

Cezary Podkul

From: Cezary Podkul
Sent: Tuesday, October 04, 2016 8:39 PM
To: [REDACTED]
Cc: Cezary Podkul (Cezary.Podkul@propublica.org)
Subject: URGENT: ProPublica Query Regarding Tenant Complaints at 1355 and 1357 Decatur Street
Attachments: Document A - Property tax bills from 2010.pdf; Document B - Full 421-a benefit history for Decatur Street properties.pdf; Document C - Tenant lease riders alleging apartments are not rent-stabilized.pdf; Document D - June 2015 text message exchange with Lyric Thompson.pdf; Document E - May 2016 Frank Tehrani letter saying 1355 Decatur is rent-stabilized.pdf; Document F - Eviction notices for [REDACTED] Sadykov and Paula Thomas.pdf; Document G - Frank Tehrani letter to HPD from December 2015.pdf; Document H - Updated 421-a application dated July 2015 and supporting documents.pdf; Document I - [REDACTED] Sadykov renewal lease dated December 4, 2014.pdf; Document J - Paula Thomas rent records.pdf; Document K - Paula Thomas rent overcharge tabulations.xlsx; Document L - July 2015 notice from HPD requesting registration for rent stabilization.pdf; Document M - HPD notices requesting completion of 421-a application.pdf; Document N - Lyric Thompson rent history.pdf; Document O - Schedule of maintenance and operating expenses.pdf; Document P - HPD rules for declaring maintenance and operating expenses.pdf; Document Q - Lyric Thompson initial lease.pdf; Document R - HPD violation and false certification for 1355 Decatur radiator.pdf; Document S - Certificates of Occupancy for 1355 and 1357 Decatur.pdf; Document T - Original application file for 421-a benefits.pdf; Document U - Sonia Lugo death certificate.pdf; Document V - Purchase records for 1355 and 1357 Decatur Street.pdf; Document W - Olga Ortiz rent records.pdf; Document X - Olga Ortiz eviction records.pdf; Document Y - Housing maintenance code violations for 1357 Decatur.xlsx; Document Z - Cease and desist order from Tenant Protection Unit.pdf; Shelter Rock Development Force.pdf; Property List.docx; Property List Tax Benefit Tabulation.xlsx

Importance: High

Tracking:

Recipient

Read

[REDACTED]
[REDACTED]
Cezary Podkul (Cezary.Podkul@propublica.org)

Read: 10/4/2016 8:46 PM

Dear Mr. Paknoush and Mr. Tehrani:

My name is Cezary – I am a reporter at ProPublica, a non-profit investigative newsroom in New York, where I have been focusing on writing about the city’s rising housing costs. My previous work is available [here](#).

I am writing to you because my next story in this series will profile two buildings you own: 1355 and 1357 Decatur Street in Bushwick. I am writing about these buildings because they show how the city’s broken system for awarding 421-a benefits often lets landlords collect this tax break without providing tenants the rent-stabilized housing they’re obligated to provide for the duration of the benefits.

Based on records I’ve reviewed – including your application file for 421-a benefits, tenants’ leases, property tax bills, court filings, and other documents – it appears that this was precisely the situation that happened at 1355 and 1357 Decatur. You collected the 421-a benefits at these properties while falsely claiming for many years that the apartments were not rent-stabilized.

In fact, by law, they were supposed to have been rent stabilized and your tenants were entitled to the full protections afforded to them under the state's rent stabilization law.

I would like to better understand why you did not provide tenants the legal protections they were entitled to under the law. Below, please find three sets of questions:

1. The first includes questions about the main findings of my story.
2. The second includes questions about specific conversations and text messages attributed to you by your tenants, which I would like you to review to let me know if you dispute any of them or have anything to add.
3. The third includes some fact-checking questions about you and your real estate holdings.

My questions are included below in **bold underline**. Where a question is specifically directed toward Mr. Paknoush or Mr. Tehrani, I indicate them by name; otherwise, I refer them to you generally for answer.

To facilitate our conversation, I am also providing you all the source documents on which my questions are based. Please find these documents attached to this email. They are given letter designations and, for ease of reference, are flagged throughout the questions in bold brackets, like so: **[Document A]**.

We will publish these documents with our story.

Please kindly review my questions and documents and revert back to me with your responses no later than **end of day Monday, Oct. 10**. My deadline is firm.

