

GROUND RULES PODCAST TRANSCRIPT

EPISODE 1: FOUNDATIONS OF LEADERSHIP WITH JEFFREY L. GOLDMAN AND DANIEL T. ALTMAN

[This conversation was edited for clarity].

David Shamshovich

Welcome to Ground Rules, where we uncover the unwritten rules of real estate straight from the people who've lived them.

Ground Rules is brought to you by Belkin Burden Goldman, LLP, a leading full service real estate law firm. I'm your host, David Shamshovich.

On today's episode, we're talking to the co-managing partners of our firm, Jeff Goldman and Dan Altman.

We'll dive into how Jeff and Dan got their start; growth of BBG under their leadership; Mayor Mandani; Copa; and other topics. Thanks for tuning in.

So, I'm in the Ground Rules podcast arena with Jeff and Dan. Thank you so much guys for sitting down with us on this inaugural episode, and for the very first question, Jeff, I want to ask you, why is it that you went to law school?

Jeffrey L. Goldman

I guess the reason I went to law school is I really had no idea what I wanted to do.

A, Poli sci and Psychology major wasn't going to get me to where I thought I wanted to be. And I love to argue. I was always very competitive. I hate to lose. Arguing to win was something I thought I would enjoy, and I do.

David Shamshovich

What was it that continued that trajectory? You know, some people go into litigation and decide, you know what, I love to argue to win, but I don't want to argue and win like this.

So, what kept you on that path?

Jeffrey L. Goldman

I think the challenge. I was always somebody who doesn't give up in a challenge. A funny story is, in law school we were doing moot court, and it was my first standup argument before judges, that they brought in to Buffalo Law School. And I don't know if the audience has ever seen the movie Airplane, but there's a scene where the pilot is navigating the plane and the water's just pouring down. And that was me in my first oral argument. Notwithstanding that, I just love the excitement of arguing, and winning where I can. But, thinking on your feet, engaging the brain to address things that come up. I loved it and still do.

David Shamshovich

There's a lot of things that come with being a litigator that don't involve arguing, which may not be as exciting to some. How do those things work within the realm of the things that you like to do?

Jeffrey L. Goldman

I keep the focus on the client. What does the client want? What does the client need? What does the client need to hear to make the decisions that they need to make to get the result that they want? I tend to be brutally frank. I'm very sincere and honest with clients.

David Shamshovich

I haven't noticed!

Jeffrey L. Goldman

No, you probably haven't! I think everybody here at the firm knows that. And I think it's important because I think clients need to hear the truth, the good and the bad, because that's the only way you can make reasoned decisions in the litigation world and in the negotiation world.

So maybe my psychology degree from Albany actually has paid off to some degree. But look, it's a challenge. Fighting with adversaries and judges is certainly a challenge, but there's nothing like winning.

David Shamshovich

And so now I want to kind of just turn to Dan and be like, Jeff is all in—he's clearly a litigator for life, right?

Daniel T. Altman

Right.

David Shamshovich

But Dan, you and I both started as litigators and we said, "You know what? We kind of just want everybody to get along," although there is enough fighting when you're negotiating, but it's not the same type of thing.

Jeffrey L. Goldman

Not even close!

David Shamshovich

It's like a vacation, right?

Jeffrey L. Goldman

That's how I see it. Dan may not see it like that in the throes of a negotiation.

David Shamshovich

Dan, what drew you to litigation and what drew you away from it?

Daniel T. Altman

Jeff was one of the people that was primarily responsible for me, not only coming to the firm, but also being in the litigation department when I first came here.

I went to law school by happenstance. I had a brother who I looked up to. I also went to Albany, and I was kind of like a lost soul. I graduated with a business administration degree, and my brother was graduating law school at that time. I asked him how he liked law school, and he said, "You know, I really like it. I enjoy it. It's really trying on the mind. It challenges you in many ways that you can't believe." So, I said, okay, that's, that sounds good to me. I'm going to go to law school.

David Shamshovich

Did you do any due diligence after that, or did you just rely on that?

Daniel T. Altman

That was my simple analysis!

