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THE POWERFUL PAUPER

As Newark's development czar, he built the city's skyline, controlled its assets and grew rich. Now his creditors are saying: Show us the money.

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Alfred Faiella just might be the richest poor man in New Jersey.

In a Monmouth County neighborhood of \$700,000 homes, Faiella lives in one of the largest. He drives a Cadillac STS valued at \$67,000.

His Newark office whispers executive posh, with cherry-wood accents and an ornate glass chandelier. There he runs a successful law practice and presides over companies that control \$33 million in assets. In 2004, he made \$665,000.

It's a comfortable living for a man who says he's in financial ruin.

Faiella -- a former Newark deputy mayor who served as the city's top redevelopment official for a quarter-century, helping transform the skyline -- says he has less than \$14,000 to his name and \$4.5 million in debts and judgments against him, the result of too many failed real estate deals.

Last year, three days before more stringent federal bankruptcy laws took effect, Faiella filed for Chapter 7 liquidation, frustrating creditors who have been chasing him for more than a decade.

Today, those creditors say Faiella's bankruptcy is a fraud. They contend the 55-year-old Marlboro resident has played an elaborate shell game with his assets, hiding a small fortune with his ex-wife, Randy. The couple divorced in 1992 but continue to live together.

Faiella, the creditors allege, is shielding his income through bogus judgments held by his ex-wife and through hefty alimony and child support payments garnished from his paycheck.

"Randy Faiella for all intents and purposes is the wife and business partner of Alfred Faiella and has been intimately involved with his financial affairs for the past 20 years," one creditor, New Falls Corp., said in court papers.

Faiella's biggest creditor, a Warren County couple owed \$3.4 million, called the Faiellas' divorce a "sham." Lawyers for the couple, C. Stewart and Estelle Smith, said in court papers Faiella and his ex-wife "have colluded for a long time to hide assets."

Ammunition for the creditors' case has come from Faiella's own divorce lawyer, a former colleague who testified last year that he believed his client had ended his marriage to avoid paying his debts.

Randy Faiella, 51, an eighth-grade social studies teacher in Marlboro, declined to comment. Alfred Faiella likewise declined to be interviewed, but his bankruptcy lawyer, Jonathan Kohn, said in a written response to questions that the claims were meritless.

"Needless to say," Kohn wrote, "Mr. Faiella denies that there are grounds to deny his discharge or that he has improperly 'shifted' as sets to ... his wife."

'THE SHADOW MAYOR'

Born and raised in Newark, Faiella came to be a dominant and often controversial player in the state's largest city.

Though not nearly as visible as Mayor Sharpe James, his closest ally, or many members of the City Council, Faiella influenced events in every city ward for 26 years as Newark's development czar, the gatekeeper for any real estate deal of consequence.

That role sprang from Faiella's perch as executive director of the Newark Economic Development Corp., a non-profit agency charged with attracting investment to the city. The NEDC's charter permitted it to construct buildings, borrow money, dole out loans and channel tens of millions of dollars in federal and state grants, and it was Faiella who controlled the purse strings.

Between 1998 and 2002, he also served as a deputy mayor in charge of development and housing, expanding his reputation as the city's deal maker in chief.

Faiella acted the part, too. Outfitted in impeccable suits, he drove a Mercedes-Benz E-Class sedan and dined in expensive restaurants, a cell phone pressed constantly to his ear, associates said.

Faiella's clout -- combined with a talent for political fundraising -- made him an important figure in City Hall. Some called him "the shadow mayor."

"He ran Newark," said Frank Hurtz, a city activist who regularly has attended council meetings since the 1970s.

Dennis Gale, a former city planner and now a professor of politics and government at Rutgers University, said Faiella's power was magnified because of a gap in Newark's planning expertise.

"You go to any city the stature of Newark -- the largest city in New Jersey, a very old city -- and with very few exceptions you'll find a bona fide office of city planning with a professional planner at the head of it," Gale said. "What do you get in Newark? This guy Al Faiella. That just amazed me."

