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Written Testimony for the Record
Submitted to the United States House Financial Services Committee
Oversight and Investigations Subcommittee
for the hearing
“Broken Promises: Failures of the Little Rock Housing Authority and the Impact on Residents”
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Mr. Chairman and Members of the Committee, thank you for inviting me to participate in today’s hearing, and thank you for your attention to a topic that is of critical importance to Arkansans.

My name is Amanda Wentz, and I am a Senior Assistant Attorney General in the Consumer Protection Division of the Office of the Arkansas Attorney General, where I have worked as an attorney since 2021. I served as counsel for the Office of the Attorney General in its lawsuit against the owners of the Big Country Chateau apartment complex, and my testimony today will focus on the Office of the Attorney General’s involvement in the consumer issues plaguing the Big Country Chateau apartments.

The work of local housing authorities is of vital importance in assisting vulnerable populations in securing housing. That work is even more important in states like Arkansas with few legal protections for tenants in dangerous living conditions. Many of the tenants of Big Country Chateau used Municipal Housing Authority housing choice vouchers. The owners of Big Country Chateau took advantage of the Little Rock residents least able to protect themselves from exploitation, and they accepted taxpayer dollars to do so.

In July of 2022, the Office of the Attorney General was made aware of a joint inspection of the Big Country Chateau apartment complex, which was a complex of 151 units located at 6200 Colonel Glenn Road in Little Rock, Arkansas. The inspection was conducted by the Little Rock Code Enforcement, Police, Fire, and Planning and Development departments. There were concerns that the inspection might result in immediate condemnation of the building, leaving the tenants at risk of homelessness. The inspection found over one thousand code violations. These violations included open electrical boxes with exposed wires; missing or boarded up doors and shattered windows; lack of fire extinguishers and smoke and carbon monoxide detectors; lack of air conditioning during an Arkansas July heatwave; mold; and more.

At the same time, the office learned of an imminent utility shutoff at the apartments, scheduled for September 1, 2022. The shutoff was due to nonpayment by the Big Country Chateau management. In this complex, all units were on central electric and water meters, so utility costs

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were built into the tenants' monthly rent. The owners of Big Country Chateau, however, were not paying the utility bills, nor were they using rent funds to maintain the premises. Instead, the money was being funneled out of the state and lining the owner's pockets. At the time the Office of the Attorney General learned of the impending shutoff, the apartment owners owed approximately \$71,000 in electric utility bills and approximately \$223,000 in water utility bills.

Big Country Chateau was operated by Apex Big Chateau AR, LLC, which was a shell company to disguise the involvement of Apex Equity Group, LLC, a New York corporation. Apex Equity Group is owned by Aron Poretz, who lives in New Jersey. Big Country Chateau accepted MHA housing vouchers, federal funds intended to help vulnerable residents secure housing.

On August 17, 2022, the Office of the Attorney General filed a lawsuit in the Pulaski County Circuit Court for violations of the Arkansas Deceptive Trade Practices Act ("ADTPA"), Ark. Code Ann. § 4-88-107 et seq. Defendants to the lawsuit were Big Country Chateau, LLC; Apex Big Chateau AR, LLC; and Apex Equity Group, LLC. Defendants filed a joint Answer to the State's Complaint on September 26, 2022. Separate Defendant Apex Equity Group also filed a Motion to Dismiss, alleging that Apex Equity Group had no relationship with the Big Country Chateau Apartments. This claim was demonstrably false for several reasons. First, the president of Apex Equity Group, Mr. Aron Poretz, was a participant in email conversations with Central Arkansas Water about Big Country Chateau's utility account. Second, Mr. Mike Bukzin, property manager of Big Country Chateau, was listed on Apex Equity Group's website as a member of the "Operations Team." Third, Secretary of State listings for both Apex Big Chateau AR and Apex Equity Group provided the same Brooklyn, New York address as their principal address. After filing the Answer and Motion, Big Country Chateau and its owners were largely silent, failing to respond to discovery requests despite orders from the court compelling a response and holding them in contempt. After continued refusals by Big Country Chateau, Apex Big Chateau AR, and Apex Equity Group to comply with the court's orders, the court sanctioned all three defendants by striking the joint answer and granting default judgment in favor of the Office of the Attorney General. In its order granting relief, the court revoked Apex Big Chateau AR's Secretary of State registration and prohibited all three companies from operating apartment complexes or otherwise leasing residential properties in the State of Arkansas.

