

The Record Business



Exec Access: Adam Putter graduated from law school into a tough job market for lawyers, but hit upon an untapped need — helping businesses navigate the funding and installation of solar energy. **6**

YOUR MONEY'S WORTH



Some ways to prevent scamming of elderly

Ever hear of World Elder Abuse Awareness Day?

I hadn't until about a week ago, but after doing a bit of research, I see that folks in many other countries have set aside this day to remind businesses and families that the oldest among us are often the most vulnerable, and it doesn't have to be that way.

Wednesday is the sixth elder abuse awareness day, and it will be marked in a variety of ways around the globe, from educational campaigns on sexual abuse in Toronto to building awareness of the need for adult day care in North Carolina to a campaign to fight Alzheimer's in India.

The event has drawn little attention in the United States, although the American Bankers Association is using it to launch an education campaign designed to protect and educate older bank customers against financial abuse.

Hopefully, the education will also rub off on bank tellers, because they

See **DeMARRAIS** Page **B-8**

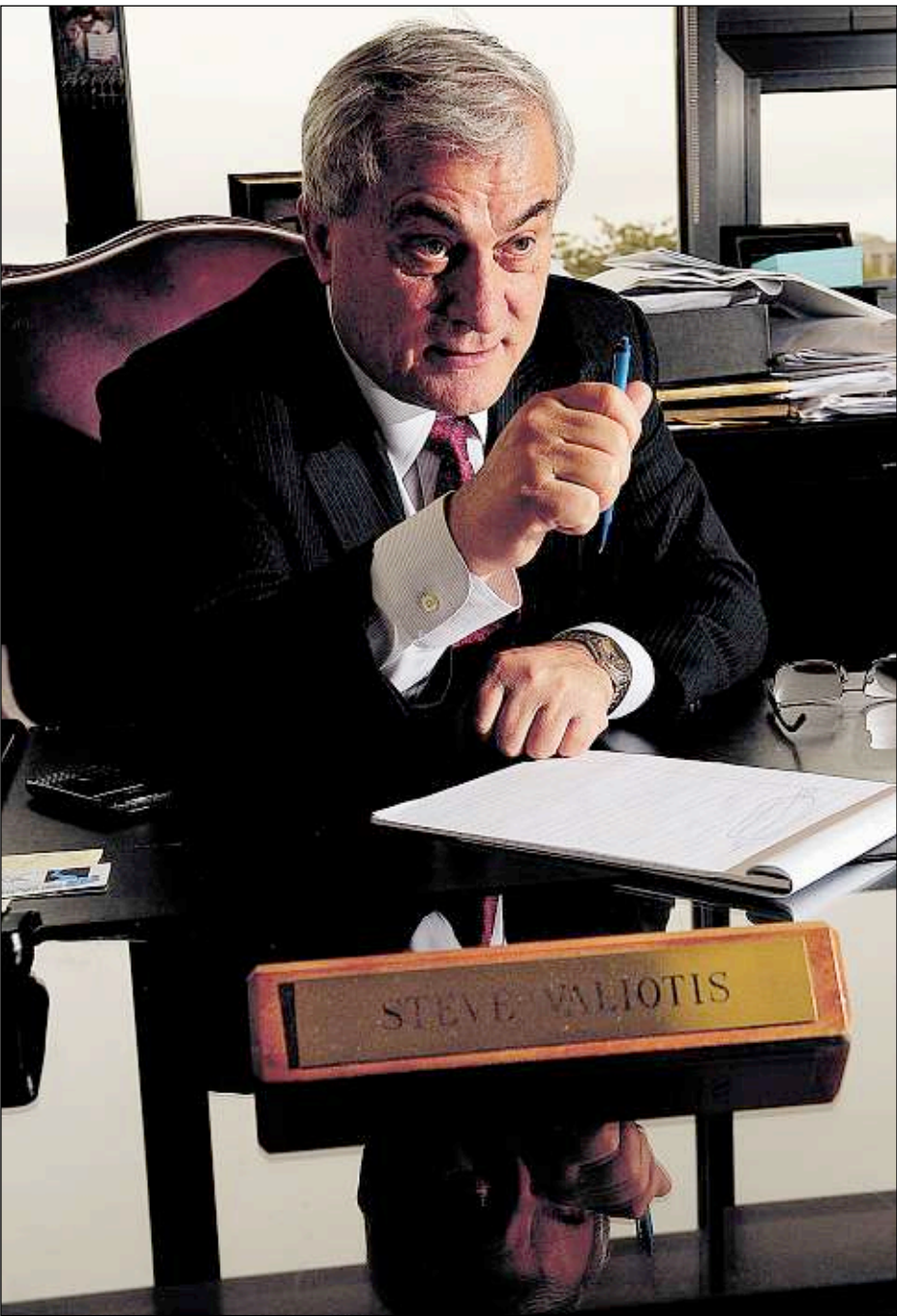
Suspect elder financial abuse?

