CRAIN'S

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ILL-SUITED

The rollback of consumer financial protections has left New Yorkers like Esther Roman vulnerable to shady debt-collection lawsuits

PAGE 20

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NEWSPAPER

IN THIS ISSUE

CORRECTION

Hudson Meridian Construction Group had 113 full-time and full-time-equivalent employees as of June 30. This figure was misstated in the list of the New York area's largest construction firms, published July 9.

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BUCK ENNIS

AGENDA

JULY 23, 2018

An organic way to desegregate the city's school system

The idea of New York as a melting pot is undercut by an inconvenient fact: City schools are the most segregated in the nation. In a place where people of all backgrounds share subway cars and sidewalks, and 64 years after "separate but equal" education was ruled unconstitutional, how can this be? The segregation of neighborhoods—a result of economic and social forces—is one reason, as young children typically attend schools near their home. And while the city has largely eliminated zones for middle and high schools in recent decades, their admission policies segregate kids in other ways. They screen applicants using exams, attendance and other metrics that separate children by household income and race. "School choice" lengthened students' commute and might have exacerbated the segregation problem too.

Families contribute to schools' homogeneity because they prefer ones that are nearby and serve kids like theirs. Many minority parents want resources more than diversity for classrooms, believing their schools get less money than white ones, though the city has released no data on that. (High-poverty schools get extra public funding, which probably exceeds what parents raise at high-income schools.)

But diversity brings benefits that money can't buy. As the website Chalkbeat noted, racially and economically integrated classrooms boost students' critical thinking and tolerance and yield academic gains for disadvantaged children. Moreover, research generally shows that high performers are not hindered when grouped with underprivileged peers. A critical mass of motivated learners lifts the whole student body, so the aim must be for every school to have one.

Let poor areas gentrify and rezone wealthy ones to trigger low-cost units. Then restore zone schools

Several school districts have integration efforts underway, and new Chancellor Richard Carranza wants systemwide reform done yesterday. But rapidly redistributing kids through radical policies would be politically and practically difficult, given all the baked-in causes of segregation. If white children were assigned to far-off or heavily minority schools, more of their parents would opt for private school or the suburbs. They could be retained (as many are now) by grouping their kids with one another in "gifted and talented" classes, but that would defeat the purpose of diversifying schools—and the academic benefits of tracking are dubious.

Ideally, neighborhoods would be diverse and children would attend local schools reflecting that mix rather than piling on rush-hour trains and buses. That lofty goal can be achieved organically by restoring zone schools, letting gentrification continue in minority areas and upzoning wealthy ones, triggering the city's mandate for residential projects to include affordable units. It would take a few years but would be worth the wait. **— THE EDITORS**

FINE PRINT: Union-owned Amalgamated Bank filed last week to go public, six years after U.S. Commerce Secretary Wilbur Ross invested $50 million to help save it from collapse. If the bank's shares trade at values similar to those of other small banks, the stake held by WL Ross & Co. would be worth $100 million.

25 WORDS OR LESS

"The upgrade ... recognizes the ballpark's proven resiliency through periods of variable team and economic performance"

— Moody's, on why it raised Citi Field's credit rating last week despite another lost season for the New York Mets

STATS AND THE CITY

BY GERALD SCHIFMAN

LENDING RUN AMOK?

ONLINE LENDING IS surging in New York, as are claims by state regulators that customers are being gouged.

79% Increase in New York online-lending customers from 2015 to 2017

$3B Total of online loans provided by 35 companies to New York customers last year, up 42% from 2015

83% Portion of that amount that went to individuals; businesses borrowed the rest

14.8% Average median annual percentage rate for all individuals on online loans, versus 19.6% for those deemed "unbanked" or "underbanked"

62.3% APR one online lender charged, 35 percentage points higher than the criminal usury rate limit

SOURCE: State Department of Financial Services

ISTOCK

Wall Street's ups and downs, and a chance for NY bankers


MAKING SOME MONEY: Morgan Stanley CEO Gorman is on a roll.

A **LOT HAS CHANGED** at Morgan Stanley since **James Gorman** became chief executive in 2010. The investment-banking powerhouse has become a leading wealth manager, and investors have pushed its market value past that of rival Goldman Sachs. "We've just had two consecutive $10 billion revenue quarters," Gorman said during a conference call last week. "We hadn't had one in the previous 320 quarters."

Asked what he plans to do next, the CEO replied: "What about make some money?"

These are halcyon days for the Wall Street crowd. The robust economy has dealmakers and traders working around-the-clock. Federal examiners brought in after the financial crisis to literally watch over Wall Streeters' shoulders have vanished.

But it's not all wine and roses. Commercial banking revenue at JPMorgan Chase fell slightly last quarter, perhaps a sign of slowing demand among business borrowers. President **Donald Trump** and others worry that the Federal Reserve will curb growth with more interest-rate increases.

Although Wall Street firms are hiring lots of people, they aren't taking on many here. In the past 12 months New York has gained 3,700 financial jobs, according to state Department of Labor figures, while preliminary federal data show 23,000 were added nationally in the securities industry. One explanation: Banks and brokers have been moving back-office jobs to lower-cost cities for about 25 years, a fact highlighted in May when AllianceBernstein agreed to shift its headquarters to Nashville, Tenn., though money managers and other senior employees will stay.

Unfortunate events elsewhere give New York a chance to reassert its mojo. We're not talking about Brexit, but rather the looming retirement of the London Interbank Offered Rate, or Libor. Used to set interest rates for mortgages and credit cards, Libor fell into disrepute after bankers were found to be manipulating it. A new benchmark will be needed soon. Surely someone in the world's financial capital can step up. NYbor, anyone? **– AARON ELSTEIN**

Culture club
The city launched Culture Pass, granting library cardholders a free annual visit to 33 local museums. A rush for passes crashed culturepass.nyc last week.

King Solomon
Goldman Sachs named President David Solomon successor to CEO Lloyd Blankfein, who is retiring Oct. 1. Blankfein has led the bank for 12 years and will remain for a transition period .

Leading light
Private-equity firm Lantern Capital Partners closed a $289 million deal for the Weinstein Co. and renamed the film studio Lantern Entertainment. Lantern's founder and CEO Andy Mitchell and Managing Director Milos Brajovic are co-presidents of the studio.

Gut reaction
Tenants of 184 Kent Ave. in Williamsburg sued Kushner Cos. for $10 million, alleging that the developer engaged in an improper and unsafe gut renovation to harass them into leaving their rent-regulated apartments.

Meals and wheels
Insurer Healthfirst is sponsoring a $5 monthly Citi Bike membership to food-stamp recipients. The usual cost: $14.95.

Trials and tribulations
Former state Senate Majority Leader Dean Skelos and his son, Adam Skelos, were found guilty on all eight corruption counts in their retrial. A U.S. Supreme Court ruling had led to their 2015 convictions being overturned.

DATA POINT

COMPTROLLER SCOTT STRINGER SAID ONLY 118 OF THE CITY'S 472 SUBWAY STATIONS COMPLY WITH THE AMERICANS WITH DISABILITIES ACT, AFFECTING MORE THAN 600,000 NEW YORKERS.

Second chance
New York Public Radio's WNYC sold its news and culture website Chicagoist to Chicago native Chance the Rapper. WNYC had gained ownership when it acquired and relaunched New York sister site Gothamist earlier this year. The sites were shut down last year by previous owner Joe Ricketts.

For what it's worth
Forbes released its list of the world's 50 most valuable sports franchises. New York's Yankees, Knicks, Giants, Jets, Nets and Mets were fifth, seventh, eighth, 21st, 36th and 43rd, respectively. The Bombers, at $4 billion, were the No. 1 baseball team, and the Knicks, at $3.6 billion, topped the basketball list.

Working a steak-out
To cut its carbon footprint, Manhattan co-working firm WeWork is no longer reimbursing its 6,000 employees for meals that include red meat, poultry or pork. Company events will be meatless.

A break from the news cycle
CNN President Jeff Zucker is stepping away for six weeks for elective heart surgery. Michael Bass, executive vice president of programming, will oversee the network's editorial operations.

Lodging grievances
The City Council passed a bill forcing Airbnb to disclose the names and addresses of its 40,000 city hosts to an enforcement agency. **– CHRIS KOBIELLA**


The longest time
Billy Joel's 100th show at Madison Square Garden featured a surprise appearance by Bruce Springsteen, who performed two of his songs alongside the Piano Man.

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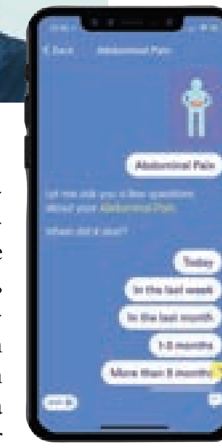
CIRCULATION VERIFICATION COUNCIL
THE ALLIANCE OF AREA BUSINESS PUBLICATIONS

K Health raises $12.5M for AI-powered symptom-checker app

Tech investors bet big on artificial intelligence

BY JONATHAN LAMANTIA

BLOCH, founder of K Health



Is your stomachache just a bout of indigestion or acute appendicitis? Do you have a tension headache or a brain tumor? Sometimes it's hard not to panic when sifting through pages of medical information on the internet, where everyone is "two clicks away from cancer," said Allon Bloch, the founder of startup K Health.

The company's app, powered by artificial intelligence, aims to become the go-to source for consumers who are trying to figure out whether to just pop an aspirin or head to the doctor. It asks users a series of 15 to 20 questions about themselves and their symptoms. The algorithm compares the data to the medical charts of people of the same age and gender, drawing from a database of 2.25 million patients from the Israeli HMO Maccabi Healthcare Services.

Investor interest

The company, founded in 2016 in Tel Aviv, officially launched in New York last week with an announcement that it had raised $12.5 million from venture capital firms. The company has about 40 employees, about 10 of them in Manhattan.

In recent months investors have poured hundreds of millions into local health tech companies, with a particular interest in artificial intelligence to improve health decision making. For example, Prognos has raised $42 million to help insurers and drugmakers predict disease trends, while Paige.ai has attracted $25 million to help improve cancer care. The AI companies use reams of medical data that were previously disorganized to make treatment decisions based on past outcomes.

K Health offers an online demonstration about a patient with a headache. Based on the person's answers, the app concluded that 83% of patients with similar symptoms had a tension type headache; 16% had a general headache. Then it offered common medications taken by people with similar symptoms. Users can also book an appointment online. About eight practices in the city, including Manhattan's St. Claire Medical and Heartbeat Health, are participating.

Several well-established health tech companies also are addressing the symptoms dilemma. Manhattan-based Zocdoc, the appointment booking platform, asks users about their symptoms and matches them with the right kind of doctor. WebMD, which was acquired last year by investment firm KKR's Internet Brands for $2.8 billion last year, released a revamped symptom checker tool in April.

"Instead of WebMD or Dr. Google you finally have something built on real data," said Bloch, a serial entrepreneur.

He still hasn't settled on how K Health will generate revenue. It's focusing for now on expanding its customer base, which numbers about 120,000 people in Israel, Alabama and New York. But it might eventually charge doctors or insurers for access and keep it free for patients, Bloch said.

Dr. Jason Lockette, who runs Integrity Family Care in Huntsville, Ala., participated in testing the K Health app starting in March. He and a nurse practitioner have used the app to conduct about 500 chats with new and prospective patients. As K Health moves into new markets, it will need to win over doctors. "Physicians can be averse to change and this is a new technology," Lockette said. It takes him about 60 to 90 seconds to review patients' symptoms on the app, and he typically does three to four cases a day. "I can do it on an iPhone," he said. "I've looked at in the grocery store." ■

On the rise in central Harlem

Plans for a 17-story building latest sign of ongoing changes in the area

BY TOM ACITELLI

In July 2001 Bill Clinton set up his post-presidency offices on the 14th floor at 55 W. 125th St. in Harlem. At the time, chants of "We love Bill" drowned out the odd shouts of "go home" and "slave master" from demonstrators, including those worried about impending gentrification.

