MS-763: Rabbi Herbert A. Friedman Collection, 1930-2004.
Series F: Life in Israel, 1956-1983.

Box	Folder
17	10

Ginsberg, Edward. 1974-1975.

H.U.D. RELEASES HOUSING FUNDS

$35-Million Goes to Upgrade Nation's Public Projects

By ERNEST HOLSENDOLPH

Special to The New York Times

WASHINGTON, Dec. 19—The Housing and Urban Development Department announced today that it was releasing $35-million to local housing authorities for the upgrading of public housing projects.

Among the recipients is the James Monroe housing project in the Bronx, a 13-year-old complex subsidized by the Federal Government, which will receive $11-million.

Funding for the project nationwide is part of a short term program to improve the physical condition of individual public housing projects that face "serious operational and environmental problems."

The department's project is intended to halt the deterioration of public housing projects. It is a $105-million program, with the funds to be released in three phases, the phase announced today is the second to be set this year.

"A number of public housing projects in this country are in serious trouble," said James T. Lynn, secretary of the department. "They are physically run down and many of the residents have their own problems, such as unemployment and underemployment."

The H.U.D. program's selections, known as the Target Projects Program were made based on a number of factors, including the extent of physical deterioration and inadequate maintenance, crime and vandalism rates, closed and vandalized dwelling units, lack of municipal services and "poor reputation" in the community.

Money in the project will be spent for services to the residents of the projects, as well as for capital projects that improve the existing buildings and grounds.

Capital improvements include such items as new sidewalks, and structural improvements such as altering existing rooming space for larger families or to meet the special needs of the elderly or handicapped. These funds can also be used for new heating plants, kitchen cabinets to replace shelves and security and protective devices.

The Monroe project in the Bronx consists of 1,102 apartments, it houses approximately 4,100 people in 12 buildings.

REMEMBER THE NEEDIEST!

Apartment Project 106-Million in Debt

By MARTIN WALDRON

Special to The New York Times

1974

DALLAS, Dec. 19—Details of the collapse of a $105-million conglomerate to build houses in a number of cities unfolded in Federal Bankruptcy Court here today.

Officials of the company, Hill Properties, Inc., said that mismanagement of its 4,896 apartments, rising prices and interest rates of up to 17 per cent on construction loans had created company debts of $106-million.

There is no way, one official testified, that these can be debts can be met from current income.

Nationally known leaders of the United Jewish Appeal from Cleveland, Milwaukee and Detroit were among those who poured money into the company this year in a vain attempt to keep it afloat. They faced the prospect of losses ranging from $10-million to $16-million.

No U.J.A. money was involved, but an associate said that the Jewish leaders had planned to donate part or all of the profits from this venture to their organization.

Tax Shelters Planned

In addition, 150 to 225 other Cleveland residents invested in the apartment house projects as tax shelters. An attorney for Hill Properties, Bill Rochelle of Dallas, called these shelters "tax gimmicks."

Hill Properties and 10 associated companies went into voluntary bankruptcy on Nov. 8 after several creditors filed claims against them in Federal Bankruptcy Court.

Today's hearing was to provide details of the situation for creditors with more than $21-million in unsecured debts. A similar meeting was held Tuesday for banks and mortgage companies.

The banks and mortgage companies have mortgages totaling about $85-million on company property.

Mr. Rochelle said that if the Hill companies were allowed to reorganize, there was a possibility that debts could be met some time in the future.

The companies are being run by a court-appointed trustee, William P. Fonville of Dallas.

Mr. Rochelle said that a profewsional real estate management firm was hired last September to run the company's apartment houses and that results were already being shown. Losses have been cut from $350,000 a month to less than $250,000, he said.

Rent increases now being put into effect should cut losses further, he added, and if interest rates drop, the company will save $500,000 a year for every decrease of 1 per cent.

The company owns apartment houses in Michigan, Texas, Arizona and Florida. Some of these were built in the mid-nineteen-sixties, but the company began a rapid expansion in the summer of 1972.

