

Minneapolis takes charge of T.J. Waconia homes in fraud case

By **STEVE BRANDT**, Star Tribune

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A judge Wednesday appointed a receiver to manage 141 Minneapolis rental homes associated with a firm accused of mortgage fraud.

The city hopes to gain ownership, fix the homes and work with neighborhoods on whether they should be resold or rented, according to Tom Streitz, its housing director.

Hennepin County District Judge Robert A. Blaeser appointed lawyer Gary Hansen as the administrator of the TJ Waconia properties. The city accused the firm of fraud in a recent civil suit. The firm and its owners also have been charged with fraud by federal prosecutors.

Hansen will have the power to run the properties that were purchased and resold by TJ Waconia. He's expected to assign much of the management duties to Greater Metropolitan Housing Corporation, a nonprofit that has a long track record of building and rehabbing housing in the city.

"It's great," said Mary Yeager, one of the attorneys suing TJ Waconia, about the decision. "The neighborhood is going to have control of 141 houses and we'll be able to get them secure and make them safe. It's a first step and it's a big step."

The lawsuit was brought by the city, three neighborhood organizations, the nonprofit Family Housing Fund, Greater Minneapolis and two residents.

Although Yeager said only a handful of the houses have tenants, the city and co-plaintiffs had expressed concern about the continued effect of the housing on neighborhoods.

"Vacant and unsupervised homes present immediate dangers to surrounding neighbors," Blaeser said.

The plaintiffs sued for control of the properties under the Tenant Remedies Act, a tool commonly used by renters when dealing with landlords not keeping up their properties. The lawsuit also brings claims for triple money damages under allegations of racketeering and asks that defendants be barred from unlawful activities.

The judge's order affects only north Minneapolis properties; the dozen or so TJ Waconia properties elsewhere in the city are outside the scope of the three neighborhoods involved in the suit. The firm also dealt in some suburban homes.

Roberta Englund, the director of two of the neighborhood organizations, credited the city for putting its legal muscle behind the research she and others developed about TJ Waconia.

She said the lawsuit sends a signal to predatory investors that north Minneapolitans "will not naively sit there and let them do it again."

The deal was publicized at a City Hall news conference by Mayor R.T. Rybak and a majority of the City Council, freshly back from a bus tour of north Minneapolis housing.

"I hope it results in restoring again the North Side's greatest strength, which is its housing stock," said Council President Barbara Johnson, who helped instigate the city and federal actions.

In addition to the TJ Waconia properties, Hansen, the attorney, is overseeing an even bigger group of south metro area properties in the recent federal mortgage fraud case against Parish Marketing and Development Corp.

Hansen once headed the criminal division of the Minnesota attorney general's office. He is now with Minneapolis law firm Oppenheimer, Wolff and Donnelly, where he focuses on complex lawsuits, often involving large claims among multiple parties.

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