I can be reached at 917-512-0218 or on my cell at [REDACTED]

Thank you for your time and prompt attention to this matter. My questions are below; I will follow-up with a phone call to discuss them with you tomorrow:

1. Questions about the main findings of my investigation:

- 1) You have been collecting 421-a benefits at 1355 and 1357 Decatur Street – two adjoining, three-family rental buildings in Brooklyn's Bushwick neighborhood – since 2010. A copy of your June 2010 tax bills and a full benefit history are attached as **[Document A]** and **[Document B]**, respectively. As detailed in **[Document A]**, these 421-a benefits did not appear on the property tax bills under the properties' previous owner, the estate of Sonia Lugo. Ms Lugo, a Ridgewood resident, began building the properties in 2004 and filed the paperwork necessary for a preliminary certificate of eligibility (PCE) to receive 421-a benefits during construction. But she died in 2007, before construction was finished, and thus never filed the paperwork necessary to receive a final certificate of eligibility (FCE) to receive post-construction 421-a benefits. The FCE application – hereafter referred to simply as the application for 421-a benefits – was filed after you purchased the buildings in April 2010, and shortly thereafter the Department of Finance attached the post-construction 421-a tax benefits to the two properties, BBL [3-03431-0028](#) (1355 Decatur Street) and BBL [3-03431-0128](#) (1357 Decatur Street). Because the benefits only showed up after you took over the buildings in April 2010 but go back to the 2008 tax year, they appear to have been awarded to your properties retroactively to 2008, allowing you to collect the property tax benefits Ms Lugo never claimed. The benefits now total \$12,646 a year across both properties and reduce your total tax liability by more than 90 percent. The tax reductions are scheduled to last for 17 more years, ending in 2033 (under a 25-year post-construction benefit). Despite collecting these 421-a benefits, you have thus far treated the units as market-rate and did not provide tenants with rent-stabilized leases as required by law.

- 1) **Please let me know if you believe any of the above information is incorrect.**
- 2) **Why did you collect the 421-a benefits without providing the rent-stabilized housing required under the terms of the 421-a program?**

2) Several of your Decatur Street tenants have told me that you misled them about the rent-stabilized status of their apartments. Leases we've reviewed include a rider which says "Tenant understands the apartment is not rent stabilized." Copies of four such riders issued to your current and past tenants, Olga Ortiz, ██████ Sadykov, Lyric Thompson and Lisa Peterson, are included in **[Document C]**. In text messages we've reviewed, Mr. Paknoush also told one tenant, Lyric Thompson, that her apartment was not rent-stabilized. A copy of this text message exchange, dated June 16, 2015, is included in **[Document D]**. Yet Mr. Tehrani acknowledged in a May 5, 2016 letter to HPD, also submitted in Housing Court, that Ms Thompson's entire building was rent-stabilized. A copy of this letter is available in **[Document E]**. In the letter, Mr. Tehrani described 1355 Decatur Street as a "three family dwelling which is rent stabilize[d] building as a result of 421-A tax exemption." And in the latest eviction cases against Decatur Street tenants, filed in August and September against ██████ Sadykov and Paula Thomas, respectively, you again claimed their apartments were not rent-stabilized. Copies of these eviction petitions, with the allegation that their apartments are not rent-stabilized, are attached as **[Document F]**. This was despite Mr. Tehrani's acknowledgment in a December 7, 2015 letter to HPD that units occupied during your ownership of the property from 2010 onwards "have all been Rent Stabilized." A copy of this December 7, 2015 letter is attached as **[Document G]**. Your updated application for 421-a benefits dated July 14, 2015 also included a signed affidavit attesting that all units had been registered as rent stabilized with the state's Division of Housing and Community Renewal. However, the 421-a application file, which is attached as **[Document H]**, included tenant leases which left out the rider stating "Tenant understands the apartment is not rent stabilized" and directing tenants that the terms of the rider supersede those of the lease **[Document C]**.

- 1) **Please let me know why you misled city regulators, courts and your tenants about the rent-regulated status of the two properties.**
- 2) **Did you knowingly provide false information to the regulators, courts and tenants about the rent-regulated status of the apartments at 1355 and 1357 Decatur Street?**
- 3) **Why did you allege in your eviction petitions filed against Ms Sadykov and Ms Thomas [Document F] that their apartments were not rent stabilized, even though Mr. Tehrani told HPD the exact opposite to HPD in his December 2015 letter seeking approval of 421-a benefits?**
- 4) **The tenants' attorney, Raphael Ruttenberg, is seeking to have Ms Sadykov's and Ms Thomas's evictions dismissed based on your false assertion that their apartments are not rent-stabilized, and to have your law firm, Azoulay Weiss, financially sanctioned for submitting this false information as part of the eviction petitions. Please comment.**

3) From the available records, it appears to me that by treating the apartments at 1355 and 1357 Decatur as market-rate units, you ended up charging or attempting to charge the tenants more rent than allowed by law. A few examples are detailed in the bullet points below:

- On December 4, 2014, you signed a one-year renewal lease with 1357 Decatur Street tenant ██████ Sadykov, which raised her rent from \$1,650 per month to \$1,800 per month, or 9.1 percent. A copy of this lease is attached as **[Document I]** The maximum allowable one-year rent increase at the time, [according to the Rent Guidelines Board](#), was 1 percent. Thus, you charged Ms Sadykov 8.1 percentage points more than allowed by law, for an overcharge of \$133.5 per month.
- In the text messages dated June 16, 2015, available in **[Document D]**, you offered to renew 1355 Decatur Street tenant Lyric Thompson's lease for \$2,500 per month, or \$650 more than the \$1,850 she was paying at the time. The \$650 rent increase represented a 35.1 percent rent increase, versus the 1 percent one-year maximum rent increase [allowed by the Rent Guidelines Board at the time](#). We note that Ms Thompson and her roommate refused to pay this higher amount and instead paid you the \$1,750 due under the previously-signed lease she had in her possession. Had they paid the \$2,500 rent you demanded, they would have been overcharged.
- When 1357 Decatur Street tenant Olga Ortiz vacated her three-bedroom, second-floor apartment in April 2015, you re-rented the unit to Alex Ciaramello and two other young working professionals for \$2,600 per month. It

appears that you charged them more than allowed by law because Ms Ortiz's previous rent of \$1,660 per month set a much lower base from which a new legal regulated rent should have been calculated. Assuming a 20 percent vacancy allowance increase and the 1 percent rent increase [allowed by the Rent Guidelines Board at the time](#), the new maximum legal rent for the apartment would have been about \$2,000 per month, not the \$2,600 paid by the tenants. Thus, it appears you charged Mr. Ciaramello and his roommates about \$600 more per month than allowed by law when the maximum legal rent increases are taken into account. Mr. Ciaramello said you did not inform him or his roommates that their apartment was rent-stabilized when they signed their lease, and that you did not provide them a copy of the signed lease. Had you provided them a proper rent-stabilized lease, they would have known what the prior rent was and how their new rent was arrived at, since rent-stabilized leases must include [riders that disclose how vacancy rent increases are calculated](#). Instead, Mr. Ciaramello learned of his apartment's rent-stabilized status from Ms Thompson, his next-door neighbor, who told him one day, "Do you know you're paying too much money for your apartment?"

- Another tenant, Paula Thomas of 1357 Decatur Street, quantified her rent overcharges based on amounts she said she illegally paid over her maximum Section 8 allocation she should have been paying. A copy of a June 9, 2010 letter signed by Mr. Paknoush, in which he stated that he was renting the first floor apartment of 1357 Decatur Street to Ms Thomas for \$1,342 per month, is attached as **[Document J]**. The \$1,342 was the contract rent NYCHA had approved for Ms Thomas and was inclusive of her share of the rent. However, receipts included in **[Document J]** show that she paid you additional money each month over that amount, which changed with time as her rent was raised from a total of \$1,575 per month to \$1,800 per month. Ms Thomas added up these additional amounts and arrived at a grand total of \$16,396 in rent overcharges, exclusive of interest or any treble damage awards. Her spreadsheet totaling up these amounts is attached here as **[Document K]** for your review.

- 1) **Please comment on these alleged actual and potential rent overcharges at 1355 and 1357 Decatur Street.**
- 2) **Please comment on Mr. Ciaramello's statement that you did not inform him of his apartment's rent-stabilized status or provide him a signed copy of his lease.**

4) As mentioned above, your July 14, 2015 application for 421-a benefits **[Document H]** stated that all the units had been registered for rent-stabilization with the state's Division of Housing and Community Renewal. However, in a July 6, 2015 letter to your representative, Moseson & Associates, HPD said that "there are no annual registrations since the 2009 initial registration for both addresses" and asked you to "please file complete annual registrations (2010-2015) with DHCR and submit proof of filing" in order to complete your application to receive the post-construction 421-a benefits. A copy of this July 6, 2015 letter is attached as **[Document L]**. By our count, HPD sent at least ten such letters, demanding that you fix or clarify various aspects of your incomplete application for a final certificate of eligibility for 421-a benefits. These letters are all attached for your review in **[Document M]**. Thus, it appears that your statement several days later, in your July 14, 2015 application, is incorrect; the apartments were not, in fact, registered for rent-stabilization. Instead, it appears that you finally filed the required registrations on July 23, 2015, according to the filing date indicated on Ms Thompson's rent history **[Document N]**. By that time, the building had just entered its eighth year of a 25-year 421-a property tax exemption without the proper rent registrations on file, an approved application to receive 421-a benefits, or any of the tenant protections required by law.

