

# Chapter 1

## Stealing the Spotlight

*I think that I've been able to lead and have a high enough profile where people say, "Hmmm, how would Harry Macklowe do this? He's my hero."*

—Harry Macklowe

He spotted his chance the night the letters vanished. They were there, as usual, one dusky summer's evening in Manhattan, but the next morning they were gone. All of them. Their disappearance immediately spurred frantic, gossipy phone calls between the major real estate offices in New York City. Everyone knew the significance, but very few knew what had happened. There was speculative chatter about a "midnight raid," even a "robbery."

Bizarrely, some of the garish letters began to show up on office walls around New York, where they still remain. Their proud owners were

coy about how they had acquired their trophies. Was Donald J. Trump, the flame-haired, flamboyant developer, furious? No one dared ask him. All they knew was that the letters' disappearance marked the end of his most cherished dream.

For Harry Macklowe, it was the beginning of a metamorphosis.



June 2003. As the sun rose over Manhattan, passers-by, commuters, tourists, and members of the audience assembled for CBS's morning show noticed that something was dramatically different about the 50-story, white marble edifice soaring above midtown known as the General Motors (GM) Building.

In almost every other detail, the legendary and much-coveted trophy building looked as it had for years: the white, minimalistic tower with the small inset windows that gave tenants spectacular views of Central Park; there was the glass box of FAO Schwarz, the iconic toy store, on the southwest corner of the building's first floor. There was the plaza—that “problematic plaza,” as industry insiders and architects had always called it because no one had found a sensible, or profitable, use for it—stretching out to Fifth Avenue.

But the building's most jarring detail: brass letters, each four feet tall, spelling out TRUMP—the ultimate vanity plate—was gone.

For five years, Donald Trump's name had been bolted onto the base of the otherwise spartan façade designed by the late Edward Durrell Stone. The brass letters ran around the creamy wall like a golden ticker tape, a constant reminder of the building's co-owner and manager. The sunlight had reflected off those letters so brightly that senior executives at CBS, whose morning show was shot in the building's ground-floor studios, successfully negotiated with Trump to tone them down. The glare was “blinding,” they said, and they were not in the business of “advertising Trump.”

When he heard about the negotiations, Ira M. Millstein, a white-haired lawyer who works on the 32nd floor of the GM Building—at Weil Gotshal & Manges, the building's oldest extant tenant—had chuckled gently with his colleague, the well-known bankruptcy lawyer Harvey R. Miller. The two of them had tangled with Trump on other matters. They suspected the issue would irk him.

Some of the GM tenants felt that Trump's initials marred not just the aesthetics but the spirit of their tower. The building wasn't just another ho-hum high-rise. No, this was the GM Building, a symbol of America at its finest.

She had been commissioned in 1964 by General Motors, then the biggest company in the United States—and, therefore, in the world. GM had occupied 26 floors of the building, which took up an entire city block between Fifth and Madison Avenues and 58th and 59th Streets. Her location—where Central Park meets the heart of both commercial and residential New York—was, like her name, unbeatable. Unsurprisingly, the world's alpha dogs rented office space there. The blue-chip brands included Estée Lauder, Carl Icahn, the hedge fund Perry Capital, the talent-management firm IMG, and the Wall Street legend Sanford “Sandy” I. Weill.

Trump didn't usually buy office buildings—but he viewed the GM Building as an exception; she was the fitting monument to his ambition. In 1998 he had finally found a way to buy her by partnering with the Indianapolis-based insurance giant Consecro, run by a friend of his, Stephen “Steve” C. Hilbert.

Consecro put up most of the money, but Trump became the face of the building. He took out an ad in the *New York Times* that read “\$700,000,000 . . . THE GM BUILDING . . . A 50-story 2 million square foot office building . . . Developer Donald J. Trump.” The ad ran two days in a row because initially someone forgot to insert Trump's middle initial, J., a detail he is most particular about.

He instantly set to work “Trumpifying” the tower. The building's white lobby interior was replaced with a deep green marble. There were plaques on the wall that read “The General Motors Building at Trump International Plaza.” He tried to evict Houlihan's, the chain restaurant in the basement, because, it was said, he hated the smell of greasy food. He raised the sunken plaza to street level, and made it pristine and pleasant to sit in for the first time in 40 years.

