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From the Washington Business Journal:

<https://www.bizjournals.com/washington/news/2018/04/02/owners-of-white-flint-mall-site-in-dispute-over.html>

Owners of White Flint Mall site in dispute over sale as Amazon HQ2 decision looms

Apr 2, 2018, 10:06pm EDT **Updated: Apr 3, 2018, 8:33am EDT**

The minority owners of 44.3 acres encompassing the former White Flint Mall in Montgomery County — a candidate for Amazon's \$5 billion second headquarters — filed a restraining order Friday to stop a transaction that would strip them of their 25 percent interest.

The minority owners — descendants of developer Henry Reich — said the restraining order would stop developer Ted Lerner and Tower MD Holdings LLC, the two Rockville-based majority owners of the White Flint Mall site, from "going forward and consummating" the land deal, according to Jeremy Schulman of Schulman Bhattacharya LLC, who is representing the minority owners.



JOANNE S. LAWTON

The White Flint Mall is the area of Montgomery County that is being eyed for Amazon's HQ2.

Lerner, of Lerner Enterprises, and Albert "Sonny" Abramson, Tower Cos.' founder, co-developed the mall with Reich. Representatives with Lerner and Abramson did not return calls for comment.

Schulman said the opposing counsel "agreed to stand down for a 14-day period."

"They have agreed not to go forward imminently with this transaction," Schulman said. "We are working toward a full injunction hearing in court to convince the judge to impose the restraint for the duration of a case."

The restraining order request came two days after a lawsuit was filed in Montgomery County Circuit Court by the Reich descendants. It claims the defendants are attempting to strip the Reich/Rubenstein family of their interest to reap a financial windfall if Amazon.com Inc. (NASDAQ: AMZN) were to locate its second headquarters at the White Flint Mall site — widely considered Montgomery County's bid for HQ2.

The site, per the suit, "is on the precipice of a multibillion-dollar redevelopment," whether HQ2 or the 5.2 million square feet of residential, hotel, office and retail for which it has already been approved.

The lawsuit, first reported by Washingtonian, claims that Lerner and Tower MD Holdings plan to sell their interests in the property through a "sham" transaction, essentially to themselves "for the sole purpose of simply eliminating the Rubenstein/Reich Family's ownership interest so that Lerner and Tower MD can reap ... all the benefits of the imminent redevelopment project with Amazon or another partner." There is no third-party buyer and no business purpose for the company to justify the transaction, according to the lawsuit.

The Reich/Rubenstein plaintiffs, per the lawsuit, have no desire to sell their 25 percent ownership interest in the property, but rather to "continue benefiting from the income being produced by the Property," and to "pass on the incredible legacy of this Property to their children and grandchildren." The family said it has been offered \$6.6 million for its land interest, which the lawsuit claims is well below the property's value.

The lawsuit claims that Lerner and Tower MD Holdings began implementing their plan to seize the Reich/Rubenstein family's interest on March 5, one day after Amazon officials toured the property with representatives of Tower and Lerner. The next day, the Reich/Rubenstein family received an "unexpected" letter from Jeffrey Abramson, the Abramson family representative, and Lerner rep Edward Cohen, about the sale.

"In essence, this letter asserted that the Managing Member and the majority members could completely eviscerate the rights of the minority members at their pleasure," the lawsuit states. "The proposed transaction, whether by sale or by agreement, is nothing more than the Managing Member and the majority members forcibly ousting the Reich/Rubenstein Family from the Company and divesting them of the profits of the redevelopment, which may very well include the immense financial rewards associated with White Flint being picked by Amazon for Amazon HQ2, to keep the spoils for themselves."

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