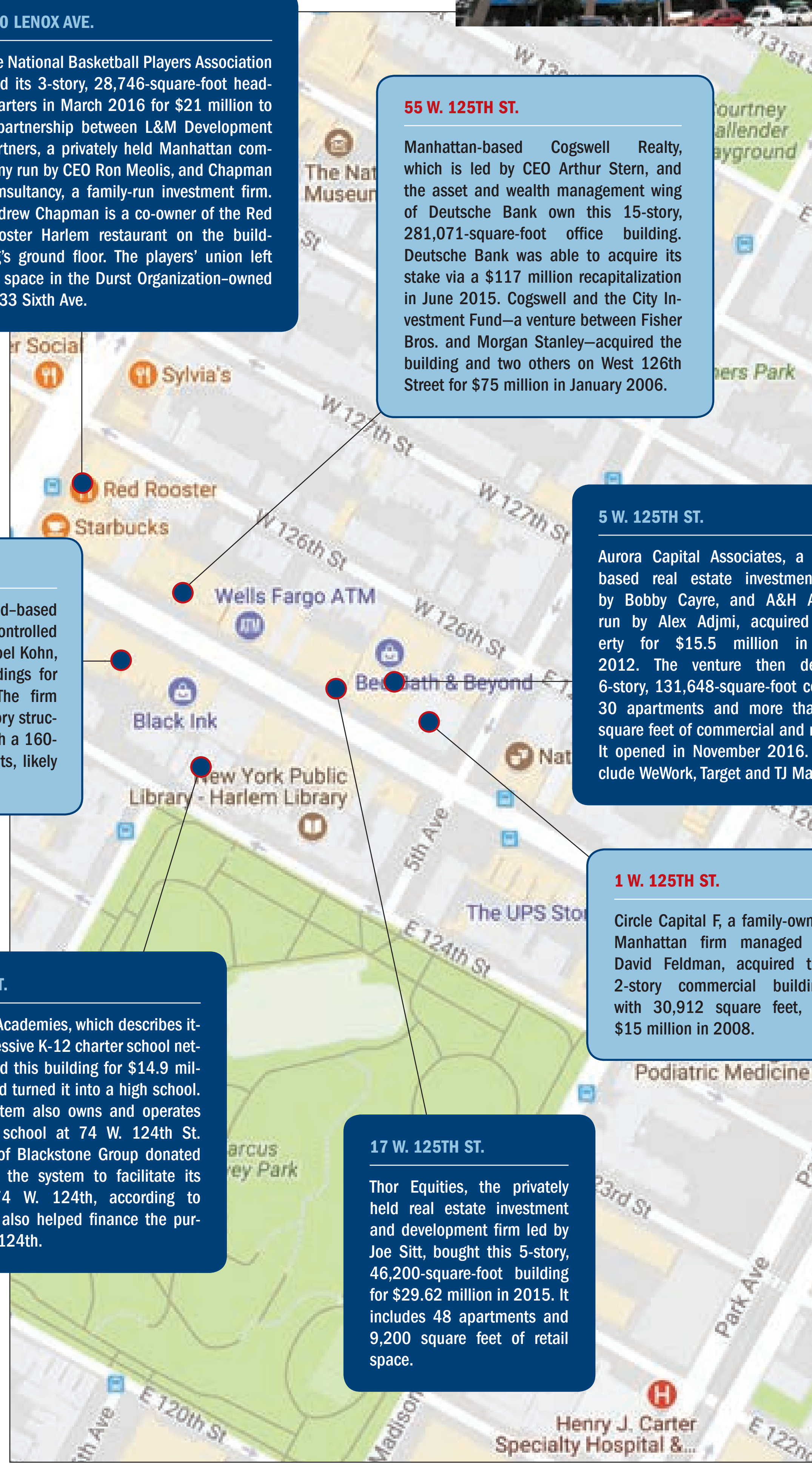
Clinton's arrival did not usher in the wave of pricey developments that many locals feared, but the neighborhood just north of Marcus Garvey Park has certainly seen its share of investment since then.

Two charter schools have opened nearby in the past decade, both with financial backing from Jonathan Gray, chief operating officer of private-equity giant Blackstone Group. Investors including Deutsche Bank, Morgan Stanley and Thor Equities' Joe Sitt have snapped up properties in the neighborhood.

This month a New York City partnership, the Jay Group, filed plans for a 17-story, 113,341-square-foot building to replace five properties at 54-62 W. 125th St. The mixed-use building would be the tallest property on that side of the block.

Overall, sale prices in central Harlem are up significantly from a few years ago, if slightly flatter than in 2016 and early 2017. The average price for multifamily dwellings, for instance, more than doubled from 2012 to the first half of this year, to $472 a square foot, brokerage Ariel Property Advisors found.

Sales volume peaked in 2016 at $1.05 billion from 119 transactions, and this year's pace is on track to match or exceed the $442 million generated through 92 deals last year. Certain properties, including multifamily buildings with elevators and undeveloped land, are proving especially lucrative for sellers, said Victor Sozio, executive vice president of Ariel. "For that type of deal," he said, "a buyer will still pay a very good price." ■



310 LENOX AVE.

The National Basketball Players Association sold its 3-story, 28,746-square-foot headquarters in March 2016 for $21 million to a partnership between L&M Development Partners, a privately held Manhattan company run by CEO Ron Meolis, and Chapman Consultancy, a family-run investment firm. Andrew Chapman is a co-owner of the Red Rooster Harlem restaurant on the building's ground floor. The players' union left for space in the Durst Organization–owned 1133 Sixth Ave.

55 W. 125TH ST.

Manhattan-based Cogswell Realty, which is led by CEO Arthur Stern, and the asset and wealth management wing of Deutsche Bank own this 15-story, 281,071-square-foot office building. Deutsche Bank was able to acquire its stake via a $117 million recapitalization in June 2015. Cogswell and the City Investment Fund—a venture between Fisher Bros. and Morgan Stanley—acquired the building and two others on West 126th Street for $75 million in January 2006.

54-62 W. 125TH ST.

The Jay Group, a Long Island–based private investment firm controlled by Avrohom Yitzchok and Joel Kohn, purchased these five buildings for $26.5 million in June. The firm plans to demolish the 4-story structures and replace them with a 160-foot building with 141 units, likely to be rental apartments.

5 W. 125TH ST.

Aurora Capital Associates, a Manhattan-based real estate investment firm run by Bobby Cayre, and A&H Acquisitions, run by Alex Adjmi, acquired this property for $15.5 million in December 2012. The venture then developed a 6-story, 131,648-square-foot complex with 30 apartments and more than 100,000 square feet of commercial and retail space. It opened in November 2016. Tenants include WeWork, Target and TJ Maxx.

1 W. 125TH ST.

Circle Capital F, a family-owned Manhattan firm managed by David Feldman, acquired this 2-story commercial building, with 30,912 square feet, for $15 million in 2008.

35 W. 124TH ST.

Harlem Village Academies, which describes itself as "a progressive K-12 charter school network," purchased this building for $14.9 million in 2010 and turned it into a high school. The charter system also owns and operates an elementary school at 74 W. 124th St. Jonathan Gray of Blackstone Group donated $10 million to the system to facilitate its purchase of 74 W. 124th, according to Bloomberg. He also helped finance the purchase of 35 W. 124th.

17 W. 125TH ST.

Thor Equities, the privately held real estate investment and development firm led by Joe Sitt, bought this 5-story, 46,200-square-foot building for $29.62 million in 2015. It includes 48 apartments and 9,200 square feet of retail space.

GOOGLE MAPS, BUCK ENNIS

Despite strong economic indicators, commercial and retail rents fall

Vacancy and new office space contributed to the decline, though leasing volume is way up BY JOE ANUTA

The city's economy is good shape, with year-over-year job growth above 2% and median household income and tourism inching up. That should be aiding the office and retail sectors, but many metrics are headed in the opposite direction, according to two reports released this month. Investment sales, which encompass the sale of different property types, remained flat despite many funds and banks willing to invest.

COMMERCIAL OFFICE

Prices fell across Manhattan, where the average asking rent was $76.80 per square foot during the second quarter, according to a report from Avison Young. That is more than 3% lower than last year.

The pricing trend was driven in part by a bifurcation in the market. Space being built in such areas as Hudson Yards is commanding huge rents, while the majority of product that is not up to that standard is getting left behind.

"The taking rents for much of this newer product is typically higher and can reach in the triple-digits on a per-square-foot basis," said Marisha Clinton, Avison Young's senior research director for the tristate area. "As a result, the less modern product that is left comes with a lower asking rent."

Vacancy, which increased slightly and remained high around 10%, is exacerbating the slide. More space is sitting empty as firms squeeze the same number of workers into a smaller area. In addition, new supply is coming on the market downtown and on the West Side.

20%

DECLINE in second-quarter retail property purchase prices from a year ago

Leasing activity, however, was way up during the second quarter. Tenants inked deals for 9.4 million square feet, a 70% increase from the same period last year and about 25% above the five-year quarterly average. The trend was driven in part by big blocks of space taken by companies including Pfizer, whose lease ranked second on *Crain's* list of the largest so far this year (see page 15). The health sector has posted some of the strongest job gains in the city.

RETAIL

Manhattan retail rent fell again as the market continued to correct from the heady days of 2015, when many spaces were overpriced. A Cushman & Wakefield report showed asking rents dropped between 2% and 18% in every submarket but Times Square, which inched upward, and the Flatiron District, which was flat. The Herald Square area, where asking rent was $635 per square foot, and Fifth Avenue between 49th and 60th streets, where it was around $2,700, were hit particularly hard.

Vacancy was up in every submarket except for the Flatiron District and Fifth Avenue—more bad news for landlords. But tenants, mostly restaurants and bars, were signing discounted leases and some buyers of retail property were buying space at a discount.

INVESTMENT SALES

The average price per square foot to purchase a retail property was $2,090 per square foot during the second quarter, down more than 20% from a year earlier. That is expected to spur more transactions, with around 60 retail property sales expected this year totaling more than $2 billion.

Overall, however, the I-sales market was essentially flat compared to a year ago, with about 300 transactions for roughly $20 billion worth of property. The biggest deal of this year has been Google's purchase of Chelsea Market for about $2.4 billion, which topped *Crain's* list of top property sales (see page 16). ■

Finally, a fix for NYC's worst land-use mistake

Garment District to give way to modern uses in Midtown

GREG DAVID

IN 1984 Carl Weisbrod was desperately seeking Board of Estimate approval of the Koch administration's plan to revitalize Times Square, just one block of which that year was the scene of an unprecedented 2,300 crimes, 460 of them felonies. Standing in reform's way was the International Ladies' Garment Workers' Union, which feared a revival would drive up rents in the Garment District immediately to the south, home to many of the city's 125,000 apparel-manufacturing jobs.

Weisbrod doubted the fears were justified, but politics demanded that Garment District side streets be rezoned for manufacturing only. Apparel jobs vanished anyway—fewer than 12,000 remain in the city—in a telling example of how land-use policy is helpless in the face of economic forces. After almost two decades of trying, the city will finally end the restrictive zoning this fall.

90%
DECLINE IN NYC apparel jobs since 1984

This tangled story began in the early 20th century, when the city's most important retailers moved uptown to the 30s and the emerging garment factories followed. Department-store owners were appalled as thousands of workers clogged the streets on their lunch break, rubbing elbows with their customers. The Fifth Avenue Association was born to force the apparel makers elsewhere.

Rather than fight, according to the book *Greater Gotham*, apparel-factory owners relocated to the 40s, south of Times Square. Even then, notes historian Michael Wallace, many thought the other boroughs made more sense than prime Manhattan real estate.

Apparel jobs peaked at about 400,000 in New York in the 1940s. By 1990 there were 90,000, a third of which disappeared in the next decade. A Chinatown hub was wiped out by the post-9/11 disruptions, and the movement of work abroad continued apace. In 2004 fewer than 33,000 remained.

At that point, Weisbrod knew he was in part responsible for one of the biggest land-use mistakes in the city's history. "Manufacturing couldn't fill the space that had been reserved for it," he recalled.

The Bloomberg administration tried to do something. In 2007 Planning Commission Chairwoman Amanda Burden promised a plan to revise the most archaic zoning. It didn't materialize. A 2013 plan to buy two buildings for manufacturing never got off the ground, either—blame intractable opposition from the unions (given a veto by then-Council Speaker Christine Quinn), a few loud manufacturers and nostalgia. "The garment center tugs at the heartstrings of many New Yorkers," Weisbrod said. "It is about the history of so many of our grandfathers and how the city absorbed so many immigrants."

Named planning commissioner by Mayor Bill de Blasio, Weisbrod resolved to undo the error. He had to leave the task for his successor but played a role behind the scenes as de Blasio co-opted opponents into a steering committee, creating a consensus for change. Its solution: The city will set aside $20 million to buy a building for manufacturers, offer tax breaks if landlords set aside 25,000 square feet for small factories and provide low-cost loans. The other zoning restrictions will go away.

The city has at last recognized reality. In recent years, architects and design firms have swept in, along with tech companies and nonprofits—some in space restricted to manufacturers—bringing in a new, affluent workforce. Even more transformational, the district is now home to 42 hotels, with 12 more under construction. Tourists have in turn lured restaurants and bars.

The zoning did not save a single manufacturing job but cost the city dearly by depriving businesses of affordable Midtown space. Soon businesses in manufacturing space will be legalized, and landlords wanting to upgrade will find receptive lenders. Some owners—mostly families originally in the garment trade—will continue to lease manufacturing space rather than reposition their buildings.

The remaining question is whether New Yorkers have learned that market forces will overwhelm any effort to save industries no longer viable in the city. ■

GREG DAVID writes a regular column for CrainsNewYork.com.

Greening the city from the top down

A failed program for eco-friendly roofs should be fixed, not forgotten

BY SCOTT STRINGER AND DANIELLE SPIEGEL-FELD

When storm clouds gather, 62 square miles of roofs keep us dry in New York City. Unfortunately, most of the dozens of inches of rain that hit New York each year cascades into our gutters, swelling sewers and often causing raw sewage to pour into our waterways.

The city is failing to take advantage of a perfectly good solution to this. By transforming barren roofs into verdant spaces, we can improve water quality, slash energy use, foster biodiversity and provide more enjoyable space. The canopy of plants on green roofs drink up stormwater, reducing runoff by more than 50%. Green roofs also insulate, drastically cutting the expense and emissions from heating and cooling.

Yet New York has done an exceedingly poor job of assisting property owners in greening their rooftops. A centerpiece of the city's efforts—a property-tax abatement—has failed. It can defray the cost of installation by as much as $100,000, but only seven roofs have been granted the abatement in the program's nine years. As a result, green roofs cover only 1 in 1,000 buildings across the five boroughs. With the incentive set to expire next year, the city seems poised to abandon it.

But we shouldn't give up now.

