


VICKY WARD

NEW YORK TIMES BESTSELLING AUTHOR OF *THE DEVIL'S CASINO*

THE LIAR'S BALL



THE EXTRAORDINARY SAGA
OF HOW ONE BUILDING BROKE THE
WORLD'S TOUGHEST TYCOONS

WILEY

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of How One Building Broke
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The Liar's Ball

For Richard

Preface

Every year, toward the end of January, around 2,000 members of the New York real estate industry gather in the Hilton Hotel to celebrate the Real Estate Board of New York's annual gala: an event affectionately known by its attendees as "the Liar's Ball."

The dress code is black tie, but that's the only nod to decorum.

The senior U.S. senator for New York, Charles Schumer, is a regular, as are the presiding mayor and New York's archbishop, John Cardinal O'Connor. The dignitaries sit on the dais and, during dinner, one by one, they rise to make speeches, but they don't expect to be heard by an openly disdainful audience that is busily clinking glasses and shouting over and at each other, boasting about last year's profits and deals.

The public figures are glad, for once, that there are no national TV crews on hand to record this ritualistic humiliation. Senator Schumer grins while he talks, trying to appear as if he is in on the joke. But there is no joke. The diners talk over him and the rest simply because they've got other priorities.

Every year, for just one night, these wheelers-and-dealers come to make nice with competitors they cheerfully deride the rest of the year. They come to pick up a deal or maybe five. And although they often

wish they could exist without their peers—their fellow pirates—this is an incestuous club, where connections to the right partners, lawyers, bankers, and brokers are key for deal flow.

So they come to the Hilton to schmooze, to pretend, to shout. “It almost doesn’t matter who the speakers are, because I’ve never seen—as much as I love my colleagues—a ruder group of people than at this banquet,” Peter Hauspurg, the chairman and CEO of Eastern Consolidated, told the *New York Observer* in 2012.

To an outsider, the behavior seems bizarre. To witness a mob in tuxedos and tulle yelling over a U.S. senator? To hear someone whisper, “I can’t stand this guy; I fired him a year ago,” before turning to monopolize his prey with a serpentine charm? To the cognoscenti at the Liar’s Ball, dissembling is as natural and necessary as breathing.

This party celebrates characteristics most of us condemn: brashness, mendacity, greed. . . . On this one night the industry revels in who and what it really is and it does not care who sees.

Welcome to the Liar’s Ball. It’s rough, it’s vulgar, and it’s a riveting show.

Cast of Characters

The Early Years

Principal: William Magear “Boss” Tweed

Principal: Judge P. Henry Dugro

Principal: Harry S. Black

Principal: Conrad Hilton

Principal: William Zeckendorf

The Rayne/Benattar Years

Principal: Max Rayne

Principal: Cecilia Benattar

Principals’ lawyers: Jesse Wolff, Martin Ginsberg

Principals’ spouses: Jack Benattar, Michael Schwartz (Benattar),
Lady Jane Vane-Tempest-Stewart (Rayne)

Principals’ children: The Honorable Robert “Robbie” Rayne;
Naomi, Simon, Jessica, and Judith Benattar

Principals’ tenants: Mary Wells Lawrence, Estée and Leonard Lauder,
Ira Millstein, Harvey Miller, General Motors

Principals’ broker: Harry Macklowe

Principals’ architect: Edward Durrell Stone

Principals’ supporting cast: James Nagy, Geoffrey Wharton

Disque D. Deane, a brutal man who, it was whispered, as good as killed his wife with cruelty. Next came David Simon, the mall heir; he was quickly followed by Stephen “Steve” C. Hilbert, the one-time insurance salesman from Indianapolis who helicoptered five miles to work each day—and married a woman who jumped, practically naked, out of a cake. His partner was Donald J. Trump, who needs no introduction. And then came Harry Macklowe, the most charismatic of these characters and perhaps the most tragic.

Why do their stories matter? Why should anyone care about a group of rich guys competing for a very expensive building? What became both bewildering and absorbing as I researched this book were the extraordinary lengths to which these men went to achieve their goals.

Dream chasing, it turns out, in the world of global real estate is a sordid pursuit.

In these pages, lying, cheating, stealing, suing, and tax evasion are just humdrum ways of business. Friendships and alliances get made to be broken; a man’s word is never his bond; partners routinely sue one another; wives are discarded and cheated on; but so too are bankers, colleagues, and brokers.

