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White Flint Property Draws Another Lawsuit as Amazon Decision Looms

Minority owner of the former mall site is alleging a partnership involving majority owners Tower Cos. and Ted Lerner is trying to force it to sell its stake for a fraction of value

BY ANDREW METCALF

18

Published: 2018.04.02 05:03

The owners of the former White Flint Mall are facing another lawsuit over the property, this time from one of the co-owners of the site,

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Shortly after Amazon officials reportedly toured the property as part of its new headquarters search.

Last week, descendants of the late Henry Reich filed a lawsuit in Montgomery County Circuit Court

alleging majority owners Tower Cos. and Washington Nationals owner Ted Lerner are trying to squeeze them out of their minority ownership in the mall property.

Henry Reich initially developed the property with Lerner and the Abramson family, which owns Tower Cos., according to the complaint filed by attorney Jeremy Schulman.

The latest dispute over the approximately 44 acres of undeveloped land where the mall formerly stood is playing out as Amazon vets its list of 20 contenders, including Montgomery County, for its new headquarters. The company is expected to choose a location later this year.

Local officials have said the White Flint area in North Bethesda was pitched to the company—possibly with the former mall site featured as a significant piece of land for the headquarters project. Amazon plans to spend \$5 billion constructing its new headquarters and intends to house about 50,000 jobs at the location.



The White Flint sign on Rockville Pike next to the former mall property

ANDREW METCALF

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Schulman said in an interview Monday with Bethesda Beat the family believes Tower and Lerner are intentionally denying them information about Amazon's search.

“Ted Lerner doesn't just gratuitously offer someone \$6 million for an interest in real estate unless he knows it's worth ten times that,” Schulman said. “There are a lot of indicators pointing to the D.C. area being among the top contenders for Amazon.”

Sites in Northern Virginia and D.C. are also being considered by Amazon for its new headquarters.

Representatives for Tower and Lerner did not immediately respond to requests for comment Monday. *Washingtonian* first reported about the filing of the lawsuit.

The lawsuit could embroil the property in a public legal dispute as county and state officials enter a critical period in trying to attract Amazon. This month, the state legislature is likely to give its initial approval to a tax incentive package for Amazon worth an estimated \$3 billion to \$5 billion that was proposed by Gov. Larry Hogan to entice the company to choose Montgomery County.

Schulman said he didn't believe the dispute could affect a potential multibillion dollar Amazon deal that may include the site.

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mall as a first-class shopping destination until 2012. The mall owners agreed to pay after a jury determined they violated the contract by demolishing the mall that shared a wall with Lord & Taylor's building.

The long-running Lord & Taylor lawsuit stalled redevelopment plans at the site approved by the county in 2012.

The complaint filed in court Wednesday says Amazon officials toured the property with Abramson and Lerner representatives March 4. The next day the Reich family asserts that it received a letter from Jeffrey Abramson and Edward Cohen on behalf of Tower and Lerner that said the former mall property would be sold by April 30 for \$26.5 million to an entity controlled entirely by Tower and Lerner.

The letter noted the property would be sold so it can be redeveloped. The letter alleged the current ownership and lease structure “makes redevelopment problematic,” according to the lawsuit.

“Of course, the redevelopment has been in progress for years, without this so-called ‘problem being raised,’” the complaint says. “The only thing that changed is the potential, perhaps even likely, decision by Amazon to place Amazon HQ2 at this location or a pending deal with another development partner.”

The complaint describes the proposed sale as a takeover bid that would enable Tower and Lerner to exclusively reap the profits of a possible deal with Amazon or another redevelopment project in the future.

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negotiate an appropriate price (if they could be convinced to sell), the complaint says. “Instead, consistent with their actions in the past, Tower MD and Lerner chose to bully, threaten and outright steal” from the Reich family.

The lawsuit estimated the value of the mall property is between \$260 million and \$540 million based on the approved redevelopment plans. Those estimates would make the family’s 25 percent interest in the property worth far more than the \$26.5 million selling price for the entire parcel quoted by the Tower Cos. and Lerner.

State property records note the former mall property was assessed at \$114.8 million as of January 2018.

The lawsuit describes the proposed sale as a “sham transaction.” It alleges the letter from the Tower Cos. and Lerner asked the Reich family to agree by March 15 to sell its portion of the property for about \$6.6 million or the transaction would go forward on April 30 without the family’s approval. The Reich family did not agree to the transaction.

Schulman said the family isn’t interested in selling its share of the property and instead would like to maintain ownership on to it to pass down as a “generational asset.”

The Reich family is seeking an injunction and temporary restraining order to stop the proposed sale. No hearings are scheduled in the case, according to online court records. However, Schulman said opposing attorneys are likely to file a response to his most recent motion within the next two weeks.

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**Guest** • 18 days ago

I'd think Trump's repeated hissy fits about Amazon increases the odds Bezos will bring HQ2 to the DC area. Increasing political influence to try and minimize the harm done by inept, infantile politicians is more important than ever.

4  |  • Reply • Share ›**Ed**  Guest • 17 days ago


what are you talking about? Trump is great!

7  |  • Reply • Share ›**Guest**  Ed • 17 days ago

Yeah, you're definitely not detached from reality.

3  |  • Reply • Share ›**Ed**  Guest • 17 days ago


he's doing great. both D's and loser R's hate him b/c he's shaking things up. MAGA.

4  |  • Reply • Share ›**luckyhorseshoe**  Ed • 17 days ago

an earthquake shakes things up. And leaves death and devastation in its wake.

3  |  • Reply • Share ›**Nanorama**  Ed • 17 days ago

Da, tovarisch! Say hi to Vlad for us.

