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FINAL

## POST-GAZETTE INVESTIGATION



Benjamin B. Braun/Post-Gazette

Jerome Jackson is executive director of Rising Tide Partners, a nonprofit that has moved to take over numerous troubled properties in Pittsburgh from out-of-state limited liability companies that for years have allowed homes to deteriorate.

### Limited liability companies used to conceal ownership of decaying properties

# HOMES IN THE SHADOWS

By Michael Korsh  
Pittsburgh Post-Gazette

**O**n a forlorn street in Pittsburgh's Sheraden neighborhood, tangled dead vines cling to the side of a century-old home with broken windows and a porch light that hangs askew over rotted walls.

In another home, in the Hill District, the roof and walls are covered with broken-down wood and water damage so severe that the house was condemned by city code inspectors.

At an aging house a few miles away in Homewood, the roof and interior are badly charred and pockmarked with holes, leading inspectors to call its conditions "deplorable."

The houses are all enduring eyesores, but on paper, there are no names, no emails and no phone numbers that can readily identify the owners responsible for structures that have languished in the city's most distressed neighborhoods for years.

These properties are owned by limited liability companies, or LLCs, and are registered in other states like Delaware, one of the country's strictest

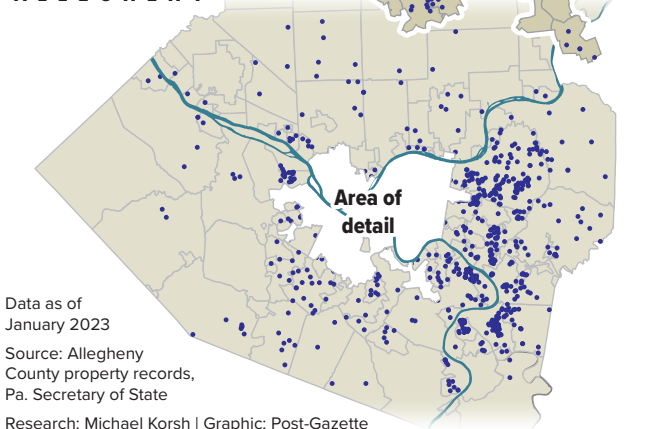
### Spotlighting anonymous property owners

A Post-Gazette investigation has identified at least 814 properties in Allegheny County that are owned by 29 out-of-state limited liability companies (LLCs) with limited or no beneficial ownership information.

Where these properties are located in Pittsburgh and across Allegheny County:

• HOME OR LOT

ALLEGHENY



Data as of January 2023  
Source: Allegheny County property records, Pa. Secretary of State  
Research: Michael Korsh | Graphic: Post-Gazette

centers for financial privacy.

For years, Pittsburgh officials have tried to find some of

the owners and serve them with code violation alerts. In some cases, they've sought

court orders and even issued criminal complaints to force the owners to make critical repairs, records show.

Time and again, officials have failed to track them down.

The houses are among 814 properties in Allegheny County — more than half of them in Pittsburgh — that are controlled by companies registered in states where the names of beneficial owners are not required, creating challenges for officials struggling to rid the area of abandoned and decrepit homes, a Pittsburgh Post-Gazette investigation found.

Though the vast majority of houses in the county can be tied to people who own them, many of the homes and vacant lots controlled by the out-of-state companies can go years without the real owners ever being discovered, records and interviews show.

Pittsburgh Magisterial District Judge Richard G. King said at least half of the property complaint cases in his court are dismissed because city officials can't find an owner or are given addresses that don't match any controlling entity.

SEE **LLC**, PAGE A-9

## SYNAGOGUE SHOOTING TRIAL

# Trying to figure out shooter's psyche

Defense contends gunman too ill to face death penalty

By Megan Guza  
Pittsburgh Post-Gazette

Robert Bowers' mental tumult began early in life, evidenced by the fact he spent most of age 13 shuffled among psychiatric hospitals. From there, he drifted through adulthood and, a little over five years ago, sank into a world of delusions that took such hold he didn't choose but rather felt forced to act on Oct. 27, 2018.

