

Herald-Tribune

BUSINESS

'I can't sleep': Sarasota, Charlotte homeowners in limbo over unfinished houses



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Sarasota Herald-Tribune

Published 5:01 a.m. ET April 18, 2022

Roman Kaczor watched a worker remove the portable toilet from the site where he had planned to build his retirement home, near Warm Mineral Springs in south Sarasota County.

It was at least his fifth pick-up that day at construction sites where Konsul Development LLC had been contracted to build a house, the worker said.

The 74-year-old Kaczor, a Polish immigrant who fled his home country in the late 1980s for Italy before landing in Chicago, shook his head as the worker dragged the portable toilet onto a flatbed truck. He recounted how he and his wife, Zofia, sold their Chicago-area home last August after paying off the mortgage, with plans to retire to Florida.

Q&A:What property owners should know before they sign a contract with a homebuilder

They liked the peaceful area near Warm Mineral Springs where many other Eastern Europeans have made a home through the years.

Today he has only a sick feeling and some fill dirt to show for the \$100,000 he gave to Konsul Development to build the home at 12227 Loranza Ave.

"It feels like my whole life has been just a bit uphill," said Kaczor, who worked for 27 years as an electrician, speaking in Polish through a translator. "I started over in Italy, then started over in Chicago.

"Now I'll start over again in Florida."

The Kaczors are among potentially dozens of prospective homeowners who find themselves in a nightmarish limbo, having paid a certified building contractor tens of thousands of dollars apiece for construction that is either unfinished or barely started. Seeking answers, they say they've been told by a Konsul representative that the man behind the company they hired, Sarkis Konsulian, has filed for bankruptcy or left the country, and advised to hire a new company to build their houses.

Fearing they may have lost their money and their dream homes, some have contacted authorities in North Port or Charlotte County for help. But others have not, so the extent of the potential problem isn't clear.

But the company's phone number has been disconnected. Attempts to reach Konsulian were unsuccessful. Federal bankruptcy court records do not show a filing for Konsul Development.

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At this time, no agency has opened a criminal case involving the homeowners' complaints, as the laws regulating contractors requires certain time frames to elapse before considering that a crime may have occurred.

The circumstances sadly echo the experiences of countless others over the years who have moved to Florida envisioning paradise only to find heartbreak.

News reports often detail how poor businessmen or schemers with bad intentions leave property owners with lighter bank accounts and little more than liens.

One of the more high-profile cases involved 482 investors who bought lots in Port Charlotte and North Port in the early 2000s. But each year, county licensing boards hear from aggrieved home owners, often far too late to prevent the damage.

Construction fraud and defaults are so common in Florida there's a special fund to partially compensate victims, although, even then, homeowners involved in large-scale defaults or fraud will rarely be made whole.

Dozens of permits

A friend the Kaczors had met on trips to the soothing waters of Warm Mineral Springs in North Port recommended a man named Sarkis Konsulian as a reputable builder. After meeting Konsulian in May 2021, the Kaczors sent a deposit of about \$20,000 to Konsul Development LLC to start construction.

In January, they said, a company representative contacted them and asked for another \$50,000 to buy materials, despite materials being covered by the builder in the couple's contract.

They sent the money.

Then came another call on March 3, when a man named Peter told them the company needed another \$30,000 to proceed.

Again, they sent the money.

A few weeks after they sent the \$30,000 wire transfer, "Peter" called back and told them Konsulian had fired all the subcontractors and hopped on a flight to Russia.

He also said their money was gone.

Public records show Konsul Development has pulled permits for dozens of property owners since the formation of the Port Charlotte-based company in June 2020.

The Herald-Tribune found that Konsul Development LLC pulled at least 22 permits in Charlotte County, five permits in North Port and eight permits in Sarasota County to build single-family homes over that period.

Some of the properties where building permits had been pulled by Konsulian's company had concrete block walls and a roof, but none of the sites visited by the Herald-Tribune had drywall on the inside.

Other properties appeared untouched, with dense vegetation covering the lots.

Property owners said they paid Konsul Development as much as \$165,000 for the company to continue construction.

A man who was the main contact for many of the property owners would only provide the first name of Peter when contacted recently by a reporter. He said Konsulian fired all the subcontractors about three weeks ago, including him, and told them he was filing for bankruptcy.

No bankruptcy had been recorded for Konsulian or Konsul Development LLC as of Thursday evening in the U.S. Bankruptcy Court for the Middle District of Florida.

Peter said he began working with the company in February 2021 and handled building permits for the company's projects. He said that the business had between 33 and 35 homes

under construction when Konsulian ended operations in late March.

Konsul Development had not finished a single house for any of the building permits he had obtained, the man said.

He blamed material delays, in particular trusses for the roofs, as the cause for projects being behind schedule.

He also claimed all the money in the business's accounts was gone and that Konsulian had left for Russia.

The Herald-Tribune was unable to contact Konsulian through repeated attempts, including phone messages and emails, nor confirm if he had left the country.

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Previous personal bankruptcy

Konsulian's first official record in Sarasota County appeared in 2002 when he changed his last name from Konsulyan.

Sarasota County court records include litigation in which he was a defendant, and other cases he brought as a plaintiff, a conviction for an assault, two filings for personal bankruptcy and accusations of domestic violence.

A charge of battery for striking his then-wife was dropped after Konsulian filed for divorce in May 2021.

State records show Konsulian received a certified residential contractor license in 2003, with Charlotte County records showing he started several construction projects in the early 2000s.