Mr. Rochelle said the company signed contracts for construction money, paying from 4 per cent to 4.5 per cent above the prime rate as interest. Because the prime rate had exceeded 12 per cent, he added, the company ended up paying up to 17 per cent interest on construction money. Some of these loans have not yet been refinanced, Mr. Rochelle said.

Cleveland Partners

In the summer of 1972, Tom Hill of Dallas, the original owner of the company, took as partners Edward Ginsberg of Celveland, a lawyer and banker; Martin Friedman of Cleveland, the owner of a steel company; Robert J. Lax of Cleveland, a real estate salesman, and others.

Appearing in court here today, Mr. Lax said that before 1972, he had been selling investments as tax shelters to Cleveland residents in Mr. Hill's apartment houses.

Mr. Rochelle told the court that investors could deduct the depreciation on their income tax, and that the investments were therefore attractive.

An associate has said that Mr. Ginsberg met Mr. Hill in 1972, "about the time" that Mr. Hill made a $100,000 contribution to the United Jewish Appeal, and that Mr. Ginsberg went into business with him shortly thereafter.

Ex-National Chairman

Mr. Ginsberg stepped down last Sunday as the head of the Joint Distribution Committee, a fund-distributing affiliate of the U. JA. He had previously been national chairman of the organization. Mr. Ginsberg, who is recovering from heart surgery, was not at today's hearing.

Mr. Hill did not appear, either, but Judge Dean Gandy oBffered to subpoena him if any creditor wanted to question him.

The current president of the Hill company is Michael D. Friedman of Cleveland, who took over early last fall. He is Martin Friedman's son.

Michael Friedman said that he, his father, Mr. Ginsberg and other associates had invested $4-million of their own money in the company this year and had guaranteed $12-million to $15-million worth of loans.

Company records show that Mr. Ginsberg has the biggest investment. He guranteed bank loans of $4,954,000 for the company, more than $3-million of which are still unpaid.

In addition, from late October, 1973, through last October, they advanced $1,430,000 in cash to the company to help meet payrools and current expenses.

Mr. Ginsberg also is one of the seven partners of Hill Consolidated, which, with Mr. Hill, owns Hill Properties. Last April 4, Hill Consolidated advanced the company $3,083,000.

Other partners in Hill Consolidated are Manchester Consolidated Industries, the steel company owned by Martin Friedman, Marvin Persky of Palm Beach, Fla., Albert Adelman of Milwaukee, Mr. Friedman and Mr Lax.

Mr. Adelman, a national leader of the United Jewish Appeal, also lent his credit to Hill Properties for bank loans.

Mr. Rochelle, the attorney for Hill Properties, said that several corporations "have shown an interest" n helping reorganize the apartment house operations.

South Africa Concern

The only corporation he could mention, he said, is Kirsh Industries of South Africa9 Mr. Rochelle added that one of the principals of Kirch, Az Levy, had met Mr. Ginsberg through the United Jewish Appeal and had come to the United States last fall to check into the Hill companies.

Michael Friedman said Mr. Levy had arranged a loan for Hill Properties from Commonwealth Shippers, a division of Kirch.

Attorneys for some of the several hundred creditors of Hill Properties did not appear to be satisfied with today's presentation. They asked many questions that Michael Friedman said he could not answer. The company's new president added that he knew very little about the concern's operations.

Judge Gandy urged company officials to present a plan for reorganizati as soon as possible. Mr. Rochelle said he thought one could be developed by next April 15. He said it was easier to deal with banks and mortgage companies if there was a deadline.

"You can hold their feet to the fire," he added.

A Salmon Makes History In Britain's Thames River

LONDON (AP) — A salmon made history. It swam into the polluted River Thames and stayed alive.

Salmon haven't been reported in the Thames in well over a century.

The salmon weighed 8 pounds, 4½ ounces. Its arrival in the intake of a power station at West Thurrock in Essex, east of Lndon, was a milestone in the fight againt pollution of British rivers, which has cost about $240-million in 15 years.