Faiella left his deputy mayoral post in 2002 but remains a force in the city as president of a group of private companies once associated with the NEDC. The firms, which own two parking garages and a warehouse in Newark's South Ward, provide cash grants to city organizations in the name of economic development.

In addition, James in October appointed Faiella vice chairman of the Newark Parking Authority's board of trustees. The position carries no pay, but it provides Faiella with continued influence at a time when construction of a downtown arena for the Devils places a renewed importance on parking in the city.

Several former associates contacted by The Star-Ledger cited that ongoing influence in declining to discuss Faiella.

James did not respond to requests for comment.

TOWER OF POWER

Described as shrewd and charismatic, entertaining with a story and steeped in the minutiae of zoning, contracts and land-use regulations, Faiella came to work for the city by way of an internship after graduating from the Newark College of Engineering, now the New Jersey Institute of Technology, with a degree in industrial engineering in 1972.

While working full time, Faiella attended Seton Hall Law School, earning his degree in 1975. The same year, he was named the NEDC's assistant executive director. One year later, at age 25, Faiella became the agency's chief.

"The NEDC had been kind of stumbling around, and he gave it legs," former Mayor Kenneth Gibson said. "He had good instincts for development. It's hard to criticize a guy who executed so many projects."

Faiella's biggest impact can be seen in the glass-and-steel office towers that have sprung up downtown in recent decades.

The pink-trimmed Legal and Communication Center, the four buildings that comprise the Gateway Center and the headquarters of the Public Service Enterprise Group are among the projects Faiella brought to Newark with packages of land, loans and tax breaks.

Strip malls came to neighborhoods with little or no shopping. During Faiella's term as deputy mayor, thousands of homes were built on city-owned lots.

Despite those successes, some did criticize Faiella. And still do.

Mark Portnoy, a former NEDC staff attorney, said Faiella seemed more concerned with his personal financial interests than with city business.

Faiella ran his solo law practice and a development consulting business out of the NEDC offices, and Portnoy said it was often hard to tell which hat his boss was wearing when Faiella met with developers or worked on deals.

"I thought we were doing God's work, rebuilding Newark," Portnoy said. "I later found out differently. I was pretty unhappy with the fact that NEDC was being run as a private legal and consulting office for AI."

Portnoy, now director of the Phillipsburg Urban Enterprise Zone, served two stints with the NEDC, from 1977 to 1980 and from 1990 to 1995. It was during the second period that Portnoy said he grew disillusioned with Faiella.

To some, the view from outside the NEDC wasn't much better.

Former Councilman Anthony Carrino, who served 28 years before losing his North Ward seat in 2002, said Faiella blocked every effort to learn how the NEDC spent the millions of dollars that flowed through it each year.

"Many of us kept trying to squeeze Mr. Faiella for information," Carrino said. "But he kept showing us he didn't need to give it to us."

Even some among the agency's 18-member board of trustees didn't always have the clearest picture of how the NEDC operated. Faiella stacked agendas with so many items and raced through them so quickly "you could never really talk about management of the organization," said Edward Rytter, a corporate executive who became chairman in 1999.

Two years later, Rytter had a hand in forcing Faiella's resignation from the NEDC.

To Gibson, Faiella brings to mind the fabled New York planner Robert Moses, renowned and reviled for his ability to push through projects, mowing down bureaucracy and opposition.

"AI was nowhere near the strength of Robert Moses, but he was forceful like that," Gibson said. "You can be a namby-pamby and sit around and hope that something happens, or you can be forceful. You either love him or hate him."

Charles Geyer hated him.

Geyer, a Newark businessman, told the FBI in 1990 Faiella had tried to extort \$100,000 from him and had pressured him to hire Faiella's friends in connection with the financing of an 18-story office building Geyer owned. The NEDC held a \$10 million mortgage on the property.

The investigation would last more than two years, and a half-dozen NEDC employees would be called

before a grand jury. At the direction of the agency's lawyer, Robert Kroner, all of them declined to testify, citing their Fifth Amendment right against self-incrimination, said Portnoy, who was among them.

