SUPREME COURT OF THE STATE OF NEW YORK COUNTY OF NEW YORK : JHO

GRAND PACIFIC FINANCE CORP.,

Plaintiff,

-against-

Index No. 601164-09

97-111 HALE, LLC, 100-114 HALE, LLC, HALE CLUB, LLC, ELI BOBKER, BEN BOBKER and JOE BOBKER,

Defendants.

June 18, 2015 60 Centre Street New York, New York

BEFORE: HON. IRA GAMMERMAN

Judicial Hearing Officer

APPEARANCES:

Attorney for Plaintiff HERRICK, FEINSTEIN LLP 2 Park Avenue New York, NY 10016 BY: Paul H. Schafhauser, Esq. Janice Goldberg, Esq.

Attorney For Defendant WARNER & SCHEUERMAN 6 West 18th Street, 10th floor New York, New York 10011 BY: Jonathon D. Warner, Esq.

JACQUELINE GLASS Senior Court Reporter

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1	Proceeding
2	THE COURT: For the plaintiff who do we
3	have.
4	MR. SCHAFHAUSER: Good morning, your
5	Honor. Paul Schaflhauser and with me Janice
6	Goldberg from Herrick, Feinstein for the
7	plaintiff.
8	THE COURT: And Mr. Warner you represent
9	the defendant, right?
10	MR. WARNER: I do, your Honor.
11	THE COURT: Okay. Jonathon D. Warner.
12	All right. This case is 1050. It's before me
13	pursuant to an order of Justice Jaffe. Her order
14	is dated January 8th of this year. And the order
15	in part refers the matter to hear and determine.
16	I can't make a determination. Obviously I could
17	only make a recommendation the reasonable value of
18	defendant's services and requirements.
19	A motion was made by the plaintiff to
20	returnable before Justice Jaffe for an order
21	directing installment payments with respect to the
22	defendants Ben Bobker, Eli Bobker, and Joe Bobker
23	The underlying facts in this case as set
24	forth in substantial detail by Justice Jaffe and
25	assume that the parties and their lawyers are
26	familiar with the underlying facts. We had three

days of hearings on March 2, March 31st and April
1st. And I heard testimony from the three Bobker
defendants, and at least one spouse. I don't
recall if there was another spouse at the moment.
And from an expert witness called by the plaintiff
a man named Sam Rosenfarb who had many degrees and
who was in my opinion an expert in both giving
testimony on the issue of what would be
appropriate compensation and on many other things.
He's an expert appraiser and he submitted a report
and testified at some length regarding the value
of the services that the three defendants had
rendered or were rendering. He testified, I'm
talking about Mr. Rosenfarb now, that the value
the fair value of the services rendered by Joe
Bobker totalled approximately \$500,000 a year.
While the fair value of the services rendered by
the two other defendant's brother and the sons of
Joe Bobker totalled \$950,000 each. No expert
testimony was offered by the defendants to rebut
any of the testimony offered by the plaintiff.
The case involves a judgment. The case involves a
judgment against Eli Bobker and Ben Bobker as well
as some limited liability company defendants
jointly and separately. That judgment is, I

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presume, there has been interest accruing, but there are two numbers that Judge Jaffe referred to \$9,403,095.31 and another number \$1,855,502.01. There is a judgment against Joe Bobker and another unlimited liability company jointly and separately. And that is in the amount of \$2,451,526.82. And my understanding is that no payments have been made with respect to the satisfaction of any of those judgements.

My impression from the testimony of the three principle defendants Joe Eli and Ben is that they are very very sophisticated and experienced real estate developers and investors. Indeed Joe the father has a degree in architecture which he obtained in Australia and has been involved in buying, selling, operating, and managing real property both initially in Australia and then in the United States. Ben has a bachelor of science degree from John Hopkins University and is a graduate of Cardoza Law School. He's been in the business since 2002. Eli a graduate from a college in Baltimore which he identified as the Ner N-E-R Israel Rabinnical College, but is also a graduate from Cardozo Law School. Before joining the business full time in 2005 or 2006, Eli was an