Albert B. Adelman

January 3, 1975

Mr. Herbert Friedman
World Education Center for
Progressive Judaism
13 King David Street
Jerusalem, ISRAEL

Dear Herb:

I was so very happy to receive your thoughtful letter of December 18. It is in times like this when one finds it extremely difficult, and about all there is to hang unto are friends who really care. Briefly the facts are these; for several years I was an investor in apartments of the Hill Company on recommendation of EG. I really never thoroughly checked the company since monthly checks were forthcoming on a regular basis for many, many months. In December of 1973, EG asked me to become a partner along with three others from Cleveland. I pretty much took his word for the whole story and stupidly did not check into the matter in great detail like I normally do. I became a member of the Board and attended monthly meetings and with a 6% interest in the deal did not carry much weight or knowledge nor did I get involved in any great detail.

The management was really inept, the concept not altogether sound, and then to top it off, the money market went bad with high interest rates and high construction costs. Foolishly we adhered to requests of EG to sign personally on large bank notes ... all of us. In November the company went into Chapter 11. The whole thing is like a nightmare. Marty Friedman, his son, Mickey, with partner Ed Rosenthal, EG, Bob Lax, Tom Hill and I are all in deep trouble. A reorganization is hopeful but who knows to what degree.

So what started to be an innocent episode has maybe ruined our futures unless a miracle comes to pass. I deferred the General Chairmanship job; that's the whole sad story.

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Well, start over. That's the first thing on the agenda. I am still in all my other posts, among them Chairman of Absorption. However, I don't know to what degree I will be able to function, until later on. At this point I am trying to get relocated in something and believe me, Herb, it isn't easy and I am wide open. All my life I seem to have fought for causes, small and big, business and non-business, so some way I will have to try to pick up the pieces. While I must get involved in what will serve as a livelihood, somehow if I could fit my talents to a worthwhile issue, I could probably do some good to this world that so badly needs it. Thank God I have my health. As you know, Edie had a Masectomy this summer, but is bearing up well under all this trouble.

I hope you and your family are well. It is always good to hear from you.

Cordially,

Albie

Albert B. Adelman

ABA/bf

'Ginsberg arranged Discount Bank loan'

29.12.

Jerusalem Post Correspondent

WASHINGTON. — Edward Ginsberg, the former UJA leader who lost his post after becoming deeply involved in the collapse of a $100m. real estate conglomerate earlier this month, had arranged a loan of $1.7m. to the ill-fated concern from the Israel Discount Bank of which he is a director, according to Friday's "Wall Street Journal."

Besides several other Jews involved in the bankruptcy, there was also a Catholic Texan named Thomas Hill, had become associated with the Jewish businessmen, the "Journal" said. It added that Mr. Hill had visited Israel several times, met with Golda Meir and Moshe Dayan, and even "flew over an Israeli battlefront in an army helicopter."

30.12.79 הארץ

צל כבד על אישים יהודיים באמריקה

חקירה פדרלית בארה"ב לגילוי עבירות פליליות של גינסברג

חברת הבניה של יו"ר המגבית לשעבר, שהתמוטטה, המשיכה להפיץ תעודות השתתפות למשקיעים — חרף מצבה ✱ הוא ושותפיו קיבלו הלוואות בעשרות מיליוני דולרים, בתוך כך 3 מיליון דולר מהבנק של רוזנבאום בז'נבה.

מאת מרדכי צבי,
סופר „הארץ"
לענייני כלכלה

עו"ד אדוארד גינסברג, לשעבר יו"ר המגבית בארה"ב, קיבל הלוואה של 3 מיליון דולר מ־אינטרנציונאל קרדיט בנק בז'נבה של טיבור רוזנבאום, 1,7 מיליון דולר מסניף ניו־יורק של בנק דיסקונט ו־3 מיליון דולר מ־קליבלנד בנק.

כספים אלה ומיליוני דולרים אחרים, הושקעו בחברת בניה שפשטה את הרגל. פרשה זו הפכה לאחת השערוריות הבולטות בארה"ב ומטילה צל כבד, על שורה של אישים יהודיים בולטים בציבוריות האמריקאית.