"That was a very bad day for me," Portnoy said, adding he gave an extensive interview about Faiella to the FBI.

Neither Faiella nor his NEDC colleagues were charged, but the allegations dogged him for years.

Geyer re-entered Faiella's life six years ago, signing an agreement with Faiella's biggest creditor, the Smiths, to collect on their judgment in exchange for 60 percent of any money recovered. Because of

the agreement, Geyer is now in the bankruptcy fight.

Faiella's bankruptcy lawyer contends Geyer bears a "personal grudge" against Faiella. Responds Geyer: "I have no grudge. I merely want to show the emperor has no clothes."

For more than two decades, Faiella outlasted the controversies and his critics, in part, observers said, because of his prolific fundraising efforts for those in power.

First for Gibson and then for James, Faiella tapped connections among developers, city leaseholders and Newark's corporate leaders to sell reams of tickets to fundraising banquets.

"Fundraising is an art," Gibson said. "Some people are better at it than most, and Al was very, very good at it."

Faiella's success in raising cash insulated him from criticism and gave him carte blanche on decisions and deals, said community activist Richard Cammarieri, who called Faiella "the ultimate insider."

"He had the access. He had the resources. And he had influence because of his ability to help the politicians raise money, so he was able to do what he wanted," Cammarieri said.

One thing Faiella wanted was to become a developer.

THE ART OF FAILURE

In 1987, Donald Trump's book "The Art of the Deal" was a national best-seller. Real estate values continued to soar, promising potential riches for anyone with the know-how, the connections and the cash. And Faiella, serving as head of the NEDC, was deep into private deals that would ultimately fall apart as the market collapsed.

While the extent of Faiella's real estate dealings could not be determined, he identified nearly a dozen projects in New Jersey and Florida while testifying in depositions connected to the bankruptcy case and to an earlier lawsuit filed by the Smiths, the Warren County couple who hold a judgment against him.

Most of the projects failed, Faiella said.

He bought land in Chester Township, Morris County, and Hillsborough Township, Somerset County, with plans to build housing developments. Lenders foreclosed on the properties before a single home went up, Faiella testified. A similar fate befell a planned office park in West Palm Beach, Fla.

"We had four or five developments in Florida, but frankly, they all went bad," Faiella said in an April 2005 deposition.

In many of the ventures, Faiella formed partnerships with the same men he had once helped -- or was still helping -- to secure development deals in Newark as head of the NEDC.

Anthony Costabile contends Faiella's relationship with three such developers destroyed a deal he had with the city to build a \$10 million truck stop on 20 acres of city-owned land near Newark Liberty International

Airport in the early 1980s.

Costabile, now 83 and living in Newark, said he never imagined Faiella would turn against him. Faiella, after all, is his cousin.

"That was my problem. I trusted him from the beginning," Costabile said. "I never thought a cousin would double-cross a cousin."

Costabile said Faiella, who brokered the project through his role at the NEDC, first pressured him to hire a specific lawyer, Henry Paper, an old classmate from Seton Hall Law School. Faiella and Paper, in turn, pushed Costabile to accept another developer, Anthony Pugliese, as a partner in the deal, Costabile said.

When he balked, Costabile said, Faiella muscled him out of the project, arranging for the city to rescind his land-lease agreement and replacing him with two principals of Tri-Core Development, Gabriel Juliano and Robert Monteyne, who were involved in several large projects across northern New Jersey.

The Tri-Core partners went on to sell a small piece of the property to Marriott Corp., securing a \$1 million profit, court records show. Today, a Marriott Courtyard hotel sits on the site. Tri-Core was less successful with plans to build office towers on the rest of the property. The company filed for bankruptcy before the towers went up.

The land deal, as well as other real estate ventures by Tri-Core, came under the scrutiny of the U.S. Attorney's Office at the time. Costabile's lawyer said he forwarded several depositions to that office at the request of federal prosecutors. No charges were filed.

