



Subscribe to the R-J  
 See the Internet Special

NEVADA  
 REVIEW-JOURNAL

Find a Job ■  
 Find a Car ■  
 Find a Home ■

Member Center

SAVE THIS EMAIL THIS PRINT THIS MOST POPULAR RSS FEEDS

Dec. 08, 2006  
 Copyright © Las Vegas Review-Journal

**Recent Editions**

S Su M T W Th F

>> Complete Archive  
 >> Search the site

**BUSINESS**

Today's Headlines

- [Inside Gaming](#)
- [Online Guy](#)
- [Stock Market](#)
- [Credit Card Offers](#)
- [Business Wire](#)
- [Press Releases](#)
  - [Gaming/Casinos](#)
  - [Nevada](#)
- [Stock Portfolio](#)
- [Gaming Wire](#)



**CHANNEL DIRECTORY**

- ▶ [Arts & Entertainment](#)
- ▶ [Auto Guide](#)
- ▶ [Books](#)
- ▶ [Casinos & Hotels](#)
- ▶ [Celebrations](#)
- ▶ [Community](#)
- ▶ [Coupons](#)
- ▶ [E-forums](#)
- ▶ [Employment](#)
- ▶ [Food & Dining](#)
- ▶ [Fun & Games](#)
- ▶ [Health & Fitness](#)
- ▶ [Home & Garden](#)
- ▶ [Legal Center](#)
- ▶ [Money](#)
- ▶ [Multimedia](#)
- ▶ [Obituaries](#)
- ▶ [Photo & Page Store](#)
- ▶ [Personals](#)

**Mortgage lender sparks bid battle**

By JOHN G. EDWARDS  
 REVIEW-JOURNAL

Compass Partners, a New York-based investment company, made the apparent highest and best bid of \$67 million Thursday for the assets of a mortgage loan fund managed by USA Capital and a contract to service loans for the bankrupt private lender.

Bankruptcy Judge Linda Riegle conducted a slow-paced auction in her courtroom taking bids from three companies, Desert Capital Real Estate Investment Trust of Henderson, hedge fund Silver Point Capital of Greenwich, Conn., and Compass.

USA Capital solicited investments from about 6,000 individual investors around the country and used the money to make short-term loans to developers, including USA Capital majority owners Tom Hantges and Joe Milanowski.

USA Capital controlled \$962 million in assets for investors when it filed for Chapter 11 bankruptcy court protection in April. While USA Capital was making monthly payments to investors, many of its loans were not being repaid.

Some investors bought fractional interests in the loans. Others invested through USA First Trust Deed Fund and USA Diversified Trust Deed Fund, which served like mutual funds for these real estate-backed loans.

An interim management team led by Tom Allison has run USA Capital since the bankruptcy filing.

Silver Point Capital was approved as a "stalking horse," or first bidder, with an offer of \$46.5 million to buy out investors in the First Trust Deed Fund. In addition, Silver Point agreed to

Advertisement

**DISCOVER NEW HEIGHTS IN COMMERCIAL REAL ESTATE**

LOOKING TO BUY OR LEASE A COMMERCIAL SPACE IN THE LAS VEGAS VALLEY?

LOOK NO FURTHER THAN YOUR COMPUTER

reviewjournal.com  
 Real Estate Section

Advertisement

**RAZORGATOR**

Live on the Edge of Your Seat

**Your Connection for Hard-To-Get<sup>SM</sup> Tickets!**

Featured Jobs

- ▶ [Real Estate](#)
- ▶ [Recreation](#)
- ▶ [Relocation](#)
- ▶ [Shopping](#)
- ▶ [Technology](#)
- ▶ [Traffic & Transportation](#)
- ▶ [Travel](#)
- ▶ [Weather](#)
- ▶ [Weddings](#)
- ▶ [Yellow Pages](#)
- ▶ [About the site](#)

take over loan servicing from USA Capital for other loans.