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attorney I assume an associate at Cadwalader, Wickersham & Taft. It seems to me based on all that evidence that the Bobkers all three have substantial experience in real estate development and management. The two brothers the sons are trained lawyers and certainly could obtain employment in the legal field. All of the Bobkers claim a relatively meager income which in my view is clearly at odds with their education and their business interests which are detailed at length in the decision of Justice Jaffe. He maintained rather lavish lifestyles in multi million dollar homes in rather afluent neighborhoods. sons have twelve children between them all of whom attend private schools. It's interesting and this was pointed out by the expert witness that although the Bobkers are seriously in debt owing substantial money to the judgment creditors in this case and many millions of other dollars to other creditors, none of them have applied for individual bankruptcy protection and it seems to me that this wouldn't ordinarily be difficult to understand in view of the fact that their monthly expenses for years have exceeded substantially exceeded their purported incomes. It seems to me

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that their reluctance to expose their finances to the oversight and scrutiny that would accompany the appointment of a bankruptcy trustee.

In any event, Mr. Rosenfarb testified based on imperical data using both his expert experience and his knowledge that the services rendered by Joe Bobker would realize a base salary of \$240,000 a year plus bonuses that would exceed that amount \$260,000 for a total annual compensation of a half a million dollars. For the two sons, it was Mr. Rosenfarb's testimony that the reasonable value of their services would be \$215,000 per year plus bonuses of \$240,000 plus equity compensation. estimated that their services in the real estate field would produce for each of them \$950,000. I indicated previously, I found Mr. Rosenfarb's analysis to be thorough and persuasive and highly credible. And this was I said earlier not rebutted by any expert called by the defendants. Their own testimony was I would say to some extent boardered on the unbelievable, was highly contradictory with each other and was contradicted by testimony offered by their spouses. very very difficult to credit any of the testimony concerning finances that were offered by the three

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defendants. But I'm not necessarily accepting the figures that were testified to by Mr. Rosenfarb by reducing them somewhat. I'm imputing to Joe Bobker an annual income of \$370,000 and to the two sons \$830,000 each.

Now, the order of Justice Jaffe asks that I not only make a recommendation with respect to the reasonable value of the services, but offer a recommendation with respect to the comments, the requirements. It's very difficult to deal with requirements here because although there are very substantial expenses both with respect to the children, the upkeep of the houses that they live in, most of the -- all of the bills if they are ever paid for Joe are paid presumably by his sons and a substantial number of the bills incurred in connection with the living expenses of the two families, the two sons families are apparently not paid or deferred. It's not really clear when if ever they will be paid. So that I would estimate that the requirements as best I can because the manner in which the finances of Joe are handled are somewhat unique, I would estimate that his requirements are \$296,000 a year and therefore would recommend that the -- although I don't think

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this was after Judge Jaffe presumably all of this information is necessary so she could make a determination or make an order with respect to installment payments. I would recommend installment payments for Joe at the \$6,167 per month and \$74,000 a year. And with respect to the two sons each \$13,833 because I'm estimating their requirement needs as \$166,000 each leaving a balance of \$664,000. And I'm recommending that the annual amount that they be required to pay or the monthly amount the annual amount is \$166,000. The monthly amount would be \$13,833. So that their requirements for each family would be \$664,000.

I'm directing the attorney for the plaintiff to get a copy of of this transcript. The reporter's name is Jacqueline Glass, and that can be the basis of a motion returnable before Judge Jaffe to confirm my recommendations. Anybody want to put anything on the record? I gather not.

MR. SCHAFHAUSER: Paul Schafhauser. I simply wanted to thank the court for its time and its attention in this matter and we will proceed as your Honor directs.

THE COURT: Very good. Thank you very

1	Proceeding
2	much.
3	MR. WARNER: I was trying to hear the
4	last thing that you said. The monthly amount for
5	each of the two sons would be \$13,833; is that
6	correct?
7	THE COURT: That's right.
8	Certified to be a true and accurate transcript of the original stenographic
9	notes.
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11	JACQUELINE/GLASS
12	SENIOR COURT REPORTER
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