I went to Brooklyn Law School, that's where my brother was. I was a summer associate at a firm that Jeff came from and decided at that time, you know, let me go out and look and see what I could do. I got an offer after the summer to come back. I took the bar, I got married. I ended up working, you know, full-time at that firm, and I initially started working in litigation.

At first, I enjoyed it, I enjoyed thinking on my feet, getting up in front of judges, making oral arguments. And then as time grew on, I felt like what I was doing didn't matter as much it would if I was doing deals and transactions.

David Shamshovich

That's similar to my story. In litigation, you can't leave anything unsaid. If there's a letter, you certainly have to respond to it. In transactions, you're doing some coverage as well, but it's not as intense, and you're not trying to cover every single angle because you're trying to, at the end of the day, make a deal.

Jeffrey L. Goldman

The other difference is, in litigation, you are at the mercy of the court system. And a judge. Two variables that have tremendous impact on the length and result of litigation. One of the benefits of what Dan does is you control the timing and the narrative—it's just you, your client, and your adversary. There are no other outside influences.

David Shamshovich

For me, when I'm looking at a transaction, only because of my background, I'm looking at it from a litigation perspective. When a judge or a clerk is looking to decide something—how are they going to view it? Is that something that you do as well, Dan? Does that help you in your structuring of transactions and negotiating?

Daniel T. Altman

It certainly does. I think one of the most important things to do is to focus on the client, speak to the client, find out what the client really wants, what their needs are, and then to take that and put it into the deal. A lot of clients don't want to get caught up in minutiae. They don't want to get caught up in, you know, legalese. A lot of them don't understand it, and they don't want to pay for it, either. For me, I try to be a dealmaker and pay attention to what the client wants, and also the timing of the deal. That's very important and critical when it comes to satisfying clients.

Jeffrey L. Goldman

One of the things that I think makes our firm special and unique is sometimes Dan will ask me to read a clause in a lease to get my perspective, either in its drafting, or if it's already been drafted, to interpret it. "What do you think a court is going to do? What's going on in the legal system that would impact this language?"

One of the things we offer as a firm is we litigate commercial leases and contracts. We know the issues and the problems. And we can very easily navigate

that to their department. So, we work together in trying to make sure that contracts and leases are, not that they're ever litigation proof, but they are as litigation tight as possible.

Daniel T. Altman

You know, many clients ask us to revamp their leases given that experience. It's invaluable. There are not many firms, if any, in the city that are both experiencing the decisions of judges and taking those decisions, redrafting a lease clause practically so that the client says, "Wow, this is really something I never thought of. Thank you for that guidance." And that's the expertise that we offer, you know, to many of the real estate owners in the city.

David Shamshovich

The focus obviously at BBG is real estate law, and both of you are focused on real estate law, both transactions and litigation. Why is it real estate? And what is it that differentiates that from kind of general transactions or more varied law services?

Jeffrey L. Goldman

When I graduated law school, my first job was working at a defense negligence firm. After six months, I answered an Ad in the paper, and it was a real estate law firm. I didn't want to do defense negligence anymore.

David Shamshovich

I wonder why!

Jeffrey L. Goldman

My dear childhood friend did personal injury law. So, there was really the yin and yang on that perspective. But I started at a real estate firm just because that was the next phase in my life. And I did that and enjoyed it. And then people were leaving and invited me to start BBG. And that's how we started the firm. And, I just love real estate.

David Shamshovich

There was never a question of, "We're going to expand beyond real estate law?"

Jeffrey L. Goldman

I'd rather be an expert in something than to be a generalist across the field. And our firm is an expert in what we do.

Daniel T. Altman

I use the phrase stick to the knitting. A lot of people in the Transactional Department know me for that phrase. And it's really, you know, focusing on the things that you really do well. We've grown this practice by doing the things we know how to do really well, and that's how we've grown the firm. And people appreciate that because honesty is a good policy. If you don't know how to do something or you don't feel comfortable doing it, you tell the client and many of them appreciate that.

It's one thing to be a real estate firm and then to take on a Zoning practice, which is complimentary. Also, a Tax Incentive practice, which is complimentary. We've done all of those things very methodically and deliberately, and that's worked well for us.