Later, Faiella would join with Paper, Pugliese, Juliano and Monteyne in a private real estate deal to build condominiums and office buildings in West Palm Beach. It, too, failed.

Faiella also conducted several deals with Robert Notte, a former executive director of the Newark Housing Authority, Faiella said in his depositions.

In 1987, Faiella, Notte, Juliano and Monteyne opened negotiations to buy the Smiths' former dairy farm in Franklin Township, Warren County, with a plan to build homes on the 83-acre tract. When the group backed out of the plan two years later, the Smiths filed suit.

A Superior Court judge in 1991 awarded the couple \$1.7 million, the estimated difference between the value of their land in 1987, when the purchase agreement was signed, and 1991, when the market had significantly softened. With interest, the judgment has grown to \$3.4 million.

Faiella says he can't possibly pay up. According to his bankruptcy filing, he has just \$10,264 in the bank. His entire wardrobe, he says, is worth about \$1,000. He valued his jewelry at \$750. His only other assets, he said, are shares in two stocks, Lucent Technologies and Manulife Financial, worth \$1,639.

Faiella hasn't made a dent in the Smith judgment despite an income typical of the wealthiest Americans.

In 2003, he made about \$313,000, his bankruptcy filing shows. Of the \$665,550 he made in 2004, more than \$460,000 came from legal and consulting fees, records show. Among Faiella's clients is Asbury Partners, the chief developer for a massive project to remake Asbury Park.

He also made \$204,131 in salary and benefits from NEDC Riverfront Corp., one of the private companies he maintained control of after leaving the NEDC.

Court records show Riverfront, based at the Legal Center in Newark, provides health, disability and professional liability insurance for Faiella.

The company leases his Cadillac and pays his car insurance premiums and

E-ZPass bills, the records show. It also contributes to a pension plan for him and funds two life insurance policies with a total value of \$250,000.

DIVORCE OF CONVENIENCE?

Faiella's two biggest creditors contend his insolvency is a mirage. They say he signed his home over to Randy Faiella only to shield it from lienholders. The couple's 1992 divorce, the creditors allege, was another move to make Faiella judgment-proof.

They say that by garnishing alimony and child support payments directly from Faiella's Riverfront paychecks, the couple kept hundreds of thousands of dollars from creditors despite the fact the two had reconciled and continued to live together.

Portnoy, the former NEDC staff lawyer and Faiella's divorce lawyer, backed the view of Faiella's creditors while testifying in a 2005 deposition.

Asked in the deposition if Faiella had filed for divorce to avoid paying his debts, Portnoy said, "I believe that's true."

Faiella managed to shield another big chunk of income, his creditors contend, by conspiring with his ex-wife to create bogus judgments.

In one case in 2004, lawyers for the Smiths say, Faiella negotiated a deal in which his ex-wife paid \$30,000, or about 6 cents on the dollar, to buy a \$469,000 judgment against him for a failed real estate venture. Randy Faiella held the debt under one of her companies, TLF Land.

The same year, Alfred Faiella took \$345,000 in checks from a legal client and endorsed them directly over to TLF Land to satisfy most of the judgment.

Kohn, Faiella's bankruptcy lawyer, said Randy Faiella is a legitimate creditor and that there is nothing untoward about the divorce. Moreover, he said, the ex-wife and the couple's children, ages 17 to 26, have been entitled to support.

Faiella's creditors contend he is conspiring with his ex-wife in another way, using her as a "puppet" in a large redevelopment project around the Union Township train station.

Randy Faiella is a partner in the project with two Newark developers, one of whom, Emilio Farina, is a close friend of her ex-husband's. Alfred Faiella, working pro bono, serves as an attorney and negotiator for the group.

Faiella's bankruptcy lawyer said Randy Faiella does not serve as her ex-husband's "proxy" in the deal, and Faiella, in the April 2005 deposition, insists he no longer invests in real estate.

Asked by the Smiths' lawyer whether he had a financial stake in any projects or companies, Faiella displayed a dash of gallows humor about his track record.

"No, ma'am," he said. "Would you want me as a partner?"

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