As litigation continued, the condition of the apartment complex deteriorated as management abandoned the already neglected property. Tenants were placed in a difficult situation, as the Big Country Chateau apartments were uninhabitable, but closure of the property would result in homelessness for the remaining tenants who struggled to find housing elsewhere. Little Rock Code Enforcement received a warrant for an inspection of the complex on February 7, 2023. The Office of the Attorney General did not enter any units, as the office was not given such authority by the warrant, but I and Investigator Autumn Baker were on site to observe the inspection and confer with Code Enforcement. Code Enforcement's assessment of the property was that only a few repairs had been made since the July 2022 inspection. During the inspection, a gas leak was discovered in a ground-level unit, and the gas had to be shut off.

Due to these concerns about the safety of the remaining residents, the Office of the Attorney General coordinated with the Federal Home Loan Mortgage Corporation, which had active

litigation against Big Country Chateau and its owners for defaulting on the property's mortgage, to identify and retain a receiver to ensure resident safety and wind down the apartment complex, and the court appointed Mr. Sal Thomas of Tarantino Properties as receiver of the property.

In an effort to facilitate open communications between stakeholders, the Office of the Attorney General met with Mr. Thomas; Pamela Dent, Vice President of Multifamily Asset Management for Freddie Mac; Bruce Moore, Little Rock City Manager; Kevin Howard, Little Rock Housing Director; and Alan Jones, Little Rock City Attorney to discuss relocation efforts for residents. There were many barriers to relocation for tenants, including lack of funds for application fees, deposits, and moving expenses, as well as tenants who may not be able to pass the background checks necessary to apply for another apartment complex.

To assist Big Country Chateau's remaining thirty-three residents in relocating to safer housing, the City of Little Rock, partnering with local nonprofit organizations, hosted a two-day emergency response event that worked to give tenants individualized relocation information, including apartment vacancy information, assistance completing applications, and needs assessment for financial resources. This event resulted in mixed success, with many tenants being relocated, while others were unable to secure housing due to the limited availability of MHA vouchers and other assistance funds, which had been depleted due to the recent tornado that had destroyed many homes in Little Rock.

The apartment complex is no longer owned or operated by Apex Equity Group. As a result of coordinated action between the Office of the Attorney General and the Federal Home Loan Mortgage Corporation, the property was put under receivership while the City of Little Rock worked with local organizations, including the City of Little Rock, Our House, and 100 Families to rehouse the residents. The property was later sold under foreclosure to new owners. The Office of the Attorney General has met with the new property owners and is monitoring the conditions of the property.

Mr. Poretz is currently in federal prison for mortgage fraud relating to the purchase of the Big Country Chateau complex and other residential properties. Specifically, Mr. Poretz engaged in what is known as a "flip" transaction, where a straw buyer is used to purchase the property at a low price before selling at an inflated price to misrepresent market value to financial institutions. Further, the straw buyer allowed Mr. Poretz to conceal his identity from the Federal Home Loan Mortgage Corporation and other financial institutions in order to acquire a loan that he would not have received under his own name.

Our case is not an isolated incident. The events at Big Country Chateau are part of a recurring pattern of behavior by Apex Equity Group and its sister company, PF Holdings, which go by many names but whose business practices remain the same: Apex creates local dummy corporations to take liability, opens low-income housing, then allows the apartments to flounder while rent money is funneled back to New Jersey. Apex cuts its losses by sending the properties into foreclosure. This has happened repeatedly across the country, not only here in Arkansas, but also in Chicago, Illinois; Indianapolis, Indiana; Sherman, Texas; Columbus, Georgia; Columbus,

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Ohio; and elsewhere. It is a business model that allows shady corporate entities to exploit vulnerable populations for their own financial interests.

Arkansans deserve safe housing, and the Office of the Arkansas Attorney General is dedicated to holding accountable fraudsters who attempt to take advantage of Arkansas residents.