

From: [REDACTED]

To: jeevacation@gmail.com

Subject: Swanson

Date: Wed, 26 Sep 2012 00:45:14 +0000

When we looked at this we were considering a \$7.5M second below a \$21.6M first = \$29.1M. How'd he get to \$41M in debt from Nov 2011 to now? Not right....

Posted: 6:04 p.m. Tuesday, Sept. 25, 2012

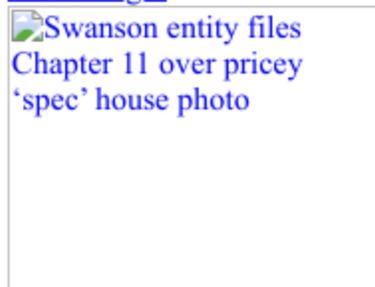
Swanson entity files Chapter 11 over pricey 'spec' house

The \$74 million mansion at 1220 S. Ocean Blvd. is the most expensive home for sale in Palm Beach.

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The 'spec' mansion at 1220 S. Ocean could be offered for sale at upwards of \$70 million

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Swanson entity files
Chapter 11 over pricey
'spec' house photo

Dan Swanson

By [Darrell Hofheinz](#)

Daily News Real Estate Writer

Priced at \$74 million, the most expensive house for sale in Palm Beach has landed in bankruptcy court as the subject of a voluntary Chapter 11 petition filed by its owner, a limited liability company controlled by longtime island developer Dan E. Swanson of Addison Development Corp.

The never-before-lived-in "spec" mansion at 1220 S. Ocean Blvd. measures more than 27,000 square feet.

Completed early last year, it stands just south of The Mar-a-Lago Club on 2.5 acres of lakefront property with 294 feet of water frontage.

Recorded Friday, the bankruptcy petition says the entity that owns the house — 1220 South Ocean Boulevard LLC — is carrying \$41 million in debt, according to the petition. It has assets of \$74 million, the petition says.

A status conference regarding the petition has been scheduled for Oct. 4 in U.S. Bankruptcy Court in West Palm Beach before Judge Erik P. Kimball. If accepted by the federal court, a Chapter 11 bankruptcy protects a company from its creditors while it reorganizes and attempts to pay its debts.

TD Bank and its predecessor, Mercantil Bank, provided Swanson construction financing and loans for \$15.6 million in 2007, and an additional \$1.68 million and \$6.3 million in 2008, some of which has been paid down since.

Via second and third mortgages on the property, Bahamas-based New Providence Capital Management Partners II loaned \$5.3 million in early 2011 and \$1 million last December, according to records filed with the Palm Beach County Clerk's office. Both lenders have granted extensions on their loans, property records show.

In addition to the loans, the petition lists only two other creditors — a law firm in Miami owed \$6,000 and another law firm in Boca Raton owed \$17,735.

Developed by Swanson without a specific buyer, the house has nine bedrooms, a guest house and architecture inspired by a French chateau.

Swanson began developing the mansion in 2007, more than a year before the recession first gripped the island's real estate market in late 2008.

"We got stuck in this economy in the middle of building," Swanson told BloombergBusiness in August 2010.

The house was initially offered at \$84 million, which was later dropped by \$10 million. Jim McCann of the Corcoran Group — Swanson's longtime real estate agent — listed the house in the local multiple listing service a year ago after marketing it privately.

Swanson said Tuesday he had been advised by his attorney not to comment about the bankruptcy petition. But he did say the petition would not affect his other spec house for sale in Palm Beach — an oceanfront residence of 12,263 square feet at 101 El Bravo Way. Owned by a different limited liability company, that house is listed by McCann at \$37.5 million, down \$10 million from its original price.

Swanson has developed numerous high-end custom and spec homes in South Florida since founding Addison Development in 1978. He said he had never before filed a petition for bankruptcy protection.

“We’ve lived in Palm Beach for over 20 years,” Swanson said, referring to his wife, Karen. “We are monster proponents of Palm Beach. There’s no better cheerleader for Palm Beach than us,” he said.

A number of Palm Beach real estate agents contacted for this story said they had no comment on the bankruptcy petition. Kenneth S. Rappaport, Swanson’s Boca Raton-based bankruptcy attorney, could not be reached Tuesday.

Meanwhile, a civil lawsuit filed in December 2009 against Swanson and others involved in the building and sale of a home at 589 N. County Road — bought by Palm Beachers Leo A. and Kathryn Vecellio in 2008 — has yet to reach a settlement or go to trial. The Vecellios allege in their suit that the defendants knew about serious defects in the house prior to its sale to the couple.

Staff Researcher Niels Heimeriks contributed to this report.