

State investigating UCP real estate purchases

By ANEMONA HARTOCOLLIS

The state attorney general is conducting an inquiry to determine whether United Cerebral Palsy of New York City paid a fair price for the former Garber Bros. department store in Port Richmond, officials said yesterday.

A spokesman for Attorney General Robert Abrams said the inquiry sought to determine "whether the purchase price represented the true value of the building."

The spokesman, Nathan Riley, said the attorney general had found "no evidence of misappropriation of funds or other criminal conduct" by United Cerebral Palsy or by the two previous owners of the Garber building.

But Staten Island District Attorney Thomas Sullivan, said that civil charges, which involve a less stringent standard of proof, were being considered.

Riley said the question remained whether United Cerebral Palsy "lived up to its obligation to handle its money responsibly." United Cerebral Palsy is a charitable agency licensed by the

state to serve mentally and physically handicapped clients.

The inquiry began when Sullivan asked the attorney general to examine United Cerebral Palsy's real estate transactions, according to Riley. Sullivan said yesterday that his request was based on articles published two years ago in the Advance. "On their face," he said of the transactions, "they raised some questions."

The articles traced how a Port Richmond businessman sold the vacant department store and two occupied frame houses to United Cerebral Palsy for a sizeable profit. The prices ranged from 200 to 600 percent higher than the businessman, John Michelotti, a member of the Port Richmond Local Development Corp., had paid 13 months earlier. Between the time Michelotti bought the three buildings from the Garber family and the time more than a year later when he turned them over to United Cerebral Palsy, none of the properties was improved.

Norman Kimbal, a spokesman for United Cerebral Palsy in Manhattan, said yesterday that he was not aware of any inquiry

by the attorney general.

Sullivan said he was concerned about Michelotti's relationship to United Cerebral Palsy. He said he had asked whether the sale of the Garber building was "a total arms-length deal" between two unrelated parties and whether the price was appropriate.

He said the fact that the purchase prices of the three buildings increased several-fold in 13 months "certainly would give one pause... The time frame was rather close... I know Staten Island real estate increases in value, but that's pretty good."

Sullivan repeated that the attorney general's inquiry failed to find that money had been diverted for improper purposes by Garber, Michelotti or United Cerebral Palsy. He said the inquiry found "in the broad sense, unwise acts by fiduciaries," which were not grounds for criminal charges.

United Cerebral Palsy officials said the boarded-up department store would be renovated to house job-training programs for 200 physically and mentally handicapped clients. Officials said that all of the tenants would be forced to vacate the neighboring frame houses so the buildings could be used for storage or leveled and used as parking space.

But Kimbal said that the agency had not yet razed the houses or moved into the Garber