ידיעות שפורסמו בימים האחרונים בעתונות האמריקאית, חושפות את ממדי הסתבכותם של מי שעמד בראש המגבית המאוחדת, א. גינסברג ושותפיו. יחד עמו מוזכרים אישים יהודיים בולטים נוספים.

מתברר כי גינסברג ושותפיו קיבלו הלוואות של עשרות מיליוני דולרים מבנקים שונים בארה"ב, ומחוצה לה, בנסיון נואש להציל את קונצרן הבניה הענק שפעל והתמוטט במדינת טקסס. קונצרן בניה זה הפסיד לפי פרסומי העתונות האמריקאית, למעלה מ־100 מיליון דולר. הפרשנים האמריקאיים מציינים כי ההסתבכות הכספית נוצרה בגלל המצב השורר עתה בענף נכסי דלא־ניידי.

עם זאת מונים שורה נוספת של גורמים שהביאו לכשלון, הון בלתי מספיק, ניהול גרוע, חוסר יעילות באחזקת המיבנים שבנתה והשכירה החברה, בזבוז משווע ובנוסף לכך

(הסוף בעמוד 2, טור 4)

חקירה פדרלית

(סוף מעמוד 1)

תנאי מימוש קשים שהעיקו במיוחד בגלל ההלוואות שקיבלה החברה בשנה האחרונה.

טשטוש המצב האמיתי

העתונים מציינים כי חמורה במיוחד העובדה שהחברה הוסיפה להפיץ תעודות השתתפות בקרב משקיעים פרטיים, תוך טשטוש מצבה האמיתי. אם האשמות אלו יוכחו כנכונות, הרי שמנהלי החברה יואשמו בעבירות פליליות חמורות וכבר נמסר על פתיחת חקירה מקפת מצד הרשויות הפדרליות השונות.

ענין מיוחד עוררה העובדה שגינסברג השיג הלוואה של 3 מיליון דולר מטיבור רוזנבאום. הדבר עורר גל השערות לגבי אפשרות מעורבתם של אישים בכירים בעולם היהודי, מה עוד שבין השמות שהוזכרו בפרשה זו שורה של ראשי יהדות ארצות־הברית, התופסים עמדות מפתח בקרב הציבור היהודי שם.

מהנהלת בנק דיסקונט בארץ נמסר, כי ההלוואה של הסניף בניו־יורק ניתנה לגינסברג משום שבעבר היה לקוח הבנק. אולם עד לאחרונה היה גינסברג חבר מועצת מנהלי אי.די.בי. היא חברת הגג של קונצרן דיסקונט. התחברות בדירקטוריון באה באמצעות חברת הבת פי.אי.סי. גינסברג נמנה עם ראשי חברה זו בהיותו יו"ר המגבית המאוחדת. כאשר חברה זו מוזגה בקונצרן אי.די.בי. הפך גינסברג לאחד מחברי הדירקטוריון. לגינסברג וילה בקיסריה.

Leaky Shelter

There's No Such Thing as a Sure Thing, Real-Estate Investors in Cleveland Find

By PHILIP REVZIN and EVERETT GROSECLOSE
Staff Reporters of THE WALL STREET JOURNAL

CLEVELAND—To hundreds of well-to-do Cleveland residents, it looked like they couldn't lose.

Longtime friends and close associates were letting them in on a real-estate investment that promised to fetch a rich monthly return on their investment, provide a tax shelter, and give them an equity in future capital gains on first-rate apartment developments.

But as a host of other investors around the country have learned of late, the Clevelanders found that they could indeed lose. The lucky ones appear likely to lose only their investment in the project. The less fortunate face personal bankruptcy.

Proponents of the scheme say they were tripped up by high interest rates, rising operating expenses and soaring construction costs that pushed overall costs far above budget. That problem was compounded, they say, by lower-than-expected occupancy in many of the apartment buildings.

However, recent testimony raises questions as to whether the project ever was solvent. One executive says the apartments lost money right from the start and in fact were running at a loss even while promoters were enticing new money with promises of lavish returns. Those returns, which the investors received right up until last month, may have come partly from new money allegedly earmarked for new construction.

One banker familiar with the situation laments, "There's no way to know where it will all end."