The program offers a meager $5.23 abatement for each square foot of vegetation, about half the minimum that experts say would spur property owners to act. Without adequate compensation, few owners of buildings and homes have applied for the credit, so the city has spent nowhere near the $1 million per year Albany authorized.

A bigger investment would pay serious dividends.

A study commissioned by the Washington state Department of Energy and Environment found that every dollar invested in green roofs generated $2 in benefits by mitigating stormwater runoff and providing green space. That's why cities including San Francisco, Philadelphia and Toronto recently have implemented bold policies to promote green roofs.

It's time for New York to catch up. The program should be restructured to provide a more targeted tax credit to a rotating group of neighborhoods that struggle with regular sewer overflows or a lack of green space. And we should decrease or even eliminate the abatement offered to properties elsewhere.

INSTALLING GREEN ROOFS, like these at Rockefeller Center, can qualify properties for a tax break, but it's so meager that few building owners have bothered.

BUCK ENNIS

Rather than having an incentive available everywhere—but not worth enough to trigger action anywhere—we could offer a substantial inducement to effect change in the areas that need it most.

By focusing on a few specific neighborhoods each year, we can raise the per-square-foot value of the abatement to make it more appealing to building owners. This way, the city can increase the program's impact without having to increase its funding.

Tailoring a credit to match community needs isn't unprecedented. Officials in Washington, D.C., started to vary the size of incentive payments for green roofs based on location several years ago. If they can do it, so can we.

New York City was once at the forefront of innovation to green the urban skyscape. We could be again. Here, perhaps more than anywhere else, 62 square miles of real estate is too valuable to waste. ■

Scott Stringer is city comptroller. Danielle Spiegel-Feld is executive director of the Guarini Center on Environmental, Energy and Land Use Law at New York University School of Law.

How the Food & Beverage Industry Can Find Opportunity in Disruption

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The food and beverage industry is in a time of immense transformation. Many players have had to raise their game to keep up with trends like greater transparency in ingredient lists and a higher demand for authenticity and sustainable sourcing, along with a push to reduce food waste and the rise of scrappy startup brands—and their acquisitions by big companies looking for an edge.

In New York City, a culinary mecca, the bar is even higher. Fortunately, the changes sweeping the industry are bringing opportunities to many firms.

The numbers tell the story: specialty food sales in the U.S. rose to $140.3 million, up 11% from 2015 to 2017, according to figures from the Specialty Food Association. Restaurant industry sales hit $798.7 billion in 2017, up from $586.7 billion in 2010, after years of steady growth, the National Restaurant Association reported. The grocery store industry saw revenue reach $641 billion in 2017, up from $520.75 million in 2010, market research portal Statista found.

So how can food and beverage companies continue to ride the waves of change in the industry? *Crain's* recently spoke with leading experts to gather their insights on what's going on and what's ahead.

The lineup included:

- Bruce F. Bronster, a partner in the New York office of Windels Marx Lane & Mittendorf LLP, a full-service law firm headquartered in New York City. He represents high-profile hospitality groups, restaurants, celebrity chefs, investors and personalities, food purveyors and distributors.
- Thomas G. Carley, Business Banking regional manager for Bank of America Merrill Lynch in metropolitan New York. He oversees business banking teams that serve small and midsize companies throughout the five boroughs and Westchester and Rockland counties.
- J. Grady Colin, vice president of hotel operations for Morris Moinian's Fortuna Realty Group, which recently acquired the Garden City Hotel on Long Island.
- Howard Dorman, CPA, partner at accounting firm Mazars USA LLP. He delivers accounting, tax and consulting services to manufacturing and distribution companies, with an emphasis on the food and beverage industry.

Here's their take on some key trends affecting food and beverage companies in New York City and across the country.

***Crain's*: There has been a lot of disruption in the food and beverage space. What is causing it?**

Dorman: I would like to get away from calling it disruption, but rather consider it to be innovation. Innovation comes about from change, transformation or a breakthrough—a new method or idea. If you look at one company everyone considers to be the biggest disrupter, Amazon, what has it really done? Amazon created a new shopping portal for a consumer who wants whatever they purchase now. The acquisition of Whole Foods just expands their distribution network and increases their product selection. And everyone has followed them. Walmart bought Jet.com in 2016.

Carley: More than ever, consumers, particularly the younger generations, want to be associated with newer, more authentic brands. As a result, smaller companies that previously held only a very small niche in the marketplace have now caught the attention of the consumer and, more to the point, the consumer's wallet. This has made the traditional, larger companies take notice—so much so that the bigger companies want to bring these 'disruptors' under their umbrella and reap the benefits. Many of these newer companies are producing products that are healthier to consume and also have stronger environmental, social and governance

Partner at Windels Marx Lane & Mittendorf LLP

"The root of the recent disruption boils down to intense competition. The restaurant industry is facing unprecedented pressures to offer not only exceptional food but also a unique consumer experience."

BRUCE F. BRONSTER

WINDELS MARX | Windels Marx Lane & Mittendorf, LLP

principals, providing even greater attraction to both consumers and acquiring companies alike.

Bronster: The root of the recent disruption boils down to intense competition. The restaurant industry is facing unprecedented pressures to offer not only exceptional food but also a unique consumer experience. In New York City, there are 24,000 food establishments, and most serve high-quality food. There's a proliferation of excellence, though the experiential aspect has changed. For example, architectural elements of restaurants may play an important role for a diner looking for fine cuisine amid great architecture for the ultimate dining experience.

The offerings in New York are incredibly diverse. Many different companies want to upgrade their offerings by expanding in different ways. This shift to focusing beyond the quality of the food to the experiential aspect impacts and adds costs to the already fickle restaurant industry.

***Crain's*: What forthcoming changes in the industry do you see impacting food and beverage companies the most as they relate to consumers?**

Carley: The changing of food label requirements. Consumers in general, and particularly food buyers, are becoming more conscious of where a product is produced, its ingredients, where those ingredients are sourced, etc. With consumers being as health-conscious as ever, having better insight into the makeup of their food—with an emphasis on truer serving sizes, calories, and added sugars—will have a greater influence on their buying decisions than ever before.

Colin: Creating memorable experiences, and exceeding expectations is key. No matter the price point, guests must feel good about what they have spent on the experience. When ambience, gracious service, well-crafted food and drink all come together to surprise and delight the guest a memorable experience is created that in turn equates to return visits.

Bronster: Food and beverage companies are increasingly trying to micro-divide categories to find a specific niche and fill it. For example, there are now dozens of teas, kombucha brands, and every sort of juice known to mankind. Food and beverage companies are micro-slicing and micro-dicing the market to sell more to consumers, and marketing and distribution channels are changing to get closer to them.

Dorman: It is obvious that the health and wellness space continues to grow. Consumer food preferences reflect shifts in eating habits, cravings for new flavors (savory, spicy) as well as convenience, freshness and localness. Consumers now expect more from their snacks, requiring them to provide a wide range of health benefits, like strength and energy. We are seeing a sharp rise in private label brands because the new consumer has lost trust in the big brands and finds that the private label brands promote the values they are looking for. I was so surprised to hear that Unilever has over 600 brands but only 20 to 25 make up a majority of their sales and profitability. Why? Trust. People trust specific brands.

***Crain's*: What challenges do you see for the food and beverage industry in the future?**

Colin: There are several factors that will challenge the future of the food and beverage industry, from the rising costs of food and real estate to increased wages.

Bronster: The recent increase of the minimum wage is huge and really hit the restaurant industry hard—right in the bottom line. In New York City, the minimum wage for employers with 10 or fewer workers rose to $12 from $10.50; and for employers with 11 or more workers, it will be $13 per hour, up from $11. The rest of the state now has a minimum wage of $10.40, up from $9.70. In an industry with such slim margins and a labor-intensive workforce, the impact is a significant concern. The intent of the minimum wage increase was to affect the back of the house, though the reality is it has touched the front of the house. Now restaurants must sustain the additional cost.

Business Banking Regional Manager for Bank of America Merrill Lynch in metropolitan New York

"Once established, companies will be held more accountable for how they operate responsibly. This includes establishing and promoting policies to ethically source ingredients, minimize food waste and maintain transparency in their overall operations."

THOMAS G. CARLEY

Bank of America Merrill Lynch

Carley: First and foremost, in a world where consumers are more knowledgeable than ever, a food and beverage company will find it more challenging to establish and then sustain its specialty. As trends quickly come and go due to the ease by which prospective buyers can be touched, understanding and effectively using social media as a marketing/sales tool will be a must.

Once established, companies will be held more accountable for how they operate responsibly. This includes establishing and promoting policies to ethically source ingredients, minimize food waste and maintain transparency in their overall operations. Regarding ingredients, establishing proper supply chains that are cost-effective has always been, and will always be, a challenge for companies in this industry.

Dorman: There will always be change in the way food is produced, sold and consumed. I want to keep our future environmental challenges out of this discussion, even though that will be the number one challenge in the years to come, because that would take a whole article by itself.

Consumers drive change. So how does the supply chain stay in front of it? I think transparency in the supply chain will be a very big issue. The large consumer packaged goods companies (CPGs) are addressing that. Tyson made a large investment in technology that will provide the consumer with full transparency as to where the product was made. In retail, convenience stores are becoming mini-markets. Most drug store chains sell fresh and on-the-go food. What will be the fate of our treasured supermarkets? How will they innovate?

***Crain's*: As companies seek to produce food that is sustainably harvested and/or manufactured, and consumers seek to consume it, have you seen a change in how small to mid-size companies do business or build their supply chain?**

Bronster: If the world stopped producing food this minute, we would have a 23-day supply. Everything we eat is farm-to-table. It's a question of access, transportation, timing and supply. Maybe the trend should be aptly named 'local farm to table.' The trend is huge, and there has been a measurable change in how the industry is adapting. Certain entities vertically integrate their sourcing. A restaurant, for example, may buy or partner with a dairy farm, so you can see how sourcing has changed from more traditional methods.

***Crain's*: How have the 2017 tax law changes affected your clients and other companies in the food and beverage space?**

Colin: We've noticed a resurgence in spending and increased budgets from our corporate clients. For example, we are getting more inquiries and bookings for corporate holiday events. Our clients are also requesting more than the venue, food and beverage. With an increased budget, they are able to spend more and are adding customized experiences to their events.

Dorman: We've seen a positive impact in our portfolio. You have to consider though, in order to capitalize on these tax law changes, the company must be in a good position already, whether it is a matter of profitability or a very strong balance sheet. We have seen an increase in the investment in capital equipment and facility upgrades, which, if planned properly, will yield benefits in depreciation, which can shield a company from paying income taxes for a certain period of time. We have seen in the supermarket space stores being built and rehabilitated to take advantage of these tax changes. Under certain circumstances you will see companies paying lower taxes on their profits due to reduced tax rates, and we are seeing some of these savings being reinvested into the company by adding employees or providing the current employees with bonuses. I recommend that before you undertake any significant investments in your company that you consult with your financial partners.

Bronster: Companies have taken a hit in unexpected areas, such as sporting events. Luxury boxes used to be 50 percent deductible, and now there's zero deductibility. Practically speaking, if you have a box at Yankee Stadium that

Vice President Hotel Operations for Morris Moinian's Fortuna Realty Group

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J. GRADY COLIN

THE GARDEN CITY HOTEL

costs $10,000 with food costing $2,500 for each event, that's a significant cost for an industry where margins are notoriously slim.

***Crain's*: How has the emergence of smaller/up-and-coming food companies impacted the food and beverage industry?**

Bronster: Consumers are way more sophisticated in tastes and have unprecedented access to food via the internet and delivery options. Lots of micro-companies are emerging, which leads to a new source of competition for traditional companies to reach and retain clientele, especially discerning ones with high incomes. It's a lot easier to get your product to the consumer. People will have wild-caught stone crab claws FedExed from Florida.

Carley: Previously, the big food companies largely ignored these niche brands as they posed little threat to change the average food buyer's decision-making process. However, with consumer attitudes changing, large companies now want to acquire these smaller brands, not to remove them from the marketplace, but instead to promote that brand as their own. This is important because consumers, more than ever, want to be associated with brands that are authentic, 'better-for-you,' and more transparent about their social and environmental views.

Dorman: With this overwhelming surge of emerging companies comes passion. I believe the large CPGs either have lost the passion for new products or cannot keep up with the pace that the consumer is requiring when it comes to their demands—natural, organic, healthy and fresh, hyper-local. Many of the CPGs have created incubators and accelerators whereby through their venture capital divisions they look to these emerging companies for new products to fill their shelves. Small investments can help small companies go to market; larger investments are used to establish new products across the marketplace.

Innovative ideas can replace stale brands. Look at the difficulties of Campbell's. Did they wait too long to make changes? Have their staples gone stale? Look at the turmoil that is now affecting them.

***Crain's*: With companies like Uber Eats and Grubhub growing in popularity, how do you see this affecting the industry? Will more people favor an at-home dining experience?**

Bronster: These are great services lessening the need for people to dine out. It's more economical to eat at home, though people inherently like to go out to see and be seen. It's fun, and it plays to the experiential aspect, though these services certainly make it more attractive to dine in. In addition to these services and in the larger picture, the industry is facing competition from commissaries, supermarkets, and cook-at-home delivery services, like Blue Apron. There's even a caviar service. That trend will continue, and more traditional establishments will have to further define what differentiates them in this highly competitive market.