1  |  • Reply • Share ›**Ed** • 18 days ago

who cares? bunch of greedy real estate developers fighting for more \$\$\$\$. what else is new?

1  |  • Reply • Share ›

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not b/c MoCo officials believe in restraint and US Constitution, but b/c these developers have bought all the local, state, and fed gov't hacks like Van Hollen and Jamie "beautiful hair" Raskin

2 ^ | v • Reply • Share ›



BR → Ed • 17 days ago

Angry and confused...

3 ^ | v • Reply • Share ›



Ed → BR • 17 days ago

don't worry about it, it will get better.

^ | v • Reply • Share ›



cpterp → Ed • 17 days ago

It's strange that people promote conservatism and free markets then accuse developers of being corrupt. You realize that both Trump and Hogan are developers right?

2 ^ | v • Reply • Share ›



Ed → cpterp • 17 days ago

didn't say they were corrupt. they are simply taking advantage of the system where politicians from both party love their \$\$\$ more than serving the best interest of the majority of their residents

1 ^ | v • Reply • Share ›



Frank → Ed • 15 days ago

"They love their \$\$\$ more than serving the best interest of the majority of their residents"

Trump supporter says what?

^ | v • Reply • Share ›



luckyhorseshoe → cpterp • 17 days ago

why is it strange? They are human beings aren't they? No different than any other human beings.

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Nanorama → Ed • 17 days ago

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Ed → DudeDead • 17 days ago

the guy was living the life, beautiful wife & mistresses, fancy homes, etc... the guy gave that all up to help turn back the deterioration of America after know-it-all Obama and dumb/moronic Bush. much respect to Mr. Trump, #MAGA.

3 ^ | v • Reply • Share ›



sandfield → Ed • 17 days ago

Turning back the deterioration of America as you call it was never on Trump's mine . He only wanted to use the WH to make more \$\$\$ for the Trump enterprise. That is still what drives him. More \$\$\$ for Trump and the little Trumpkins.

1 ^ | v • Reply • Share ›



Cathy Lewis → sandfield • 15 days ago

Yes you have wisdom because you can see that Trump became president to make more money and not sacrifice anything. It amazes me how naive the presentation of some people are. Someone who is worth billions and couldn't spend all their money for generations wanted to be president to get more money. This belief is unbelievably ignorant and has no idea as what it means to have FU m money. Attack the man with logic and reason, there is plenty their to do but don't parrot slogans that have no basis in reality. It exposes your depth.

^ | v • Reply • Share ›



sandfield → Cathy Lewis • 15 days ago

Yes you would know how much he is worth as you have seen his tax returns I guess? His real estate firm ranks #17 in NYC in revenue. And how many bankruptcies has he had? And how many lawyers and small businesses did he skip out on? How about the big scam he ran with his faux Trump University? Skipped a debate to raise money for veterans and then didn't give the money to veterans organizations as he promised until the reporters started asking about it. So you're the only person in America that knows what Trump is actually worth; not what he lies about that he is worth? You are a true Trumpanzee.

^ | v • Reply • Share ›



luckyhorseshoe → Ed • 17 days ago

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YzzWon • 11 days ago

White Flint (1977) and Tysons Corner (1968) - one need only consider the fate of these two Lerner developments to know everything you need to know about the difference local government can make.

^ | v • Reply • Share ›



Trump is a RUSSIAN AGENT • 16 days ago

TRUMPY D CLOWN is a Russian agent

Those who voted for him are COMPLICIT in his attempt to line his pockets with as much money as possible

#KOMPROMAT

^ | v • Reply • Share ›



Improvise_Adapt_Overcome • 17 days ago

This may all be moot. Rumor has it that Amazon is very serious about a site out near Dulles. The Business Insider had an article titled, "Amazon Has Already Picked Its HQ2 Location, According to This Theory. Here's Where It Is". The location was near the border of Loudon and Fairfax counties.

^ | v • Reply • Share ›



No Point → Improvise_Adapt_Overcome • 17 days ago

I hear you are correct. Why would they even consider Maryland- it's not business or tax payer friendly.

^ | v • Reply • Share ›

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4 comments • a day ago

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21 comments • 3 days ago

Alexandra Celestin — Alex, I understand your point but Italy cannot claim having influenced the coffee culture in Ethiopia just as it cannot claim

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Bethany Rodgers

@BethRodgersBB

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- Cook – would vote Elrich;
- Fosselman – undecided; wouldn't vote Elrich;
- Friedson – undecided; disinclined to vote Elrich;

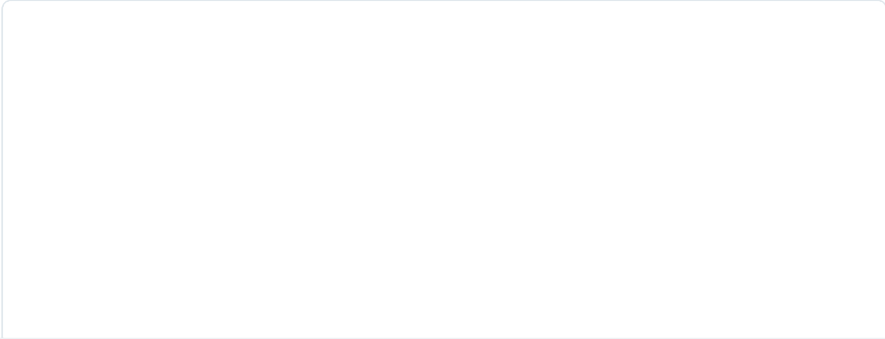
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