But he got stopped just as he was accelerating. In 2000, Hilbert left Consecro; he had made a disastrous bet on Green Tree Financial, which provided financing for low-income housing. Consecro went bankrupt. Trump negotiated to buy the building from his partner, but in the fall of 2001 those talks stalled; the partnership grew distinctly less friendly, and

Trump entered into two years of intense legal battles. In the summer of 2003, Consec won the building. An Illinois bankruptcy court awarded the insurance firm the right to retain a broker, Eastdil Realty, to sell her on the open market. To make the best deal possible, Consec knew it was imperative that the world would know Trump was out. His name *had* to come off the building.

The man tasked with making this happen was Charles “Chuck” H. Cremens, a plainspoken Bostonian.

Cremens told Trump directly that the letters he’d put up now belonged to Consec, and that as a courtesy, Trump could remove them himself, or Cremens would do it for him. The negotiations were described by a lawyer for Consec, Reed S. Oslan, from the Chicago firm of Kirkland & Ellis, as resembling a “tennis match.” “Chuck’s one of the best negotiators ever. So [Trump’s side] made some offer. Chuck would say no. [This went on] for about four or five hours.”

Cremens would later admit he underestimated the significance of those letters for Trump. Before the two sides reached a formal agreement, Trump had sent a team out into the darkness to remove them. “I wanted them to come off in a dignified way,” Trump said in an interview. “It was the right thing to do. I no longer owned the building.”

Trump’s team put up “big sheets” to obscure the dismantling—and then the letters were given to Cremens, who dispersed them; and it was this that, people speculated, must have angered him—though Trump says not so. “I was sad to lose the building, but not angry about the letters.”

Over at Eastdil, Wayne Maggin, the executive in charge of the sales process, has the “M.” Reed Oslan has an “R.” Mary Anne Tighe, the CEO of CBRE, Inc., has the “T.”

Cremens was baffled as to why it had been so easy to get the letters removed—why “we had accomplished so much.”

A month later, that mystery was solved. Something new had come into Trump’s life that he loved as much as—or even more than—the GM Building. He was shooting the first season of NBC’s *The Apprentice*, the reality show in which contestants vie for a position in Trump’s organization. The show would set Trump up as an international figurehead businessman who repeatedly got to say, “You’re fired.”

And just like that, Donald Trump was extricated, and the GM Building was once again on the auction block. Eastdil prepared to send out its offering book. They all felt this was going to be the priciest commercial real estate bidding war ever. Cremens noted that someone would undoubtedly pay an extraordinary price for something he called the ultimate bauble of “ego gratification.”



When Harry Macklowe heard that Donald Trump was out of the GM Building, he pounced. If this small, soft-spoken, slightly shambolic-looking, moon-faced man permanently attached to a Starbucks cup was ever going to vault himself out of the shallows of the New York real estate pool and into the spotlight, now was the time. He had waited 40 years for this moment. “I thought [the GM Building] was the best building in the world,” he’d say later. “I knew exactly what to do with it.”

On June 6, 2003, he tried to muscle his way to the front of the line. He phoned Cremens and asked him what it would take to “pre-empt” the bidding on the building. Cremens brusquely shot him down; he told Macklowe that “we don’t do pre-empt.” Eastdil would be running a sealed bid process. Macklowe would have to play by the same rules as everyone else.

Macklowe had anticipated this. He had also anticipated that no one considered him a serious candidate to buy the most expensive and prestigious office building in the world. A deal for over \$1 billion would require an enormous amount of leverage. Macklowe didn’t have much money (in real estate terms), and, to make matters worse, he had limited options with most real estate lenders. Maggin knew there were “certain bankers, including Lehman Brothers, who were not prepared to do business with Harry.”

Ben Lambert, Eastdil’s tall founder and chairman, liked Macklowe but saw through his charm and affectations. Each time Macklowe pulled out his little black sketchbook filled with his riffs on architectural drawings, Lambert studied it politely, but remained skeptical. “I’ve often thought that there must be another book in which [Harry] wrote down what he really thought,” Lambert says. He would not be gulled into selling the building to anyone who couldn’t come up with the right money and terms.