The boorish behavior at the Liar’s Ball, the party that the Real Estate Board of New York throws itself each year, had intrigued me when I attended the event. It also paled in comparison to the roughness I would unearth. And yet . . .

Tempering the grotesque intemperance was the humanity, the vulnerability that these characters—for the most part—revealed.

I realized as I combed through more than 200 interviews with my crowd of “rough riders” (as the New York real estate deal makers were once called—there was even a room in the Roosevelt Hotel where they negotiated over lunch) that my fascination with them lay as much in their insecurities as in their ambitions. And that one explained the other.

And whatever faults these people share, these leaders of the dance at the Liar’s Ball have at least danced.

A friend of Harry Macklowe’s long-suffering wife, Linda, put it this way: “This is not a normal world. . . . None of these people are fuckin’ normal. And, again, what is normal? They’re all gifted in such a way that they are unique, disturbed individuals. . . . And the level of disturbance is oftentimes about how successful they are.”

Contents

Preface	ix
Cast of Characters	xi
Introduction	xv
Chapter 1 Stealing the Spotlight	1
Chapter 2 Alpha Males	11
Chapter 3 The Rigged Bid	21
Chapter 4 Harry's Hero	37
Chapter 5 The Odd Couple: The English Lord and the Housewife Tycoon	49
Chapter 6 The Age of the Wolf	65
Chapter 7 Donald Trump's Bag Man	79
Chapter 8 The Money Hunters and the Salesman from Indianapolis	91
Chapter 9 Donald's "Force Majeure"	103
Chapter 10 Paradise, Briefly	109
Chapter 11 Mr. Toad's Wild Ride	117
Chapter 12 Tick Tock—A Year on the Clock	129

Chapter 13	The Fall That Wasn't	145
Chapter 14	Aftermath	153
Note about the Sources		157
Acknowledgments		159
Notes		161
Bibliography		231
About the Author		233
Index		235

Chapter 1

Stealing the Spotlight

I think that I've been able to lead and have a high enough profile where people say, "Hmmm, how would Harry Macklowe do this? He's my hero."

—Harry Macklowe

He spotted his chance the night the letters vanished. They were there, as usual, one dusky summer's evening in Manhattan, but the next morning they were gone. All of them. Their disappearance immediately spurred frantic, gossipy phone calls between the major real estate offices in New York City. Everyone knew the significance, but very few knew what had happened. There was speculative chatter about a "midnight raid," even a "robbery."

Bizarrely, some of the garish letters began to show up on office walls around New York, where they still remain. Their proud owners were

coy about how they had acquired their trophies. Was Donald J. Trump, the flame-haired, flamboyant developer, furious? No one dared ask him. All they knew was that the letters' disappearance marked the end of his most cherished dream.

For Harry Macklowe, it was the beginning of a metamorphosis.



June 2003. As the sun rose over Manhattan, passers-by, commuters, tourists, and members of the audience assembled for CBS's morning show noticed that something was dramatically different about the 50-story, white marble edifice soaring above midtown known as the General Motors (GM) Building.

In almost every other detail, the legendary and much-coveted trophy building looked as it had for years: the white, minimalistic tower with the small inset windows that gave tenants spectacular views of Central Park; there was the glass box of FAO Schwarz, the iconic toy store, on the southwest corner of the building's first floor. There was the plaza—that “problematic plaza,” as industry insiders and architects had always called it because no one had found a sensible, or profitable, use for it—stretching out to Fifth Avenue.

But the building's most jarring detail: brass letters, each four feet tall, spelling out TRUMP—the ultimate vanity plate—was gone.

For five years, Donald Trump's name had been bolted onto the base of the otherwise spartan façade designed by the late Edward Durrell Stone. The brass letters ran around the creamy wall like a golden ticker tape, a constant reminder of the building's co-owner and manager. The sunlight had reflected off those letters so brightly that senior executives at CBS, whose morning show was shot in the building's ground-floor studios, successfully negotiated with Trump to tone them down. The glare was “blinding,” they said, and they were not in the business of “advertising Trump.”

