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February 18, 2009 12:39 PM

### **Dreier Update: Asset/Expense List Is Out, Battle Over Rent Is On**

Posted by Zach Lowe

There's a big argument playing out at the moment in the Dreier LLP bankruptcy case over whether the firm should have to pay lease agreements signed before it collapsed in December following founding partner Marc Dreier's arrest on charges he'd committed massive fraud.

The firm leased parts of nine floors (and a flagpole!) at 499 Park Avenue at a rate of more than \$100 per square foot--for a total of about \$840,000 in monthly payments. The firm has left most of those floors empty since Dreier's arrest. But small groups still inhabit parts of three floors, including a recruiting business Dreier ran and two small groups of lawyers who have formed their own firms and are looking for space elsewhere.

The landlord (Hines 499 Park LLC, repped by [Proskauer Rose](#)) says nobody has been paying the bills for that space since mid-December, when the firm filed for Chapter 11 protection. But the firm's trustee, Sheila Gowan of [Diamond McCarthy](#), filed court papers last month saying the lease should essentially be nullified effective Dec. 16, the date of that bankruptcy filing.

Predictably, that argument didn't sit well with the landlord. The two sides appear to have hammered out a tentative solution that was to be the subject of a Wednesday court hearing. Tracy Klestadt, the attorney representing the committee of Dreier's unsecured creditors, says he doesn't want to discuss the issue until the hearing is over. Diamond McCarthy lawyers didn't immediately respond to requests for comment.

Under the tentative deal, former Dreier attorneys and staff will be allowed to rent space on the building's 23rd floor for \$62,500 a month for the next year. The firm's trustee must hand over nearly \$125,000 now to cover some of the rent that has gone unpaid since Dec. 16, and the landlord can stake a claim with the bankruptcy court to an additional \$1.2 million that would cover the rest of the unpaid rent.

For those not into real estate, you can click on the document below to find out everything you ever wanted to know about the financial workings of Dreier's firm. Of particular interest are the partner salaries, which, as [noted today by The New York Law Journal](#), vary greatly, with top partners earning more than \$1 million per year in base salary. (Dreier himself made \$4 million last year; his son Spencer, 19, took in \$27,000.)

There are also big donations (nearly \$2 million) to the charity of former New York Giants star Michael Strahan, including \$1.5 million to help pay for the charity golf tournament Dreier and Strahan co-hosted.

You can peruse the entire 87-page document below.

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Nice to see that Proskauer has some work. They're promoting hard for some major Madoff business, which I don't think is coming in.

Comment By bob kerrigan - [February 18, 2009 at 12:59 PM](#)

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