David Shamshovich

How did that decision get made? Did you stabilize yourselves first? [Did you] feel like, we're on good footing, we're doing well, now we want expand, and then how does that expansion start?

Jeffrey L. Goldman

We try to get our feet under ourselves. In the beginning, I mean we were four, then six and 10, then 12 and 15. And when you are rapidly expanding just in personnel, doing what you do, what was most important back in the nineties was being able to pivot depending upon what the economic environment was in the city.

There was a crisis in 2008 and foreclosures. So, we organically transitioned to doing more foreclosure work. Banks were taking back properties. We then began to represent banks because they didn't know how to take back those properties.

Then our first real big growth was expanding into co-op and condo work—Aaron Shmulewitz joined us with two or three other people and we assimilated them into practice. We grew the Transactional Department, and then once we saw how to do it—like to Dan's point—get people in, get them acclimated, get them introduced to the client.

When you build it up, then it's time to expand. We do a lot of 881 work now. We weren't doing any of that 10 years ago. Dan's department has three or four people at pretty much is all they do is that work.

It takes good management, training, and supervision that we provide, not just Dan and I, but the other equity and non-equity partners in the firm, and we build it from there.

Daniel T. Altman

I don't think it was ever a deliberate decision where Jeff and I actually sat down and said, you know what? Let's grow the firm. I think, you know, you coming on [David] is a good example, you knew somebody here at the firm.

David Shamshovich

Yeah.

Daniel T. Altman

At the time, you know, we had been trading referrals back and forth for many years. It was a natural extension of what we did, and that was something that we saw we liked.

We hear our clients. Like with Ron Mandel, who heads up our zoning practice, you know, a lot of clients wanted advice on zoning, land use. And we've grown to basically where we're a one stop shop. We could buy the property for the client. We can advise them on tax incentive work. We can advise them on whether or not they can build a 15-story building or a 30-story building.

We could help them, you know, lease up the property, we can help them manage the property. We could do construction-related agreements. We know clients really appreciate and look to us, you know, for that kind of work.

Jeffrey L. Goldman

We have an incredibly large portion of our practice doing Due Diligence.

David Shamshovich

Yeah.

Jeffrey L. Goldman

To see whether or not one should consider buying it. Is the price right or should there be a reduction? Because the diligence reveals problems.

We often are representing clients who didn't hire us for the due diligence. They buy the building, and they come to us after they are now the owners and they realize the problems that the building has. Had they known, they never would've paid what they paid for it. So, I don't think there's any firm in the city that has the kind of due diligence work before one is willing to even sign a PSA.

David Shamshovich

I've found having that stuff all under one roof and having that kind of one stop shop mentality and ability, of course, is key. But I've found that some clients, not all, but some clients—they really compartmentalize ... "This is my loan guy, this is my PSA guy." And they're loyal to a tee, and it doesn't really matter unless their other guy really screws up. Where you're pitching something like that and they say, "No, I got my loan guy. I'm loyal to him. And I got my zoning guy." And you say, "Well, BBG has all these people and they're amazing. Why don't you use us?"

Daniel T. Altman

I've been trying to change that narrative for 35 years! Not taking anything away from our litigation department, which is best in class, you know, we're known throughout the city for our litigation acumen. But not many of our clients at the time, going back years, knew that we had a Transactional Group. And we've really grown that practice to the point where a lot of our litigation clients, they're now giving us transactional related work.

We do deals all over the country now, which not many clients still to this day know about. But we do joint venture agreements. We do preferred equity deals, leasing, buying and selling, and refinancing, not just in New York, but all over the country. We just finished four deals in Dallas, Texas in the last three weeks. It's amazing how we've grown and we've gone beyond what our original, you know, stick to the knitting practice was and have expanded that to great length.

Jeffrey L. Goldman

To your question of how do you get that work when a client tells you, you know, I'm loyal to A, B, and C for each facet that you pose—I think the answer is—I would never want to dissuade somebody from breaking the trust and loyalty that they've had with somebody for a long time.