When he heard about the negotiations, Ira M. Millstein, a white-haired lawyer who works on the 32nd floor of the GM Building—at Weil Gotshal & Manges, the building's oldest extant tenant—had chuckled gently with his colleague, the well-known bankruptcy lawyer Harvey R. Miller. The two of them had tangled with Trump on other matters. They suspected the issue would irk him.

Some of the GM tenants felt that Trump's initials marred not just the aesthetics but the spirit of their tower. The building wasn't just another ho-hum high-rise. No, this was the GM Building, a symbol of America at its finest.

She had been commissioned in 1964 by General Motors, then the biggest company in the United States—and, therefore, in the world. GM had occupied 26 floors of the building, which took up an entire city block between Fifth and Madison Avenues and 58th and 59th Streets. Her location—where Central Park meets the heart of both commercial and residential New York—was, like her name, unbeatable. Unsurprisingly, the world's alpha dogs rented office space there. The blue-chip brands included Estée Lauder, Carl Icahn, the hedge fund Perry Capital, the talent-management firm IMG, and the Wall Street legend Sanford "Sandy" I. Weill.

Trump didn't usually buy office buildings—but he viewed the GM Building as an exception; she was the fitting monument to his ambition. In 1998 he had finally found a way to buy her by partnering with the Indianapolis-based insurance giant Conseco, run by a friend of his, Stephen "Steve" C. Hilbert.

Conseco put up most of the money, but Trump became the face of the building. He took out an ad in the *New York Times* that read "\$700,000,000 . . . THE GM BUILDING . . . A 50-story 2 million square foot office building . . . Developer Donald J. Trump." The ad ran two days in a row because initially someone forgot to insert Trump's middle initial, J., a detail he is most particular about.

He instantly set to work "Trumpifying" the tower. The building's white lobby interior was replaced with a deep green marble. There were plaques on the wall that read "The General Motors Building at Trump International Plaza." He tried to evict Houlihan's, the chain restaurant in the basement, because, it was said, he hated the smell of greasy food. He raised the sunken plaza to street level, and made it pristine and pleasant to sit in for the first time in 40 years.

But he got stopped just as he was accelerating. In 2000, Hilbert left Conseco; he had made a disastrous bet on Green Tree Financial, which provided financing for low-income housing. Conseco went bankrupt. Trump negotiated to buy the building from his partner, but in the fall of 2001 those talks stalled; the partnership grew distinctly less friendly, and

Trump entered into two years of intense legal battles. In the summer of 2003, Consec won the building. An Illinois bankruptcy court awarded the insurance firm the right to retain a broker, Eastdil Realty, to sell her on the open market. To make the best deal possible, Consec knew it was imperative that the world would know Trump was out. His name *had* to come off the building.

The man tasked with making this happen was Charles “Chuck” H. Cremens, a plainspoken Bostonian.

Cremens told Trump directly that the letters he’d put up now belonged to Consec, and that as a courtesy, Trump could remove them himself, or Cremens would do it for him. The negotiations were described by a lawyer for Consec, Reed S. Oslan, from the Chicago firm of Kirkland & Ellis, as resembling a “tennis match.” “Chuck’s one of the best negotiators ever. So [Trump’s side] made some offer. Chuck would say no. [This went on] for about four or five hours.”

Cremens would later admit he underestimated the significance of those letters for Trump. Before the two sides reached a formal agreement, Trump had sent a team out into the darkness to remove them. “I wanted them to come off in a dignified way,” Trump said in an interview. “It was the right thing to do. I no longer owned the building.”

Trump’s team put up “big sheets” to obscure the dismantling—and then the letters were given to Cremens, who dispersed them; and it was this that, people speculated, must have angered him—though Trump says not so. “I was sad to lose the building, but not angry about the letters.”

Over at Eastdil, Wayne Maggin, the executive in charge of the sales process, has the “M.” Reed Oslan has an “R.” Mary Anne Tighe, the CEO of CBRE, Inc., has the “T.”

Cremens was baffled as to why it had been so easy to get the letters removed—why “we had accomplished so much.”

A month later, that mystery was solved. Something new had come into Trump’s life that he loved as much as—or even more than—the GM Building. He was shooting the first season of NBC’s *The Apprentice*, the reality show in which contestants vie for a position in Trump’s organization. The show would set Trump up as an international figurehead businessman who repeatedly got to say, “You’re fired.”