Chapter 11 Plea Filed

The reason for all the worry is that the real-estate interests into which the Cleveland money was going—a group of companies generally referred to as Hill Properties, based in Dallas—have filed a petition under Chapter 11 of federal bankruptcy laws, seeking protection from their creditors pending reorganization.

Behind this seemingly routine petition, filed Nov. 7 in federal district court in Dallas, lies an intriguing tale involving a flamboyant but little-known Texas real-estate developer named Thomas Hill, 45, who hooked up with well-heeled financiers and firms in Cleveland.

From those associations, there grew a tangled web of individual investors and of "finders" who grouped investors into syndicates, which pumped vast sums—more than $20 million, according to court documents and testimony—into the Hill real-estate ventures.

At the first meeting of creditors in the Dallas court last week, officials of Hill Properties said the company's total assets were about $90 million, its total debts about $106 million. Of the $106 million, they said, $85 million is owed to secured creditors—outfits, like banks, that have a right to foreclose on the properties. In fact, 435 of Hill Properties' 4,896 completed apartment units (the 4,896 units are in at least 25 projects in Texas, Florida, Michigan and Arizona) have been foreclosed on and are being operated by first-mortgage holders.

For the individual investors, many of them doctors, lawyers and other professionals in Cleveland's Jewish community, the wounds are especially deep—partly because of their potential financial losses and partly because of their high regard for practically everyone involved in the woes of the Hill enterprises.

Four Projects Unstarted

Documents filed with the court show that four apartment projects—in Austin, Texas; Phoenix, Ariz.; Lexington, Ky.; and Tallahassee, Fla.—have never been built although syndication deals for them were made. (About $4 million was invested in them, other sources indicate.) Robert Lax, a Clevelander who took control of the Hill organization—in June 1972, according to him and other Clevelanders; in November 1971, according to Mr. Hill and associates—testified that during his tenure as president, from June 1972 till last July, all funds received from syndications were put in the general fund and weren't earmarked or otherwise segregated for specific apartment projects. Mr. Lax said that funds "weren't segregated when I got down to Dallas in 1972 and weren't subsequently."

Mr. Lax said he understood that syndicators told prospective investors that the syndications were for specific projects but didn't tell them that the money would be segregated. The syndicators have said they believe they fulfilled all securities registration requirements, but Ohio and Wisconsin securities officials are looking into the Hill companies' operations.

With few exceptions, all those involved—principals, finders and investors—are generally respected here and have close and long-standing personal or business relationships with one another. They include:

—Edward Ginsberg, 58, who recently resigned as executive vice president and a trustee of U.S. Realty Investments, one of the nation's largest mortgage and real-estate-investment trusts, and as a director of Continental Bank in Cleveland. Mr. Ginsberg also retired as a partner in the influential Cleveland law firm that until Dec. 16 was known as Ginsberg, Guren and Merritt, and now is known as Guren, Merritt, Sogg & Cohen.

In Yankee Group

Mr. Ginsberg, who is recovering from recent open-heart surgery, is also a limited partner in the Cleveland group that owns the New York Yankees baseball team and in a group that owns the Chicago Bulls basketball team, a director of El Al Israel Airlines Ltd., Israel's national airline, and a man known world-wide for his efforts in raising money for the state of Israel and for other Jewish causes.

—Mr. Lax, 48, former treasurer of U.S. Realty Investments and, before that, a real-estate broker and syndicator in Cleveland.

—Martin Friedman, 65, former chairman of Rusco Industries Inc., Los Angeles, a maker of metal building materials and other products, who sold his Rusco interests in about 1967. Earlier this month Mr. Friedman resigned as a trustee of U.S. Realty Investments.

—Michael Friedman, 31, Martin Friedman's son, who is president of Manchester Consolidated Industries, a steel manufacturing and warehousing firm in Cleveland. He resigned this month as a director of Continental Bank.

It was Michael Friedman, Mr. Lax's successor as president of the Hill properties, who testified at the Dallas hearing that the apartment projects had lost money "from the beginning," at times as much as $350,000 a month, and now were running about $200,000 to $250,000 a month in the red. "We did a very poor job of management over the years," Mr. Friedman said, speaking of the various Hill Properties managers and presidents.