I simply say, just give us a chance. Just give us one case, one deal, one transaction. Doesn't mean you're being disloyal or distrustful of your existing. If you like what we do, you may consider giving us another one, and if not, then nothing has really changed. So, I think we've grown our firm that way. Because our results and our client responsiveness is a huge thing for clients. Clients come to us often because whoever they were using before. Is not responsive to them. And once they give you one case, you do a good job, they'll give you another one. Just a matter of time.

Daniel T. Altman

In transactions, a lot of our competition are the larger firms. And, you know, I like to think that our firm can do as well, if not better, when it comes to, you know, dirt lawyering—buying, selling, leasing, and financing.

We could do it a lot more economically and a lot more efficiently, and that's how we've grown that practice to really take from the larger firms and bring them here and do that work, you know, cost effectively.

Jeffrey L. Goldman

And also, those larger firms, they know how to do a transaction. Everything else we do, they have no clue what to do.

There are times that the larger firms reach out to us to do some of the other things because they can't do it. So, one of the benefits is not only it being, you know, more cost effective, and as efficient, is that, again, we're a one stop shop. You don't have to go elsewhere and have the coordination of multiple firms trying to touch one deal. It's just one, one place.

David Shamshovich

I want to touch upon one of the things that you said before, Jeff, which is these periods of time we go with what's happening, right? The financial crisis and of course COVID, you yourself, were a trailblazer in that field in terms of tenants trying to get out of leases. What was the state of leasing at that point?

Jeffrey L. Goldman

I think during that period of time, we circled the wagons as a firm to make sure that our staff and employees, associates and partners were safe and that we would still be here today. The world was coming to an end!

David Shamshovich

Or so it seemed right.

Jeffrey L. Goldman

So it seemed, in the moment. And it always does, in the moment.

Courts were closed, so there was going to be no litigation. So, once we kind of got our arms around that. The next phase was, okay, what's important to our clients? What are we hearing from our clients? Both residential and commercial, people aren't paying rent, understandably, for the most part. So how do you, and how do we work together to try to restructure leases, to defer rent, extend leases, and make the arrears, you know, on the back end of leases, we together creatively came up with ways to keep tenants there, get some flow of money to our clients, preserving the ability to recapture monies that may have been lost. It was for years a real problem for clients because the courts were closed.

David Shamshovich

So you're trying to, you're trying to restructure these leases post fact to obviously make deals because it's not something that was contemplated.

Now, obviously everybody has some kind of force majeure that includes language like this.

Jeffrey L. Goldman

Exactly. There's a lot of litigation over the force majeure language that became central to tenants trying to get out of leases, and then there was a change in the guarantee law that came down from our wonderful state legislature, but that's a whole different topic! But Dan could address the drafting of those leases.

Daniel T. Altman

I was really surprised, in a good way, that a lot of our clients were very sympathetic to both the residential and commercial tenants at that time. We came up with a really good form of a rent deferral agreement that took into consideration how long we were going to give the tenants to pay their arrears; what happened if they didn't; extend the leases on the backend to, you know, make it a little bit more fair to the landlord. So we tried to do a good job in balancing everybody's motives, and I think we did a great job.

David Shamshovich

Now I want to kind of turn briefly and what's going on in the markets in general. Because of the effect of the new Mayor, Mamdani, and what the proposed bill for COPA does [and would do].

Jeffrey L. Goldman

In 2019, when the HSTPA was passed, that was a watershed moment for property owners in the city. It completely changed the landscape. One, how to litigate, two, grounds to litigate, and three, how landlords and owners can increase rents and recover apartments. It created overcharge periods that never existed before it, it eliminated the ability to increase rent, so that just opened up the floodgates of litigation that still get litigated today on that language.

Before we even get to the new Mayor, Mamdani, you have a state legislature, City Council, and you have the judicial system bordering on, or as close to the line of, progressive, as there has ever been in the city of New York. And I put the courts in there because anybody who went to the ballot in the last election, there's only judges under the, the Democratic column. There are no Republican judges, or whatever you want to characterize them to be. And judges are now interpreting laws as favorable as possible to tenants, because there's millions of voting tenants and there's very few voting owners.

And then fast forward to what is being proposed, [Mayor Mamdani's campaign platform, the COPA bill], which is effectively, I think, going to create tons of litigation. Which is good for us. But I think it could have a stifling effect on people who are willing to buy and or sell.

