

Partnership dissolved into acrimony, litigation

Claim is supported by condo king Bob Rennie

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A partnership between two men with checkered business backgrounds who are developing several high-profile condo projects in downtown Vancouver, Surrey and Richmond has dissolved in acrimony and litigation.

One of the partners, George Dengin, has sued the other, Mark Chandler, in B.C. Supreme Court for allegedly misrepresenting the status of the projects and failing to account for the sale of dozens of units.

Dengin's lawsuit is supported by an affidavit filed by Vancouver real estate marketing whiz Bob Rennie, who introduced Dengin to Chandler in 2003 and was subsequently hired by the partnership to sell the projects.

In his affidavit, Rennie says he has known Dengin for 18 years and "was a client of his in the stock market."

Not mentioned is the fact that Dengin is a former Vancouver stockbroker who had his licence permanently revoked in 1987 for serious trading infractions. In 1990, he appealed that suspension and it was reduced to five years.

Rennie says he met Chandler through the catering manager of a local restaurant. He said Chandler was developing a 21-townhouse development at 37th & Oak (called Hamlin Mews) and was looking for a financial partner, so he introduced him to Dengin.

Not mentioned is the fact that Chandler was indicted in Arizona in 2000 on 13 charges of fraud, theft and forgery. In May 2003, he entered into a plea agreement and was ordered to pay \$189,500 in restitution. He was also placed on three years' probation and deported back to Canada.

Rennie said in an interview Monday that, when he introduced the two men in the summer of 2003, he did not know Chandler had been in trouble with the law.

After they were introduced, the two men formed a partnership, with Dengin supplying the capital and Chandler managing the day-to-day business affairs. In all, Dengin claims he contributed \$6.88 million.

The partnership proceeded to develop seven properties.

In addition to Hamlin Mews, they included:

- Tribeca, a 52-unit condo project at Richards and Nelson;
- H+H, a 22-story condo tower at Homer and Helmcken;
- Anndale, a shopping centre on a 16-acre property in Surrey;

- Richards Street, various lots including the present site of Richards on Richards nightclub;
- Eldorado, the present site of the Eldorado Hotel on Kingsway;
- Garden City, two mixed-use towers in Richmond.

In his affidavit, Rennie alleges that Chandler has failed to account for five units in Hamlin Mews, 17 in Garden City, nine in Tribeca, and at least 36 at the project at Homer and Helmcken.

He also cites several other instances of "unusual or apparently dishonest conduct," including the sale of each of two units in the Tribeca project to two different purchasers.

And what seems impossible in today's superheated real estate market, he says Chandler has advised him that instead of making millions of dollars, the partnership will actually lose money on the Tribeca and Hamlin Mews projects.

"In my view, it is unlikely that [the partnership] ought to be losing money on these projects," Rennie says in his affidavit.

"They are being sold at between \$450 and \$500 per square foot. There is no way that the combination of land cost -- reported to be approximately \$100 per square foot -- and construction cost -- even at today's extremely high costs at approximately \$250 per square foot for a low-rise development -- ought to consume that entire sales price, even accounting for contingencies and overhead."

Dengin alleges in his affidavit that Chandler repeatedly misrepresented the status of the projects. In the case of Anndale, Dengin says he contributed \$500,000 in August 2003. In January 2004, Chandler told him construction had started, and a month or two later he claimed "the walls are going up."

Dengin says on the basis of these representations, he contributed another \$3.44 million, but Chandler later admitted "in fact there had been no progress with any development of the Anndale property."

In the case of Tribeca, Dengin says Chandler advised him in January 2005 that the project was "100 per cent sold," and that all deposits were with the lawyer and the rescission periods had expired. But according to Rennie, 11 of the 52 units remained unsold.

Dengin also alleges that, contrary to his fiduciary duty to the partnership, Chandler burdened the properties with multiple mortgages bearing up to 32.5 per cent annual interest.

Meanwhile, Dengin and Rennie claim Chandler has been living a lavish lifestyle. They say he owns a \$4-million house in Richmond and recently spent an estimated \$1 million on renovations.

They also say he claimed to own a \$500,000 wine collection, was looking into spending \$1.5 million on a private jet, and had placed a deposit on a \$250,000 Aston Martin.

The lawsuit further claims that Chandler purchased or leased a 60-foot boat valued at \$750,000 to \$1 million, and that he owns or leases three late-model Mercedes, a Cadillac Escalade and a Smart Car.

Chandler has not yet filed a statement of defence, but his lawyer, Don Haslam, said Monday that Dengin's allegations are "misguided and misdirected, and we will be providing the information to Mr. Dengin to prove that."

Dengin has asked the court to restrain Chandler from disposing of any partnership or personal assets. He is also seeking an accounting of the partnership's assets, and the appointment of a receiver to unwind the partnership's affairs.

Rennie says he has reported Chandler's alleged misconduct to the B.C. Financial Services Commission.

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