—Elmer I. Paull, 53, a trustee of U.S. Realty Investments and formerly senior vice president of the investment banking firm of Hornblower & Weeks-Hemphill, Noyes Inc. Mr. Paull is president of First Continental Investment Corp., a private concern that put together two of the investor syndicates.

—Albert L. Rosen, 50, formerly vice president of the investment banking firm of Bache & Co. and former chief of Bache's Cleveland operations. Mr. Rosen, a star third baseman on the Cleveland Indians in the late 1940s and early 1950s, is executive vice president of First Continental Investment.

—Ronald M. Gottfried, an investment counselor and a syndicator of real-estate deals who is a nephew of Henry Gottfried, former partner in the Ginsberg-Guren law firm.

Meet Mr. Hill

At the root of the current woes of these men and 200 to 300 others, mostly from Cleveland, are the far-flung real-estate operations founded by Mr. Hill, the Texan who says that he got started in the construction business in 1968. In talks with a variety of sources who know Mr. Hill and are active in some of his ventures, Mr. Hill emerges as a charismatic man who, although a Catholic, came to be strongly interested in Jewish affairs, visited Israel several times, met Golda Meir and Moshe Dayan, and even flew over an Israeli battlefront in an army helicopter. He also acquired the image and reputation, in the words of one investor, of "a real-estate genius."

during yesterday's entire session. It reached its high for the day at 1 p.m. when it was ahead 8.22 points. However, profit taking caused the industrial average to slip and it closed at 604.74, up 6.34 points.

New York Stock Exchange gainers outpaced losers throughout the day and were ahead nearly two to one at the close, with

According to several sources, Mr. Hill first made contact with the Cleveland money market in 1968 or 1969, when he was trying to borrow money from Union Commerce Bank. Before long, Mr. Hill was introduced to officials at U.S. Realty Investments, which in 1969 granted him a $2.5 million construction loan that was paid in full as due. In 1970, U.S. Realty made Mr. Hill a $1.4 million mortgage loan that was twice extended. No interest on this second loan has been paid since the bankruptcy petition was filed.

Among others at U.S. Realty Investments, Mr. Hill met Mr. Ginsberg, and their relationship clearly flourished. A source close to Mr. Ginsberg says Mr. Ginsberg served as Mr. Hill's legal counsel in certain private real-estate transactions. Later, when Mr. Ginsberg and some associates experienced difficulty with apartment ventures in Florida, Mr. Hill was asked to take over management of the apartment complexes and he "turned them completely around," says a business associate of both men. Their relationship may have been further strengthened when Mr. Hill contributed $100,000 to the United Jewish Appeal.

By all accounts, Mr. Hill was soon off and running—bringing off a series of successful real-estate acquisition and development deals. Mr. Hill (or his Cleveland associates; Mr. Hill says his Cleveland partners first brought up the idea) quickly found that in addition to conventional lenders—such as banks, insurance companies and savings-and-loan associations—individual investors were interested in getting in on the action.

As early as 1970, documents show, syndications of individual investors began in Cleveland. A private concern known as Equity Planning Corp. was apparently the first to group individuals into syndicates that supplied money to Hill ventures. All told, Equity Planning syndicated four apartment projects, raising about $1.8 million from about 100 Ohio investors.

Soon other syndicates appeared. They included Ronald Gottfried who is believed to have arranged financing for eight apartment projects, and First Continental Investment, which Mr. Paull and Mr. Rosen formed in mid-1973 after they left their respective brokerage firms.

Countless Cleveland investors flocked to the Hill projects in 1970-73. Fred Weisman, for example, a lawyer who is a past president of the Cuyahoga County Bar Association, invested a total of $66,200 in four ventures. In addition to the tax-shelter and equity-interest aspects, Mr. Weisman says, "it was kind of cute to have those monthly checks flowing in."

(The monthly checks, amounting to an annual 8% or 9% on the investment, represented income from the properties. The investments were tax-sheltered to the extent that depreciation of their properties could be written off by the investors on a pro-rata basis.)

