

Maryland Politics

With the scent of Amazon in the air, owners of White Flint Mall are at odds

By **Jennifer Barrios** April 4

A group of minority owners of a former North Bethesda mall eyed for Amazon.com's second headquarters is claiming in a lawsuit that the majority owners, including developer and Washington Nationals owner Theodore Lerner, are trying to force them out in advance of a potential Amazon deal.

The suit, filed last week in Montgomery County Circuit Court, alleges Lerner and Tower MD Holdings — 75 percent owners of White Flint Associates, which owns White Flint Mall — improperly pushed to sell the property to a company controlled by Lerner and Tower MD.

That company, White Flint Mall LLLP, holds a lease on the mall site through 2074, according to the suit.

The minority owners — members of the Rubenstein and Reich families, descendants of original White Flint developer Henry Reich — claim in the suit that right after Lerner and Tower MD showed the property to Amazon officials last month, the two “began implementing their plan to seize” the Reich descendants' quarter-share. (Amazon's founder and chief executive, Jeffrey P. Bezos, owns The Washington Post.)

The former White Flint Mall has received renewed interest since January, when Montgomery County appeared on the shortlist of 20 regions Amazon is considering for its second North American headquarters, a project estimated to cost \$5 billion.

The 45-acre Rockville Pike property, its 125 stores now demolished save for one remaining retailer, Lord and Taylor, is being considered as the Montgomery County location for Amazon.

The mall opened in 1977, developed by Reich, Lerner and another partner, Albert “Sonny” Abramson, whose children run Tower MD, according to the lawsuit. It was successful for many years before business began to drop off. In 2012, Montgomery County approved plans from White Flint Mall LLLP to replace the mall with a mixed-use project that would include retail, housing and office space. But those plans were challenged in court by Lord & Taylor, which successfully argued that the redevelopment plans violated the terms of the department store's lease with White Flint Mall LLLP.

4/20/2018

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The mall officially closed in January 2015, leaving Lord & Taylor as the sole business operating on the premises as the legal struggle between the department store and the mall's owners played out. The department store ultimately won a \$31 million verdict against White Flint LLLP.

In a March 5 letter to the descendants, representatives of Lerner and Tower MD asked them to agree to transfer their ownership share to Lerner, or else the sale to White Flint Mall LLLP would go through by the end of April, according to the lawsuit.

But the price offered, the lawsuit claims, was “far below fair market value” and the sale was “for the sole purpose of simply eliminating the Rubenstein/Reich Family’s ownership interests so that Lerner and Tower MD can reap for themselves all the benefits of the imminent redevelopment project with Amazon or another partner.”

The lawsuit claims, among other things, fraud, breach of contract and conflict of interest and asks a judge to halt the sale.

Attorneys for Tower MD and Lerner, a 92-year-old billionaire developer who has amassed one of the largest portfolios of commercial and residential real estate in the Washington area, did not immediately respond to requests for comment Tuesday.

Jeremy Schulman, a Bethesda attorney representing the Reich and Rubenstein families, said the potential sale has been temporarily halted until a judge can hold a hearing sometime in the next two weeks.

“We’re not asking for money. We’re not saying, ‘Pay us double,’” Schulman said. “We’re saying, withdraw this sham transaction and stop trying to steal our ownership interest.”

An earlier version of this story mistakenly said all but one of the mall’s 125 stores have been shuttered. They have been demolished. This story has been updated.

 **115 Comments**

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