***Crain's*: Cashless service continues to grow. What hurdles do you see in a broader adoption of the payment form?**

Dorman: There have been significant steps toward a cashless society in the past several years. I see several key issues to consider. First, an increasing worry is security and privacy concerns. Cash is anonymous, but cashless transactions leave a digital footprint. And how much security do we have in place? With new technology comes new avenues of attacks on our digital privacy and security. There will also always be people resistant to change, which is slowing this transition.

Society is certainly moving toward a cashless environment, but it is likely we will see a world in the near future where the consumer has a choice of transactions, where cash and cashless coexist.

Bronster: Cashless is here, so the discussion about hurdles is over. Cashless systems have streamlined transactions, which translates to cost savings for

Partner, Practice Leader, Food & Beverage Sector at Mazars USA LLP

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HOWARD DORMAN, CPA

MAZARS
ACCOUNTING | TAX | CONSULTING

establishments that have eliminated the proverbial middle man, specifically employees. That's the larger trend. Employment expenses are shifting to patrons through technology. Diners can order and pay for their meals with a swipe of a credit card or mobile device. That dynamic will increase. There's also a shift on the labor side. Go to a Korean place, you can prepare your own dinner as part of the experience.

Carley: As the use of cash has decreased in the marketplace, cashless payment options have become ubiquitous. Whether using a payment gateway on an app, a digital wallet on a smartphone or smartwatch, or a simple credit card swipe at a terminal, there are plenty of cashless options available to accommodate most consumers from a technological perspective. However, as is often the case with most innovations and trends, younger generations are generally quicker to adapt, as older groups continue to use what is familiar. Thus, I believe, most of the hurdles that exist are simply a function of time as opposed to technological development.

***Crain's*: What are factors to consider when choosing a food and beverage partner?**

Colin: Brand alignment is paramount. A potential partner must fully understand the hotel image and style in which it conducts itself. Next the partner must commit to integration so that the guest experiences similar standards of service and protocol seamlessly.

The business agreement should cover specific timelines and contingencies for all deliverables so that both parties have congruent expectations of how things will be done. Flexibility on both sides is key.

Carley: Given the dynamic nature of the food and beverage industry, it is important to have professional partners who are actively engaged, understand emerging trends, and can proactively advise a company within the industry. Companies should look for a partner with experience in working with both growing and mature food and beverage companies, who can provide industry-specific research and benchmarking tools to help make important financial decisions. Consider the cash management tools available for your business, liquidity and foreign exchange services, financing for office space, warehousing, equipment and working capital.

Bronster: One of the biggest things is reputation. When doing a deal, I repeatedly hear verbiage about the halo effect in working with celebrity chefs. It's the reality and benefit of doing business with someone who has worked long and hard in a demanding industry and has earned a sterling reputation. Pay attention to that. Word travels fast in this industry. If someone has a strong reputation, you know you won't have a delivery problem, and that can disrupt a night at any restaurant.

***Crain's*: Can the food and beverage division of a hotel or a venue truly have a significantly positive profit impact?**

Colin: Absolutely! The restaurants, lounges, bars and catered events hosted create sizzle in a hotel's identity. The right notable culinary star can bring an elevated sense of style to the hotel brand. In the case of The Garden City Hotel, Chef David Burke's cuisine has kept the dining experience evolving and interesting for our loyal guests, while also drawing in a multitude of new faces. The inherent lift with regard to culinary quality when a big-name, accomplished chef joins ranks with a luxury hotel just pushes the value way up.

Dorman: It is about the brand. If the food division delivers consistently good food, service and experience, then it can positively impact the overall operations of the facility. If the hotel holds itself out to be a destination place for vacationers or for events and has a great reputation for its food service, then the result will be positive. For example, we have had our partners retreat at a beautiful facility for the past few years, but the food service side of the event has not been good. Because of that, we have decided to change our location to accommodate the taste buds. Great location, great rooms, great golf. Lousy food. That is not acceptable today. ■

TOP MANHATTAN OFFICE LEASES

Biggest transactions in the first half of 2018, ranked by square feet

	ADDRESS	SQUARE FEET	QUARTER	TENANT	TENANT REPRESENTATIVE(S)	LANDLORD(S)/ SUBLANDLORD(S)	LANDLORD/SUBLANDLORD REPRESENTATIVE(S)	SUBMARKET
1	277 Park Ave.[1]	854,000	1st	JPMorgan Chase & Co.	CBRE/JPMorgan Chase & Co.	Stahl Real Estate	Cushman & Wakefield	Midtown East
2	66 Hudson Blvd.[2]	798,278	2nd	Pfizer	Cushman & Wakefield	Tishman Speyer	Tishman Speyer	Far West Side
3	330 W. 42nd St.[1]	521,374	2nd	DHU Realty/1199SEIU	Cushman & Wakefield/CBRE	Deco Tower Associates	Newmark Knight Frank	Times Square
4	390 Madison Ave.[2]	417,158	1st	JPMorgan Chase & Co.	JLL/JPMorgan Chase & Co.	Clarion Partners	L&L Holding Co.	Midtown East
5	1271 Sixth Ave.[2]	406,661	2nd	Latham & Watkins	CBRE	Rockefeller Group	CBRE	Midtown West
6	230 Park Ave. South[2]	362,658	2nd	Discovery Communications	JLL	TF Cornerstone	Cushman & Wakefield	Gramercy Park
7	225 Liberty St.[2]	324,658	2nd	J.Crew	JLL	Brookfield Office Properties	JLL	Battery Park City
8	770 Broadway[3]	321,181	2nd	Facebook	Cushman & Wakefield	Vornado Realty Trust	Vornado Realty Trust	NoHo
9	195 Broadway[4]	287,620	1st	Omnicom Media Group	Feld Real Estate	J.P. Morgan Investment Management	L&L Holding Co.	Financial District
10	1230 Sixth Ave.[4]	279,044	2nd	First Republic Bank	JLL	Tishman Speyer	Tishman Speyer	Midtown West
11	500 Seventh Ave.[2]	273,246	1st	WeWork	Winick Realty Group	The Chetrit Group	Cushman & Wakefield	Garment District
12	237 Park Ave.[1]	270,533	2nd	JPMorgan Chase & Co.	JLL/JPMorgan Chase & Co.	RXR Realty	RXR Realty	Midtown East
13	3 World Trade Center[2]	184,389	1st	McKinsey & Co.	CBRE	Silverstein Properties	CBRE	Financial District
14	18 W. 18th St.[2]	164,775	1st	WeWork	CBRE	C.A. White	Cushman & Wakefield	Chelsea
15	11 W. 42nd St.[1]	150,000	1st	CIT Group	Newmark Knight Frank	Tishman Speyer	Tishman Speyer	Midtown West
16	320 W. 31st St.[2]	146,028	2nd	Touro College	Cushman & Wakefield/JLL	Charand Real Estate Associates	Colliers	Penn Plaza
17	4 Times Square[2]	144,567	1st	Nasdaq	Newmark Knight Frank/ Cushman & Wakefield	Durst Organization	Durst Organization	Times Square
18	1271 Sixth Ave.[2]	138,000	2nd	Blank Rome	CBRE	Rockefeller Group	CBRE	Midtown West
19	1325 Sixth Ave.[2]	136,176	2nd	McGraw-Hill Education	CBRE	Paramount Group	JLL	Midtown West
20	1 Vanderbilt[2]	132,647	1st	Greenberg Traurig	Newmark Knight Frank	SL Green Realty Corp.	CBRE	Midtown East
21	28 Liberty St.[2]	131,181	2nd	Wolters Kluwer	Colliers International	Fosun International	JLL	Financial District
22	875 Third Ave.[2]	131,060	2nd	Cerberus Capital Management	Newmark Knight Frank	Global Holdings Management	JLL	Midtown East
23	599 Lexington Ave.[4]	126,395	2nd	Cowen Group	CBRE	Boston Properties	Boston Properties/CBRE	Midtown East
24	105 E. 17th St.[2]	125,000	2nd	New York University	Newmark Knight Frank	The Related Cos.	The Related Cos.	Gramercy Park
25	750 Lexington Ave.[2]	111,500	1st	WeWork	Direct deal	Cohen Brothers Realty Corp.	Cohen Brothers Realty Corp.	Lenox Hill
26	1 Park Ave.[3]	109,656	2nd	NYU Langone	Cushman & Wakefield	Vornado Realty Trust	Vornado Realty Trust	Murray Hill
27	1 Vanderbilt[2]	105,539	2nd	McDermott Will & Emery	Newmark Knight Frank	Hines	CBRE	Midtown East
28	Continental Center[2]	95,284	2nd	National Debt Relief	Colliers International	MHP Real Estate Services	MHP Real Estate Services/ Cushman & Wakefield	Financial District
29	805 Third Ave.[2]	95,200	1st	Kroll Bond Rating Agency	Savills Studley	Cohen Brothers Realty Corp.	JLL	Midtown East
30	1 Liberty Plaza[2]	90,596	2nd	Convene	Direct deal	The Blackstone Group	Newmark Knight Frank/ Brookfield Office Properties	Financial District
31	40 W. 53rd St.[2]	88,345	2nd	Pillsbury Winthrop Shaw Pittman	Savills Studley	Paramount Group	Paramount Group/JLL	Midtown West
32	530 Broadway[1]	84,662	2nd	Anomaly Partners	CBRE	Wharton Properties	Thor Equities	SoHo
33	100 W. 33rd St.[4]	84,313	1st	Haddad Brands	Herald Square Properties	Vornado Realty Trust	Vornado Realty Trust	Penn Plaza
34	875 Third Ave.[2]	81,902	2nd	DWS Group	JLL	Eastgate Realty	JLL	Midtown East
35	7 Times Square[1]	80,265	2nd	Manatt, Phelps & Phillips	Savills Studley	Boston Properties	Boston Properties	Times Square
36	875 Third Ave.[2]	79,852	2nd	Epstein Becker & Green	Savills Studley	Global Holdings Management	JLL/Global Holdings Management	Midtown East
37	200 Park Ave.[1]	79,023	2nd	Lendlease Corp.	CBRE	Tishman Speyer	Tishman Speyer	Midtown East
38	1 Hudson Square[2]	77,834	2nd	Oscar Health	Newmark Knight Frank	Hines	Newmark Knight Frank	Hudson Square
39	767 Fifth Ave.[3]	77,700	1st	Estée Lauder	CBRE	Boston Properties	Boston Properties	Midtown East
40	255 Greenwich St.[3]	77,582	1st	Borough of Manhattan Community College	CBRE	Jack Resnick & Sons	Jack Resnick & Sons	Financial District
41	770 Broadway[3]	77,378	1st	Facebook	Cushman & Wakefield	Vornado Realty Trust	Vornado Realty Trust	NoHo
42	280 Park Ave.[1]	75,791	1st	Investcorp	Newmark Knight Frank	Vornado Realty Trust/SL Green	Vornado Realty Trust/SL Green	Midtown East
43	1095 Sixth Ave.[1]	71,291	2nd	Apollo Management	CBRE	Callahan Capital Partners	Cushman & Wakefield	Times Square
44	7 Times Square[1]	70,754	1st	Brown Rudnick	CBRE	Boston Properties	Boston Properties	Times Square
45	540 W. 26th St.[2]	67,100	1st	Roc Nation	Newmark Knight Frank	Savanna	Newmark Knight Frank	Chelsea
46	230 Park Ave.[1]	66,579	2nd	Desmarais	Cushman & Wakefield	RXR Realty	RXR Realty	Midtown East
47	65 E. 55th St.[2]	65,365	2nd	BTIG	Newmark Knight Frank	Equity Office Management	Newmark Knight Frank	Midtown East
48	630 Fifth Ave.[2]	63,210	1st	Rockefeller Capital Management	Cushman & Wakefield	Tishman Speyer	Tishman Speyer	Midtown West
49	666 Third Ave.[1]	62,952	1st	APG Asset Management US	CBRE	Tishman Speyer	Tishman Speyer	Midtown East
50	498 Seventh Ave.[2]	60,407	2nd	Transfix	Savills Studley	JPMorgan Asset Management	George Comfort & Sons	Garment District

SOURCE: CoStar Group with additional research by Gerald Schifman. This list includes leases with terms of more than two years. 1-Renewal. 2-New lease. 3-Expansion. 4-Renewal and expansion. CoStar Group conducts ongoing research to produce and maintain a database of commercial real estate information.