Daniel T. Altman

I agree.

You know, certainly the injection of Mayor Mamdani and his win has created a lot of uncertainty. A lot of our clients are very concerned about rent freezes, they're concerned about more regulation, they're concerned about higher taxes.

Those are all the things that he campaigned on. And, you know, he can't do everything on his own. He needs the City Council, he needs the Governor in some respects. So, the jury is still out.

But this new COPA law is, it's crazy. It suppresses the values in the city when it comes to, you know, buildings of three or more units. And to have a waiting period before you can actually go to market, it's going to have an untold impact on the market and the values that we see.

And to Jeff's point, they're already depressed from the 2019 HSTPA. This is only going to make things worse. We've had many clients who've said to us, based on this continual swing to the left, is it's difficult to really be an owner in New York City. And a lot of our clients, not that they've left New York City entirely, but they've gone elsewhere.

The cap rates are much better. You know, investments are easier. You can evict somebody in a week in Florida and Texas. I'm nervous. Yeah. I'm concerned about it. And I know our clients are as well.

Jeffrey L. Goldman

If you just think about it, if you own a single family home or a condominium or a car, imagine if someone said to you, look, before you sell it, you have to give somebody else the opportunity, whether it's three months, six months, 180 days, to negotiate first on what you think the fair market value is. It's a nightmare. I do not see how that could be constitutional.

Daniel T. Altman

And it also attracts abuse too. You know, you have to be a "certified buyer" when it comes to buying these types of properties. I can bet you that there will be people that will stretch the rules and try to become a quote unquote, not-for-profit or whatever the qualifications are for you to get certified will be bent.

Jeffrey L. Goldman

One of the things that's also going to be coming down the pike are ghost apartments. The tens of thousands of apartments that are sitting empty because owners have no financial incentive to fix them up. And I could see a future where owners are going to have to register apartments as empty, and regulation that will try to compel them to do something to put them back on the market.

David Shamshovich

Like a penalty, right? Tax them or something.

Jeffrey L. Goldman

Right.

Landlords, from the medieval times, have always been the boogeyman. The landlord is the bad character in every story because you have to pay him or her money to use their space. Everybody needs a boogeyman, and this socialist progressive movement needs a boogeyman. We have a lot of clients who are just small property owners. They can't afford the carry as it is now, yet they are lumped in as the boogeyman. I just think it's been that way forever.

Daniel T. Altman

It's an unwarranted perception that, you know, landlords have endless amounts of money [or that] they live really wealthily [and] they have big yachts, [that] they travel the world and all they do is collect rent. That's not how it is, especially in New York City. They have to work. They have to fix up their properties. They have to take care of them. They have to make their tenants happy in order to get the rent paid.

Jeffrey L. Goldman

And who is the worst landlord in the city of New York with the most violations?

David Shamshovich

The City of New York.

Jeffrey L. Goldman

NYCHA. New York City Housing Authority. And if you listen and watch every regulation that has passed, it always excludes city and state housing.

All the laws carve out the city from having to comply with the same requirements that non-city landlords have to comply with. That's insane. No accountability. Insane.

David Shamshovich

Just kind of turning back to the 2019 rent laws, what did you learn from those lessons, whether it's guiding clients or actually litigating those issues.

Jeffrey L. Goldman

We have a depth of history, you know, 30, 35 years of experience in the courts on these things. I think when you're counseling clients, saying this is our best interpretation of what it says. We can't guarantee how it will be interpreted by the courts. It's likely to be interpreted in the way least favorable to you. So, when you decide whether to buy it and you now have this risk or you already own it, and how do you navigate fighting with a tenant on a particular issue?

You have to counsel them with the uncertainty of uncertainty. And let them make the decision. And it's only over time, and as we get those decisions, interpreting it in one way or the other, we internally and very quickly through social media and email blasts are notifying clients in real time. Here's a decision sustaining our interpretation. Here's a decision contrary to our interpretation. So, it's knowing the judges you before, which we do, knowing what their inclinations are. So that also helps feed into, should you settle or not? But that's what experience gives our clients. Which is real time information to make decisions.

