

Bluestone snaps up debt on evolving 125th Street

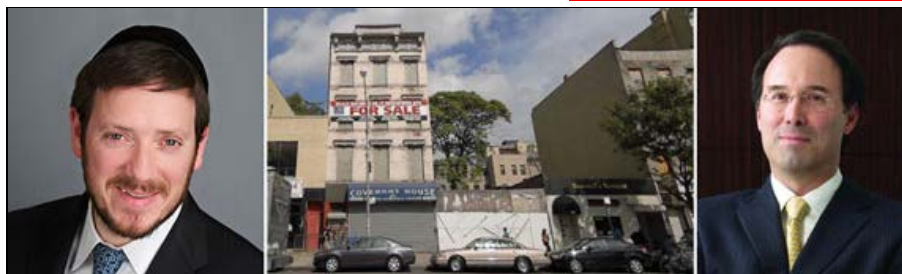
Gary Barnett lent now-bankrupt owner \$1.6M for development site: court records

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By Adam Pincus

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From left: Eli Tabak, 69-75 East 125th Street (Photo credit: PropertyShark) and Gary Barnett

The Bluestone Group purchased the debt on three mid-block Harlem buildings that make up most of a site with about 64,000 square feet of development rights, half a block from Bruce Eichner's planned 320-foot residential towers.

Lower Manhattan-based Bluestone, headed by Eli Tabak, Ari Bromberg and Marc Mendelsohn, purchased the defaulted notes on Sept. 30 from New York Community Bank, city property records filed on Thursday reveal. The notes have a face value of \$3.7 million, but rise to nearly \$6 million including interest, court records reveal.

The three adjacent parcels, at 69 and 71 East 125th Street and 58 East 126th Street, are owned by a Brooklyn-based company called Parade Place, whose managing member is attorney Saadia Shapiro.

To protect Shapiro's interests, Parade Place filed for Chapter 11 bankruptcy protection in U.S. Bankruptcy Court in Manhattan on Sept. 27, claiming creditors — including developers Gary Barnett and Shaya Boymelgreen — were collectively owed more than \$24.5 million.

An affiliate of Parade owns another building, 75 East 125th Street, which is the fourth piece of the 64,000-square-foot assemblage. The \$1.95 million loan on that property is also in default and in bankruptcy, court records show, but the lender on that parcel is Valley

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National Bank. All four properties are vacant, and no new development has advanced at the sites, city Department of Buildings' records indicate.

The area is teeming with development, including retail investor Jeff Sutton's projects at [100 West 125th Street](#) and [313 West 125th Street](#); Aurora Capital Associates and the Adjmi family's at 301 West 125th Street; Gotham Organization and Grid Properties' at 269 West 125th Street; and Hudson Companies' at [121 West 125th Street](#). In total, development on the street is [expected to top \\$1 billion](#).

Eichner is building twin rental towers under the so-called 80/20 program in which 80 percent are market rate and 20 percent are affordably priced, at [1800 Park Avenue](#), at 125th Street. He bought the site from Vornado Realty Trust in April for \$65 million and plans to build the tallest structures in Harlem, with a total of 650,000 square feet.

Bluestone is active in the note-buying market. In a similar, retail-focused deal, in late 2011 it purchased the defaulted note on Bronx property. The property was ultimately acquired by [Aurora Capital and Adjmi](#).

Shapiro's long path leading to the bankruptcy filings began with the purchase of 69 East 125th Street in June 2005. By December 2006, his firm acquired the neighboring three properties, for a total cost of just over \$7 million for all four.

Shapiro filed plans with the city Department of Buildings for a new, eight-story building in April 2007, but it was never built, and the agency labeled the project as a "job on hold."

The bankruptcy filing for 75 East 125th Street notes there are eight state court lawsuits ongoing at the four parcels, and one additional federal case, in addition to the two bankruptcy filings.

Tabak and Shapiro declined to comment.

Adding to the twists and turns of the project is that Parade Place owes Barnett, president of Extell Development, \$1.645 million and Boymelgreen, a developer active during the real estate boom, \$270,124, the company's bankruptcy filings show. The filing does not disclose what the money was provided for. Barnett did not immediately respond to a request for comment.

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