That's what defense attorneys for the convicted synagogue shooter want jurors to take away from the past week of testimony.

Prosecutors arguing the government's case, though, want jurors to see Bowers as a man who acted not on delusions but on hateful white supremacist views and rhetoric, planning and processing and making decisions that showed he knew exactly what he was doing.

Mr. Bowers' attorneys began mounting their case in earnest last week, bringing in multiple experts who testified they believed Bowers suffered severe mental illness — namely, schizophrenia. Others testified to damage that neurological exams showed and told jurors the defendant has signs of epilepsy.

Jurors on June 16 convicted Bowers of all 63 federal charges against him. Those

SEE **TRIAL**, PAGE A-6

## Pa. lawmaker has key role in crafting crucial farm bill

Legislation guides crop, food, SNAP policies for next 5 years

By Jonathan D. Salant  
Pittsburgh Post-Gazette

WASHINGTON — In his first year as chair of the House Agriculture Committee, U.S. Rep. Glenn Thompson is the center of attention on Capitol Hill.

That's because Mr. Thompson, R-Howard, holds an outsized role in drafting what will be one of the consequential pieces of legislation to clear the 118th Congress — the bill setting agriculture policy and renewing farm programs for the next five years.

The legislation provides federal support for certain crops, insures farmers against natural disasters, and funds programs to feed poorer Americans, most notably the Supplemental Nutrition Assistance Program, formerly known as food stamps.

"There are days I get input from hundreds of people," Mr. Thompson said in an interview last week. "This is how you write a very effective farm bill — by bringing all those voices to the table."

SEE **BILL**, PAGE A-8

## From caskets to EV batteries

A Pittsburgh company helping power electric cars

By Anya Litvak  
Pittsburgh Post-Gazette

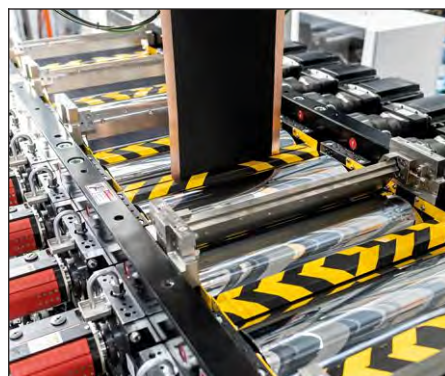
Elon Musk, the high profile CEO of Tesla, and Joe Bartolacci, CEO of Pittsburgh-based Matthews International were making the same pitch, three years apart.

In 2020, during what Tesla called Battery Day, the maker of electric cars

played a video of a spoon dumping black powder between two spinning rollers that pressed the powder into a thin sheet. That sheet would be pressed to a foil, and onto another layer, and, so on, until all of the layers were rolled up into a cylinder and called the 4680 battery.

This is not the way that lithium ion batteries — a key, and expensive, component in the growth of electric vehicles, not to mention a chokepoint in the manufacturing process — are made today, Andrew

SEE **MATTHEWS**, PAGE A-6



Matthews International's multi-roll system for the production of dry battery electrodes.



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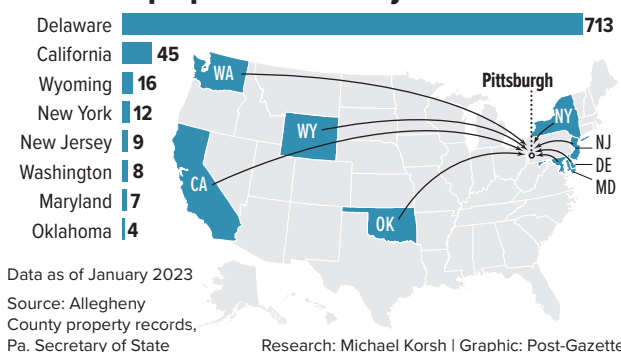
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# Out-of-state LLC property owners leave a trail of troubled homes, barren lots

## Number of properties owned by out-of-state LLCs



## LLC, FROM A-1

And while the city's Department of Permits, Licensing and Inspections can launch its own probes to find owners, the veteran judge said he rarely sees it happen in the cases brought before him. "Their supervisors say they do, but there's many times it really doesn't happen," the judge said.