Daniel T. Altman

I think one thing, and Jeff could probably comment on it better, but I hear it all the time from clients, is why does it take so long for a judge to make a decision? I mean, most of the time they're very straightforward cases. Either the tenant's in there beyond the term of its lease, or the tenant's not paying its rent.

Why does it take a year? For a judge to go ahead and decide that kind of case? That has to change, because it's becoming very, very hurtful, and prejudicial to our clients, and somebody has to do something about it. It's important.

Jeffrey L. Goldman

It never used to be that way. Pre-COVID, even back when I first started in the nineties, early 2s, even if it was a bad decision, you would either get it from the bench or in short order. It slowly took longer and longer. During COVID, obviously everything stopped, and coming out of COVID, the answer from the court system was we don't have as many clerks; judges are busy. All the requirements and restrictions—things have slowed down. They don't address that the volume has also been cut in half. So, with volume being down, why is it still taking so long? I'm waiting for a decision for 15 months.

David Shamshovich

Wow.

Jeffrey L. Goldman

I've written to a judge six times. "It's coming. It's coming. It's coming." I've threatened the mandamus. I've written to the administrative judge, which is the judge of all judges. Just last Friday we were told we would have it Monday. This is a non-payment holdover because the leases expired and they owed a quarter of a million dollars. We were told we'd have it Monday. As of the taping of this, we have yet to get it, and it's Wednesday.

Daniel T. Altman

What do they say? Delayed justice is no justice.

Jeffrey L. Goldman

Honestly, they don't get on the bench till nine thirty, quarter to ten, if you are lucky, maybe ten. And they close down by four thirty.

David Shamshovich

I think that's very, very problematic.

Turning to the way that the two of you worked together, is there any transaction that you worked on, Dan, that then had to end up on your desk, Jeff, or perhaps some advice that you had to give to clients pre-litigation, Jeff, that then ended up in some structured transaction ended up at your desk, Dan?

Daniel T. Altman

Thankfully, I don't remember any lease clause I drafted that Jeff had to litigate for me.

David Shamshovich

That's great.

Jeffrey L. Goldman

I mean, we talk all the time. And the fact that something turns into litigation down the road doesn't mean that there was a problem with drafting. Or vice versa. Yes. But I think, as I said earlier ...

David Shamshovich

I know very well that anybody who gets sued doesn't necessarily get sued for a reason!

Jeffrey L. Goldman

Yeah, you do know that well! As a former partner said, all it takes is a pencil and a piece of paper and you can start a lawsuit.

We've litigated leases that our firm has prepared. So, there's, you know, constant interaction. Dan will come into my office and ask me my thoughts on something and vice versa. If I'm in the middle of a litigation and it's a particular clause, and I'll walk into Dan and ask him what does he think?

I think the friction point between Dan and I as a litigator [is] I find leases way too verbose and wordy, and I read these clauses, they are half a page and they probably could be said in three sentences, so I tend to err on trying to make it cleaner and more succinct.

David Shamshovich

What trends are you seeing that are interesting or something you want share with the audience?

Jeffrey L. Goldman

I think we have seen over the last year, people trying to get out of contracts and fighting over deposits and or having bought something and when they move in, it's not what they said it would be or should be. I think that has increased over the last year by year.

Daniel T. Altman

I'm seeing, you know, the office market in New York is getting stronger despite the fact that companies still allow their workers and their employees to work from home, including ours. I'm seeing a lot of people rent space in New York. The office market is certainly getting stronger and I also could say that about services.

We have a vibrant hospitality practice. We're seeing restaurants coming from other countries wanting to be in New York City because this is the place where things happen. We have a very exciting leasing practice when it comes to restaurants and I'm seeing an onslaught of restaurants expanding in New York City and wanting to be here.

Jeffrey L. Goldman

You know, the other thing is our 881 practice, negotiating the access agreements. And again, the benefit of our firm is sometimes when the parties can't come together, you have to litigate. And if you don't use a firm that has the experience in litigating 881s and all you do is negotiate 881s, you're going to have to farm it out to another firm. Whereas we do that here.