Early on, Mr. Ginsberg of U.S. Realty Investments had become a substantial personal investor in various Hill ventures; later, he and a group of relatives and friends invested much more heavily.

The exact sequence of what happened within the Hill organization differs somewhat, depending on whether it is outlined by associates of Mr. Ginsberg or by Mr. Hill and his associates. But the following isn't disputed:

partners into his rapidly growing ... Mr. Ginsberg, Martin Friedman and Mr. Lax invested $1.25 million; the Cleveland group decided to take in more partners and came to own 60% of the Hill ventures, retaining Hill as a salaried consultant.

Mr. Hill implies that he lost control of the ventures by November 1971. Mr. Ginsberg—acting, according to his son, on advice from his heart specialist—declined to be interviewed for this article. But close associates and business partners of Mr. Ginsberg say that while Mr. Hill lost control in terms of ownership—they put the date at June 1972—he nevertheless retained substantial muscle.

Some Cleveland sources contend the Cleveland group didn't actually exercise control of Hill properties until early in 1974. At any rate, in early 1973, more limited partners entered the picture and Mr. Hill's holdings fell to 25%. He says they are now down to 20%.

Just when and why things began to go sour isn't clear. Attorneys for Hill Properties said at last week's court hearing that the company was done in by interest rates of up to 17%, operating costs that soared 13% in the first nine months of this year, and an occupancy rate for the company's Dallas apartments, for example, that averaged about 15% to 20% lower than the average for Dallas County.

At various times between October 1973 and November 1974, the court documents show, Mr. Ginsberg made personal loans to Hill Properties of about $1.3 million. In February, Mr. Ginsberg arranged a loan of $1.7 million to Hill Properties from the Israel Discount Bank of Tel Aviv, of which he is a director. In April, a group consisting of Martin Friedman, Marvin Adelman, Robert Lax, Mr. Ginsberg, Marvin Persky, Edward Rosenthal and Manchester Consolidated Industries guaranteed a $3.1 million loan from Cleveland Trust Co. Still, the company kept gobbling up funds, and in June of this year Mr. Ginsberg arranged an additional $3.1 million loan from International Banks, Geneva, Switzerland.

According to Mr. Friedman's testimony, over the past two years the various limited and general partners in Hill Properties put in capital contributions of about $4 million and they guaranteed or arranged bank loans of $12 million to $15 million. In addition, the partners made other guarantees, such as guaranteeing repayment to other creditors besides the banks.

With the problems piling up, Michael Friedman, Martin's son, was dispatched from Cleveland to Dallas last August to take over management of Hill Properties. But apparently it was already too late.

The American Stock Exchange's index closed at 59.51, up 0.17 points. Advances ... declines, 322 to ... Trading ... 2,080,000 shares ... from Tuesday's 1,- ...

The composite index of the National Association of Securities Dealers' NASDAQ also registered a modest gain; it closed at 58.88, up 0.57 point.

Among oils, Exxon gained 1 to 63⅝, and Getty jumped 5 to 150½.

Leading the list of most-active issues on the American exchange, U.S. Filter gained ⅝ to 3½ on 66,600 shares, including a block of 49,800 shares handled by A. G. Becker & Co. RSC Industries advanced ⅛ to 1⅝, and Syntex added 1⅛ to 39⅛.

Advances outpaced declines, 472 to 224, in NASDAQ-reported over-the-counter trading. Volume rose to 3,904,200 shares from 3,302,400 shares Tuesday. Anheuser-Busch gained ¾ to 24¼, bid.

Heard on the Street

By CHARLES J. ELIA

Lower interest rates, reduced inflation and a rebuilding of consumer confidence, when they materialize in force, may hold some hope for the long-term future of real estate investment trusts but analysts believe it will be a long time before REITs generally move out of the stock market's disaster class.

REITs mushroomed into a $20 billion industry during the past few years. Helping their rise was their structure. Somewhat like mutual funds, they returned to shareholders as dividends 90% to 100% of their income from property and mortgage investments.