NEW YORK CITY'S TOP PROPERTY SALES

Biggest commercial transactions in the first half of 2018, ranked by price

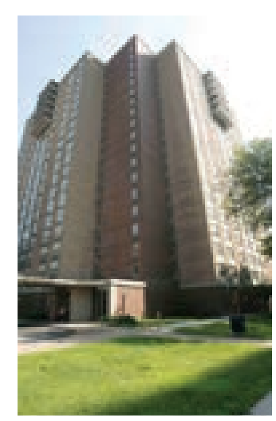
	ADDRESS/ PROPERTY TYPE/ SUBMARKET	TRANSACTION PRICE (IN MILLIONS)[1]	SQ. FT. OR NO. OF UNITS/ PRICE PER SQ. FT. OR UNIT	INTEREST CONVEYED[2]	100% VALUE (IN MILLIONS)	CLOSE DATE	BUYER(S)	SELLER(S)
1	**75 Ninth Ave.** (Chelsea Market) Office Chelsea	**$2,399**	1,200,000 $1,999	100%	$2,399	3/20	Google	Jamestown
2	**701 Seventh Ave.** (Edition) Hotel Times Square	**$1,148**	452 $3,384,956	100%	$1,530	3/1	Maefield Development/ Fortress Investment Group	Winthrop Realty Trust/ Witkoff
3	**1255 Pennsylvania Ave.** (Spring Creek Towers) Apartment East New York	**$887**	5,581 $158,987	100%	$887	5/7	Rockpoint Group/ Brooksville Co.	Disque Deane Estate/ Trump Organization
4	**340 West St.** (St. John's Center) Office Greenwich Village	**$700**	1,200,000 $583	100%	$700	1/31	Ontario Municipal Employees Retirement System/Canada Pension Plan Investment Board	Westbrook Partners/ Atlas Capital Group
5	**1065 Sixth Ave.** Office Midtown West	**$640**	665,000 $962	100%	$640	5/23	Savanna	Blackstone (Swig Co.)
6	**1745 Broadway** Office Midtown West	**$633**	684,515 $925	100%	$633	5/1	Invesco on behalf of QSuper	SL Green/Caisse de dépôt et placement du Québec
7	**1700 Broadway** Office Midtown West	**$465**	626,000 $743	100%	$465	1/23	Rockpoint Group	Ruben Cos.
8	**10 Hudson Yards** Office Far West Side	**$432**	1,813,465 $1,202	20%	$2,180	5/16	State Teachers Retirement System of Ohio	The Related Cos./Ontario Municipal Employees Retirement System
9	**330 Hudson St.** Office Hudson Square	**$385**	466,000 $826	100%	$385	2/8	AEW Global	Caisse de dépôt et placement du Québec/ Callahan Capital Partners
10	**222 E. 41st St.** Office Murray Hill	**$333**	386,500 $860	100%	$333	5/29	Commerz Real	Columbia Property Trust
11	**990 Sixth Ave.** (The Vogue) Apartment Garment District	**$316**	320 $987,500	100%	$316	1/10	Vanbarton Group	Karten family
12	**600 Lexington Ave.** (Manhattan Tower) Office Midtown East	**$305**	303,515 $1,005	100%	$305	1/9	W.R. Berkley	SL Green
12	**1180 Sixth Ave.** Office Midtown West	**$305**	384,000 $794	100%	$305	2/15	Northwood Investors	HNA Group/MHP Real Estate Services
14	**122-178 W. 97th St.** (Stonehenge Village) Apartment Upper West Side	**$287**	418 $686,603	100%	$287	3/30	A&E Real Estate	Stonehenge Partners/ Caisse de dépôt et placement du Québec
15	**250 E. 57th St.** (Aalto57 apartments) Apartment Midtown East	**$278**	169 $1,642,012	100%	$278	3/9	Ontario Municipal Employees Retirement System	World Wide Group/ Rose Associates
16	**46-06 57th Ave.** (FedEx distribution) Industrial Queens	**$263**	362,000 $725	100%	$263	5/25	American Realty Advisors	Zirinsky family/ SunCap
17	**333 W. 34th St.** (former Robert Hall building) Office Penn Plaza	**$255**	338,409 $754	100%	$255	1/5	Brookfield Asset Management	New York REIT
18	**1515 Broadway** (1 Astor Plaza) Office Times Square	**$254**	1,750,000 $1,114	13%	$1,950	2/1	Allianz	SL Green
19	**21 W. End Ave.** (Riverside Center tower) Apartment Lincoln Square	**$195**	616 $1,055,195	30%	$650	3/21	PFZW	Carlyle Group/Greenfield Partners
20	**541 Lexington Ave.** (The Maxwell) Hotel Midtown East	**$190**	697 $272,956	100%	$190	5/1	Capstone Equities/ Highgate Holdings	Host Hotels & Resorts
21	**250 Water St.** Development site Financial District	**$183**	43,560 $4,195	100%	$183	6/8	Howard Hughes Corp.	Milstein Properties
22	**101 W. 57th St.** (The Quin) Hotel Midtown West	**$174**	213 $816,555	100%	$174	6/28	Hilton Worldwide	UBS/Three Wall Capital
23	**1 N. Fourth Place** Apartment Williamsburg	**$168**	509 $823,183	40%	$419	1/31	Douglaston Development/AIG	MacFarlane Partners
24	**2360 Broadway** (The Belnord) Residential condo Upper West Side	**$165**	215 $3,069,767	100%	$660	3/12	Westbrook Partners	HFZ Capital Group
25	**430 W. 15th St.** (Live Nation) Office Chelsea	**$159**	93,119 $1,702	100%	$159	6/12	Invesco	TIAA

SOURCE: Real Capital Analytics with additional research by Gerald Schifman. In case of a tie, deals are listed in numeric order of address. 1-The list does not include sales for which no price was made public as of July 17. 2-Partial-interest transactions are included at the prorated share of the 100% property value. Real Capital Analytics Inc., headquartered in New York City, is an independent data and analytics firm focused on the investment market for commercial real estate. RCA offers data on commercial property transactions around the world.

TOP FOUR SALES

75 Ninth Ave.
TRANSACTION PRICE
$2.4 billion

701 Seventh Ave.
TRANSACTION PRICE
$1.1 billion



1255 Pennsylvania Ave.
TRANSACTION PRICE
$887 million

340 West St.
TRANSACTION PRICE
$700 million

BUCK ENNIS

Dumbo development continues apace

The market slowed considerably last year for Brooklyn commercial real estate, yet the decline hasn't crept into Dumbo, the waterfront district between the Brooklyn and Manhattan bridges. There, development among the cobblestone streets and reclaimed warehouses continues to move along at a steady pace.

Shares in parcels like the former Jehovah's Witnesses Watchtower complex continue to change hands among high-profile developers while luxury brands jockey for a piece of the action. Fashion retailer J. Crew has signed a lease on 3,500 square feet in the converted Empire Stores coffee warehouse, Japanese lifestyle company Muji is said to be aggressively looking for space; and Soho House, the London-based members-only club and hotel, opened its Dumbo House outpost in Empire Stores, in May. The hotel's slick, ground-floor restaurant, Cecconi's, has been fully booked since it opened last year. Danish starchitect Bjarke Ingels has moved his Manhattan office to 45 Main St., bang between the bridges in Brooklyn.

"Things aren't sizzling from the macro perspective but there's always something exciting to talk about in Dumbo," said Stephen Palmese, vice chairman, Cushman & Wakefield. "It's a market that just keeps giving."

The former Jehovah's Witnesses Watchtower complex was in the news again recently when Kushner Companies sold its 2.5% stake in what was originally a $340 million joint venture with CIM Group and LIVWRK Holdings in 2016. The sale went to CIM group, as did a 2.5% share in an empty, full-block former parking lot at 85 Jay St., one of the few undeveloped parcels left in the area.

CIM Group and LIVWRK plan to build a 730-unit condo complex on the site, with 90,000 square feet of retail and public space, pools, roof decks and underground parking for 700 cars. According to Jason Pennington, managing partner of Ripco Real Estate's Brooklyn office, the additional 1,000 residents will swell the population by some 25%.

The 750,000-square-foot watchtower parcel on Columbia Heights will be developed into office space, sources said. Often referred to as a "campus," for its slightly suburban feel, the space may have a single "it" tenant in its future, such as a Google or Amazon, according to Palmese of Cushman & Wakefield.

Despite an overbuilt office market in most of Brooklyn, demand in Dumbo remains high with a great deal of competition among prospective suitors. According to James Berluti, director at Cushman & Wakefield, an 80,000-square-foot vacant loft building at 50 Jay St. got 40 offers from a pool of 200 prospective buyers. Among the very few properties in play are 29 Jay St., where the owners have filed plans with the Landmarks Preservation Commission for a 7-story office building, and an interim multiple dwelling at 25 Jay St., which was marketed but never sold. Both will involve a great deal of bureaucratic paperwork before development can proceed.

Such tight supply in Dumbo is pushing prices upwards, according to Berluti. While office rents in Downtown Brooklyn are at about $50 per square foot, Empire Stores can command some $90 per square foot for the waterfront location with its unparalleled views of the East River, the two bridges and view of the Manhattan skyline. Post-renovation rents in the watchtower will likely hit $80 per square foot. Retail rents in Dumbo range from $60 per square foot to just below $100 per square foot, sources said.

Because of its unusual buildings and cobblestone streets, and a median residential household income of $160,000 a year, demand in Dumbo is not likely to loosen up anytime soon. It's become a brand of sorts, with brokers stretching the borders into adjacent Vinegar Hill and as far as the Brooklyn Navy Yard, sometimes including Metrotech in the bargain.

Empire Stores is a reclaimed coffee warehouse now featuring mixed-use retail, restaurant and office space with river views.

The storied River Café has been in business at the foot of Front Street since the 1970s, but real development in the neighborhood only began in earnest in 2013, led by Two Trees Management. According to Palmese of Cushman & Wakefield, there's more to be done.

"We are in the middle innings of a very long game," Palmese said. ■

HOW TO MAKE $$$ IN REAL ESTATE

Office rents are down and retail remains rocky, but there are still plenty of ways to make a buck in this town

BY JOE ANUTA AND DANIEL GEIGER

1 BUILD WAREHOUSES: The price of warehouse space has shot up in the past year as investors have rushed to serve growing demand from e-commerce tenants. The jump in values might normally be a warning sign to buyers, but several investors believe demand will only increase. The city's most recent report on freight movement projected online shopping will grow 15% annually, compounding the need for distribution hubs to facilitate speedy last-mile deliveries. Estimates peg warehouse vacancy rates at below 5%, and developers are betting on surging demand for new spaces that can better accommodate the increasingly sophisticated equipment retailers use to package and sort goods. Innovo Property Group, for instance, is building a 700,000-square-foot, state-of-the-art distribution complex along the Cross Bronx Expressway. Present industrial rents in the high teens don't justify the more than $225 million project, but Innovo and other developers are banking on rates that will likely reach above $30 per square foot—unprecedented figures in the city's industrial market.

BIO TECH HUBS like Cornell's on Roosevelt Island are fueling a market boom for lab space.

BUCK ENNIS

2 CHECK OUT HOTELS: The City Council passed a bill last week requiring home-sharing providers such as Airbnb to report data about their listings to the mayor's office. The measure was backed by the influential Hotel Trades Council and stands to strengthen the position of those who own hotels. Airbnb posted roughly 50,000 listings before the bill's passage, up to 15,000 of which the Mayor's Office of Special Enforcement suspects of operating illegally. If those units go offline, demand for traditional hotels would theoretically increase. Requirements that new hotels obtain a special permit in certain commercial and manufacturing districts will further constrict supply and thus increase values. There are 12,000 rooms under construction, said Jan Freitag of hotel consulting firm STR, and the home-sharing crackdown's impact on pricing remains unclear. But with existing hostelries bursting at the seams, there appear to be plenty of guests to go around. "Building hotel rooms in New York City is a pretty good bet," Freitag said. "You definitely know you are going to get the demand."

3 BUY IN WILLIAMSBURG: Beginning next year, the Metropolitan Transportation Authority plans to shutter an East River tunnel for 18 months of repairs, leaving the nearly 400,000 daily L train riders to scramble for other ways into Manhattan. That will depress rents as many would-be tenants opt to live somewhere else during the shutdown. A report from listings website StreetEasy earlier this year showed that rents were already falling even as the rest of the borough held steady. Savvy investors will be looking to buy on the dip as rents will likely rebound once the subway work is done.

4 GET FLEXIBLE: Retail rents continue to decline across the city, and Manhattan office rents are down around 4% compared to last year, according to a recent report from Avison Young. But tech companies including WeWork, Convene and Knotel have been selling commercial landlords on the idea that they can better manage space through short-term or flexible subleases that includes extra amenities or services. "There is a huge movement toward experience," Convene co-founder Chris Kelly said. "That is where the returns are right now." Leasing giant JLL recently predicted that by 2030, flexible commercial office space will account for 30% of the market. British firm Appear Here has recently landed stateside and is attempting to apply a similar formula to fill vacant retail spaces. The company plans to sublease space for shorter intervals at higher price points. Landlords would be wise to heed the trend.

5 TRY BIOTECH: The health of New York City's office market used to hinge on the performance of Wall Street. But in the past decade tech stole the spotlight as tenants, ranging in size from Silicon Valley giants to small startups, absorbed millions of square feet. Now, real estate experts believe biotech will be the next sector to take off. "The trend signs are all positive," said Joel Marcus, executive chairman of Alexandria, a real estate developer that specializes in building and managing space for life sciences tenants. His firm is close to securing an anchor tenant for its planned 400,000-square-foot building that will be the third and final property in its 1.1 million-square-foot life sciences campus on First Avenue and East 29th Street. Additionally, the company is reported to be a partner in a joint venture to buy an office building occupied by Pfizer on East 42nd Street—a property it plans to fill with life sciences tenants when Pfizer's lease expires in 2023. Seeing the potential for growth in the sector, the city has solicited developers to help build another biotech campus, up to 500,000 square feet, in Manhattan or Queens.

6 **GO PUBLIC:** Building public projects by winning requests for proposals or pitching the city on affordable housing projects can keep developers busy at a time when the market-rate financials do not necessarily pencil out. Maddd Equities and Joy Construction are hoping the state will select its plan for a new soccer stadium in the South Bronx.

7 **CATCH SOME RAYS:** The cost of installing solar panels has come down in the past decade, and installing them now makes economic sense on many city rooftops. If these cells generate more than enough electricity to power the building below, the excess energy can be sold back to Con Edison. The cash-strapped New York City Housing Authority is installing a solar array at Queensbridge Houses, the nation's largest public housing development. And the City Council is looking to mandate solar or other green tech on rooftops of all new commercial or industrial projects. Landlords with big enough portfolios are being encouraged to think of their buildings as energy producers.

