

# Bank CEO wins foreclosure bid for mansion in Newport

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This Newport mansion at 36 Beacon Hill Rd. was bought at a foreclosure auction by Paul Finn, chief executive officer of Bank of New England.

*The Providence Journal / Bob Thayer*



NEWPORT -- The winning bidder at the Sept. 30 foreclosure auction of the Wyndham mansion was Paul Finn, chief executive officer of the Bank of New England, based in Salem, N.H.

Lawyer Vincent A. Indeglia, the receiver for Wyndham Properties LLC, said he wasn't sure if Finn bid \$2.55 million for the mansion as an individual or in his capacity as CEO of the bank, which holds a third mortgage on the Beacon Hill Road estate. At the time it was recorded, in 2003, the \$2.5-million loan was made under the Bank of New England's previous name, the Southern New Hampshire Bank & Trust.

Finn declined to identify himself to The Journal at the auction, and he has since declined to comment on the matter, but he signed an agreement after the auction to buy Wyndham for \$2.55 million as the nominee for Windham (sic) Realty LLC, which, like Bank of New England, has an address of 31 Pelham Rd., Salem, N.H. Edward Marandola Jr. and his former wife, Carmen Marandola, bought the property in 1992 for \$2.1 million, according to City Hall records.

Marandola's Providence jewelry company, Victory Finishing Technologies Inc., of 145 Globe St., is also in receivership, Indeglia said. He said the company, founded by Marandola's father after World War II, foundered in recent years with the advance of foreign competition. In its heyday, the company had hundreds of employees, Indeglia said. Marandola has also filed for bankruptcy.

At the time of the auction, the mansion had three mortgages, but the foreclosure sale was instigated by TD Bank, holder of a \$3.5-million second mortgage. In addition to promising to pay the auction sale price of \$2.55 million to TD Bank by Nov. 15, Finn as the winning bidder also assumed responsibility for the first mortgage held by Merrill Lynch Credit Corp. That payoff amount was recently

estimated at \$1.17 million. TD Bank will lose about \$1 million in the deal, but if they had not foreclosed, they risked losing their entire \$3.5 million investment. Indeglia said Bank of New England, as the third mortgage holder, would have lost its entire investment in the property if it had failed to buy it at the foreclosure auction.

Indeglia and Paul Leys, a broker with Gustave White Sotheby's International Realty, of Newport, said the possibility of subdividing the property to yield more cash may have been the reason Bank of New England chose to invest even more in the Wyndham estate. Leys said there is 4-acre zoning in that part of Newport, and the nearly 12-acre property could yield one, and maybe two, more house lots, which could fetch up to \$1 million each.

Leys has been inside the mansion, and he said part of the interior is unfinished. He said he doubts it would be able to command its assessed value -- \$5.2 million -- in the current market.

Leys said the property has been advertised for sale several times during the past few years.

The Wyndham auction illustrates why novices are advised to approach foreclosure auctions with extreme care. At a foreclosure auction, the buyer takes the property as-is, with all the warts, including other liens on the property, which can include items such as unpaid taxes and water and sewer bills.

But after a foreclosure auction, the new owner assumes all the usual responsibilities of a seller in any subsequent private sale, and is required to provide a clear title to the next buyer, according to Warwick real-estate attorney James J. Caruolo.

According to the terms of the Sept. 30 auction, the Wyndham sale must close by Nov. 15. According to Indeglia, the winning bidder may assign the right of purchase to someone else.

The Bank of New England is not the same institution as one with the same name that was once the third-largest bank in New England, before it was seized by federal bank regulators in January 1991.

That bank's demise was sparked by the recession of the early 1990s.

The former Southern New Hampshire Bank & Trust, headquartered in Salem, N.H., adopted the Bank of New England name in 2007 after purchasing the right to use it from the bankruptcy trustee. Southern New Hampshire Bank & Trust was founded in 1995.

In another twist, on Oct. 5, days after the auction by TD Bank, TD Bank's lawyer, Thomas E. Carlotto, of Shechtman, Halperin Savage, LLP, of Pawtucket, won a court order to prevent Merrill Lynch from proceeding with another foreclosure auction on the same property on Oct. 6. The case will be heard again in court on Friday, Oct. 15.

At the foreclosure auction on Sept. 30, Carlotto told the assembled crowd that Merrill Lynch's attorney had advised him that the bank would not go forward with

its separate auction, but according to the court complaint filed Oct. 5 by Carlotto, Merrill Lynch never canceled the sale.

Carlotto's complaint said that the winning bidder, Windham Realty, LLC, has committed to paying Merrill Lynch at the closing.

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