But high interest rates this year hit the trusts where they live, sapping earnings. The dividend flood has been slowed substantially by cuts or omissions as more and more loans made by the trusts to builders and developers have soured into problems and have become non-earners, moving to the nonaccrual-of-interest side of the REIT ledgers. It isn't uncommon these days for nonaccruals to represent 30% to 60% of individual trusts' investment portfolios.

Kenneth Campbell, head of Audit Investment Research, who has been tracking the industry from its infancy in the 1960s, says his latest survey in mid-December shows problem investments have climbed to $3.56 billion among the 131 trusts he follows. This represents nearly 19% of their $19 billion of assets. In May, problem investments were only $1 billion.

"It appears there may have been under-reporting of noncarning assets early in the year," says Mr. Campbell. "Now, with banks so heavily involved in arranging revolving credit for trusts, more stringent reporting standards are being applied to problem loans."

James J. Dowling, analyst at Shearson Hayden Stone Inc., believes the industry faces further testing.

"We expect no material improvement in existing problem loans over the next six to nine months," he says, "and we expect an increase in nonaccruals as the staying power of more and more borrowers and individual loan values is threatened."

Mr. Dowling says investors who still retain their faith in the future of the industry have to concentrate on superior trusts. Investors must realize that many inherent industry problems won't be cured in the next real estate boom," he says.

The commercial banks are keeping the trusts alive; in fact, the banks have outstanding approximately $12 billion of loans to the industry. Their major concern over the next few years, therefore, will be to reduce their exposure substantially. This will translate into 'friendly liquidation' of many trusts."

There's little question about where REITs stand in the feelings of stock market investors. They've crashed, and the long lists of trusts yielding 15% to 25% in the form of dividends hasn't proved any lure as the continuation of dividend payouts has grown more and more uncertain for many of the trusts.

Audit Investment's figures show the REIT stocks dropped an average 72% from last Dec. 31 through Dec. 17 of this year. In the same span, the Dow Jones industrial average was off about 30%. This year's slump follows a 29% decline in REIT share values last year.

Audit Investment's Mr. Campbell counts 11 trusts that have fallen 50% or more in the month ended Dec. 17, while the Dow Jones industrial average was dropping about 3%.

Only a handful of trusts have held their own in the marketplace this year, relative to the Dow Jones industrial average's drop of 30%. Mostly traded over the counter, these include New Plan Realty Trust, off 8.2%; General Growth, off 8.5%; Riviere Realty, off 10.8%; Denver R. E. Investment, off 13.3%; First Continental REIT, off 13.9%; Washington REIT, off 17.8%; Federal REIT, off 22.9%; REIT of America, off 23.8%; Miller (Henry), off 25%, and M&T Mortgage Investor, off 30.8%.

The biggest losers in the stock market for the year through Dec. 17 include Great American Mortgage Investors, off 96.7%; Commonwealth National, off 94.7%; Larwin Mortgage Investors, off 93.4%; Independence Mortgage Trust, off 93.1%; Dominion Mortgage & Realty, off 93.1%; Barnett-Winston Investment Trust, off 92.8%; Builders Investment Group, off 92.6%; Diversified Mortgage Investors, off 92.6%; First Mortgage Investors, off 92.6%, and Cousins Mortgage & Equity, Barnett Mortgage Trust, Continental Mortgage Investors and Guardian Mortgage Investors, each off 95%.

Mr. Campbell says he expects moderate but selective recovery in parts of the industry next year, although the large portion of assets on nonearning status will offset any benefits of declining short-term interest rates for many trusts.

Trusts geared for short-term lending have borne the brunt of this year's problems, he says. Intermediate and long-term mortgage trusts have been more conservative and have a lower level of problem investments, so should benefit more, he believes, from lower interest rates.

"I'm hopeful that the industry will open up creative financing approaches for digesting these problem loans," he says. "They've got to get this done as fast as possible to remain viable."

With an eye to nonearners in REIT portfolios, Mr. Campbell this week is publishing a report entitled "Opportunities in Distress Properties," that outlines the problem-loan status of individual REITs ...

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