8 **MAKE A BID:** Foreclosures, an unfortunate result of loose lending regulations and market failures, are nevertheless an opportunity to buy at a discount. Because of a backlog in the state courts—and some banks warehousing properties until values increase—auctions for many New York City homes hit by the Great Recession are only now being scheduled. During the second quarter of this year, 881 residences appeared on the docket for a first-time foreclosure auction, according to PropertyShark, the third-highest number since 2009.

9 **BE A TECHIE:** The city's proptech sector has yet to produce a unicorn that rewards its investors with massive returns. But some institutional owners are investing in startups early enough to secure board seats and tailor new products to fit their portfolios. Investing a few million dollars is unlikely to pay off directly in the near-term, but by actually using the innovation, companies can trim operating costs and come out ahead. For the real estate startups themselves, there appears to be more money flowing into the sector. California-based venture capital fund Fifth Wall recently announced a $400 million fund. Brookfield Properties plans to spend around $250 million on tech investments. And Manhattan-based accelerator MetaProp announced a $40 million float. Typically investors are looking for easily scalable ways to unlock value in an industry that has been historically resistant to change. Those who hit on a winning idea are handsomely rewarded.

10 **FOCUS ON RESALE:** In the residential brokerage world, new development is king. In addition to the prestige that comes with helping a developer shepherd a new condo project through the planning process, new development brokers also see a bigger commission. Last quarter, for example, the median price of a newly developed home in Manhattan was $2.7 million—more than double the borough's overall median. But sales are slowing. New development prices are down around 20% compared to last year, and only 352 properties sold during the second quarter, a 38% decline. That's why many high-profile brokers have started turning to resales, which make up the bulk of the market and have much more stable pricing.

AS MATERIAL COSTS decline, solar's value has risen.

ISTOCK

11 **PLAY THE LONG GAME:** If your investment timeline is long enough, more decisions start to make sense. Asset management firm Brookfield has been one of the city's most successful players recently. Even though executives there believe the commercial and residential markets are late in the cycle—meaning values will soon start to decline—the company has not been shy about acquisitions, most recently agreeing to buy out the Kushner Cos.' stake in a Midtown office tower. The key is thinking long term. "The simple answer to think about when investing," said Ben Brown, head of Brookfield's New York office, "is sticking to buying high-quality assets and leverage them conservatively. These properties tend to weather storms and retain their value more than inferior properties."

12 **MAKE IT RAIN:** In 2004 the city enacted Local Law 26, requiring landlords to install sprinklers in all commercial buildings 100-feet or taller. With the deadline to comply set for July 1, 2019, many owners are now rushing to get the systems in, creating a surge of work for sprinkler installers. Richard Jantz of Cushman & Wakefield estimates that 2,000 of the 7,000 covered buildings still need sprinklers, and Jantz put the total cost of completing those jobs at $1 billion. "You're starting to see out-of-town firms you've never heard of because there's so much work," he said. ■

BLINDSIDED: Roman had no idea a collector had won a judgment against her. Luckily she had proof the suit wasn't properly served.

BUCK ENNIS

UNDUE PROCESS

Debt-collection lawsuits are roaring back, along with an old ruse that victimizes borrowers

BY AARON ELSTEIN

Esther Roman, a 60-year-old grandmother in Brooklyn, was alarmed when she noticed in January that her \$300 weekly paycheck was \$27.99 short. She called her employer, a home health care agency, which said her wages were being garnished after someone sued her, claiming she'd failed to pay an old credit-card bill.

Roman was blindsided. She had never been served with a lawsuit.

It turned out that more than 10 years earlier, a process server had delivered the legal papers to the wrong address and falsely stated they were accepted by a "Mr. Roman—Relative" between 51 and 65 years old. But Esther Roman actually lived half a mile away and only with her children, then ages 15 to 32.

> "I SAID, 'OH MY GOD, HOW AM I GOING TO PAY?' I COULDN'T SLEEP. I WAS DESPERATE"

A few days after finding out she'd been a defendant for better than a decade, Roman got a letter from a city marshal saying she was on the hook for \$2,078.50, half of which was accumulated interest.

"I said, 'Oh my God, how am I going to pay?'" she recalled. "I couldn't sleep. I was desperate."

Roman was the victim of an old game in the debt-collecting business known as sewer service. The ruse works like this: A debt collector buys defaulted debt from a bank, then sues the debtor without notification and falsely states the lawsuit was properly served. When the debtor does not show up in court, a default judgment is routinely entered, and the collector is free to start garnishing wages.

Not long ago, the tactic was remarkably common. In 2009 the New York attorney general's office said it found more than 100,000 judgments improperly obtained via sewer service.

A crackdown followed. In 2010 the city began requiring all process servers to record delivery attempts using a GPS device. Four years later, state officials subjected debt collectors to tough new regulations while the new federal Consumer Financial Protection Bureau made the industry a top priority. In 2015 Encore Capital Group, the firm that sued Roman, was fined \$10 million, ordered to pay up to \$42 million in refunds and forced to stop collection on \$125 million worth of debts after the consumer bureau found the company had pressured debtors with false statements and churned out lawsuits using robo-signed documents.

The rollback and the comeback

The crackdown sent the number of debt-collection suits filed in New York City plummeting, from 300,000 in 2008 to fewer than 47,000 eight years later. But now they are making a comeback as the Trump administration rolls back financial regulations of all kinds. Last year the number of debt-collection suits in the five boroughs jumped by 61%, to nearly 76,000, according to figures from the New York State Unified Court System.

Data for this year is not available, but if the scene on the 11th floor of the Civil Courthouse in Downtown Brooklyn is any gauge, this year should see a bumper crop. On a recent Monday morning, the pews were filled with about 40 debtors waiting to plead their case before the judge. Some left the room after being approached by attorneys for debt collectors, asking if they would strike a last-minute settlement. According to the state, 98% of defendants in these cases do not have a lawyer, so Sidney Cherubin, director of legal services at the Brooklyn Bar Association's Volunteer Lawyer Project, shows up four days a week with a small team to help them.

"Sometimes the judge will call me over after telling the defendant, 'Maybe you should talk to an attorney before you agree to settle,'" Cherubin said.

One explanation for the surge in cases is that consumers—perhaps inspired by the strong economy—are taking on record amounts of debt through credit-card, car and other loans, totaling $13.2 trillion, according to data from the Federal Reserve Bank of New York. Invariably some people bite off more than they can comfortably chew.

"There's an industry saying: 'You sue the won't pays, not the can't pays,'" said Jan Stieger, executive director of the Receivables Management Association, a trade group for debt collectors.

But the defanging of the Consumer Financial Protection Bureau, whose creation was a key part of 2010's Dodd-Frank Wall Street Reform and Consumer Protection Act, has likely emboldened collectors. President Donald Trump has called the agency a "total disaster" and its acting director, Mick Mulvaney, earlier this year asked for a quarterly budget of zero dollars while warning staffers to do their jobs with "humility" and not to "push the envelope." One example of the change in approach: On July 13 the bureau, which had originally sought $60 million in restitution and debt forgiveness from a Kansas collection firm, instead fined it just $800,000. The agency would not comment.

"The bureau continues to be much more of a balanced regulator, balancing the needs of industries and consumers," Encore Capital Chief Executive Ashish Masih said in a May conference call, according to a transcript on financial analysis website Seeking Alpha. In 2016 the CFPB began a process to regulate debt collectors on a national basis, but experts say that project is now on the back burner.

Debt collectors aren't the only ones enjoying a regulation rollback. Goldman Sachs and Morgan Stanley were on the brink of failing their annual stress tests in the spring, which would have limited their stock buybacks and dividend payouts, until Federal Reserve officials instructed them how to get a passing grade. The Commodity Futures Trading Commission last year ordered 80% fewer fines and penalties than in 2015. The business of packaging subprime mortgages or other consumer loans and selling them to investors—a hallmark of the last decade's housing bubble—is picking up again.

Maria Vullo, superintendent of the state Department of Financial Services, noted that for the first time since the financial crisis, Wall Street professionals are feeling bold enough to cook up deals that test the boundaries of what's legal.

"People are trying to skirt regulations by structuring things in a certain way," she said. "It's happening again. We are back."

Vullo said she and her staff of 1,400 are doing their best to fill the void left by federal regulators. "I must protect New Yorkers because the CFPB is not going to do it," she said. "Unfortunately I can't do it for the rest of the country."

"Scientific process"

In 2014 state regulators took steps to protect consumers from debt collectors. They required collectors to share significantly more information with debtors, such as identifying the original creditor while also clearly spelling out the amount of the debt plus any interest and fees added. Collectors also must explain that they cannot legally sue to collect a debt after a certain amount of time has passed, but the constraint disappears if someone promises to pay or even acknowledges an old debt.

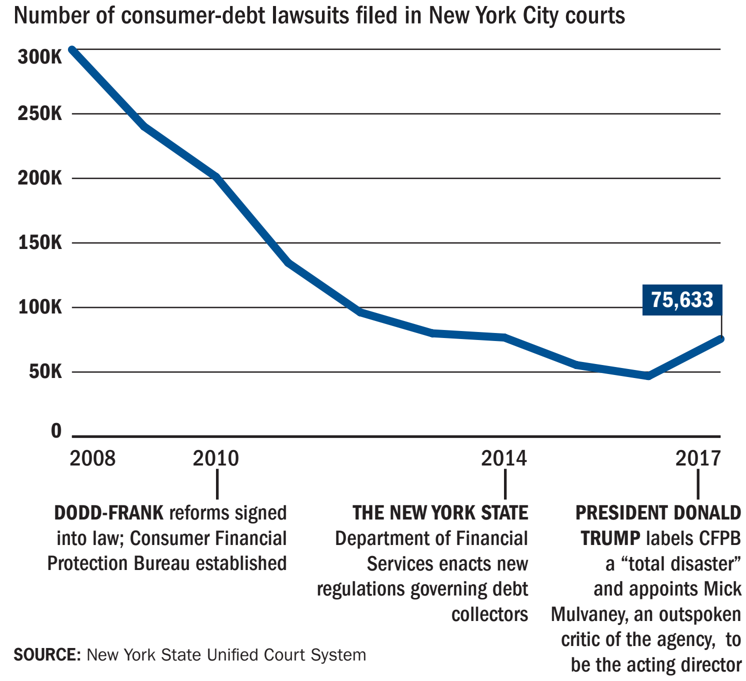
CHERUBIN and his small team of volunteer lawyers come to court to advise debtors.

While New York authorities cracked the whip, the debt-collection business experienced a consolidation wave. Encore Capital emerged as the biggest player, and today the San Diego–based firm has 8,500 employees, a $1 billion market capitalization, a Nasdaq listing and such high-profile shareholders as BlackRock and T. Rowe Price.

Earlier this year the company acquired control of large British debt collector Cabot Credit Management for $238 million from private-equity firm J.C. Flowers & Co. Encore's business is buying written-off loans for pennies on the dollar from banks, health care providers, cellphone carriers and the like, and nudging people to pay up. Over time the firm collects around twice as much as it paid, analysts say.

REVERSING COURSE

Number of consumer-debt lawsuits filed in New York City courts



SOURCE: New York State Unified Court System

"They use a very scientific process and have analytics showing the best time to call people," said Eric Hagen, an analyst at brokerage firm Keefe Bruyette & Woods. "They also text."

Sarah Ludwig, founder of the New Economy Project, a nonprofit that for years has fought debt-collection abuses, describes Encore's process differently. "They use demographic data and target people who typically don't have counsel," she said. "It's a real bottom-feeding approach."

In recent years, analysts say, it was difficult for outfits like Encore to buy as much defaulted debt as they wanted because fewer dud loans were being sold, in part because the industry feared even more regulation was looming. But now the debt marketplace is reviving again.

"Our forward flow commitments for 2018 remain well above historic levels," Encore's Masih said in May.

The shortage of fresh debts a year or two ago may help explain why Encore tried to collect on Roman's old bill. An Encore unit, Midland Funding, sued her in 2007 and quickly secured a default judgment after a court date passed without her knowledge. But the company didn't enforce the judgment until it garnished $6.06 from Roman's paycheck in December 2015 and $20.29 in September 2016, court records show. Then came the $27.99 that she flagged in January; $26.60 was scheduled for July 2019. At that pace it would have taken more than 76 years to collect all the money Encore sought.

Encore would not comment on the case, but in a statement, Sheryl Wright, senior vice president for corporate and government affairs, said litigation is always a last resort and "only pursued when we've already determined that the debt is valid and the consumer has the ability to pay."

Roman found the legal-assistance program Claro and got advice from lawyers at the New Economy Project. After she took time off to go to court, her debt was vacated by a judge last month. Roman was able to prove the process server filed a false affidavit by showing the judge leases and utility bills listing her actual address at the time.

"It's a good thing I never threw those things out," she said.

A few weeks later, at a Midtown hotel, New Economy Project lawyers showed up at Encore's annual stockholders meeting and played a recording of Roman giving her account for the CEO and his board. An employee of the nonprofit served Encore officials with a mock-summons declaring: "Plaintiffs demand that defendants immediately vacate all fraudulently obtained default judgments and provide redress for defendants' systematic extraction of wealth from New York's low-income communities and communities of color."