- **Talk** to elderly friends or loved ones if you see any signs of abuse. Try to determine what specifically is happening with their financial situation, such as a new person "helping" them with money management, or a relative using credit cards without their permission.
 - **Report** elder financial abuse to their bank, and enlist their banker's help to stop it and prevent its recurrence.
 - **Contact** Adult Protective Services for help. Bergen County: 201-368-4300; Passaic County: 973-881-2616; Hudson County: 201-295-5160; Morris County: 973-326-7282
 - **Report** all instances of elder financial abuse to your local police.
 - **For further information:** preventelderabuse.org
- Source: American Bankers Association

For more information on protecting the elderly from financial abuse, go to aba.com/products/askyourbanker.htm and click on the link in "fraud and security."

Big bet on Paterson

City's largest landowner ups ante on downtown revival

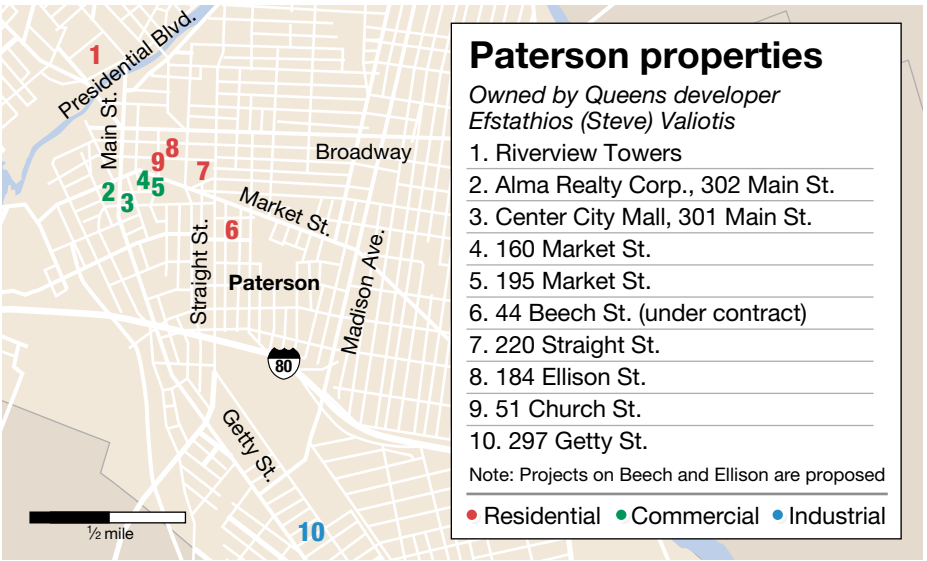


DAVID BERGELAND/STAFF PHOTOGRAPHER



STAFF PHOTOS BY TYSON TRISH

Clockwise from left, Efstathios "Steve" Valiotis in his Queens, N.Y., office; the Center City Mall; the 44 Beech St. complex that is the latest acquisition of Alma Realty Corp.; and daughter Ekaterina Valiotis, Alma's director of management.



R.L. REBACH/STAFF ARTIST

By **ALEXANDER MacINNES**
STAFF WRITER

The man who put up \$100 million to develop Paterson's largest shopping and entertainment center six years ago is raising his stakes in the struggling Silk City, betting he can succeed where other developers have not.

Efstathios "Steve" Valiotis, a Greek-born furniture maker who oversees a real estate domain through his development company Alma Realty Corp., is the largest private land owner in Paterson. He has spent nearly \$200 million over the last six years on his vision to revive the downtown district — marketing high-end, market-rate apartments to those who can't afford the

gentrified refuges of Jersey City or Hoboken.

"I believe in Paterson," he said recently from his office in Queens. "We can make money there."

No outsider has bet so much on Paterson, hometown of comedian Lou Costello, Beat Generation poet Allen Ginsberg and Teresa Giudice of "The Real Housewives of New Jersey." When Valiotis buys, he buys big, acquiring mostly vacant, historically significant buildings that can be converted for residential development. He has been able to grow his investment through the recession, mainly because he does not rely on financing from banks.

In Paterson, Valiotis owns 2.6 million square feet of real estate, ac-

See **PATERSON** Page **B-2**

THE WALL STREET JOURNAL SUNDAY

Charity

Walkathons, 5K races, parachute events and other sports events have become extremely popular, but they're not always the most effective way to raise money.



B-3

Preexisting

Premiums for federally administered Pre-Existing Condition Insurance Plans are expected to drop up to 40 percent in some states starting July 1.



