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BUYER BACKOUTS

Sixteen Trump Soho Buyers Rebel Over 'Fraud'

Thursday, June 10, 2010, by Sara

That was fast! Just a few days after the first two sales closed at the secretive Trump Soho, a group of 16 buyers in the condo-hotel want out, with their deposits back (plus interest!). Why? Powerhouse attorney **Adam Leitman Bailey**, representing the buyers, tells us the problem is all those inflated sales claims, which pegged the number of units sold at way over the actual 16 percent figure. The buyers say the rumored sales stats led them to enter into contract in the first place, so the condo plan only became effective thanks to fraud. From the buyers' attorney's letter to the sponsor:



The fraudulent misrepresentations induced multiple other Vendees to enter into and continue in their purchase agreements. Because the Sponsor only sold 62 of the 391 units, just three more than the 59 (15% of the total) necessary to declare the Plan effective under New York law, the fact that the Plan became effective at all was induced by the Sponsor's fraud. Had the Sponsor accurately represented that the unit sales were proceeding at a very low level – not the 30, 40, 50 percent or more that it told individual buyers and the press – and just four fewer vendees had signed contracts, the Sponsor would have been unable to declare the Plan effective and would have been required to offer each vendee, including the Vendee here, the right to rescind their purchase agreement.

All this violates state and federal laws about deceptive trade practices, plus a whole host of other statutes, and is grounds for rescission now, the buyers say.

Plus there's the little matter of hotel amenities and staff. The fitness center is now operated by the condo, instead of by the spa as promised in the original plan, meaning fitness center expenses have become the condo's responsibility. The hotel staff was cut down by more than 25 percent from the 213 employees promised in the condo plan, the "staff size stated to be necessary for the level of hotel service anticipated, regardless of hotel occupancy level," the buyers claim. (And if they can't get their pillow selections *stat*, then what's the point?)

The buyers argue all this adds up to money back for them, and their attorney's letter to the sponsor closes with the cheeky, "We look forward to receiving a check from you promptly." Our advice: don't wait by the mailbox.