Encore has returned some of the money it garnished from Roman. Her lawyers are seeking the remainder as well as compensation for lost wages and stress, but the company has refused those demands and is unwilling to discuss the use of false affidavits to collect payments, said Susan Shin, New Economy Project's legal director.

"They say that's in the past," Shin said. "Clearly, it's not." ■

JONES sources radishes and other ingredients from up to 30 farms and suppliers.

BUCK ENNIS

Friend of the farmers

The **purchasing manager at Untitled** balances buying local with keeping costs down

When Danny Meyer and chef Michael Anthony opened the restaurant Untitled at the Whitney in 2015, Jenny Jones, then at Gramercy Tavern, set up the purchasing program. She arranged to buy fruits and vegetables from as many as 30 farms as well as fish, dairy, meat and bread from various purveyors. Because of the complexity, Jones stayed on after the opening even though Untitled's size—just 62 seats—wouldn't typically justify having a purchasing manager or more than two or three suppliers.

"It's a hard way to purchase," she said. "You can't put that on the sous chef team."

Jones compensates for the inefficient purchasing method by keeping costs in line. Untitled allocates up to 28% of revenue to food costs, compared with 22% for restaurants that purchase from fewer suppliers, Jones estimated. She spends three mornings a week at the Union Square Greenmarket, checking out the latest peas and heirloom tomatoes to gauge how they could be used in recipes and how much those dishes would cost.

One recent day, her mandate caused her to reject handfuls of tiny beets—"We can't do anything with them"—as well as the season's first spring onions—"That's like $1 an onion!" Back at the restaurant, Jones updated her purchasing and budget spreadsheets and analyzed costs and inventory. She also educated the cooks so they would know that the ingredients they were using were special and pricey.

She and executive chef Suzanne Cupps eschew French techniques for which every vegetable dice must be uniform, which leads to a lot of waste.

"They charge what they need to charge, then we decide how much to buy"

"The edges of an apple are round. The outside of a carrot is the most flavorful," Jones said. "We'd rather teach cooks to show off the veggies in their more natural form." This efficacy allows her to splurge on expensive produce—and make the most of small quantities of it.

Grateful farmers do sometimes offer Jones a discount based on bulk—Untitled is part of Meyer's Union Square Hospitality Group, after all. But out of respect for their hard work, she doesn't drive a hard bargain.

"They charge what they need to charge," she said, "then we decide how much to buy."

Some farmers, however, can't resist offering a discount to their frequent customer. "Six dollars is retail," said one vendor of his potato prices. "Five dollars is restaurant. Four dollars is Jenny Jones." – **CARA EISENPRESS**

JENNY JONES

BORN Raleigh, N.C.

RESIDES Park Slope

EDUCATION Bachelor's in economics and sociology, University of North Carolina at Chapel Hill; New England Culinary Institute

CHEESE THIEF As Jones shops Union Square market with a co-worker, they leave bags and boxes on the western edge of Union Square. Once a purchase of goat cheese disappeared. "That was a food-cost fail."

HARD WORK Occasionally Jones and her colleagues visit their suppliers' farms. One fall they planned to help harvest squash at Alewife Farm in Dutchess County. Line cooks backed out at the last minute, and a handful of Union Square Hospitality Group managers ended up bent over all day in the hot fields. "We were sore for a week," Jones said. "What we do is hard, but farming is harder."

NEW IN TOWN

Eleventy
77 Greene St.
The Italian suit maker for men and women opened its first U.S. store, in SoHo.

Respect Your Universe
76 N. Fourth St., Brooklyn
This Vancouver-based men's athleticwear brand landed in Williamsburg, where it offers shoppers a water bar.

Silver Spoon Animation
630 Flushing Ave., Brooklyn
This motion-capture studio in Williamsburg rents to amateurs and professionals.

Stay Gold
360 Third Ave.
This cocktail lounge in Kips Bay serves bourbon-based slushies.

MOVES AND EXPANSIONS

Hao Noodle
343 W. 14th St.
In its second local outpost, in Chelsea, Madame Zhu's critically acclaimed Chinese restaurant chain focuses on bar food, including skewers and small plates.

Printed Matter
38 St. Marks Place
The nonprofit that sells and distributes artists' books expanded to a second store, in the East Village.

STOCK TRANSACTIONS

AmerisourceBergen Corp. (ABC-N)
CEO Steven Collis sold 21,350 shares of common stock for $84.63 per share July 2 in a transaction worth $1,806,850. He now holds 266,575 shares.

YEXT Inc. (YEXT-N)
Chief Technology Officer Tom Dixon sold 32,500 shares of common stock at prices around $19 per share July 2 and July 3. The transactions were worth $634,258. He now holds 37,764 shares.

REAL ESTATE

RETAIL

TeamLab signed a lease for 55,000 square feet at **51 34th St., Brooklyn**. The Japanese digital-arts collective is slated to open an exhibition space at Industry City's Building 7. The asking rent was from $15 to $40 per square foot. The owners—Jamestown Properties; Belvedere Capital; Angelo, Gordon & Co.; Cammeby's International; and FBE Ltd.—dealt directly with the tenant.

American Multi-Cinema inked a 15-year deal for 42,713 square feet at **2318 Broadway**. The asking rent was not disclosed. A team from Cushman & Wakefield brokered for the owner, Ashkenazy Acquisitions, as well as for the tenant. The lease comes with an option to extend it for two to 10 years.

Atlas Floral Decorators signed a 10,000-square-foot lease to relocate to **48-35 36th St., Queens**. The 70-year-old flower shop moved from 46-12 70th St. The asking rent was $20 per square foot. TEK Realty Advisors handled the lease for the company. Greiner-Maltz represented the landlord, SL International.

COMMERCIAL

Oscar Health has agreed to take 78,000 square feet at **75 Varick St.** The health care company is planning to move from 295 Lafayette St., where it occupies 39,000 square feet of space. The asking rent for the seven-year deal was not disclosed. Newmark Knight Frank handled the transaction for the tenant and the landlord, Trinity Real Estate.

Perkins Coie inked a deal to move into 57,971 square feet of office space at **1155 Sixth Ave.** The international law firm will occupy the entire 20th through 22nd floors and half of the 23rd floor. The asking rent for the 15-year lease was around $80 per square foot. The landlord, Durst Organization, was represented in-house. CBRE brokered for the tenant.

Solomon Page Group signed a renewal and expansion lease for 52,500 square feet at **260 Madison Ave.** The staffing and executive search firm used to occupy 35,500 square feet on the third floor and 15,575 square feet on the seventh floor of the building. CBRE represented the landlord, Sapir Organization, in the transaction. Newmark Knight Frank represented the tenant.

LinkedIn signed an expansion lease for 30,165 square feet at **350 Fifth Ave.** The social media network now occupies 312,947 square feet at the Empire State Building. The asking rent for the seven-and-a-half-year deal was $72 per square foot. The landlord, Empire State Realty Trust, handled the deal in-house. CBRE brokered for the tenant. – **YOONA HA**

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TELECOMMUNICATIONS

PUBLIC & LEGAL NOTICES

Notice is hereby given a license, number 1311462 for Catering Establishment on-premises Liquor has been applied for by the undersigned to sell liquor under the Alcoholic Beverage Control Law at 15 East 583 Park Avenue, New York, NY 10065 for on premises consumption. Rose Group Park Avenue LLC d/b/a 585 Park Avenue

Notice of Formation of MP REAL ESTATE CAPITAL, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 06/13/18. Office location: NY County. Princ. office of LLC: 220 E. 42nd St., 29th Fl., NY, NY 10017. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Federman Steifman LLP, Attn: Andrew Lampert at the princ. office of the LLC. Purpose: Any lawful activity.

Notice of Formation of CHEROKEE VII. LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 05/30/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207. Purpose: Any lawful activity.

PUBLIC & LEGAL NOTICES

Notice of Formation of LNS CAPITAL V, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 06/11/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Timothy P. Terry, 667 Madison Ave., 24th Fl., NY, NY 10065. Purpose: Any lawful activity.

NOTICE OF FORMATION of 140 FULTON ASSOCIATES LLC. Art. of Org. filed with the Secy of State of NY (SSNY) on 6/28/18. Off. Loc.: New York County. SSNY has been desig. as agent upon whom process against it may be served. The address to which the SSNY shall mail a copy to is: c/o Hidrock Properties, 40 Wall Street, 45th Floor, New York, NY 10005 Purpose: Any lawful act .

Notice of Qualification of GELLER MULTI-VINTAGE III, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 06/08/18. Office location: NY County. LLC formed in Delaware (DE) on 06/05/18. Princ. office of LLC: 909 Third Ave., NY, NY 10022. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, Attn: Edward Hornstein at the princ. office of the LLC. DE addr. of LLC: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State of the State of DE, Div. of Corps., John G. Townsend Bldg., Federal and Duke of York Sts., Dover, DE 19901. Purpose: Any lawful activity.

Notice of Qualification of BRIZO GP, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 06/01/18. Office location: NY County. LLC formed in Delaware (DE) on 05/29/18. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, Attn: Benjamin Isaac, 142 W. 57th St., 11th Fl., NY, NY 10019. DE addr. of LLC: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State of the State of DE, Div. of Corps., John G. Townsend Bldg., Federal and Duke of York Sts., Dover, DE 19901. Purpose: Any lawful activity

NOTICE OF FORMATION OF Samuel Borinsky, LCSW, Psychoanalyst, PLLC. Articles of Organization filed with Secretary of State of NY (SSNY) on 06/11/2018. Office location: NEW YORK County. SSNY has been designated as agent upon whom process may be served, and shall mail copy of process against the PLLC to 34 W. 22nd St., 2H, NY, NY 10010. The principal business address of PLLC is: 34 W. 22nd St., 2H, New York, NY 10010. Purpose: any lawful act or activity.

Notice of Qualification of BROOKFIELD RENEWABLE ENERGY MARKETING US LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 06/25/18. Office location: NY County. LLC formed in Delaware (DE) on 04/14/08. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co. (CSC), 80 State St., Albany, NY 12207-2543. DE addr. of LLC: c/o CSC, 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State, Div. of Corps., John G. Townsend Bldg., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

HKS Harlem's Finest LLC Arts of Org filed with NY Sec of State (SSNY) on 2/23/18. Office: New York County. SSNY designated as agent of LLC upon whom process may be served. SSNY shall mail process to: 218 Lenox Ave, NY, NY 10027. General Purposes.

Notice of Qualification of Qu Labs, LP. Appl. for Auth. filed with NY Dept. of State on 2/14/18. Office location: New York County. NY Sec. of State designated agent of the LP upon whom process against it may be served, and shall mail process to Vanguard Corporate Services Ltd, 307 Hamilton St, Albany NY 12210. DE addr. of LP c/o Vanguard Corporate Services Ltd, 3500 S Dupont Hwy, Dover, DE 19901. Cert. of LP. filed with DE Sec. of State, 401 Federal St., Dover, DE 19901 on 9/6/17. Names and addresses of all General Partners available from the NY Sec. of State. Purpose: any lawful activity.

Notice of Qualification of PARIAN GLOBAL MANAGEMENT LP Appl. for Auth. filed with Secy. of State of NY (SSNY) on 06/14/18. Office location: NY County. LP formed in Delaware (DE) on 02/20/18. Princ. office of LP: 43 E. 10th St., 5B, NY, NY 10003. Duration of LP is Perpetual. SSNY designated as agent of LP upon whom process against it may be served. SSNY shall mail process to Corporation Service Co. (CSC), 80 State St., Albany, NY 12207-2543. Name and addr. of each general partner are available from SSNY. DE addr. of LP: CSC, 251 Little Falls Dr., Wilmington, DE 19808. Cert. of LP filed with DE Secy. of State, Div. of Corps., 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Investment management.

Notice of Formation of SAProp Associates, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 06/15/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Holland & Knight LLP, Attn: M. James Spitzer, Jr., Esq., 31 W. 52nd St., NY, NY 10019. Purpose: Any lawful activity.

Notice of Formation of 8 THOMAS LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 06/21/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, 70 Little West St., Unit 12E, NY, NY 10280. Purpose: Real estate ownership.

Notice of Formation of formalighting LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 05/31/18. Office location: NY County. Princ. office of LLC: 164 W. 25th St., 12th Fl., Manhattan, NY 10001. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207-2543. Purpose: General trading.

Notice of Formation of MERCANTILE MERGER SUB I, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 05/25/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207, regd. agent upon whom and at which process may be served. Purpose: Any lawful activity.

Notice of Formation of The Waglan Group LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 05/24/2018. Office location: New York County. SSNY has been designated as agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is: United States Corporation Agents, Inc. 7014 13th Avenue, Suite 202, Brooklyn, NY 11228. The principal address of the LLC is 245 E 63rd St, #21N, NY, NY 10065. Purpose: any lawful act or activity.

NOTICE OF FORMATION OF NextGen Strategic Advisors, LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 2/21/2018. Office location: NEW YORK County. SSNY has been designated as agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is: 333 East 43rd Street #814 NY, NY. The principal business address of the LLC is: 730 Lawrence Ave, Westfield NJ 07090. Purpose: any lawful act or activity

Notice of Qualification of SONY INTERACTIVE ENTERTAINMENT LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 06/15/18. Office location: NY County. LLC formed in California (CA) on 12/21/16. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. DE addr. of LLC: 2207 Bridgepoint Pkwy., San Marco, CA 94404. Cert. of Form. filed with Secy. of State, 1500 11th St., Sacramento, CA 95814. Purpose: Any lawful activity.