Macklowe knew his reputation, but he also knew that some people—quite a few even—thought his charm and taste redeemed him. “He can be elegantly articulate in the way he draws out his vision on a napkin or talks about a building,” says Douglas “Doug” Harmon, Eastdil’s most prolific broker.

Macklowe has always deployed his charisma as skillfully as a wartime general deploying his artillery, treating laughter, tears, gentility, vulnerability, and jokes as different parts of his arsenal. “He is quite capable of bursting into tears if he thinks that will help him get what he wants,” says Harmon, smiling.

An afternoon with Harry Macklowe is like spending time with the personification of *Vanity Fair* magazine: at one moment highbrow, the next low, always, always intriguing. Among the numerous topics he talks about: He’d love to buy the American rights to the Smart car. He imported a few for six months and lobbied hard, but Mercedes stopped him, “and then I thought I should get back to my day job.” He’d like to own a hotel. He did once—Hotel Macklowe in Times Square on West 44th Street. He liked getting to know the staff, and hearing them say, “Good morning, Mr. Macklowe, how are you?” “How could I not like it?” asks Macklowe. “It was a show every day.”

He loves to tell stories—about buildings, about himself, about his friends. He enjoys being with writers, artists, and performers. He collects them much in the way Andy Warhol assembled his Factory crew.

He gets lost in reveries on Mies van der Rohe; the precision of a Henri Matisse drawing (“his lines . . . the pencil seems to never leave the page”); the modernist influence of Hungarian-born architect Marcel Breuer; the details of Paris’s Place Vendôme and Place de La Concorde. In moments of tension or if he wants to change the subject, he breaks into songs—funny, nostalgic show tunes, often by Cole Porter. He talks about art; he and his wife Linda (whom he describes as “very clever”) have accumulated a “massive” contemporary art collection that includes works by Alberto Giacometti, Mark Rothko, and Willem de Kooning.

Then there are his endless off-color jokes delivered with the panache of a stand-up comic. Macklowe slips into an Irish accent while

delivering them, as if distancing himself from the filth of his utterances. The accent and the sparkle in his eyes disguise, temporarily, the sordid, mostly sexist nature of what he is saying.

“There are layers of darkness to Harry,” says Doug Harmon. “There’s a complexity that’s difficult to explain.”



That dark side was first exposed in what is commonly called the “SRO debacle.” As Macklowe and his wife moaned to close friends, for more than 20 years it wasn’t possible to read a news item about Macklowe without finding a mention of the incident.

SRO stands for single-room occupancy—or, according to Joseph “Joe” L. Forstadt, one of Macklowe’s lawyers, an apartment building full of “rooms without a bathroom.”

In 1984 Macklowe put a \$1 million down payment on two Manhattan SROs from a developer named Sol Goldman—with the intention of demolishing them along with two neighboring structures and erecting a 38-story hotel, the Hotel Macklowe.

Then the city government under the administration of the mayor, Edward “Ed” Koch, imposed a moratorium on such destruction, since most SRO inhabitants had nowhere else to live.

Macklowe needed to move quickly—before the ban took effect. He recalled, “We had instructed our construction department to get their demolition permits and move forward. For some reason, they dropped the ball. They promised me that they had all the papers in hand.”

On January 7, 1985, with only hours left before the law changed, a cold winter’s night darkness fell—as did the four large buildings at 145, 147, and 149–151 West 44th Street. A crane was moved into the street and one by one the buildings were pulled down. Their destruction created so much debris that one onlooker said the air “looked like fog.”

Not only had the permits not been “in hand,” but the gas had been left on. It was a miracle no one was killed.

There was an immediate outcry. The Real Estate Board of New York held an emergency meeting. Macklowe waived immunity and appeared before a grand jury. Reports of his testimony stated that he categorically knew—as opposed to what he now says—that his team did *not* have a permit. Still, he maintained he absolutely thought the gas was off. “Whether I

had a demolition permit or not, I relied on and presumed that my demolition man would do a proper job," he told the grand jury.

His vice president for construction, John Tassi, would admit he had given the go-ahead to the owner of the construction company, Edward "Eddie" Garofolo, *knowing* that the permits weren't in place and that the gas wasn't turned off. Both Tassi and Garofolo were charged with reckless endangerment. (Garofolo would later be killed in a mob hit.) Tassi, who now lives in North Carolina, refused to discuss the incident for this book.

