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‘Gross mismanagement’ alleged in RoboVault bankruptcy

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By Paul Brinkmann

An attorney for high-tech storage company RoboVault said he couldn’t answer questions about the company’s Chapter 11 case recently because he was having root canal surgery.

That answer – and other delays – prompted a creditor in the bankruptcy to seek immediate appointment of a trustee to oversee gross RoboVault, and conversion of the case to Chapter 7 liquidation.

The primary lender in the bankruptcy, a subsidiary of BBX Capital, said in a motion filed Nov. 16 that RoboVault “has exhibited complete incompetence and gross mismanagement.”

RoboVault is a landmark along Interstate 595 near Fort Lauderdale-Hollywood International Airport. It opened in 2009, and is advertised as a high-tech, robotic facility that caters to privacy concerns of the super-rich.

Even the Wall Street Journal took note when, facing foreclosure, RoboVault filed for bankruptcy on Sept. 27.

The BBX subsidiary, Florida Asset Resoultion Group or FARG, is represented by Michael Budwick of Miami-based law firm Meland Budwick, P. A.

In a motion filed with the court, Budwick said he sent emails Nov. 15 to RoboVault’s attorney, Larry Wrenn, asking why Wrenn hadn’t filed details of the company’s finances. In particular, Budwick wanted to know what the company was doing with income it was generating while in bankruptcy.

Wrenn replied that he would get the information back to Budwick by the end of the

day. However, according to Budwick's motion, Wrenn wrote back later, "Once the dentist finishes my root canal I will address your questions. Presently the pain medication is confusing my thoughts and ability to properly respond."

Typically companies who enter bankruptcy provide schedules with financial details of their operations within a matter of weeks, but that hasn't happened in the RoboVault case.

Developer Marvin Chaney filed the bankruptcy petitions for RoboVault and Off Broward Storage in downtown Fort Lauderdale on the same day.

Both Chaney projects got financing from BankAtlantic or its subsidiaries and successors, including BBX and FARG. In March, the bank foreclosed on the Off Broward property.

Bankruptcy documents show Robo-Vault has assets of $18.6 million and debt of $21.6 million. The bankruptcy petition lists the BankAtlantic loan as $22 million, with $20 million outstanding.

Bankruptcy court documents show Off Broward has an outstanding $5 million loan and additional debt totaling $7.2 million, with the building, valued at $6.2 million, as its primary asset.

RoboVault's bankruptcy filing says it had $600,000 in income from tenants so far in 2012, up from $395,000 in 2010, and that it owed Broward County $850,000 in taxes.

In bankruptcy, the storage facilities could be considered a unique business structure because of their stored assets, which likely would include complex insurance policies.