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## ALL OUT

As developer Ruddy Thompson's housing project unraveled, his life fell apart along with it  
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NEWSPAPER

**THOMPSON** borrowed \$95 million to erect a tower on this Washington Heights site. A decade later he has only pain to show for it.

# DEVELOPER'S DOWNFALL

Ruddy Thompson had big plans to build housing. When they fell apart, the rest of his life did too

BY DANIEL GEIGER

**T**hey're not all fat cats. Complaints about "greedy developers" trace back to ancient times, but the city's real estate business is littered with builders toppled by recessions, cost overruns and disputes with lenders and partners.

Ruddy Thompson's downfall can be traced not to just one such catastrophe but a combination of them.

Beyond causing the probable demise of the Upper Manhattan condominium project into which he has sunk more than a decade of his life, the saga has left his once-flush bank accounts empty, his family torn apart, his health in tatters and his future bleak.

Thompson's story reveals the ruinous potential of a business in which markets can abruptly shift, partnerships can end in betrayal and construction glitches can stymie even the most sophisticated builder.

"The narrative about developers making tons of money isn't always true," said David Scharf, a lawyer at Morrison Cohen who became involved in the condo project at the behest of Thompson's ex-wife.

"In the case of Ruddy Thompson, this project has become his Waterloo," Scharf added. "It ruined his marriage, split his family and has left him destitute. It's tragic."

Thompson purchased 33-35 Overlook Terrace, a lot of more than 30,000 square feet in Washington Heights, in 2002. His opportunity to build finally

came in 2007, when the real estate market was at a historic zenith, banks were extending record levels of credit, and even untested developers readily got financing. Thompson secured a roughly \$95 million loan to raise a 23-story, 114-unit residential condominium that would tower over the predominantly low-rise neighborhood around it.

Until then he had made a good living as a banking executive, dabbling in real estate only as a side venture. In the 1990s, Thompson said, he bought about 40 buildings in the Bronx over several years, selling them all by the end of the decade before prices had appreciated much.

He had never built a building from the ground up.

Although the Overlook Terrace lot was well located—beside the A line's 181st Street station—it presented geological challenges. An enormous, sloping mound of schist had to be removed to make way for the project's foundation. Thompson also wanted two entrances, one on Overlook Terrace and the other on Fort Washington Avenue, a more desirable corridor. He reached a deal with the Fort Tryon Jewish Center to renovate an aging building that the synagogue owned along Fort Washington Avenue in exchange for using a portion of the property for the second entrance, adding several million dollars in costs.

When construction began in 2007, the incessant racket of jackhammers and bulldozers used to

**"THIS PROJECT HAS BECOME HIS WATERLOO. IT RUINED HIS MARRIAGE, SPLIT HIS FAMILY AND LEFT HIM DESTITUTE"**

remove the rock prompted an uproar from neighbors and generated negative press.

Before much progress could be made, the Great Recession hit, and in 2008 Amalgamated Bank, the project's main lender, refused to continue funding the development, bringing work to a halt.

By then Thompson had spent more than \$30 million on the rock removal, architectural services, air rights from the Jewish center, interest on the loan and other expenses. Laboring around the clock to restart the development and also build another residential project he was working on in the Bronx, Thompson said he rarely had time for his wife and three children. He would pop a stimulant, he said, to stay sharp as he worked late into the night.

"Taking Adderall was like wiping the fog from a pair of glasses," he said.

His wife, Jacqueline, moved out of the couple's bedroom and into a guest room in their 9,000-square-foot Westchester County home at the beginning of that year, blaming his snoring, and began to see a marriage counselor at their church.

"Until the market crash hit, I was on top of the world," Thompson said. "Then suddenly my wife is seeing a counselor and he's giving her bad advice."

### Problems on every front

In 2010, although the economy was beginning to pick up, Amalgamated moved to seize the property, claiming in a foreclosure suit that the loan had matured and Thompson had violated other terms of the agreement, including a prohibition against accruing additional debts against the site. Thompson was locked in a separate lawsuit with a contractor that said he owed more than \$2 million for the rock removal and had filed a mechanic's lien against the property.