Macklowe was not indicted.

The foreman of the grand jury told the court that "our concern is that the man who initiated the whole thing hasn't been charged." District Attorney Robert Morgenthau told a reporter for the *New York Times* there hadn't been sufficient evidence to indict Macklowe.

The city sued Macklowe, who settled and paid a fine of \$2 million; he was banned from building on the site for four years.

"We have sent a loud and clear message to real-estate developers," Mayor Koch said. "You cannot shield yourself from the consequences of your misconduct by having others do your dirty work."

Just two years later, the Hotel Macklowe was under construction.

How? Why? Editorials in the *New York Times* criticized the government and called the saga "the Macklowe Mess."

Harry Macklowe had beaten the system with the help of a "very, very brilliant attorney" named Joe Forstadt of Stroock, Stroock & Lavan, who argued the case all the way to the United States Supreme Court.

In a rather garbled way, the city now stated there had been a muddle. It had been "unconstitutional" to ban Macklowe from building on the site.

Macklowe moved on blithely. "What a privilege it is to go to Washington and argue before a seven-judge panel," he said in the summer of 2013, about his visit to the Supreme Court.



The SROs left a stench about him. Subsequent headlines almost always conjured up a ruthless, sinister profiteer. The story lines were

variations on a theme: He bought buildings; he lost them. He fought with tenants, with everyone. He defaulted on loans. He played hardball. Some of the headlines: In 1995 he was embroiled in a long-running border dispute in East Hampton with neighbor Martha Stewart over a row of trees he put up—and she took down. In 1997, as he was clearing a building site at Second Avenue and 53rd Street, he evicted 13 rent-controlled tenants, including an 82-year-old blind man, Carl Steindler, who compared the eviction to a death sentence. Later that year, bricks fell onto the sidewalk from a building Macklowe had bought on Madison Avenue. And, again, he was lucky no one got killed.

It seemed he couldn't outrun his origins. Macklowe was an outsider, a hustling striver in a world of very rich men. The son of a textile converter, he used leverage—borrowed money—to buy properties, while many of those around him—the children or grandchildren of rich families with names like Rudin, Durst, and LeFrak—"viewed leverage, at least on a grand scale, as a last resort." But what was Macklowe, a college dropout from upstate New York, to do? He wasn't rich and he was in a hurry. "I was impatient," he says of his early days in the business. Leverage was the only way he could play in New York City's rocketing real estate market.

By the late 1990s, his net worth was around \$100 million. But he wanted much more. "I just . . . love it; it's a challenge, and I love being the designer. I love being the architect. I love being able to execute my vision, and I think my vision—this is obnoxious—I just think my level of taste is better than most architects'. I think I have my finger on what it is that I want to do, and the actor in me, that little bit of bravado, all of that shit which just bubbles up, gives me a lot of gratification, and kinda drives me to it. So I could talk passionately about how this [building at 610 Broadway] was a car wash, and I bought it from a Russian Jew. I did this, and I did that. But what I'm most proud of is the graceful lines of that building, the glass elevator there. Nobody has a glass elevator to the street. This is hot shit," he said.

A friend of the Macklowe's put it this way: "There's a German expression, *Profilneurose*; it means literally 'fear of invisibility.' That's what Harry had. He wanted to be recognized for the attributes he saw so clearly in himself."



In June 2003, Harry the scrapper wasn't about to give up the idea of owning the GM Building just because he might have been the poorest man in the bidding. He had said he was going to buy the GM Building, and he would. He believed he had a plan—a vision—for how to make the building more profitable.

"A very clever entrepreneur who sees something there that somebody else doesn't see . . . has the advantage," he says. "I perceived that to be the best piece of real estate in the city; . . . it was being sorely neglected, there was room to grow the rent, there was room to change the building."

In a spin that only the very bold or very delusional can manage, Macklowe saw his lack of funding as another advantage: "I didn't have to sit with a loan committee. I didn't have to sit with an investment committee. . . . I could be much more nimble than a larger company. . . . I could feint, weave, adapt."

"Why do I do what I do?" he asked rhetorically one sunny afternoon in his office. "I do it for the money, the drama. And the satisfaction of being right."