- 1) **Please explain why you did not file the legally-required registrations for rent-stabilization with the state's Division of Housing and Community Renewal but stated that you had done so.**
- 2) **Please let me know if you dispute having filed the required registrations on July 23, 2015. If so, when did you file them with DHCR?**
- 3) **Please explain what prompted you to finally register the buildings' apartments as rent-stabilized. Why did you not do this earlier?**

- 4) **By waiting until July 2015 to file the required apartment registrations with DHCR, you appear to have ignored, for several years, HPD’s repeated requests to comply with the rent-stabilization requirements of the 421-a program. Please comment.**
- 5) **In the June 16, 2015 text message conversation with Ms Thompson, Mr. Paknoush advised her to check her apartment status with DHCR and told her that, if she did so, she would see for herself that her apartment was not rent-stabilized. Did you purposely avoid filing your annual registrations with DHCR so that your tenants would not know they were entitled to the benefits of rent-stabilization, as required by law?**
- 5) Your application for 421-a benefits also included a schedule of estimated annual maintenance and operating expenses. This schedule is attached as **[Document O]**. In the schedule, you claim that you pay for the building’s gas. However, the 421-a program rules state, in Appendix A of Chapter 6 of Title 28 of the Rules and Regulations of the City of New York, that gas costs can be claimed by developers “only when the owner pays apartment gas bills.” A copy of these rules is attached as **[Document P]**. Tenants have told us, and their leases state, that they were responsible for paying for all utilities, including gas. In Ms Thompson’s lease, for example, the stipulation that “Landlord will supply: (a) heat as required by law (b) hot [water]” was crossed out. A copy of Ms Thompson’s lease, with this language crossed out, is available in **[Document Q]**. Thus, it appears that tenants paid for utility costs they shouldn’t have had to pay for, based on your statements submitted to the Department of Housing, Preservation and Development.
- 1) **Please explain why you passed on the Decatur buildings’ gas costs on to tenants while claiming these costs as an expense on your 421-a application. What do you believe was your legal basis for passing on these utility costs to tenants while telling HPD that you pay them?**
- 2) **Did you cross out the language in Ms Thompson’s lease about providing heat as required by law? If so, please explain why you did so.**
- 3) **Do you have any plans to reimburse the tenants of your Decatur Street properties for utility costs they have previously incurred?**
- 6) Sometime in the summer of 2015, Ms Thompson realized that the common-area heating in her building wasn’t hooked up to a separate water boiler, meaning that the first-floor tenants were paying for the common-area heating via their gas bills. As Mr. Tehrani explained in his May 5, 2016 letter provided to Housing Court, the common-area radiator at 1355 Decatur Street had been hooked up to the boilers that supply the tenants’ apartments, creating a shared metering situation. A similar set-up existed for the common-area radiators at 1357 Decatur Avenue. When Ms Thompson complained about this issue to DHCR, you disconnected the common-area heating from the first-floor boiler ahead of a September 2015 inspection by DHCR. You then subsequently eliminated the common-area radiators at 1355 and 1357 Decatur Street in February and September, respectively. This resulted in a January 25, 2016 violation issued against you by HPD ordering you to properly repair the common-area radiators. Furthermore, upon inspection of the common-area radiators at 1355 Decatur Street in February 2016, HPD found that ripping out the common-area radiators did not constitute a proper repair and false-certified your statement that the violation had been cured. A copy of the January 25 violation and subsequent false certification of your repair by HPD is contained in **[Document R]**. In May, Housing Court Judge Susan Avery ruled that your removal of the common-area radiators eliminated HPD’s January 25, 2016 violation by virtue of eliminating the source of the violation. Despite this ruling, however, it appears that heating is required in the common areas of 1355 and 1357 Decatur Street because under Part 2520.6 of New York Codes, Rules and Regulations ([9 NYCRR § 2520.6](#)), any services provided by a landlord in a 421-a building to tenants as of the certificate of occupancy date become required base services which cannot be eliminated at a later date. Certificates of occupancy for 1355 and 1357 Decatur Street were issued on March 5, 2010 and are attached here as **[Document S]**. According to a long-term tenant who lived at 1355 Decatur in 2010, common area heating was provided in the buildings as of that time. Therefore, the common-area heating constituted a base service that should not have been discontinued.

