

Pinole begins foreclosure against bistro owner

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By Tom Lochner

Pinole filed for foreclosure on the Pear Street Bistro building Wednesday after its owner missed Tuesday's 5 p.m. deadline to come up with \$81,000 to bring his delinquent redevelopment loans up to date, officials said.

But the action, which critics of bistro owner Gary Wong have urged for months, will hardly bring closure to a drama that dates to October 2005, the last time Wong made payments on a package of loans that as of Tuesday had an outstanding balance of \$463,000, including unpaid interest.

The delinquent loans, and widespread public perception that a council that includes three Wong friends has been reluctant to push him to pay up, are factors in a recall drive against the three: Mayor Maria Alegria and Councilmen David Cole and Stephen Tilton.

"We have not received payment from Gary Wong," Interim City Manager Charles Long said in a phone call shortly after 5 p.m. Tuesday from Seattle, where he is teaching a course for the Urban Land Institute. "We're still talking to him. We will file foreclosure tomorrow, Aug. 22, at the first opportunity.

"That process will continue until we receive payments on the delinquencies that Gary's business has with the agency," Long said. "At the point at which those delinquencies are cleared, we are under law obligated to stop the foreclosure process." That could happen any time within 90 days.

City Attorney Ben Reyes, who announced Wong's nonpayment in response to a question from the public at Tuesday night's council meeting, said later: "Any time within the 90 days, Gary Wong can make the necessary payments required to bring the loans up to date."

The \$81,000 Wong must pay — representing 22 missed monthly payments of about \$3,700 each — would be augmented by \$3,700 each month during the statutory 90 days.

Wong said in July that he was selling his building to a longtime Pinole resident who is a Bay Area business owner. He opened escrow July 23, according to Reyes.

Long said Tuesday he had no information that a contract had been signed to sell the building.

Wong did not return calls for comment. A call to the Gilt Edge Creamery in San Francisco, whose co-principals, Robert and Sally Frangieh, are believed to be the prospective bistro buyers, was not returned. On Monday, Sally Frangieh said she could not comment due to confidentiality concerns.

Foreclosure against bistro owner . . . 2

Foreclosure could culminate in an auction sale of Wong's building after the 90 days. If Wong gets his payments up to date and ends up selling the building himself, the loans, which carry interest rates between zero and 6 percent, normally would have to be paid in full under city redevelopment loan terms.

But if the building is owned by Wong's corporation, Guistomangia Inc., and a buyer acquires the corporation rather than the land and building directly, the loan principals would appear not to be due.

"If a business is sold and a building goes along with the business, then there are no provisions in the loan agreements to prevent assumption, or to prevent those loans from following the real estate," Long said.

On Wednesday, Long said he had spoken to Wong and his prospective buyer Tuesday and pledged to help them resolve issues standing in the way of executing a purchase contract.

"I also assured them that the foreclosure can be stopped at the point that the delinquencies are cleared up," Long said. "I expect to continue discussions with them while the foreclosure proceeds to enable completion of the sale, clearing the delinquencies and to keep a valuable business in Old Town."

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