B-3

The Aggregator

A roundup of personal-finance news and advice from The Wall Street Journal, MarketWatch, SmartMoney, WSJ.com and other resources.

B-4

Al's Emporium

Dow Jones Newswires columnist Al Lewis comments on business developments last week.

B-4

Summer

Summer always seems so sluggish for stocks. Sell in May, go away, etc. Why is that, and how long can we expect it to last?

B-4



MARKET WATCH B-7

Centerpiece

The 9.5 percent gain for real estate investment trusts so far this year follows big years in 2009 and 2010.

Market Pulse

Utility and telecom stocks have been some of the best stocks since May, but they had some of the worst earnings results last quarter.

Insider Q&A

Portfolio manager Don Clemen likes to own shares in companies with temporary problems but that are still good long-term bets.

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Paterson: Developer putting lot of money, faith in projects

From Page B-1

cording to his daughter, Ekaterina Valiotis, director of management for Alma Realty in New Jersey. That includes the 320,000-square-foot Center City Mall; the former Alexander Hamilton Hotel, which houses 115 market-rate apartments; 160 Market St., a large retail building across from City Hall; and a 226,000-square-foot industrial building on Getty Avenue.

Urban development professionals say Valiotis' ventures are a rare example of continued, aggressive growth during a down economy.

"I would have to say it is unique," said Robert Burchell, professor at Rutgers University and chairman of its planning department. "Nobody in the New York metro area can get money for real estate from banks, without plunking a ton of money down. And, even then, there's a question if they'll give it to you."

Even so, Valiotis faces major challenges in Paterson, where 25 percent of families live below the poverty level, according to the U.S. Census Bureau, compared with the 6.5 percent state average. The city, the cradle of the Industrial Revolution, struggles with one of the highest foreclosure rates in the state. Earlier this year, Pater-

son laid off 125 police officers in an effort to close a \$77 million budget deficit. Valiotis said one of his biggest obstacles is combating a negative perception that the city is unsafe.

"It is clearly a challenge and huge demonstration of faith," said former Paterson Mayor Lawrence "Pat" Kramer, who has worked in development since leaving office in 1979.

During an interview at his Queens office, Valiotis declined to comment on his personal worth, but said his Paterson investments represent up to 8 percent of his business, which includes Alma Bank and real estate throughout New Jersey, New York City and Westchester County, N.Y.

The developer, who immigrated to the United States in 1972, is not new to investing in distressed cities. Valiotis bought the Garden Spire building in Newark in 1983, a 1,000-unit structure he sold in 1998, according to Ekaterina Valiotis. A year later, Alma Realty bought a bankrupt, 800-unit building in Jersey City, and three years ago, the company purchased two Trenton properties, consisting of 500 apartments, one through foreclosure and the other through bankruptcy.

All of Valiotis' downtown properties in Paterson, which are in different stages of development, are key to supporting Center City Mall and bringing new night life to an area largely deserted after business hours.

"We do all the surrounding investments to support Center City," he said. "Paterson has no night life after 5 o'clock. The stores are closed. There's nothing there. That's why we created good apartments. ... Living and playing in the same town."

Center City Mall was the jumping-off point for Valiotis, who in 2005 partnered with Ridgewood architect and engineer Nicholas Tsapatsaris to build a retail magnet in the heart of downtown. Despite years of failed attempts to develop the city block between City Hall and the county court complex, Valiotis saw the site's potential, immediately.

"It took no less than five seconds [for him] to say: 'Do it,'" said Tsapatsaris, who introduced Valiotis to Paterson. "He saw the [number of] people on the street and with his level of experience, he could see it in a minute."

Valiotis was an unknown in Paterson and the city had very few successful, retail or commercial development projects in 2005 to



TYSON TRISH/STAFF PHOTOGRAPHER

View of the interior of the 44 Beech St. complex in Paterson, acquired by Alma Realty Corp.

convince doubters.

"Virtually everyone in the City of Paterson who knew anything about that [site] was skeptical," said George McLoof, president of Longstreet Development of Paterson. "I knew it would take deep pockets and staying power to deal with myriad problems and the ownership issues."

Valiotis and Tsapatsaris, who formed Center City Partners, do not own the Center City property, leasing it from the Paterson Parking Authority for \$1 a year. The authority, in turn, operates the two-story, underground parking deck and collects the fees. Center City Partners pays taxes to the city on its retail operations, in addition to a one-time \$1.1 million deposit made to the city.

Center City opened in the fall of 2008 with a PSE&G branch office and payment center. Today, the mall is home to 32 stores, many of which are national chains, including The Children's Place, vitamin giant GNC and Marshalls, which opened last March.

