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Cleary Gottlieb Partner Fights for $25,000 a Month New York Penthouse

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Photo courtesy of New York Daily News.[/caption]

Summary: Cleary Gottlieb partner, Barry Fox, lost his $25,000 a month penthouse apartment due to a technicality.

A partner at Cleary Gottlieb got kicked out of his $25,000 a month penthouse in New York, and now he is fighting to regain his space.

According to the New York Daily News, attorney Barry Fox lived in a rent-stabilized apartment near Central Park in New York City's posh Upper East Side. In 2008, he signed his lease using a corporate name, and when the building was purchased by a new owner in 2014, Fox was told he could buy the unit for $25 million or get out.

Fox sued the landlord, stating that he was trying to illegally destabilize the rent, but Fox's landlord said the Big Law partner was not protected by rent control laws because he had signed the lease under a corporate name. The landlord told New York Daily News that he believed Fox used the corporate name in order to write off the apartment's cost of $300,000 a year on his taxes.

“It would seem obvious that Fox’s intention in this scheme was to be able to write off his rent as a deduction on his income taxes,” said Paul Coppe, an attorney for Fox's landlord.

Fox did not offer an explanation on why he signed the lease using the name MBE Ltd, but his attorney Richard Emery said that the landlord's allegations were "nonsense."

Fox lived in a full floor penthouse that was 3,300 square feet and had a 1,900 square foot terrace. His rent cost $25,000 a month.

When the new landlord took over in 2014, Fox chose not to buy his unit, and he sued the landlord, claiming that he had unlawfully deregulated his rent-controlled apartments. However, four of five First Appellate Division judges said that Fox's decision to not sign the lease under his own name voided his right to rent stabilization.

“From that time onward, Fox ceased being a tenant and no longer had any of the rights to which a rent-stabilized tenant is entitled,” the appeals judges wrote in their decision.

Fox's attorney said that he would continue fighting the case for his client and take it to the state appeals court. He said that Fox did not know his penthouse was rent stabilized when he signed the lease in 2008 and that this case "presents a giant loophole in protections for rent-stabilized tenants. It has enormous public policy implications.”

Rent control is typically used by low-income tenants, according to Aaron Carr of the Housing Rights Initiative. Carr said that this case was unique.

Fox is listed as a partner on Cleary Gottlieb's website, which states his practice focuses "on domestic and international corporate law, ranging from mergers and acquisitions to finance and corporate counseling." The Harvard Law graduate joined the firm in 1974 and became a partner in 1981.

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What do you think of what happened to Barry Fox? Let us know in the comments below.