Notice of Qualification of ALLYNIUM BRAND SOLUTIONS, LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 06/27/18. Office location: NY County. LLC formed in Ohio (OH) on 06/22/18. Princ. office of LLC: 118 Heritage Dr., Pataskala, OH 43062. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Corporation Service Co., 80 State St., Albany, NY 12207-2543. Cert. of Form. filed with Secy. of State of OH, 180 E. Broad St., 11th Fl., Columbus, OH 43215. Purpose: Any lawful activity

Notice of Formation of Rosie Filmwaze LLC. Arts. of Org. filed with NY Dept. of State on 4/12/18. Office location: New York County. NY Sec. of State designated agent of the LLC upon whom process against it may be served, and shall mail process to 426 W Broadway, #2G, New York, NY 10012. Purpose: any lawful activity.

NOTICE OF FORMATION OF LIMITED LIABILITY COMPANY. NAME: TIFFANY LENTZ LLC. Articles of Organization were filed with the Secretary of State of New York (SSNY) on 04/30/2018. Office Location: 321 E 43rd St, Apt 608, New York NY 10017. New York County. SSNY has been designated as agent of the LLC upon whom process against it may be served. SSNY shall mail a copy of process to the LLC 321 E 43rd St, Apt 608, New York NY 10017. Purpose: any lawful activity.

PUBLIC & LEGAL NOTICES

NOTICE OF FORMATION of 280THENBABY, LLC.Arts. Of Org. filed with Secy of State of NY (SSNY) on 3/19/18. Office Location: NY County. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to US Corp Agents, Inc. 7014 13th Ave, #202, BK, NY 11228. Principal business address: 414 E 119th St, Suite 4RE, NY, NY 10035. Purpose: any lawful act.

NOTICE OF FORMATION OF RUE SAINT PAUL LLC. Arts. Of Org. filed with Secy of State of NY (SSNY) on 6/19/18. Office location: NY County. SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to 1967 Wehrle Drive, Suite 1 #086, Buffalo, NY 14221. Purpose: any lawful act.

NOTICE OF FORMATION of QUANTUM RADIANCE CAPITAL LLC. Arts. of Org. filed with Secy. of State of NY (SSNY) on 06/01/18. LLC formed in New York (NY) on 06/13/18. Office Location: New York County. SSNY has been designated as agent of the LLC upon whom process against it may be served. SSNY shall mail a copy of process to the LLC, 305 2nd Ave, Ste. 306, NY NY 10003. Purpose: any lawful activity.

NOTICE OF FORMATION of ELYIARA. LLC. Arts. Of Org. filed with Secy of State of NY (SSNY) on 4/16/18. Office Location: NY County, SSNY designated agent upon whom process may be served and shall mail copy of process against LLC to US Corp Agents, Inc. 7014 13th Ave. #202. BK. NY 11228 Principal business address: 150 W 56th St, Unit 3005 NY, NY 10019. Purpose: any lawful act.

NOTICE OF FORMATION of JAW 12T-53rd LLC. Art. of Org. filed with the Secy of State of NY (SSNY) on 5/30/18. Off. Loc.: New York County. SSNY has been desig. as agent upon whom process against it may be served. The address to which the SSNY shall mail a copy to is: The LLC, c/o Joyce West, 411 East 53rd Street, New York, NY 10022. Purpose: Any lawful act .

SHEVA STREET, LLC. Arts. of Org. filed with the SSNY on 01/21/05. Office: New York County. SSNY designated as agent of the LLC upon whom process against it may be served. SSNY shall mail copy of process to the LLC, c/o Jonathan Israel, 366 East 8th Street, No. 4, New York, NY 10009. Purpose: Any lawful purpose.

NOTICE OF FORMATION OF MIRIAM BIOLEK, LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 02/13/2018. Office location: NEW YORK County. SSNY has been designated as agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is: United States Corporation Agents, Inc., 7014 13th Avenue, Suite 202, Brooklyn, NY 11228. The principal business address of the LLC is: 43 West 119th Street, New York, NY 10026. Purpose: any lawful act or activity.

ELKHORN MEDIA LLC, Arts. of Org. filed with the SSNY on 06/07/2018. Office loc: NY County. SSNY has been designated as agent upon whom process against the LLC may be served. SSNY shall mail process to: Corporation Service Company, 80 State St., Albany, NY 12207. Purpose: Any Lawful Purpose.

Notice of formation of AMY PERLMUTTER MD PLLC. Articles of Organization filed with the Secretary of State of New York SSNY on 05/15/2018. Office located in New York County. SSNY has been designated for service of process. SSNY shall mail copy of any process served against the LLC 240 E 86TH ST, APT 11K, NEW YORK, NY 10028. Purpose: any lawful purpose.

J A CONTI ASSET MANAGEMENT, LLC Art. Of Org. Filed Sec. of State of NY 5/16/18. Off. Loc.: 53 Dawson Circle Staten Island, NY 10314. NRAI Services designated as agent upon whom process against it may be served. NRAI to mail copy of process to The LLC,160 Greentree Dr. Ste 101 Dover, DE 19904 . Purpose: Any lawful act or activity

NOTICE OF FORMATION OF DEEPER MAGIC STUDIOS LLC. Arts. Of Org. filed with Secy of State of NY (SSNY) on 4/13/18 Office location: NY County. SSNY designated agent upon whom process maybe served and shall mail copy of process against LLC to Jonathan Coleman, 408 W 57th St, Apt 6I NY, NY 10019 Purpose: any lawful act.

Notice of Qualification of ACG CONSTRUCTION MANAGEMENT LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 06/27/18. Office location: NY County. LLC formed in Delaware (DE) on 06/07/13. Princ. office of LLC: 450 Park Ave., 4th Fl., NY, NY 10022. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC at the princ. office of the LLC. DE addr. of LLC: c/o Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State, John G. Townsend Bldg., 401 Federal St. - Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

Formation of Spotlight Kids NYC, LLC filed with the Secy. of State of NY (SSNY) on 4/4/18. Office loc.: NY County. SSNY designated as agent of LLC upon whom process against it may be served. The address SSNY shall mail process to Danielle Burakovsky, 350 Albany St., TH1, New York, NY 10280. Purpose: Any lawful activity

Notice of Formation of ACREAGE NEW YORK, LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 06/29/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to the LLC, 366 Madison Ave., 11th Fl., NY, NY 10017. Purpose: Any lawful activity.

Notice of Qualification of WASABI SUSHI BENTO FULTON STREET LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 11/30/17. Office location: NY County. LLC formed in Delaware (DE) on 09/05/14. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to c/o Pavia & Harcourt LLP, 230 Park Ave., Ste. 2401, NY, NY 10169. DE addr. of LLC: Corporation Service Co., 251 Little Falls Dr., Wilmington, DE 19808. Cert. of Form. filed with Secy. of State, 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

Notice of Formation of ENERGETIC BALANCE LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 06/04/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Corporation Service Co., 80 State St., Albany, NY 12207. Purpose: Any lawful activity.

NOTICE OF FORMATION OF 15 Hudson Yards 28D LLC. Articles of Organization filed with the Secretary of State of NY (SSNY) on 06/21/2018. Office location: NEW YORK County. SSNY has been designated as agent upon whom process against it may be served. The Post Office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is 7014 13th Avenue, Suite 202 Brooklyn, NY 11228 The principal business address of the LLC is 15 Hudson Yards, Apt 28D NY,NY 10001.

Notice of Formation of USA BET LLC Arts. of Org. filed with Secy. of State of NY (SSNY) on 06/06/18. Office location: NY County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Jeremy P. Kleiman, Esq., 18 Columbia Tpke., Ste. 200, Florham Park, NJ 07932. Purpose: Any lawful activity.

NOTICE OF QUALIFICATION of S3 CAPITAL III GP LLC. Authority filed with NY Secy of State (SSNY) on 6/14/18. Office location: NY County. LLC formed in DE 6/11/18. SSNY designated agent upon whom process may be served. SSNY shall mail process to: c/o Spruce Capital Partners, 444 Madison Avenue, Floor 41, New York, NY 10022. DE address of LLC: 160 Greentree Dr., Ste 101, Dover, DE 19904. Cert of Form. filed with DE SOS, 401 Federal St. Ste 4, Dover, DE 19901. Purpose: any lawful activity.

Notice of Qualification of WASABI SUSHI BENTO 1014 SIXTH AVENUE LLC Appl. for Auth. filed with Secy. of State of NY (SSNY) on 03/21/17. Office location: NY County. LLC formed in Delaware (DE) on 03/04/16. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to Pavia & Harcourt LLP, 230 Park Ave., Ste. 2401, NY, NY 10169. DE addr. of LLC: Corporation Service Co., 2711 Centerville Rd., Ste. 400, Wilmington, DE 19808. Cert. of Form. filed with Secy. of State, 401 Federal St., Ste. 4, Dover, DE 19901. Purpose: Any lawful activity.

NOTICE OF QUALIFICATION Zenith Marketing Group, LLC. Fic. Name: Zenith Insurance Agency. Application for Authority filed with the Secretary of State of New York (SSNY) on 7/6/2018. Office Location: New York County. LLC formed in Indiana on March 26, 2018. SSNY has been designated as an agent upon whom process against it may be served. The Post office address to which the SSNY shall mail a copy of any process against the LLC served upon him/her is: CT Corporation, 111 Eighth Avenue, New York, NY 10011. The principal business address of the LLC is: 303 W Main Str, Ste 200, Freehold, NJ 07728. Indiana address of LLC is: 888 S Harrison Str, Ste 900, Fort Wayne, IN 46802. Certificate of LLC filed with Secretary of State of Indiana located at 200 W Washington Street, Ste 201, Indianapolis, IN 46204. Purpose: any lawful act or activity.

BY CHERYL S. GRANT

Creating safe spaces

Sanctuary for Families held its annual Zero Tolerance benefit June 5 at Pier 60. The event raised more than $2 million to provide services for survivors of domestic abuse, sex trafficking and gender-based violence. "I've traveled across the country to photograph scores of survivors," said honoree Lynn Savarese. "Hearing their voices and sharing their brave stories has been one of the most rewarding experiences of my life." Rock & Roll Hall of Fame inductee Grandmaster Flash provided the entertainment.

Seth Meyers, host of *Late Night With Seth Meyers*, served as master of ceremonies. His wife, **Alexi Ashe Meyers**, staff attorney at Sanctuary for Families, and honorees **Lynn Savarese**, photographer and human rights advocate, and her husband, **John Savarese**, partner at Wachtell, Lipton, Rosen & Katz, also took part in the festivities.

Cecile Noel, commissioner of the Mayor's Office to Combat Domestic Violence, and **Hannah Pennington**, assistant commissioner of policy and training, were among the more than 1,000 attendees.

Cooks with a purpose

The 33rd annual Chefs' Tribute to Citymeals on Wheels took in almost $900,000, which will allow the organization to deliver more than 122,000 meals to the city's homebound elderly. Board Co-President **Robert Grimes**, president of R.S. Grimes & Co., and board member **Alison Lohrfink Blood**, a certified public accountant, at the June 11 event.

Board members **Suri Kasirer**, president of Kasirer Consulting, and **Lisa Rosenblum**, vice chairman of Altice USA, during the party at Rockefeller Center.

Ensuring health and well-being locally

The YMCA's 44th annual Dodge Award dinner brought in $1.65 million, which will be used to support its services. Honoree and former Mayor **Michael Bloomberg**, founder of Bloomberg LP and Bloomberg Philanthropies; **Sharon Greenberger**, president and CEO of New York City YMCA; and **Edward Skyler**, executive vice president of global public affairs at Citigroup, were among the more than 500 guests at the June 6 event.

Mark Reyes and **Zion Dawes**, recipients of the YMCA's 2018 von der Heyden scholarships, flank **Mary Ellen** and **Karl von der Heyden** during the dinner at Cipriani 42nd Street.

JEFF ZORABEDIAN, CHASI ANNEXY, CHRISTOPHER ERNST, ERIC VITALE

SEE MORE OF THIS WEEK'S SNAPS AT CRAINSNEWYORK.COM/SNAPS. GET YOUR GALA IN SNAPS. EMAIL SNAPS@CRAINSNEWYORK.COM.

Cool sculpting

Forget hot yoga. Newly opened Brrrn in Chelsea offers high-intensity gym classes in a room cooled to either 45, 55 or 60 degrees.

A former Division I college wrestler, co-founder Jimmy Martin, left, remembered exercising miserably in high heat to make weight before competitions. "I also realized it wasn't the safest way to do it," he said.

He shared the idea of cool workouts with his friend and fellow certified personal trainer Johnny Adamic, a member of the Bloomberg obesity task force from 2012 to 2014. Adamic looked into it and learned that exercising in cool temperatures, which creates what is called mild cold stress, revs up the metabolism to keep the body warm. "Holy cow, cold is really good for you," he recalled thinking. "You burn more fat; you burn more calories."

After trial runs in a fridge at Brooklyn's Sixpoint Brewery, among other chilly locations, Brrrn was born May 1.

The pair say morning and evening classes regularly sell out, with prices ranging from $34 for a single session to $720 for 24. Core & Cardio Slide Board, done at 55 degrees, is the most popular.

"If you want to have a better time working out and enjoy your fitness," Martin said, "we think you should turn the thermostat down." – TELISHA BRYAN

BUCK ENNIS