The litigation, along with Thompson's lavish lifestyle, began to drain his personal finances. He said his wife spent thousands of dollars each month shopping. (She didn't respond to a request for comment.) Thompson had refinanced his home in Rye in the mid-2000s, raising his monthly mortgage payments to about \$20,000. Thousands more were spent every month on country-club dues, landscaping, housekeepers and private school.

Alarmed by the rapid depletion of their wealth, Jacqueline grew more distant, according to her husband. "The money was hemorrhaging," he said, "and she lost confidence in me."

Around that time, Thompson said he began getting bad headaches from the stress and workload. He would drink red wine in the afternoon to take the edge off, a habit that along with his Adderall consumption alarmed his wife.

"She called me a drug addict," Thompson said. Although he struggled with an addiction to amphetamines in his late teens, he denied abusing substances as an adult.

In 2012 Jacqueline moved into the property's pool house, and around Thanksgiving of that year she packed up and relocated to California. Thompson said he learned of her looming departure from one of his sons.

"She didn't even say goodbye," Thompson said. "I never thought she would abandon me. In a lot of ways, this development broke us apart."

Thompson is still bitter about the split.

"The Bible gives three reasons for separation—infidelity, abandonment or brutality—and I had committed none of those," he said.

Jacqueline filed for divorce in 2013. Soon after, their two sons, who by then were out of college, also moved to the West Coast. Stressed by his family's unraveling, Thompson, who had a heart condition and had gained weight from years of physical inactivity and bad eating habits, suffered two heart attacks in May of that year.

"I couldn't even walk 10 feet," he said.

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In 2014 he received what seemed like a reprieve. The rock-removal contractor had dropped its suit, and Amalgamated lost its foreclosure case, surprising some legal observers. It was ordered to resume funding the construction loan, giving Thompson hope he could finally build the tower. But the bank appealed, and the project remained at a standstill.

**Debts pile up**

Two more years passed. By then Thompson had run up more than \$1 million in legal fees, much of which he owed to Lewis Trippett, an elder in Thompson's church.

"He still sends me the bill every month," Thompson said. "I don't even look at it. It depresses me."

His finances were in ruins and creditors were pursuing him. American Express had sued him in 2013 for a roughly \$23,000 credit-card debt. In a separate case, Westchester law firm Westerman Ball Ederer Miller & Sharfstein won a \$180,255 judgment for unpaid legal fees for its work resolving a dispute Thompson had with a former business partner.

Meanwhile, Thompson was forced to unload his Westchester home in a short sale. Broke, he settled with Amalgamated, agreeing to sell the Overlook Terrace site by September 2017. In exchange, the bank said it would mark down the \$30 million-plus Thompson owed to \$19.5 million—an arrangement that appeared to give him a chance at a profit. His divorce agreement with his ex-wife required him to hand her 30% of anything he made from the site.

Yet Thompson was unable to strike a deal with a buyer. He said bad health kept sidelining him, and

**RISKY BUSINESS**

In the annals of development careers gone awry, Thompson has plenty of company in New York. Here are three cautionary tales.

**HARRY MACKLOWE** lost much of his real estate empire during the last recession. He did right himself: He co-developed 432 Park Ave., an exclusive residential tower, and is converting high-profile 1 Wall Street into condos. But the 81-year-old is seeking a divorce from his wife, a contentious process with \$2 billion at stake.

**KENT SWIG**, Macklowe's former son-in-law, was forced to sell or hand a chunk of his office building portfolio to lenders when the economy tanked. Swig is trying to rebuild a commercial brokerage firm he had shuttered.

**IAN BRUCE EICHNER** has restarted his career twice, after collapses in the early 1990s and late 2000s. He gave up the Cosmopolitan, a \$4 billion hotel tower and resort he started on the Las Vegas strip, to his lender in 2008 and nearly lost a Harlem development site he purchased for \$65 million in 2013. This year he barely avoided foreclosure on a soaring East 22nd Street condo tower he recently built. — D.G.

he claimed Scharf, the attorney his wife hired to protect her interests, foiled a potential sale. Scharf disputes Thompson's account, saying buyers steered clear or made low offers because they feared the site's complexities and costs, including the obligation to rebuild the Jewish center.

