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Former Queen Mary operators face securities fraud charges

Taylor Woods and Howard Wu were charged Tuesday by the Securities and Exchange Commission with two counts of securities fraud. According to the SEC, the pair — doing business as Urban Commons LLC — engaged in a pair of fraud schemes.





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The former operators of the [Queen Mary](#) were facing federal fraud charges on Wednesday, Aug. 7, with regulators accusing them of bilking investors out of millions of dollars through schemes tied to their ownership of more than a dozen hotels, including the iconic Long Beach tourist attraction.

Taylor Woods and Howard Wu, whose attorneys couldn't be reached for comment, were charged Tuesday by the Securities and Exchange Commission with two counts of securities fraud. The complaint was filed in federal court in downtown Los Angeles.

The duo — doing business as [Urban Commons LLC](#) — engaged in a pair of fraud schemes, according to the SEC. In the first, the criminal complaint says, they allegedly persuaded investors to sell their interests in the hotels, promising them profitable returns when the properties, [including the Queen Mary](#), were sold to a third-party buyer.

But, prosecutors said in the complaint, the pair actually planned to retain ownership of the properties and list them in an overseas real estate investment trust, also called a REIT.



CURRENT WEATHER
BOSTON, MA

010

CHANCE OF RAIN: 0% HUMIDITY: 44%
PRESSURE: 1018.00 mb UV INDEX: 0

“In a second scheme, perpetrated in 2021 after the REIT had filed for bankruptcy, the complaint alleges that Woods and Wu raised at least \$1.775 million from a second set of investors to purchase the same hotels out of bankruptcy,” according to the SEC. “The defendants allegedly told investors that their funds would be held in escrow, used only to fund the hotels’ purchase, and returned to investors if the bid was unsuccessful.”

Woods and Wu “misappropriated virtually all investors’ funds,” using the money mostly for business and personal expenses, prosecutors said.

Troubled operations

While Wood’s and Wu’s attorneys couldn’t be reached for comment on Wednesday, this isn’t the first time the pair have faced accusations of wrongdoing related to operating the Queen Mary and the other hotels — though they frequently denied any impropriety.

In September 2017, [Urban Commons](#) became the latest in a line of private Queen Mary operators — and they’d be the last.

The company initially signed a decades-long lease with Long Beach to operate the Queen Mary. The terms of that deal called for Urban Commons to pay \$300,000 in annual rent, as well as provide the city with a portion of operating revenue, among other requirements.

The ship, though, was in disrepair, with [a 2015 study finding the historic vessel could face some internal structural collapse](#) unless there were major repairs. Some of those repairs cost millions of dollars more than expected.

In May 2020, the [Queen Mary suspended operations](#) because of the coronavirus. It would remain completely shuttered until 2022 — because critical repairs were needed to make the ship safe.

But Urban Commons wasn’t around to [see the Queen Mary’s partial](#)

That's because in January 2021, Urban Commons, as well as more than two dozen associated entities — all under the parent company called Eagle Hospitality Trust — filed for [Chapter 11 bankruptcy](#).

Those subsidiaries, including Urban Commons, were associated with the various hotels that would eventually be named in this week's SEC criminal complaint. (Urban Commons Queensway, for example, oversaw the Queen Mary while Urban Commons Cordova A oversaw the Sheraton Pasadena Hotel.)

"We have done everything in our power to unite during these uncertain times," Urban Commons said in a statement at the time, "and work together amicably to facilitate the best chance to survival and success."

Also in 2021, a report from Long Beach's city auditor and bankruptcy filings [accused Urban Commons of mismanaging the ship and of fraud](#), respectively. In the former, Urban Commons was accused of failing to keep detailed payment records related to \$23 million the city gave the company to make critical repairs — though a 2023 city memo ultimately dispelled that allegation. The latter accused Urban Commons of fraud relating to loans from the pandemic-era, federal Paycheck Protection Program.

Urban Commons denied both accusations at the time.

The City of Long Beach regained control of the [Queen Mary](#) in 2021 when [Urban Commons](#) surrendered its leases for oversight of the then-deteriorating vessel.

"We will continue to work with the City of Long Beach to satisfy the City and the community," Woods said in a May 26, 2021, statement about the city audit, "about our stewardship related to this majestic vessel."

"There was never any intention to do anything inappropriate by any party involved," he added about the PPP loans.

Then, in June 2021, Urban Commons surrendered its Queen Mary lease — giving Long Beach control of the ship for the first time in more than 40 years.

SEC complaint

But it's unclear how big a role the Queen Mary plays in those charges.

The Queen Mary is only listed in the criminal complaint once — in a list of the 13 hotels at the heart of the allegations — and Long Beach isn't mentioned at all.

The criminal complaint accuses Wu and Woods of two schemes that led investors to lose more than \$70 million combined and “fraudulently induced” them to OK selling their investment interests — totaling about \$169 million.

In the first scheme, as the complaint calls it, Wu and Woods convinced investors that they had lined up a third-party buyer for the hotels, including the Queen Mary, and that they would get a share of the profits of the sale if they OK'd it.

But, the complaint says, Wu and Woods owned and controlled that buyer.

What's unclear from the complaint, however, is whether the pair told investors how much that sale would be — and what the value breakdown of each hotel was. While the Queen Mary seems like it would be the most valuable, Long Beach actually owns it and revenue was stymied by the ship being in disrepair.

Plus, Wu and Woods, the complaint says, floated that idea to investors in June 2017 — a couple of months before Urban Commons gained control of the Queen Mary.

Still, Wu and Woods had no intention of selling the hotels, the criminal complaint says. Instead, the pair formed Eagle Hospitality Trust to get the hotels under one entity; they used the investors consent, under the guise of a sale, to do so, the complaint says. That trust became the Singaport REIT, which was placed on the Singapore Stock Exchange on May 24, 2019.

Trading of the Singaport REIT was voluntarily suspended on March 23, 2020, the complaint says, and about 10 months later, the trust and its subsidiaries entered bankruptcy.

“As defendants well knew, there was no third-party buyer,” the complaint says. “Instead, the defendants at all relevant times owned and controlled the supposed third-party buyer. Defendants then intentionally exploited executed consent solicitations to consolidate as many of the thirteen hotels as possible
