



NEW YORK STATE SENATOR

Ruben Diaz

## IS ATTORNEY GENERAL ERIC SCHNEIDERMAN INVESTIGATING HIMSELF?

SEN. RUBEN DIAZ April 11, 2016

### WHAT YOU SHOULD KNOW

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### ***IS ATTORNEY GENERAL ERIC SCHNEIDERMAN INVESTIGATING HIMSELF?***

You should know that in 1992, the City of New York sold a piece of property located at 45 Rivington Street in New York City to a not-for-profit corporation called the Rivington House Healthcare Facility for \$1.5 million dollars. The deed contained a covenant (a promise) that the use and development of the property was limited “in perpetuity” – to a not-for-profit health care facility. As we all know, “in perpetuity” means forever.

On October 9, 2014, the Rivington House signed a contract for sale of this property to New Rivington Property’s LLC, a Delaware Limited Liability Corporation. New Rivington Property LLC is a business owned by two individuals.

It is important for you to know that in order for any not-for-profit corporation to sell real

estate property in New York, it must first obtain review and consent by both the New York State Attorney General's Office, and then, a Supreme Court Judge in New York.

And so, after signing the contract, the owners Rivington House submitted a petition that first went to the NYS Attorney General's Office, and then to the NYS Supreme Court to be granted this permission to sell.

On December 16, 2014, Justice Eileen Rakower of the Supreme Court of New York County signed an Order permitting the sale of this property to the New Rivington Property's LLC for the price of \$28 million dollars.

Alongside the Judge's signature on this Order that permitted the sale of the property was the stamped endorsement and consent of the New York State Attorney General's Office.

Prior to signing and consenting to such an Order, it seems that the NYS Attorney General's Office overlooked or ignored the restrictive covenant in the 1992 deed that said the use and development of the property had to be limited to a not-for-profit corporation.

Clearly, the purchaser of this property was not a not-for-profit corporation. This should have raised some concern in the Attorney General's Office before consenting to the sale.

Then, in November of 2015, the City of New York signed a deed to the New Rivington properties surrendering their "in perpetuity" claim on the property under the 1992 deed for the price of \$16,150,000.00

Upon receiving full and clear title to the property at 45 Rivington Street, the New Rivington Properties LLC flipped the property in February, 2016 to the Rivington StreetInvestors, LLC,

another Delaware LLC, for the whopping price of \$116 million dollars, using (and I kid you not) the Bank of the Ozarks to finance the purchase of this property.

Now we have, surprise, surprise ... of all people offering to investigate the second half of this sale, the New York State Attorney General Eric Schneiderman, whose Charities Bureau started this process in motion by approving the sale of this property to a business group for a mere \$28 million dollars.

It seems that certain individuals reaped an incredible profit on this Manhattan real estate deal. Will the Attorney General be looking in-house to see how much finger pointing should be done at his own agency?

If there is a complaint that the City of New York received undue compensation for releasing their claim on this property, then certainly the prior owner, the Rivington House, was also given less than fair market value for their sale.

I am Senator Reverend Rubén Díaz, and this is what you should know.