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City to recover \$250,000 in nuisance abatement costs from Bryce Peters Financial Corporation and Blaine Murphy

Defendant accepts guilty finding for failure to correct building violations on dozens of properties

CLEVELAND –. The City of Cleveland’s efforts to recover public dollars spent to remove hazards created by the owners of abandoned properties were rewarded today by the Cleveland Housing Court’s approval and ratification of a plea on multiple criminal counts by Bryce Peters Financial Corporation and Blaine Murphy, aka Bryce Peters III. The plea agreement requires the defendants to pay the city \$250,000 as restitution for demolition, grass-cutting, and clean-up expenditures incurred by the City at dozens of Bryce Peters Financial Corporation-owned properties.

Bryce Peters Financial/Blaine Murphy, a Florida-based real estate operation, acquired and promptly resold at a profit dozens of foreclosed and distressed properties. This practice, known as “flipping” is the target of the Bulk Holders Task Force, established by Mayor Frank G. Jackson in 2010. The Task Force includes housing inspectors, city prosecutors, and city collections personnel who use property ownership records and track real estate transfer activity to get results.

The Task Force also shares information and works with the County Prosecutor’s Office. This partnership was instrumental in today’s positive outcome, as the County Prosecutor’s Office extradited Murphy from Florida to Cleveland to stand trial based on felony indictments through the County. This enabled Cleveland to proceed with its Housing Court prosecution.

“Mayor Jackson and the City of Cleveland have been at the forefront of pushing back against the dumping of vacant property on its neighborhoods,” said Edward Rybka, Director of Building & Housing. “Aggressive nuisance abatement initiatives and legal strategies holding negligent property owners accountable will continue and should serve as a warning to those looking to buy and sell nuisance properties for profit without making a positive investment in these properties.”

Today's ruling comes as part of a plea agreement in which Bryce Peters Financial Corporation pled "no contest" with consent to a finding of "guilty" to charges of failure to comply with orders of the Director of Building and Housing to correct violations at 22 separate properties, and acknowledges that the City incurred additional nuisance abatement costs at dozens of other properties held by Bryce Peters Financial.

"This plea agreement resulted from Cleveland aggressively prosecuting cases to hold property owners accountable. Investors in Cleveland's real estate market must be prepared to truly invest in the City and not try to make fast money by flipping properties," said Barbara Langhenry, Director of Law. "With property ownership comes the responsibility of keeping it in good repair. We expect all property owners to be good neighbors, even those who do not live in our community."

For the 22 properties identified in court, the City had liens for various costs in the total amount of \$32,437; vacant property clean-up costs in the total amount of \$45,423; board-up costs in the amount of \$7,202, and demolitions costs in the amount of \$39,914. In addition, Bryce Peters Financial/Blaine Murphy acquired and sold dozens of additional properties in Cleveland, costing the city an additional estimated \$176,100 in nuisance abatement.

The \$250,000 the City will receive from Bryce Peters Financial/Blaine Murphy under the plea agreement covers full reimbursement for the 22 identified properties and 60% of the estimated cost for the other properties the defendant owned in Cleveland.

The plea agreement also provides for fines of up to \$250,000 with the possibility of mitigation if other requirements in the plea agreement are satisfied. Those other requirements include that Bryce Peters Financial clear up the titles of all the properties they own or owned in the City of Cleveland; and, repair or demolish houses still owned by the company. The company also agreed to submit to the City certificates disclosing the parties involved in each property sale, as required by City law.