- 1) **The shared metering issue at 1355 and 1357 Decatur Street passed on extra utility costs on to the tenants that they should not have been paying for – namely, the cost of common-area heating. Are you planning to reimburse the affected tenants for these extra costs?**
 - 2) **The logical solution to this shared metering problem would have been to set up a separate meter for the common-area radiators and pay the heating costs claimed in your 421-a application. Why did you instead eliminate the radiators altogether?**
 - 3) **Do you disagree with the requirements of 9 NYCRR § 2520.6 that you are required to provide heating in the common areas of 1355 and 1357 Decatur Streets? If so, why?**
 - 4) **Do you plan on restoring common-area heating at 1355 and 1357 Decatur Street and paying for it via a separate meter that is not hooked up to your tenants' meters?**
- 7) On July 13, 2016, HPD finally issued you a Final Certificate of Eligibility (FCE) to receive post-construction 421-a benefits at 1355 and 1357 Decatur Street. A copy of this FCE is included on page 3 of **[Document H]**. The FCE mentions that a prior application for final (post-construction) 421-a benefits was submitted just a few days after your April 9, 2010 purchase of the two buildings from the estate of Ms Sonia Lugo. A review of this original application file, attached here as **[Document T]**, shows that the application was signed by Ms Lugo herself. However, at the time of the application, dated April 13, 2010, Ms Lugo had been dead for nearly three years. According to her death certificate, attached here as **[Document U]**, she died on June 6, 2007. Thus, the April 2010 application for 421-a benefits appears to have a forged signature of the building's prior owner, Ms Sonia Lugo.
- 1) **Please let me know if you submitted the April 2010 application for 421-a benefits to HPD. If so, did you forge Ms Lugo's signature on the application?**
 - 2) **The timing of the application submission seems to coincide with your April 2010 purchase of the two Decatur Street properties. Was your purchase of the two buildings in any way tied to or conditioned upon receipt of 421-a benefits?**
- 8) The April 2010 application for 421-a benefits included an affidavit stating that construction was completed on March 5, 2010 and that all units had been registered for rent stabilization with the New York State Division of Housing and Community Renewal. It appears that neither of these claims was true. While the 421-a application materials in **[Document T]** show, on pages 17-20, that you did file initial building services and registration summary forms with DHCR, they do not include any apartment registration forms showing that the actual apartments were registered as rent-stabilized. This is corroborated by HPD's July 6, 2015 letter asking you to complete your 421-a application file **[Document L]**. In the letter, HPD pointed out that your initial DHCR registration was missing the rent roll and apartment rents and asked you to revise the initial registration and re-file annual registrations for 2010 to 2015. It is also not clear that the buildings were, in fact, completed. Ms Lugo's son, John Rolan, told me that, during his family's ownership of the properties, the two Decatur Street buildings weren't finished. He said this was because the family's contractor bailed on them during the construction of the buildings, leaving them unfinished and in need of repair. For example, some apartment floors weren't done. Tenants have told me that other building amenities, such as the laundry room, mailboxes, buzzers and fire escapes, were either missing or incomplete. Purchase records we've reviewed for 1355 and 1357 Decatur Street show that you deducted \$225,000 from each parcel as a "repair concession." These records are attached as **[Document V]**. These repair concessions are substantial. At a combined total of \$450,000, they account for almost 70 percent of the CPA-certified construction costs of \$643,659 included on page 44 of your application file for 421-a benefits **[Document H]**. These substantial concessions appear to indicate that, at the time you purchased the properties in April 2010, the two Decatur Street buildings were not yet complete and would require a lot of work to finish construction. Thus, the properties may not have been eligible to receive the post-construction 421-a benefits you were applying for, since these benefits are only available for properties that have been completed.

- 1) **Please let me know if you disagree with the conclusion that the affidavit filed with the April 2010 application for 421-a benefits contains untrue statements, as detailed above.**
- 2) **Why did you request the substantial \$225,000 repair concessions when you purchased the properties in 2010? Was it because of the buildings' incomplete construction? If so, why do you believe the properties were eligible to receive post-construction 421-a benefits?**
- 3) **Did you complete construction of the buildings after purchasing them in April 2010? If so, please explain when you finished construction and provide proof of completion.**

9) For reasons unclear from the available record, HPD did not approve your April 2010 application for 421-a benefits for 1355 and 1357 Decatur Street. However, the HPD notices in **[Document M]** indicate that missing DHCR registrations for rent stabilization played a part in the delay. As a result, your application for 421-a benefits remained unapproved from 2010 through 2016. Regardless, during that time you continued to collect 421-a benefits at 1355 and 1357 Decatur Street.

Why did you let your application linger for so long before filing the necessary paperwork and obtaining the FCE required to collect 421-a benefits? Did the fact that you were already receiving the benefits without the FCE influence your decision not to finish the paperwork?