One of the country's leading advocacy groups for transparency in real estate said the Pittsburgh region is among many, including the metro areas of New York and Los Angeles, where authorities struggle at times to find owners and hold them responsible for dangerous buildings that can impact property values and contribute directly to blight and crime.

"The idea that your landlord is a giant, faceless, legal entity — controlled by God knows who — is a pretty recent development in American history," said Scott Greytak, director of advocacy at Transparency International's offices in Washington, D.C. "You've come to see that a lot of housing is bought up by corporate entities, not actual people who are invested in the community, let alone the well-being of consumers."

## Roofs caving in

The problems created by anonymous ownership of properties — many bought in recent years when interest rates were at record lows — are far more than just getting owners to pay fines or show up for court, the Post-Gazette found.

One in seven of the houses in Allegheny County owned by LLCs with scant ownership data have been slapped with code violations — including citations for roofs caving in and walls collapsing — more than triple the overall rate of properties in the county.

One in 16 of those properties has been issued criminal complaints for failures to repair the deficiencies, again more than triple the overall rate.

In at least four dozen cases, local inspectors returned to the homes and vacant lots after turning up violations, only to find the same dangerous and dilapidated conditions, an analysis of the records shows.

"It makes the city's processes to address blight, overgrowth, and code violations almost impossible," said Kendall Pelling, executive director of Rising Tide Partners, a nonprofit that rehabilitates homes across the city.

One company, California-based RFS Investment Co. LLC, owns at least 33 homes, more than half of which have been hit with code violations over the past eight years.

When Rising Tide Partners pushed to take over some of the company's houses earlier this year under the state's conservatorship law — a tool created years ago to fight blight by wresting control of bad homes — no one from the company showed up in court.

At one point, RFS's local property manager, Alma Hicks, scrawled a single-page reply to the court on notebook paper, misspelling the company's name as "RSF," saying the houses were being upgraded.

"The units you are referring to, are being worked on every day. These units are being completely rehab," Ms. Hicks wrote in December 2021.

City inspectors returned to RFS's properties months later, only to find that at least 23 remained dilapidated, some with shattered

windows and boarded up doors. Ms. Hicks did not respond to interview requests left on her phone and at her home.

## Havens for secrecy

Pennsylvania law requires many types of businesses to report their background information to the state's Department of State, including an address for the company or an agent who provides incorporation services and serves as a contact.

Instead of directly providing the names of beneficial owners — people who own or have a controlling interest — many of the LLCs in Pennsylvania use agents.

There's nothing illegal about LLCs, which offer liability protections to property owners. They are frequently registered in states like Delaware, Wyoming and Nevada, which are known havens for financial secrecy.

But that same shield of protection is often used by bad actors and criminal groups to conceal ownership — and, in the case of Pittsburgh, by owners who fail to take care of code and health violations.

When hit with notices of violations, some out-of-state LLCs have taken drastic steps.

Code enforcement crews repeatedly slapped violations on a house on Hillsboro Street in Sheraden for overgrowth and other infractions. It was owned by a company known as TRUE PIT2017-2 LLC.

After the company failed to act, the city took the next step and filed a criminal complaint in July 2020.

Then the company sold the home to another entity, VBTWO LLC, for \$1.

As it turns out, both limited liability companies are run by the same company: VineBrook Homes LLC, which is registered in Delaware.