On the top floor, which has views of City Hall, is an eight-screen movie theater and a 32,000-square-foot arcade. The family did not disclose the mall's occupancy rate, saying they could fill current vacancies, but want to be selective in who opens there. A recent walk-through of the top two floors showed 61 percent of the stores were occupied.

Within the mall, Valiotis opened Hamilton & Ward Steakhouse, a tony restaurant that offers visitors top-shelf liquor, a walk-in cigar humidor and an extensive wine list. The Zagat-rated eatery draws lawyers, politicians and court officials at lunch hour.

During and after the mall's construction, Valiotis continued buying and renovating some of Paterson's largest properties. He purchased the former Alexander Hamilton Hotel and the old Fabian movie theater building in 2006 for a combined \$6.5 million, according to land records.

His company also purchased an old brick building on Straight Street for \$1.8 million in 2009. Both the Alexander Hamilton and Straight Street buildings are 85 percent occupied, and rents range from \$750 to \$2,000 a month, according to Ekaterina Valiotis.

Despite that commitment, Valiotis is not convinced city officials share his urgency. Valiotis spoke at length about the city's inability to entice commercial property owners to convert the floors above their stores, often vacant or boarded up, into viable residential units. Many of these buildings around City Hall reflect the city's rich architectural background that could attract outsiders, Ekaterina Valiotis said.

Mayor Jeffery Jones did not wish to comment after repeated attempts to contact him.

"It's an effort for everyone to get involved," Valiotis said. "So far, yes, I feel like [it's] a one-man job over there to [reinvigorate] the whole town."

Specifically, Valiotis is pushing for the city to tailor new ordinances that would provide financial incentives to property owners while also changing the building codes so building owners can better adapt to those spaces.

Frank Blesso came to Paterson in 1968 as part of team of economic development officials for then-incoming Mayor Kramer. Blesso has since worked in various administrations as a consultant for specific projects.

"City and state planners talked about the concept of a transit village, of residential and commercial development along the railroad lines," he said. "And, here is someone doing something about it, on his own, without government assistance."

Valiotis is building even as developers around the state are finding it difficult to secure traditional bank financing, and are increasingly turning to government.

Steven Burns is a partner with Crawford Street Partners, a Newark-based development firm that specializes in urban residential projects. He said the market has improved slightly from two years ago, but there are still "very few projects going forward."

Those that do have momen-

tum, Burns said, are often backed by a patchwork of public incentives, including tax credits, historical preservation grants and transit hub tax credits.

"The list of projects getting done now are using public funds," he said. "Without public subsidies, you cannot get rents to make the economics work."

In Paterson, Valiotis pulled capital needed to buy and renovate his buildings from Alma Realty, a company he built up through the acquisition of more than 200 buildings around the New York metropolitan area.

The Valiotis properties in Paterson will generate \$2.2 million in municipal taxes this year, according to city records.

The company's latest venture in Paterson is a former textile mill that covers a city block on Beech Street. The property is listed for \$2.5 million, and the building is under contract, according to broker Brian Marsek. Valiotis plans on constructing 250 units at that location.

On a recent walk-through of the former mill, Ekaterina Valiotis pointed out arched doorways, custom-made windows and vaulted roof lines — all of which she said the company will use in any designs for the apartments.

"If nobody lives there, nobody's going to shop there," she said in a May interview in Queens.

James Hughes, dean of the Edward J. Bloustein School of Planning and Public Policy at Rutgers, said any development that emphasizes or redevelops historical buildings in Paterson has a better chance at success.

"A developer bringing in their own resources is unusual," Hughes said. "If you can build something in Paterson with the history ... maybe it will work."

Valiotis said he is still optimistic about his vision to "start a business fire" in Paterson, but he expected more developers to join in the city's revival. That hasn't happened because of the devastating effects of the recession and the dearth in lending. Valiotis is still waiting.

"The town is not a one-man job," he said.

McLoof, the longtime Paterson developer, said Valiotis could bring about that change, alone.

"Steve is being modest," McLoof said. "He can do it by himself, and it looks like he's doing it."

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Bio box

Ekaterina "Steve" Valiotis is leading one of the most aggressive redevelopment efforts in Paterson's history. Here is a look at the man who has invested \$200 million in new construction:

- **Age:** 64
- **Company:** Alma Realty Corp.
- **Title:** President
- **Headquarters:** Long Island City, N.Y.
- **Marital status:** Married since 1978
- **Children:** Three
- **Key points:**
 - Immigrated to the United States in 1972
 - Has a degree in theology
 - Started work in the U.S. as a bus boy
 - Got into real estate in 1978 on a deal to develop lofts in Soho in Manhattan with a friend
 - Opened the first New Jersey branch of his bank, Alma Bank, last month in Tenafly

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