10) Our reporting indicates that you illegally evicted one tenant, Olga Ortiz, from her second-floor apartment at 1357 Decatur Street. She had been renting the apartment from you since November 2010 at a rate of \$1,660 per month, excluding utilities (electricity and gas, which covered cooking gas, hot water and heating). As a Section 8 tenant, part of the rent, originally \$1,069 per month, was paid to you via federal rent subsidy, with the remaining \$591 coming from Ms Ortiz (these amounts changed over time as her Section 8 benefits were adjusted). In August 2014, you proposed to raise Ms Ortiz's rent by 15 percent, from \$1,660 per month to \$1,900 for a one-year lease renewal. Copies of Ms Ortiz's original and renewal leases are attached as **[Document W]**. At the time, the [Rent Guidelines Board limited one-year rent increases to 4 percent](#), or \$66 per month. Thus, your proposed rent of \$1,900 was illegal. Ms Ortiz said she continued to pay her old rent and that you continued to cash the rent checks. However, you still filed an eviction case against her, according to court records which are attached here as **[Document X]**. The first eviction notice, included on pages 4-5 of **[Document X]** and dated October 28, 2014, explicitly stated that Ms Ortiz's apartment was not rent stabilized. Mr. Paknoush also sent Ms Ortiz a letter that he signed personally, stating that "the subject premise [sic] is not subject to rent control or rent stabilization." A copy of this letter is included on page 6 of **[Document X]**. In fact, due to your receipt of 421-a benefits, the apartment was rent stabilized and therefore it was illegal for you not to provide Ms Ortiz with a rent-stabilized lease and to evict her for refusing to pay an illegally high rent. The very act of alleging that an apartment is not rent stabilized when it is, in fact, rent-stabilized is grounds for dismissing an eviction complaint. However, because Ms Ortiz believed your statement that her apartment was not rent stabilized, she did not challenge your eviction. Instead, she began looking for another apartment. During this time, Housing Court Judge Lydia Lai allowed Ms Ortiz to stop paying her share of the \$1,660 monthly rent so that she could save up for her move, according to the Stipulation of Settlement from her first eviction hearing, dated Nov. 12, 2014 and included on page 13 of **[Document X]**. Thus, Ms Ortiz stopped paying you her share of the rent as she looked for a new apartment. By early 2015, she had still not found a new apartment and you initiated two more eviction cases against her, according to the records contained in **[Document X]**. The third time you took Ms Ortiz to Housing Court, in March 2015, a different Housing Court Judge, Hannah Cohen, overturned Judge Lai's decision to allow Ms Ortiz to stop paying her share of the rent. According to a copy of that order, dated March 18, 2015 and included on page 9 of **[Document X]**, Judge Cohen ruled that Ms Ortiz owed you more than \$3,000 in rent in arrears and allowed you to proceed with her eviction on or after April 1, 2015. Ms Ortiz declined to pay the \$3,000 of back rent and instead used the money to pay for her move. On April 5, 2015, with another eviction notice from you awaiting her reply, she moved out of 1357 Decatur Street.

- 1) **Please let me know if you dispute any of the above information regarding Ms Ortiz’s original \$1,660/month lease or the size of her Section 8 subsidies.**
- 2) **Please let me know if you dispute any of the above information describing Ms Ortiz’s eviction from 1357 Decatur Street.**
- 3) **Why did you falsely tell Ms Ortiz that her apartment was not rent stabilized and, subsequently, falsely allege in statements to Housing Court that her apartment was not rent stabilized? Given this misinformation regarding the apartment’s legal protections, do you believe Ms Ortiz’s eviction was valid and legal?**
- 4) **As mentioned above, Ms Ortiz did not pay her share of the rent from November 2014 through March 2015, per Judge Lai’s order, but Judge Cohen overturned this decision. Did you ever receive any portion of this rent from Ms Ortiz? Are you still seeking payment?**

11) Several tenants of 1355 and 1357 Decatur Street have told me that you do not make timely and adequate repairs when requested. For example, on July 20th, the Department of Buildings and the Department of Housing, Preservation and Development and the state’s Division of Housing and Community Renewal came out to inspect your buildings. According to Ms Thompson, who was present for the inspection, the agencies discovered a gas leak at 1357 Decatur Street and ordered the gas provider, National Grid, to shut off gas at the building. HPD then wrote a series of violations regarding the gas supply at 1357 Decatur Street, as well as hot water, which is heated using the gas supply. Copies of these violations, downloaded from the city’s Housing Maintenance Code Violations database, are highlighted in yellow in the spreadsheet attached as **[Document Y]**. The first two violations, ordering you to restore gas supply to the first- and second-story apartments at 1357 Decatur Street, included a deadline of August 7, 2016 for you to certify that the repairs had been made. Despite this deadline, the repairs were not made. By September 6, 2016, when local City Council Member Rafael Espinal visited the building, the tenants’ attorney, Raphael Ruttenberg, explained that, since July, the tenants had gone 42 days without heat, cooking gas and hot water before the issue was repaired. During this time, tenants say they were inconvenienced by not being able to take a hot shower or cook food on their gas stoves. Due to the essential nature of these services, it does not appear that they were restored in a timely manner, as required by law.

- 1) **Please explain why you did not repair the heating, gas and hot water issues for 42 days. Was this an attempt to harass the tenants or retaliate against them for filing complaints?**
- 2) **Ms Thompson believes the gas leak was caused by tampering to disconnect the common-area heating from the tenants’ boilers. Please respond to Ms Thompson’s allegation. Why did the gas leak at 1357 Decatur Street happen in the first place?**

12) Mr. Ruttenberg tells me that you have not provided proper rent-stabilized leases to tenants, as required by an April 2016 letter from the DHCR’s Tenant Protection Unit instructing you do so. A copy of this letter is attached as **[Document Z]**. Mr. Ruttenberg says the leases do conform to the requirements of the rent-stabilization law because they do not adjust rents to their proper legal amounts and contain terms that are not acceptable to tenants, such as a stipulation against pets.

