With no rent-paying tenants, he had no means to continue to pay on the \$3.2 million loan he'd taken out to finance the building. He tried to sell it, but nobody wanted to buy.

Unable to afford a property manager to keep the building looking good until the right buyer came along, Wilfred mowed the grass, painted, vacuumed and did repairs for more than a year.

Having lost his house in foreclosure, he moved his belongings to the building's warehouse and moved into a Residence Inn. His money ran out, and he filed for personal bankruptcy.

Then the RTC stepped in, and things got really bad, he said. Wilfred said he wanted to sell the building and pay off as much of the loan as possible, leaving taxpayers with a small burden. But the RTC wouldn't have it, he claims.

He alleges in his suit that he tried to communicate with the agency for more than a year before he got a response. When RTC officials finally met with him, he claims they spent two years backing out on deals, misleading him about the agency's intentions and finally wresting the building from his control.

The result, after nearly two years of wrangling, is a huge loss to taxpayers, he alleges. He says he could have sold the building for \$1.5 million. RTC instead sold the loan to a private firm for about \$500,000.

The firm that bought the loan turned around and sold the building for \$1.25 million, meaning the firm will get most of the money, not taxpayers, he alleges.

Wilfred said in his lawsuit that his experience "is but one example of how RTC ... has generated unnecessary expenses and inexcusable lost opportunity" across the country. He asks the government to reorganize the agency to maximize profits, which should be "applied to national indebtedness."

"I hope that more people will join me on this," he said in an interview. "I think a great wrong is being done, but I need support from the people."

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