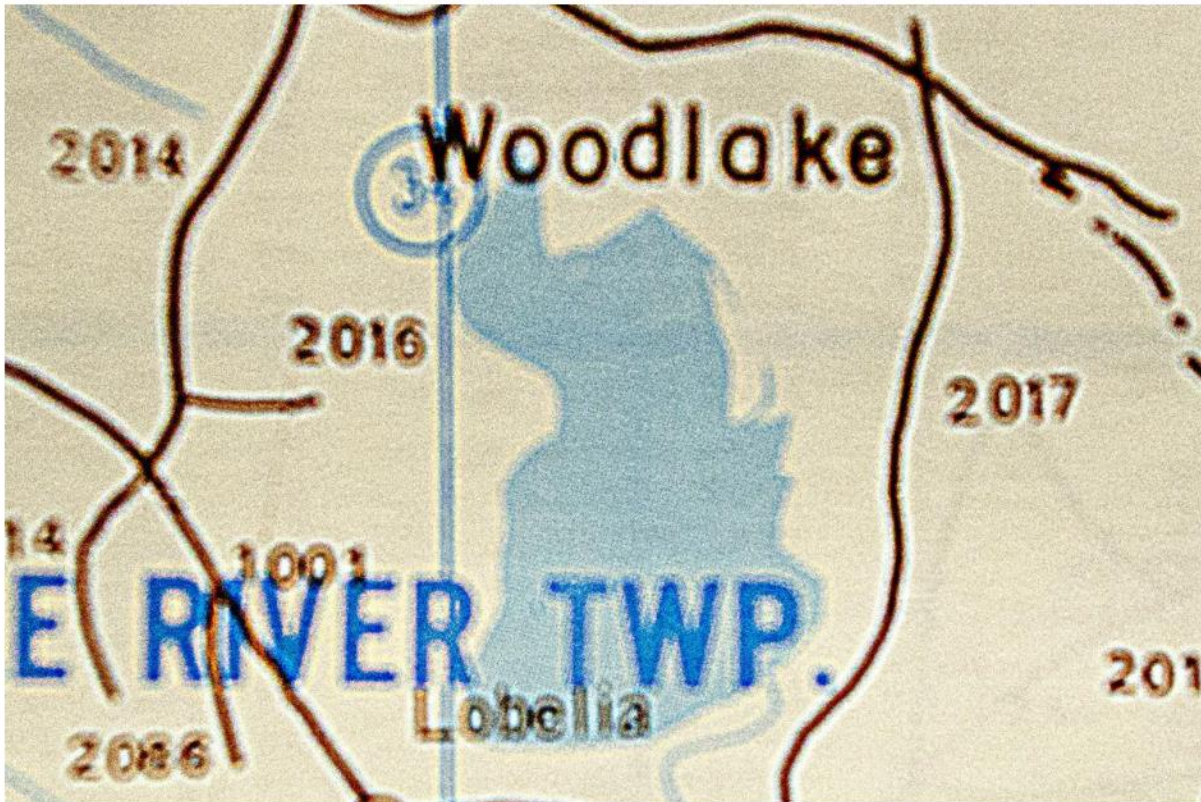


Woodlake Auction Canceled After German Investor Breaks Silence

- By JAYMIE BAXLEY | Staff Writer



Lake Surf was once the 1,200-acre centerpiece of the embattled Woodlake Resort and Country Club. (FILE IMAGE/THE PILOT)

An auction featuring multiple pieces of key real estate in the troubled Woodlake Resort and Country Club near Vass has been canceled.

The sale, originally set for Tuesday, was initiated by Geosyntec Consultants, one of several creditors that sought to collect on the long list of debts racked up in recent years by Woodlake CC Corp., the company that owns the gated subdivision and its amenities. Geosyntec, an engineering firm with offices in Raleigh, was awarded a judicial lien judgement against Woodlake CC Corp. after the corporation failed to pay for engineering services related to the deteriorated Lake Surf dam.

