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DETROIT BUSINESS

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Xenith: Football helmets hit by tariffs, too Page 3

REAL ESTATE

Real estate executive vanishes; lawsuits allege investors were bilked

Imperium Group CEO goes dark as real estate firm implodes, employees stop getting paid



The contractor on Viktor Gjonaj's Washington Township mansion has sued, claiming \$197,000 in unpaid work. KIRK PINHO/CRAIN'S DETROIT BUSINESS

By Kirk Pinho
kpinho@crain.com

Viktor Gjonaj is 6-foot-6 but no one can find him.

The metro Detroit commercial real estate executive hasn't been heard from in weeks and lawsuits have started to mount, including one in Oakland County Circuit Court alleging he stole from investors in what it called a "multi-million dollar Ponzi-type scheme" that also included his wife, Rose, and a business partner, Gregory Vitto.



Gjonaj

The most detailed complaint so far, filed Aug. 26 by investors Kris Krstovski and Jerome (Jerry) Masakowski, says the two men were swindled of "millions of dollars" in a scam that allowed the Gjonajs "to buy extravagant homes and expensive cars and to support Viktor's gambling and believed drug habit."

The complaint alleges Gjonaj doctored purchase agreements to make it appear to investors as if they were buying ownership interests in properties around Southeast Michigan, when in fact they were already owned by the plaintiffs.

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DETROIT HOMECOMING

Detroit Homecoming: From 9-1-1 call to real opportunity

Attendees at the sixth annual Detroit Homecoming will see a different hometown than what greeted those at the inaugural Homecoming in 2014.

The event, produced by *Crain's Detroit Business*, aims to re-engage local natives who found success in other places with their hometown, with the aim of promoting connections and investment.

When Homecoming was being for-



MICHAEL LEE
malee@crain.com

mulated by retired *Fortune* publisher Jim Hayes in 2013, unemployment in the city hovered above 15 percent, Dan Gilbert's plans for downtown Detroit had only just started to take shape, and the city had filed for the largest municipal bankruptcy in the history of the United States.

Now, the backdrop has changed.

Expats are returning to a city that has seen enormous redevelopment in downtown and Midtown, nascent success stories in neighborhoods scattered across the city and a national profile that has made it a tourist destination.

When Homecoming began, "the original narrative was 'Your poor home is in bankruptcy. This is a 9-1-1 to come home and help,'" said Homecoming Director and *Crain's* Group Publisher Mary Kramer, who has spearheaded the event since the beginning.

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HOMECOMING SPECIAL REPORT

Black entrepreneurs who rose to challenges in building businesses

Meet 10 of the city's rising business stars
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Don't kick teacher pension can ahead to fund roads

As lawmakers in Lansing haggle over how to pay for fixing Michigan's roads, bridges and other infrastructure, they should consider the experiences of other municipalities in Michigan and other states before embarking on funding plans that involve the public school employee retirement system.

Current proposals under consideration could undermine efforts of the past decade that put the state-administered pension fund for school employees on firmer financial ground. By extending and creating debt using the pension system, they hope to free up other tax dollars for road repairs, essentially gambling that financial markets won't have to weather an economic downturn.

Under a current, fiscally responsible plan, debt for the Michigan Public School Employees Retirement System pension fund is on track to be paid off by 2038. The debt is called "unfunded liabilities," which is the difference between what the pension fund holds in assets and what it owes to retirees.

The larger the unfunded liability, the more vulnerable a pension system is to fiscal collapse. We should



OTHER VOICES

Royce Humm

stay on course to close the liability gap in the state system, rather than jeopardize it with a road funding plan that is risky or inefficient.

"Borrowing \$10 billion by selling "pension obligation bonds" or POBs

and investing the bond proceeds, so as to use the interest earnings to repay the bond debt and make payments into the pension system is the proposal. Come again?"

POBs are complex and risky, based on a rosy assumption that the investment will produce a robust, steady income.

POBs have been used by some state and local governments as a strategy to shore up employee pension funds that are badly underfunded. According to the Government Finance Officers Association, "POBs involve considerable investment risk, making this goal very speculative."

The association notes that some

municipalities across the U.S. have endured increased financial stress because of POBs, which demonstrates their risks.

Another Lansing road-funding proposal is analogous to refinancing a home mortgage with 20 years remaining to a new one with a 30-year term.

It would simply extend the schedule for repaying MPSERS' unfunded liabilities by five or 10 years.

In the short term, it frees up some cash, but in the long run it leads to higher costs. Delaying the MPSERS repayment schedule merely kicks the proverbial can down the road, which is one reason the existing pension

fund debt accumulated in the first place.

To be sure, providing much-needed upgrades to Michigan's roads and bridges is a serious and pressing matter. But it also requires serious funding solutions.

We urge lawmakers to resist relying on risky funding gimmicks that will take us off the current fiscally prudent course and potentially cost taxpayers more in the long run.

Royce Humm is executive director of the Michigan Association of Retired School Personnel, which represents nearly 40,000 retired public school employees

Health Care Summit features author, former Aetna CEO

Our health care system is beset by gaps — gaps among patients, providers and payers.

There are gaps in information: understanding on all sides about health coverage, communication among providers, gaps among people in the social determinants of health.

Crain's 2019 Health Care Leadership Summit will focus on bridging these gaps in the effort to create a system that works for all.

The keynote speaker will be Henry Ford Health emergency room physician Rana Awdish, M.D. Her book "In



Awdish



Bertolini

Shock" recounts the story of her own experience as a patient with a life-threatening condition who then returned to medicine.

Another featured speaker at the summit helped put together a multi-billion-dollar deal that promises to disrupt some of the gaps in our multilevel health care system: former Aetna Inc. CEO Mark Bertolini, who oversaw the insurer's sale to pharmacy company CVS Health Corp.

The summit will also feature presentation of *Crain's* Health Care Heroes awards along with breakout sessions on specialty topics.

The summit runs 8:30 a.m.-1:30 p.m. Oct. 28 at The Henry hotel in Dearborn. Tickets are \$185 or \$2,000 for a table of 10 and are available at CrainsDetroit.com; click on the "Events" tab.



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