Do you dispute Mr. Ruttenberg’s allegation?

2. Questions about specific conversations and text messages attributed to you by your tenants

- 1) Statements attributed to Mr. Paknoush by former 1357 Decatur tenant Olga Ortiz:
 - Ms Ortiz recalls a conversation with Mr. Paknoush in 2012 in which he informed her that he would like to raise her rent. “When you move, I can get \$2,500 for that apartment,” Mr. Paknoush told her, according to Ms Ortiz’s recollection of the conversation.

- 1) **Please comment on this exchange.**
- 2) **After this 2012 exchange, you did not raise Ms Ortiz’s rent until the August 2014 renewal offer included in [Document W]. During that time, she continued to pay the same \$1,660 per month rent that she was paying in 2012. Please explain why you waited until 2014 to increase the rent for Ms Ortiz’s apartment.**

- After Mr. Paknoush initiated the eviction case against Ms Ortiz in 2014, Ms Ortiz recalls running into him at 1357 Decatur Street and being badgered about when she would leave the apartment. “When you out? When you out? When you leaving? When you leaving? I need the apartment. I need the apartment. Give me back my apartment,” she recalls Mr. Paknoush telling her in conversations they would have during the time she was looking for a new apartment. She said she would respond by saying “Well, you’re gonna have to wait.”

Please comment on this exchange.

2) Statements attributed to Mr. Paknoush by 1355 Decatur tenant Lyric Thompson:

- Ms Thompson texted Mr. Paknoush on June 16, 2015 to demanded that Mr. Paknoush find a copy of her lease, under which she and her roommate, Angella, were paying \$1,850 per month. Mr. Paknoush wrote back to say: “Actually, that’s what I wanted to discuss with you too,” Mr. Paknoush responded, according to a copy of the exchange, detailed in **[Document D]**. Mr. Paknoush then demanded significantly more rent than the \$1,850 that Ms Thompson and her roommate were paying at the time: “The new rent for the apartment including the parking will be \$2,500. Of course if you don’t like that you be [sic] more than welcome to move out with the proper time.” Mr. Paknoush justified the increase by saying that \$2,500 was “market price.” When Ms Thompson pointed out that her apartment was rent-stabilized, Mr. Paknoush said it was not and asked her to check the [state’s rent-regulated building search website](#) to see herself that it was not. Mr. Paknoush also warned Ms Thompson not to challenge him: “Don’t try to be smart with me,” he texted.

Please comment on this exchange.

- On July 14, New York City Mayor Bill de Blasio visited Bushwick for a town hall meeting. During the town hall’s question-and-answer period, he fielded a question from Ms Thompson. A video of Ms Thompson’s exchange with the Mayor and Human Resources Administration Commissioner Steven Banks is [available in this video](#), starting at 1:19:40 and ending at 1:27:02. During her remarks to the Mayor, Ms Thompson made reference to Mr. Paknoush’s demand for \$2,500 rent from her and similar demands she says he has made to other tenants: “Our area is gentrifying and so last year our landlord tried to clear the building by raising the rent to \$2,500 dollars. Now, this gentleman also on our lease told us we were not rent-stabilized. There’s actually no penalties that landlords suffer for bold-face lying to the tenants, for lying to HPD with regard to repairing anything. If they false-certify with HPD, they’re not prosecuted. They basically get a free pass to lie to the citizens and line their pockets.” At the end of the exchange, Mr. Banks told Ms Thompson that the city would try to help her.

Please comment on Ms Thompson’s public remarks about you to Mayor de Blasio.

3) Statements attributed to Mr. Paknoush by 1357 Decatur tenant ██████ Sadykov:

- About six weeks after Ms Ortiz’s April 5, 2015 move out of 1357 Decatur, Ms Thompson says she received a knock on her door from one of her neighbors. Ms Thompson recalls that the neighbor, ██████ Sadykov of 1357 Decatur, was in tears. According to both women’s accounts, Ms Sadykov told her that Mr. Paknoush had texted her to say “it’s not working out between us” and asked her to move out when she demanded that he cover the concrete floor in her bedrooms. Finishing the floor was part of a deal she’d made with Paknoush a few months earlier, in December 2014, when he raised her rent by 9 percent. Her new \$1,800-per-month lease included a handwritten note that said “floor

will be done.” A copy of this agreement is included in **[Document I]**. When Ms Sadykov noticed that workers were remodeling the floor downstairs in Olga Ortiz’s old unit, even though her floor was still unfinished months later, she decided to complain to Mr. Paknoush. This prompted the text message exchange, which upset Ms Sadykov because she did not want to be kicked out of her apartment simply for demanding that Mr. Paknoush hold up his end of the agreement. Ms Sadykov asked Ms Thompson if there was anything she could do to avoid getting kicked out of her apartment, and Ms Thompson decided to investigate. Ultimately, she discovered the 421-a benefit attached to the property and informed Ms Sadykov and other tenants of their apartments’ rent-stabilized status and legal protections they were entitled to.