Earlier this year, Geosyntec announced it would auction off Woodlake's assets to satisfy the judgement, which entitled the firm to more than \$374,000. Some of the items up for bid included two golf courses, an antebellum-style clubhouse, hundreds of residential lots and the empty 1,200-acre impoundment that once contained Lake Surf.

Illya Steiner, the Germany-based president of Woodlake CC Corp., settled the company's debt to Geosyntec on Friday. He bought the judgement through his consultancy agency, according to people familiar with the transaction.

It was a surprising development, as Steiner has kept largely silent on Woodlake's financial woes and legal travails. Julie Watson, vice president of Woodlake CC Corp. and the company's only American official, had represented the corporation during recent hearings in Moore County Superior Court.

During a deposition filed in March, Watson claimed that Steiner had not communicated with her in months. She also said Steiner had "closed the books on Woodlake" and no longer planned to provide funding to the development.



Julie Watson, vice president of Woodlake CC Corp., leaves the Moore County Courthouse after a hearing last year. (Photographs by Jaymie Baxley/The Pilot)

Watson, who began her career at Woodlake as head of the resort's janitorial staff, is no longer employed by Woodlake CC Corp. Calls seeking information about her separation from the company had not been returned as of Monday afternoon.

Since there are still multiple lien judgements against the corporation, Woodlake's assets may be back on the auction block in the near future. The youngest of the liens was obtained in March by residents of the subdivision as part of a class action lawsuit.

The lawsuit blamed Woodlake CC Corp. for causing property values to plummet in the subdivision, which is home to about 2,000 people. Superior Court Judge James Webb awarded the plaintiffs more than \$40 million in compensatory damages and more than \$121 million in punitive damages.

The lawsuit was masterminded by the Restore Woodlake Committee, a group that hopes to rebuild the lake's dam and refill the impoundment with water. In anticipation of the auction, the committee had established a bidding entity to win ownership of the empty lake, the broken dam and the lake's marina.

With those assets in hand, the committee had hoped to begin efforts to bring water back to Lake Surf. Property values in Woodlake fell sharply after state environmental officials ordered the controlled draining of Lake Surf in 2016 amid concerns about the stability of its dam in the wake of Hurricane Matthew.

The gated subdivision has gone through multiple owners and two bankruptcies since being developed as lakefront leisure community in the 1970s. Several safety notices have been issued by the state through the years in connection with the Lake Surf dam.

Citing public safety concerns, the state Department of Environmental Quality demolished the dam last year. Attorney General Josh Stein vowed in November to hold Woodlake CC Corp. liable for the costs associated with the \$1 million demolition.

The tax value of waterfront properties in Woodlake was slashed by 50 percent after a revaluation last year by the county tax department. Members of the committee had devised a plan to restore property values to their homes by securing the lake-based assets at auction and then incorporating the subdivision, a move that would put the community in a better position to pay for the \$9 million project.

Charlie Jones, co-chairman of the committee, said the cancelation of the Geosyntec auction is a "setback."

"But there's no white flag flying over my home," Jones wrote in an email. "This situation is far from being resolved."



Charlie Jones, co-chair of the Restore Woodlake Committee, stands on a flooded road near the gated subdivision after Tropical Storm Florence. (Photograph by Jaymie Baxley/The Pilot)

Jones said the committee's plan to refill the lake is not a "one-inning game." In a statement on Saturday, the committee said Steiner Consulting's purchase of the Geosyntec judgement "in no way affects our ability to execute our judgments."

Joseph Johnson, a lawyer for Steiner who recently traveled from California to visit Woodlake, has said Steiner wants to bring the embattled resort community "back from its current sad state and make it a showplace," according to the committee.

"It's too early to tell if Steiner's actions will match the intentions stated by his lawyer," the committee wrote in the statement. "We'll only know when we see observable, positive changes."

Until then, the committee plans to keep its bidding entity intact.

"Sooner or later, I believe there will be an auction and we'll again be well-prepared," Jones said.