Soon, the cycle continued — with inspectors again issuing multiple violations and yet another criminal charge for failing to take care of the overgrowths.

In at least two other cases, VineBrook repeated the practice on other homes struck with code citations in Pittsburgh in transfers that housing experts say allowed the company to keep transfers of the records shows.

"It is quite a roadmap on the devious abuse of LLCs, and evidence that — like a cancer — these awful practices have spread," said Susan Pace Hamill, a law and honors professor at the University of Alabama who has studied limited liability companies for decades.

In a written response to queries from the Post-Gazette, a VineBrook spokesperson said that less than 1% of its homes in the Pittsburgh area now carry violations, "often for resident infractions like lawn care," and that the company has invested more than \$50 million in real estate in the area "helping preserve and revitalize an aging housing stock."

"We predominantly purchase homes from other investors — often with residents in place — improving neighborhoods and affordability," the spokesperson said.

VineBrook, which owns homes in distressed areas across the nation, has been accused of carrying out some of the same controversial practices in other areas, prompting a scathing letter from one of the U.S. Senate's most powerful members.

Two years ago, the company settled a case in Cincinnati after the city accused VineBrook of rampant neglect, unpaid fines, and



Benjamin B. Braun/Post-Gazette photos

From left, Rising Tide Partners executives Joseph Wingenfeld, Kendall Pelling and Jerome Jackson have been waging court fights to take over condemned properties in Pittsburgh from out-of-state limited liability companies. Local housing advocates say the LLCs have allowed properties to deteriorate, contributing to the city's blight.



A long row of condemned properties on Hamilton Avenue in Homewood owned by a California limited liability company that local housing advocates say has been the "poster child for blight in Homewood."

sweeping code deficiencies that repeatedly went ignored, records show.

The company did not admit wrongdoing, but agreed to pay \$563,000 in fines and unpaid water bills and to fix the violations that inspectors found on the structures.

However, city officials said the company didn't stop.

Last year, the city took aim at VineBrook once again, accusing it of breaching the settlement, creating a "public nuisance" and repeatedly transferring properties to different companies under its control to evade the city's building codes.

Six months ago, U.S. Sen. Sherrod Brown, D-Ohio, stepped into the fray and fired off a letter to VineBrook's interim president, Brian Mitts, demanding answers to basic questions, like the number of LLCs used by VineBrook that own rental properties.

"VineBrook has hidden its property ownership behind an increasingly complex web of limited liability companies, making it difficult for local or federal officials to determine whether VineBrook is ultimately responsible for a home," wrote the senator, chairman of the Committee on Banking, Housing and Urban Affairs.

"For example, it took a substantial investment of time and resources for local officials to map VineBrook's property ownership throughout Cincinnati. When they did, they found VineBrook operated behind a cloak of more than 90 LLCs holding properties."

State records show that across Allegheny County, nearly 30 LLCs from out of state with little ownership information disclosed own homes and weedy, barren lots, bringing new challenges to an area that has been fighting urban blight for decades.

## Unfit for living

Previous Post-Gazette investigations have found that a land bank created years ago to help rid the city

of decaying homes has failed to make a dent in the number of abandoned structures.

In Homewood, a neighborhood long plagued by blight, out-of-state companies with little ownership information have snatched up at least 30 homes and lots since 2006, with local inspectors turning up health and code violations — including dangerous electrical wiring and shattered windows — in 76%.

One company, RFS Investment Co., LLC owns at least a dozen homes on one street alone: Hamilton Avenue. Nine of those houses have been declared unfit for human habitation, and criminal charges have been filed against the company at least 23 times for failing to fix violations.

"We have houses that have been abandoned for years and years, that have just been sitting there vacant," said Lucille Prater-Holiday, a longtime Homewood resident. "They can get away with it because nobody says anything."

At one property, an upside-down satellite dish hangs from the roof, while electrical wires unfurl along the structure's porch, covered with empty tires.