So, I think our 881 litigation has grown. Our 881 negotiating and drafting of those agreements has grown. And even when you have those agreements, it results in litigation. In the event parties breach those agreements.

Daniel T. Altman

And that's a testament, Jeff, to the development of New York City. I mean, you see it every day, David. The fact that we have clients that are looking to build, and are building, and need to strike an agreement with the neighbor because they need to put, you know, netting above their roof or terrace. These are things that continue to happen. You know, New York is not dying, it's continuing to evolve, and development is stronger than ever.

And that's because people want to be here. And like Jeff said, we have over a hundred of those access agreements where we're being asked to provide access, or a developer client of ours needs access because it wants to build something next door.

Jeffrey L. Goldman

And also, just the aging of the city that requires scaffolding to be put up and pointing and brick work to be done triggers all of that 881 work. And the one thing we haven't discussed is our huge co-op condo practice where a lot of those 881 agreements emanate from as well.

David Shamshovich

What is generally the strife and the arguments, and do those actually go to a decision? What has been the bottleneck that you've noticed?

Daniel T. Altman

Jeff can answer that from a litigation perspective, [but] first of all, it's seasonal. People want to get their work done in the spring. Everyone's rushing now to get these agreements done, and then they want to be able to do as much work as they can over the winter, but a lot of times they're unable to do it. So that's one thing.

And secondly, it's important that people understand not everyone's on the same timeline. That's where the big strife occurs. You have the person who wants to build, or has to do the local law 11 work, or has to do some type of work that's impacting their neighbor and the neighbor's like, you know, "you're bothering me. I don't want to do this. This is, this is not something that I'm going to benefit from."

Although, a lot of times we'll negotiate a fee on behalf of the adjacent property owner, it comes down to the timing. They're just so different and variant that it causes conflict.

David Shamshovich

Yeah. I've seen that.

Jeffrey L. Goldman

When it gets on my plate, it's the license fees.

People who are giving up the access want more than the people who are asking for the access and it's just a made up number. And the lawyer who is representing the person who's giving up access wants their fees paid.

David Shamshovich

What's the reasonableness of those fees?

Jeffrey L. Goldman

Lawyers, they err on the side of asking for more than the reasonableness of their fees might actually be what's reasonable. And then the same on the license fee.

With my partner Israel Katz, we're representing a condominium who needed access to an adjoining building where the adjoining building owner had 5,000 square foot rooftop terrace with four-way exposure, so to speak, plus a 5,000 square foot apartment, and we needed access for only 20% of the exterior space, which was north facing, and the unit owner had unobstructed views East over the Museum of Natural History, unobstructed views, South and West, where they had their hot tubs and barbecues. And the space that we wanted was about a thousand square feet, which is six feet wide, probably ran a hundred feet. And it faced a brick wall that they never used, never, never, ever, ever used. But it became really important to them.

They wanted a \$15,000 license fee.

David Shamshovich

I mean, there's a reason they could afford that apartment, right?

Daniel T. Altman

Titan of industry. Yeah.

Jeffrey L. Goldman

They wanted a \$15,000 fee. Litigated. Access was agreed upon, all the terms. It was, now we were fighting over the fee.

David Shamshovich

Just the fee.

Jeffrey L. Goldman

Ultimately, we won. The court found that they didn't sustain their claim for \$15,000 fee. But based upon the cases, gave them a \$4,500 fee. The lawyer, although his case was dismissed, is now submitting legal bills in excess of \$300,000.

David Shamshovich

Wow. Are those reasonable?

Jeffrey L. Goldman

In the lawyer's mind it is.

One, they didn't win, so I don't know how you get legal fees. And two, they spent three x of what we spent.

David Shamshovich

What is the reasonableness that the court determines us?

Jeffrey L. Goldman

I think part of the analysis for the court is what did you get by choosing to litigate other than running up your fees? Is it what you achieved valuable compared to what we were offering? We offered them \$4,500. Yeah, they ended up getting \$4,500. Coincidence? I don't think so. And there are cases that say that courts should be wary of these cases where it's a fees-oriented litigation, not truly a license fee. So, we're hoping the court will find that they get nothing.

