

HOMES

Once Asking \$1 Billion, L.A.'s Priciest-Ever Listing Is Scheduled to Sell at Auction

Dubbed 'The Mountain,' the 157-acre parcel in Beverly Hills has attracted big-name suitors like Tom Cruise and Jeff Bezos



A Beverly Hills property known as 'The Mountain.' PHOTO: MATTHEW MOMBERGER/JUWAN LI

By Katherine Clarke

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Los Angeles' priciest-ever real estate listing, a 157-acre Beverly Hills parcel known as "The Mountain," is scheduled to be sold at auction Thursday. If the sale proceeds as scheduled, it could bring an end to a decades-old saga of infighting and financial strife.

The vacant parcel with sprawling views of the L.A. basin, also known as "The Vineyard," was listed for \$1 billion last year, but the price has since been lowered to \$650 million. The property has drawn interest from a number of Hollywood celebrities and business titans over the years. In recent months, Amazon chief executive Jeff Bezos has scoped out the property several times as an investment opportunity, though a source close to Mr. Bezos said the e-commerce billionaire has determined it was overpriced.

The upcoming auction follows a failed attempt by the current owner, a limited liability company known as Secured Capital Partners, to secure chapter 11 bankruptcy protection. A U.S. bankruptcy judge in Los Angeles dismissed the company's petition last month, seeking to put



Jeff Bezos PHOTO: LEONARD ORTIZ/ORANGE COUNTY REGISTER/DIGITAL FIRST MEDIA/GETTY IMAGES

an end to years of litigation and setting the stage for a foreclosure. The company has accumulated more than \$200 million in

debt on the property, according to court filings, though the borrower has disputed that amount.

The auction is slated to be held “behind the fountain” at Civic Center Plaza in Pomona, Calif., with bidders instructed to pay by cash or check. Ronald Richards, a lawyer for Secured Capital Partners, said the auction could be derailed at the eleventh hour, claiming there were “legal defects” in the public notice of sale such as an incorrect address. “We expect the sale to be halted or re-noticed correctly,” he said. Hamid R. Rafatjoo of Raines Feldman, a lawyer for unsecured creditors, such as attorneys and consultants who have worked on the property, said his clients are also unhappy about an auction, since it could result in a lower price for the property and they may not be repaid.



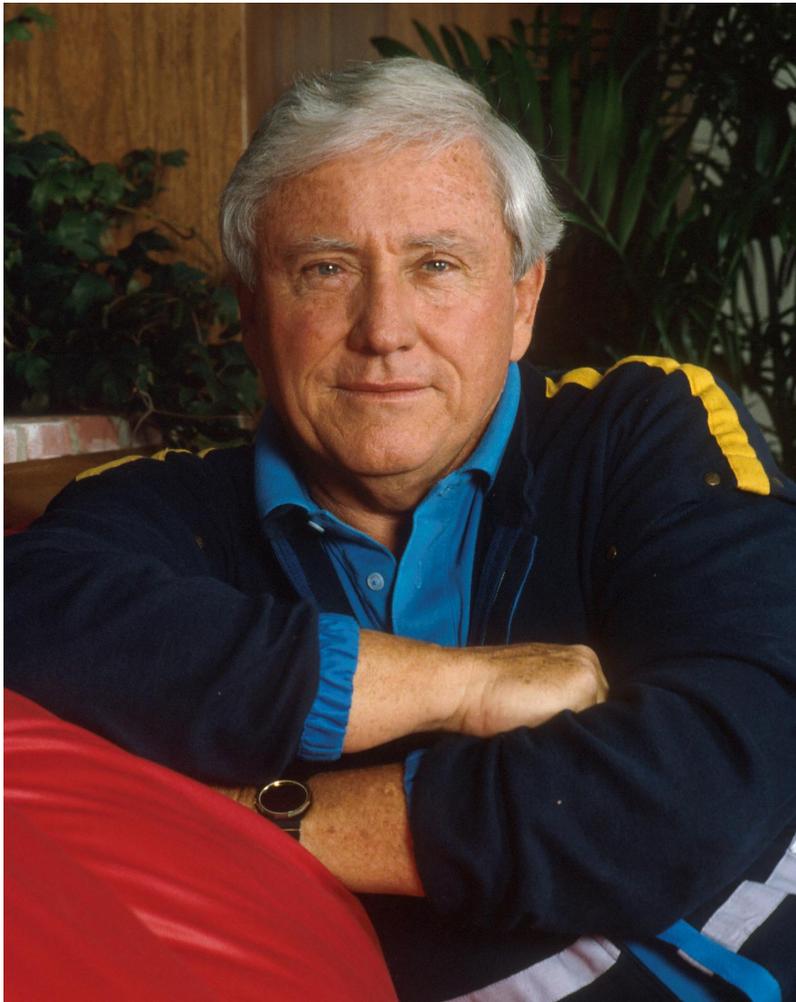
‘The Mountain’ PHOTO: MATTHEW MOMBERGER/JUWAN LI