- 1) **Please comment on this exchange.**
- 2) **Rent-stabilization laws [protect tenants from arbitrary evictions](#). Given Ms Sadykov’s rent-stabilized status, it appears you had no right to threaten to evict her because of her insistence that you abide by the agreement in her lease to finish her floor. Please comment.**

3. Fact-checking questions about you and your real estate holdings

- 1) In different documents signed by Mr. Paknoush, his name is alternately spelled “Allen” or “Alen.”
What is the correct or preferred spelling of Mr. Paknoush’s first name? Absent clarification, I will use “Alen” as this spelling appears more frequently in documents I’ve reviewed.
- 2) My research indicates that Mr. Paknoush is registered with the New York Department of State as the chief executive officer of a corporation called [“Shelter Rock Development Force Inc.”](#) A copy of this registration is attached as document **[Shelter Rock Development Force]**. Further research based on the address registered for this company, 172-13 Hillside Ave., Suite 201, Jamaica, NY, indicated the following:
 - Mr. Paknoush owns and manages properties jointly with Mr. Tehrani as well as a third business partner, Payam (Perry) Moradof, who also shows up in property records as a managing member of various LLCs that own buildings registered at the Jamaica address. While the Jamaica address is based in New York City, Messrs. Paknoush, Tehrani and Moradof each live in Long Island. Thus, in my story I will describe you as Long Island real estate investors who jointly own and manage properties together across New York City.
 - 1) **Please let me know if you dispute any part of this characterization or wish to clarify any of the above information.**
 - 2) **Please let me know if you principally do business together through the Shelter Rock Development Force corporation, or if there is another entity we should name in our story as your principal business interest.**
 - 3) **What are your respective roles within your organization? If there are job descriptions you would like me to use, please provide them to me.**
 - 4) **Do you (Mr. Tehrani and Paknoush), have any other business partners besides Mr. Moradof? If so, please let me know.**
 - My research found dozens of LLCs registered at your Jamaica and related business addresses, indicating that you may own many properties across New York City. Thus far, I have identified 22 properties that I believe are owned by entities controlled by Mr. Paknoush and his business partners. A list of these properties is provided in the attached document called **[Property List]**. If I identify additional properties, I will update it accordingly, but for now, I intend to say in my story that Mr. Paknoush and his business partners own more than 20 properties across New York City.
 - 1) **Please let me know if you dispute owning any of these properties, or how they are characterized above.**
 - 2) **Please let me know if there are other properties not on this list that you own and manage together.**

3) Of the 22 properties I've identified, more than half collect property tax breaks under the city's 421-a or J-51 benefit programs. These benefits total more than \$400,000 annually across 10 properties receiving 421-a benefits and two receiving J-51 benefits. A tally of these benefits, and related source documents, is provided in the attached spreadsheet called [**Property List Tax Benefit Tabulation**].

- 1) **Please let me know if you dispute any of this information.**
- 2) **Similar to 1355 and 1357 Decatur, it appears that several of these 421-a properties also do not have FCEs on file with the NYC Department of Finance to receive 421-a benefits. A list of these properties is highlighted in yellow on the tab "421-a FCE Data" in the [Property List Tax Benefit Tabulation] spreadsheet. Please comment.**
- 3) **Are there additional properties you own that receive 421-a or J-51 tax benefits? If so, what are they?**

4) At a Decatur Street tenants' association meeting on July 19 in Council Member Rafael Espinal's office, Ms Thompson said that HPD's Deputy Commissioner for Enforcement and Neighborhood Services, [Vito Mustaciuolo](#), had called her to say that HPD was investigating all of the properties you own for violations similar to those at 1355 and 1357 Decatur Street. Mr. Mustaciuolo said that he was coordinating this effort with the DHCR's Tenant Protection Unit, according to Ms Thompson's recollection of the phone conversation. The phone call resulted from Ms. Thompson's statement to Mayor de Blasio at the July 14 town hall in Bushwick, after which Mr. Mustaciuolo reached out to her to obtain her address and begin looking into the building issues she had described at the event. Ms Thompson has also contacted investigators from various other agencies, including the Department of Finance, the Department of Investigation and the Brooklyn District Attorney's Office.

- 1) **Have you been contacted by HPD or any other city or state agencies regarding your properties? If so, which properties?**
- 2) **What is the status of these investigations, and are you cooperating with regulators?**

Lastly, if there is anything not covered in any of the questions above which you would like to tell me, please do so.

Thank you very much for your cooperation and assistance in answering our questions.

I can be reached at 917-512-0218 to discuss anytime.

Best,

Cezary

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