David Shamshovich

Have you ever been able to dissuade somebody from proceeding with a litigation like that by basically giving them the Riot Act and letting them know that this is how courts have decided, or that deaf ears?

Jeffrey L. Goldman

Adversaries don't take to what their adversary tells them.

David Shamshovich

I knew that was going to be answer because, if not, that would be great [when] encountering lots of adversaries.

Jeffrey L. Goldman

Oh, Jeff Goldman said that's unreasonable?!

David Shamshovich

"Goldman, right?" Yes, that's exactly what I expected.

You know, one of the things that I wanted to wrap up on is in terms of your careers, which have obviously been very expansive, and all this knowledge and wisdom that you have accumulated in many facets of real estate, what are the things that you think or would want people to really know you for that you're most proud of? Whether it's a decision or a resolution that you came to? I would love to hear what you would want to be known for if a book or a movie was made about you.

It's a very existential question, right?

Jeffrey L. Goldman

There is no greater feeling than winning a jury trial, but to answer your question, I think the training that I've given to attorneys that I've worked with over the years, that they are better attorneys, maybe better people, but certainly better attorneys. And I know without listing the names of people who have been here and who have left, and who are still here, that their careers were impacted by working with me, getting to know me, training with me, observing what I do.

And it has left them with their careers being better. And what I tell everybody who I hire, "If you treat this like a job, you'll fail. If you treat it like a profession, you'll succeed." And so hopefully that's the impression I've given to attorneys, and that to me is more important than any win or great case that I've ever had.

David Shamshovich

Wow. It's almost like you practiced that, that was amazing.

Jeffrey L. Goldman

No, I really haven't, but I certainly thought about it!

David Shamshovich

That is precisely the answer that I love to get because that was genuine. I appreciate that. I think it's genuine and I think it's a great answer, because that legacy will go on, for generations.

Jeffrey L. Goldman

Hopefully!

Daniel T. Altman

For me, I'm like second generation. Jeff and several of his partners started the firm, you know, almost 40 years ago. I was one of the first associates, and I've been at this firm ever since.

I've never gone anywhere else. I've never been anywhere else. I'm approaching 37 years and the firm. And you know, probably for the first 20 years, [we were] probably stagnant in [our] growth. And what I'm most proud of is with Jeff working together as co-managing partners, we've grown this place to be really powerful, profitable and most importantly, a great place to work.

If you ask Derrick, our COO, one of the greatest statistics that he'll share with you is the average tenure of an attorney at our firm is 12 years. That says a lot about our firm. And what it's like to work here, how rewarding it is. We really care about people. We understand that people have families, and on the other hand, we do expect good work and we expect people to work hard. So that's the legacy that I'm proud of.

Jeffrey L. Goldman

And one of the stories, not that I will embarrass Dan, but one of the stories I remember, just to tell you the kind of person that Dan is, when he was at our firm and he wanted to be equity partner. And we told him. We may have told him "no," twice. Was it twice?

Daniel T. Altman

Yeah and you changed the tenure once. You said you have to wait another year.

Jeffrey L. Goldman

Right. And I remember like it was yesterday in the meeting with Dan and he could have handled it in many ways. And the way he handled it was

professionally, and “I’m just going to work as hard, if not harder, to make it so that you can’t ever say no.” And that’s what he did. And that’s who he is. That’s how we built the firm. And that’s how he co-heads the department and co-manages the firm—with that kind of attitude.

David Shamshovich

That’s exactly how I was with my wife. Persist. You know, you said no, I’m just going to work harder, to make myself more attractive.

Jeffrey L. Goldman

Well, you’re, you’re quite attractive, David!

David Shamshovich

I have you on video now saying that, by the way, so it’s perfect!

This inaugural episode means a lot. I’m really excited to be back on. Thank you so much, Jeff and Dan, for joining us and taking the time.

Jeffrey L. Goldman

Thanks, David.

Daniel T. Altman

Thank you for having us.

Jeffrey L. Goldman

All right. Bye-bye.

David Shamshovich

Thanks for listening to *Ground Rules*. To make sure you stay in the loop on all new episodes, please make sure to subscribe wherever you get your podcasts. For more on the show and BBG, make sure to visit bbgllp.com.