Based in California, RFS Investment filed for bankruptcy in March. It did not respond to repeated interview requests.

Another neighborhood hit hard by the out-of-state companies is Beechview, where LLCs with scant ownership data control 25 properties, nearly half of them hit with code violations over the past eight years.

At least four of the structures have been slapped with criminal violations for failing to fix the problems, which include a pile of debris — mattresses, chairs and tables — dumped on the side of one home.

The city normally gives an owner two chances to make repairs, 60 days in all, before pushing for prosecution.

## No show in court

In the past three years,

out-of-state LLCs were hit with criminal charges 74 times for failing to take care of repeat violations, in some cases where homes were so badly decayed that local inspectors condemned the properties.

The city's Department of Permits, Licensing and Inspections declined to answer questions about what steps it takes to track down owners and how many cases remain unresolved. A spokesperson for Mayor Ed Gainey, who has long pledged to revitalize the city's troubled neighborhoods, also declined an interview request.

Of the nearly 30 out-of-state companies that control the 814 properties in Allegheny County, more than half simply list authorized agents instead of owners.

Though federal legislation is expected to kick in next year that requires all companies to disclose their beneficial owners, experts say the law is limited and that the information is only provided to the U.S. Treasury, but not the public.

The Corporate Transparency Act, which passed after an explosive series of investigative stories in 2020 exposed how drug traffickers and Ponzi schemers were hiding money through LLCs and U.S. banks, provides exemptions to companies with more than \$5 million in sales and more than 20 employees.

"I know how skilled and cunning planners can be toward getting around regulations," said Ms. Hamill, a former tax lawyer. "Whether the regulations will penetrate the smoke and mirrors and require revealing the identity of who is violating the law, I don't know."

She added: "If you have to resort to federal law to deal with Pittsburgh, you're already in a not-good situation."

Housing advocates say in most cases, the city can track down the owners if it puts in the time and resources, but the process can be difficult.

Rising Tide Partners, for

its part, waged a legal battle for more than two years to take six dilapidated homes from RFS Investment Co., LLC, accusing the company of allowing the properties to fall apart and contribute to the city's blight.

For years, little information was in local records about the company or the owner.

Records filed with the state show that a firm known as GameTronics — a California wholesaler of video games owned by a man named Ramin Javahery — as the location for RFS's paperwork to be sent to.

Other than a handwritten note that was filed with the court by the local property manager to oppose the takeover, the company remained anonymous.

On the day of the court hearing in February, more than a dozen advocates, attorneys and Homewood residents filled the courtroom of Allegheny County Common Pleas Judge W. Terrence O'Brien to come face-to-face with the owner of what they considered "the poster child for blight in Homewood."

"The day of reckoning has to come," said Mr. Pelling of Rising Tide Partners.

But in a phone call during the hearing, the local property manager claimed to be suffering a medical emergency and could not attend.

Moments later, the two parties entered a stipulation agreement to turn the homes over to Rising Tide through their lawyer.

"We got what we wanted: the ability for the properties to move forward," said Wayne B. Cobb II, the nonprofit's attorney.

## 'Relatively toothless'

For the city to rein in anonymous companies that own bad homes in the future, it needs to require more detailed ownership information and then hold those individuals accountable, said Mr. Pelling.

The fact that cases have to be thrown out of court because the city could not find owners "exposes the city's enforcement system as relatively toothless," he said.

One way of helping Pittsburgh and other cities to deal with out-of-state LLCs that trample on property laws would be for the state government to demand beneficial ownership information, he said.

Otherwise, city staffers "have to become forensic researchers to find who they're citing — which is bonkers," Mr. Pelling said.

Ultimately, it's up to the city to spend the money and resources to keep tabs on the owners.

Otherwise, "There's no person to bring to court," said Mr. Pelling. "And if there's no person to bring to court, then how are you going to fine them? Who's going to enforce action?"

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