
From: Richard Kahn [REDACTED]
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shockingly it appears he has some money in real estate deals...

Will Cohen Cooperate? Tenuous Finances May Provide Crucial Clues
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By Shahien Nasiripour and Caleb Melby

(Bloomberg) -- In the two weeks since federal agents seized the files of Michael Cohen, President Donald Trump's personal attorney and fixer, a question has hovered: Will Cohen cooperate with investigators?

His decision could depend in part on whether he can readily shoulder the enormous legal fees required to fight a federal probe of this magnitude.

At first blush, Cohen looks like a pretty rich man. He drives a white Rolls Royce, sports a \$50,000 watch and owns a fair amount of Manhattan real estate.

But just as his loyalty to Trump is coming under scrutiny, a more tenuous financial picture is emerging. A taxi business he and his wife built is deeply in debt and losing money daily, his commercial real estate is throwing off only modest income, and his legal and consulting work is on hold while he remains under investigation.

Cohen declined repeated requests to comment.

The owners of 32 New York City taxi licenses -- known as medallions -- he and his wife, Laura, took out at least 16 loans based on their once-soaring value, liens show. With the rise of Uber and Lyft, the price of a medallion has fallen from more than \$1 million to around \$163,000 in the past four years.

Income from the taxi business has plummeted, and millions of dollars of the Cohens' loans went under water. Their bank said in a November public filing that it had loans out to three taxi borrowers, and all were at high risk of default.

Suspended Medallions

Unpaid taxes and fines have piled up at the Cohen taxi companies, triggering a suspension of about half of the medallions, city records show, squeezing cash flow.

Whatever monthly income the cabs once produced almost certainly fell well short of the debt payments owed to Sterling National Bank, their Montebello, New York-based lender. Sterling has foreclosed on operators in similar situations and sued them but appears to be taking a less-confrontational approach with the Cohens. On Tuesday, the bank agreed to new loans for their companies and to Cohen personally, public filings show. Sterling declined to comment.

The taxi business isn't the only part of Cohen's empire that's suffering. The law firm Squire Patton Boggs said it ended its "strategic alliance" with Cohen after law enforcement raided his offices, and the rest of his legal work could decline for the same reason. Cohen, 51, makes others' ugly problems disappear, a practice that was previously lucrative. Essential Consultants LLC, a company affiliated with Cohen, was paid \$250,000 after he negotiated a \$1.6 million payment to a former Playboy model on behalf of Republican National Committee official Elliott Broidy, according to a Wall Street Journal report.

Sean Hannity

Cohen has said in court that he had only three legal clients during the past year: Broidy, Trump and talk-show host Sean Hannity. He gave seven others "strategic advice and business consulting."

Last month Cohen said he borrowed from his home-equity credit line to make a \$130,000 payment in October 2016 to Stormy Daniels, an adult-film star who says she had sex with Trump.

In a Thursday morning appearance on "Fox & Friends," Trump distanced himself from Cohen, saying he did only "a tiny, tiny little fraction" of Trump's legal work, but it included representation "on this crazy Stormy Daniels deal."

Russian Interference

Cohen is under investigation for bank fraud and violating campaign-finance law. But his decade at Trump's side as his lawyer and enforcer could yield information he might trade to investigators looking into the Trump campaign and Russia's interference in the U.S. election.

Still, if he chooses to defend himself, Cohen does have assets. Companies he signs for own two investment properties purchased in 2015. The larger one, with 92 units on New York's Upper East Side, is 38 percent owned by Cohen's companies. The businesses also appear to be the sole owner of a downtown building with 20 units.

Together they likely generate less than \$1 million in annual net income for Cohen's companies after accounting for partner interests, expenses and financing costs, data compiled by Bloomberg show. Debt against the buildings is low, meaning that Cohen could tap them for cash. Last October, the Cohens sold a unit at Trump World Tower, near the United Nations, for \$3.3 million.

Cohen has been a savvy property investor. He previously owned four buildings in need of repairs in Lower Manhattan, rehabilitated them and sold them for \$32 million in 2014, more than doubling his initial investment.

'Cautious, Methodical'

Richard Guarino, a partner at Friedman-Roth Realty, has worked with Cohen on a handful of deals, including the purchase of his Upper East Side building. As a real estate investor, Cohen is "cautious, methodical, smart and, I think, conservative," Guarino says.

Cohen's current business partners are a family of New York real estate lawyers headed by Herbert Chaves. The family, having just sold a plot of Brooklyn land to a partnership including the family company of Jared Kushner, were looking to reinvest their gains when they bought Cohen's Lower Manhattan buildings in 2014. Months later, they partnered with Cohen to buy the Upper East Side property, 330 East 63rd Street. Guarino, a broker on the deal, says he dealt only with Cohen, who served as a representative for the investor group even though the Chaves family companies hold the majority stake.

Purchased for \$58 million, the squat, brown-brick seven-story building has only a \$17 million mortgage, meaning Cohen's share has at least \$15 million of equity he could borrow against if his partners allowed him to do so. Another property at 133 Avenue D, not previously reported to be owned by Cohen, has at least \$5 million of equity not tapped by a mortgage. But more debt means more risk and could hurt Cohen later if the taxi business doesn't turn around to help cover higher interest payments.

Park Avenue

One property that may prove harder to extract cash from: Cohen's palatial Park Avenue home. Purchased for \$5 million in 2005, the sprawling 10th-floor unit used to be three separate apartments and has four bedrooms. It could be worth \$8 million or more, based on comparable sales.

In late 2015, the Cohens moved the property into a type of trust designed to limit tax exposure when transferring property to heirs. The trust structure has tax consequences for typical mortgages, but those could be dodged if the Cohens took out an interest-only loan.

In February 2016, Laura Cohen, in her role as a trustee of the new entity, did just that, taking out a revolving \$500,000 home-equity line of credit against the property from First Republic Bank. It was the first time the family had borrowed against the property since a loan of more than \$2 million 11 years earlier when they bought it, property records show.

There are also Cohen's in-laws, who may pitch in to a legal-defense effort. Fima and Ania Shusterman, who haven't responded to requests for comment, emigrated from Ukraine and built their own taxi empire over decades while helping Cohen expand his across New York and Chicago. They own three units in Trump World Tower. In an indication of their willingness to help those close to them, the couple have lent \$20 million to another Ukrainian couple in the taxi business, Semyon and Yasya Shtayner and their companies.

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel: [REDACTED]
fax: [REDACTED]
ce: [REDACTED]

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