"This is still a fringe location for high-end residential development, and it has challenges from a constructability perspective," Scharf said, noting that he hired a reputable brokerage firm, Ariel

Property Advisors, to market the site. "The truth is that Ruddy can't let go, and he's not particularly functioning at this point or realistic about the project and what his options really are."

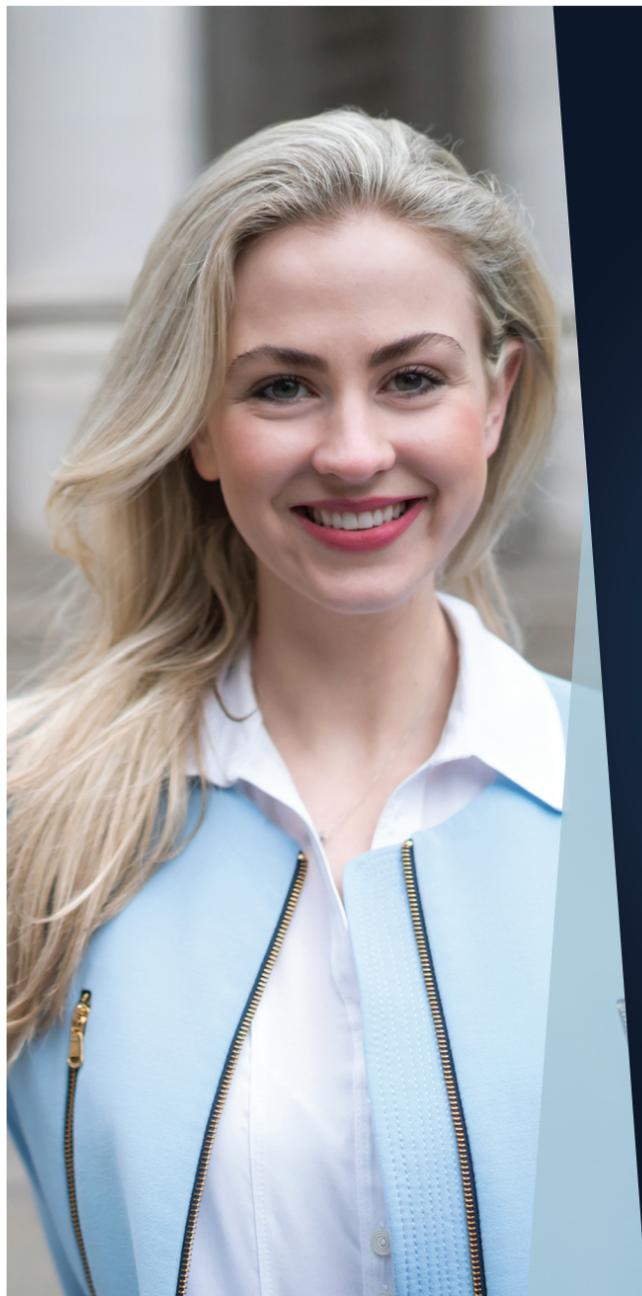
After a final extension expired May 31, with no sale in sight, Amalgamated moved again to foreclose. In August, the day before an auction for the property was to be held, Thompson plunged the limited-liability company through which he controls the property into bankruptcy in an attempt to buy more time to sell. Even if he can arrange a deal, it's uncertain if Amalgamated still would be willing to reduce the size of the debt it is owed, making the chances slim that he can arrange a profitable exit for himself.

The bankruptcy has moved the site into a new chapter of legal wrangling. The bank, according to its attorney, is seeking to nullify the Chapter 11 filing by claiming that Jacqueline is the site's true owner and that Thompson had no legal right to push it into bankruptcy, an assertion that Scharf supports.

"Ruddy's grant of power was terminated by Jackie when Ruddy didn't get a deal done," Scharf said.

Thompson said coming out empty-handed would be disastrous for him. He is living in a two-bedroom apartment on the Upper West Side and is more than \$80,000 behind on his rent. His only assets are a Range Rover and a Mercedes—leftovers from the days when he lived an affluent life with his family in Westchester.

"I'm worth less than zero if I get nothing from the site," Thompson said. "I'll probably move to China. I was there once, and I know they can use people like me who know English and who are honest." ■



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