“We are disappointed that the property is going to auction as it wouldn’t bring as high a price as an orderly sale process,” Mr. Rafatjoo said.

The history of the Mountain reads like a Hollywood epic. A stream of former owners had ambitious plans for the site--some planned to build a single megamansion, while others wished to develop into as many as six homes--but all the plans

fell through for various reasons.

Shams Pahlavi, the late sister of Iran's last shah, Mohammad Reza Pahlavi, owned the Tower Grove Drive property in the late 1970s, according to people familiar with the property. Television personality Merv Griffin bought the property in 1987, then sold it in 1997 to the billionaire Mark Hughes, founder of Herbalife International Inc., a nutritional supplements company, for \$8.5 million. Mr. Hughes had plans to build a sprawling Mediterranean mansion on the site, but the project never happened, according to people familiar with his plans. Mr. Hughes was found dead at age 44 at his Malibu estate in 2000 from a lethal combination of alcohol and medication, The Wall Street Journal reported at the time.



Merv Griffin PHOTO: BOB RIHA JR./WIREIMAGE/GETTY IMAGES

Mr. Hughes' son Alex, who is in his 20s, is slated to inherit the entirety of his father's estate when he turns 35. Meanwhile, a trust was established to manage his father's estate, including the Mountain. In 2004 the trust sold the Mountain to Atlanta investor Charles "Chip" Dickens for \$23.75 million in a seller-financed deal, making the Hughes trust the key lender on the deal. Alex Hughes couldn't be reached for comment.

Mr. Dickens obtained permits to build multiple homes on the site, and later partnered on the project with philanthropist Victorino Noval, who had pleaded guilty to tax evasion and mail fraud in the late 1990s and had served time in federal prison, according to court

records. But they never constructed the homes and later battled with the Hughes trust over missed loan payments, according to court documents.

The property has been on and off the market for years and has seen a number of potential deals. In the mid-2000s actor Tom Cruise put down a deposit to buy part of the property, but the sale didn't close, according to people familiar with the deal.



Tom Cruise PHOTO: CHRIS DELMAS/AGENCE FRANCE-PRESSE/GETTY IMAGES

The property was transferred in 2016 to Secured Capital Partners, a company managed by Mr. Noval's son, Victor Franco Noval, records show. The owners have spent some \$30 million in infrastructure improvements on the site, such as electricity and water, Mr. Richards said. The elder Mr. Noval could not be reached for comment.

Secured Capital filed for bankruptcy protection in May. "It's messy," said Adam Stein-Sapir, a portfolio manager at Pioneer Funding Group who specializes in analyzing bankruptcy cases. "This is maybe one of the most valuable properties in the U.S. Anytime you have something of this scale, there will be enough value to fight over."

If the auction moves forward, the property could revert to the Hughes trust, Mr. Richards said. Another buyer would need to pay at least \$200 million for the property to cover the debt, he said. Compounding the challenge, the luxury market in Los Angeles has been struggling in recent months amid an oversupply of spec homes.

No property in Los Angeles has ever traded for a price that high. The highest price ever paid for a property in the Los Angeles area is close to \$120 million, a record set last month for a Holmby Hills estate formerly owned by the television producer Aaron Spelling, according to people familiar with the deal. The most expensive property ever sold in the U.S. is a \$238 million New York penthouse purchased earlier this year by hedge fund billionaire Ken Griffin.

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