The auction started Thursday with that \$46.5 million bid.

Compass came next with an offer of \$57.5 million. The three bidders took turns usually raising their bid often in \$100,000 increments over the previous bid, but sometimes by \$1 million or more. Bidders often made higher bids on the spot, but they were allowed to privately confer for 20 minutes before deciding in several instances.

At the end, both Silver Point and Desert Capital passed, leaving Compass as the apparent high bidder at \$67 million.

Attorneys for investors generally expressed satisfaction with the bidding. Attorney Frank Merola for the First Trust Deed Fund said he hopes investors in the First Trust Deed fund will get a check from Compass for the fund's assets by March. First Trust Deed investors may recover additional money as a result of anticipated lawsuits against former insiders at USA Capital.

Part of the money goes to USA Commercial Mortgage, which previously serviced loans. That will help investors in the Diversified fund, attorney Marc Levinson said.

Levinson said the auction advances efforts to end the bankruptcy, reduce legal fees and start recovering assets for the benefit of Diversified fund investors.

During a hearing Thursday morning, the judge allowed Desert Capital Real Estate Investment Trust to become the third bidder.

Some attorneys were concerned about the perception of allowing Desert Capital to bid, because Paul Hamilton, Desert Capital's chief investment officer, formerly was a USA Capital executive.

Hamilton, a director of USA Commercial Mortgage, loan broker for USA Capital and equity owner in affiliated companies, resigned about one year before USA Capital filed for bankruptcy court protection in April.

Desert Capital promised to terminate Hamilton's employment and not bring him back if Desert Capital won the deal.

Merola said: "(Desert Capital's) money is green, and the best we can do for these investors is get as much money as possible."

#### Sponsored Links

#### **\$200K Mortgage, \$506 /Mo.**

Pay only \$2.53/Mo. per \$1,000 Mortgage. EZ Qualifying, Bad Credit OK.

#### **RealtyTrac Foreclosures**

Looking For Foreclosures? Find Great Deals In Your Neighborhood.

#### **Need Homeowner Insurance?**

Compare Rates From Top Companies. Protect Your Home At a Great Price.

#### **Computer Please see**

Las Vegas, NV  
Review  
Journal/Sun  
Classified ads

#### **GRAPHIC ARTIST Commercial**

Las Vegas, NV  
Review  
Journal/Sun  
Classified ads

#### **SECURITY OFFICERS**

Las Vegas, NV  
Review  
Journal/Sun  
Classified ads

#### **Motel PROPERTY MANAGER**

Las Vegas, NV  
Review

#### **Contact the R-J**

- [Subscribe](#)
- [Report a delivery problem](#)
- [Put the paper on hold](#)
- [Advertise with us](#)
- [Report a news tip/press release](#)
- [Send a letter to the editor](#)
- [Print the announcement forms](#)
- [Jobs at the R-J](#)

Sponsored Links

**[\\$200K Mortgage, \\$506 /Mo.](#)**

Pay only \$2.53/Mo. per \$1,000 Mortgage. EZ Qualifying, Bad Credit OK.

**[RealtyTrac Foreclosures](#)**

Looking For Foreclosures? Find Great Deals In Your Neighborhood.

**[Need Homeowner Insurance?](#)**

Compare Rates From Top Companies. Protect Your Home At a Great Price.

**[Where Will Silver Go?](#)**

Complete coverage of the metals market with our FREE weekly newsletter.

**Buy a link here**

[Nevada News](#) | [Sports](#) | [Business](#) | [Living](#) | [Opinion](#) | [Neon](#) | [Classifieds](#)  
[Current Edition](#) | [Archive](#) | [Search](#) | [Print Edition](#) | [Online Edition](#)  
[Contact the R-J](#) | [HOME](#)

Copyright © Las Vegas Review-Journal, 1997 - 2006  
[Stephens Media Group Privacy Statement](#)