A personal bankruptcy filing in October 2014 listed his profession as "handyman" with income from January to September of \$18,500 that year. His 2013 income was listed at

\$9,648, according to the financial disclosure form attached to the bankruptcy filing.

By June 2020, Konsulian started his development company and took orders to build single-family homes, with word of mouth within in the Eastern European immigrant community playing a role.

How one family was contacted by Sarkis Konsulian

One family said they were contacted by Konsulian on a Russian North Port Facebook page after they reached out looking for local contractors to build their home.

Albert Voyeykov, 61, said he vacationed in North Port about five or six times before he bought a vacant lot near Warm Mineral Springs.

On one of the Charlotte, N.C., resident's visits, he began looking for a contractor to build a house by asking local Eastern European immigrants for references. One recommended Konsulian.

After meeting with Konsulian and signing a contract for him to build his house in January, Voyeykov said he sent a deposit of about \$33,000.

In March, Voyeykov said a company representative called and asked for another \$52,000 to buy the roof trusses, despite, as it turned out, the company not yet holding his building permit.

He sent the money.

"And then, I never hear from him," the Uzbekistani immigrant said.

He still doesn't have the building permit, either.

Voyeykov said the man identified as Peter called him last week and told Voyeykov the same thing as Kaczor: Konsulian had left for Russia and that all the money was gone.

"Now we feel real, real bad," he said. "I can't sleep. It is always on my mind."

Voyeykov said he opened a home equity line of credit on his property in North Carolina to pay for the deposit on his North Port house.

Another contract with Konsul Development

Maryna Balika, another person who contracted with Konsul Development, said she and her husband sold two of their semi-trucks to put down the \$52,000 deposit to build a \$351,000 house.

Balika and her husband live in North Carolina and signed their contract in January. She said the company told her that construction would begin in late February or March.

She said that Peter, the company's representative, contacted her later and told her the same story as he told other homeowners.

She said Peter then tried to get her and her husband to sign a \$60,000 contract with another construction company.

"My husband said, 'Are you kidding me? No,'" she said.

They are currently trying to get the building permits that had been pulled by Konsul Development transferred into their name to build the home themselves by hiring local subcontractors, she said.

"It's hard to trust someone now," she said.

Familiar pattern

Alan Tannenbaum, a Sarasota construction litigation attorney with Tannenbaum Lemole & Kleinberg, once represented about 125 investors who found themselves in a similar situation as many of the Konsul Development's clients, with large deposits paid out and half-finished homes in North Port and Charlotte County.

That case eventually resulted in the fraud conviction of a Tampa banker and mortgage broker, but often criminal charges are difficult to prove, he said.

"This is a repeat of a problem that has plagued Charlotte County and North Port," he said. "You can't take construction funds without intent to finish construction."

Tannenbaum is not representing any of the people who had contracted with Konsul Development and did not know all the facts in the individual cases.

But he said that generally, inexperienced contractors can "box themselves in" by undertaking several contracts at once. The costs come due and the contractor loses money or doesn't have the means to finish construction.

They then take on more contracts to build more projects and use the money from the new contracts to finish the older ones, hoping to make a large enough profit to cover the losses.

"It then becomes a Ponzi-like scheme," he said. "The fraud comes in when they sign up people after they got in trouble."

That's if the contractor did intend to finish the projects and was not trying to defraud the client from the beginning.

Construction fraud is illegal, but can be difficult to prove as law enforcement must prove "intent to defraud."

Josh Taylor, spokesman for the North Port Police Department, said the allegations made by the Konsul Development clients are concerning, but at the moment, North Port police do not have a crime to investigate.

Taylor said that law enforcement takes construction fraud seriously, but "I can tell you that those cases do take a long time to investigate."

State statutes require the property owner to "make a written demand to the contractor" asking for a refund before a violation of the law occurs.

If a licensed contractor pulls a building permit within 30 days of receiving 10% of the total value of construction and starts work within 90 days, state law does not specify a time period for when work must be completed.

Tannenbaum said it's important that construction contracts include deadlines for completion of projects to protect property owners.

A Sarasota County Sheriff's Office spokeswoman said the law enforcement agency does not have any open cases involving Konsul Development.

"We are here to help," said Sheriff's Office spokeswoman Megan Krahe. "But we can't help without people telling us about the problem."

At least one person has filed a complaint with North Port police and another has contacted the Charlotte County Sheriff's Office, although, that incident report was not available by the Herald-Tribune's publication deadline.

According to the North Port Police incident report, Vladimir and Sanja Kimitrova attempted to bring the matter to the attention of local police after paying Konsul Development three installments totalling \$165,000.

They told the North Port police on April 5 that Sarkis Konsulian "might be filing for bankruptcy" after hearing from "Mr. Konsulian's accountant, Peter (unknown last name)."

The phone number in the police report for Peter matches the one provided to the Herald-Tribune, although that phone number has since been disconnected.

The Kimitrova residence in Charlotte County is about three-fourth's complete, according to the police report.

"At this time there is no known crime and I advised the complainants to seek legal counsel from a trained civil lawyer who deals with bankruptcy and builder defaults," the incident report reads.

Florida does have a fund available to victims of construction fraud, but provides a maximum of \$500,000 in relief per builder with each individual claim being capped at \$50,000, and requires either a civil judgement or an order for restitution from the Construction Industry Licensing Board.

Kaczor, the Polish immigrant, said he still plans to build his retirement home on the lot within walking distance to Warm Mineral Springs.

"I have no other choice," he said.