

Defining the Difference #105



H.S. Grace & Company, Inc.

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REAL ESTATE PARTNERSHIP DISPUTE

With An Outcome Favorable To the Client

In the project described below, [H.S. Grace & Company, Inc.](#) ("HSG") was engaged to evaluate management and governance practices and processes in a series of commercial real estate partnerships where a number of complex, emotionally-charged disputes had arisen.

SITUATION

Multiple disputes arose among the partners of a group of partnerships owning several large multi-family residential complexes.

- One set of disputes revolved around the extent of the authority of the managing general partner and the appropriateness of his decisions in connection with the operation of the partnerships and the pending sales of several of the complexes.
- There were also disputes relating to the terms of the contracts between the partnerships and an entity controlled by another partner and his family ("the leasing manager") for the management and leasing of the complexes and disputes concerning the performance of the leasing manager under those contracts.
- The partner controlling the leasing manager brought multiple arbitration and court proceedings against the other partners, including the managing general partner, which were obstructing the pending sales of several of the properties.

ANALYSIS

The managing partner engaged HSG to examine various partnership, real estate, and property management issues. These issues included:

- The validity of the election of the managing general partner;
- The capacity and ability of the managing general partner to function as evidenced by his actions;
- The management and governance of the partnerships in accordance with normal and customary fiduciary standards;
- The actions of the managing general partner in the marketing and contracting to sell the complexes under contract and the terms of the contracts of sale;
- Evaluation of the terms of the management agreements and assessment of the leasing manager's actions and performance when considered in the context of usual and customary standards.

HSG EXPERTISE

The HSG team included members with extensive experience in negotiating and operating sophisticated and complex real estate partnerships and in the construction, management, marketing and sale of large real estate projects.

The experience of H.S. Grace's team of former senior executives and board members enables us to evaluate complex business governance and management practice issues both within and outside of corporate environments.

Working in close contact with the representatives of the managing general partner and his counsel, the team conducted a detailed analysis of the actions of the managing general partner and the actions of the leasing manager.

RESULT

The sales of the complexes proceeded in accordance with the preferences of HSG's client and the majority of the partners.

If you would like to know more...

If you would like to know more about this case, or about the kinds of business-based analysis of claims and damages that can be obtained from H.S. Grace & Company, Inc., you are invited to contact members of our group, [Al Fenichel](#), [Charles Fischer](#), [Steve Grace](#), and [H. Stephen Grace, Jr., Ph.D.](#) at (713) 572-6800.

H. S. Grace & Company, Inc. (HSG) is a litigation support and consulting firm established in 1993 that works with in-house counsel, outside counsel, insurance carriers and corporate attorneys, as well as company boards and senior management. HSG specializes in assisting clients both before and during litigation in analyzing and assessing the validity of claims involving representations and warranties, directors and officers responsibilities, financial reporting, business judgment, merger and acquisition disputes and other complex issues. The firm provides expert testimony from our detailed analyses of the business decisions and actions, issues reports of how the actions of all parties involved affect causation and evaluation of damages and provides guidance to support settlement strategies and negotiations. HSG has approximately 30 consultants, including experienced testifying experts, who have had significant experience as senior executives (e.g., CEOs, COOs, CFOs, SVPs, Treasurers, technical professionals and board members), many of whom hold advanced degrees and professional certifications. Our experienced team members look deeply into claims and allegations to determine not only what happened, but how and why, to speak authoritatively about appropriate business practices, and to assist clients in achieving favorable outcomes. HSG has represented banks and other financial institutions, real estate partnerships, energy companies, pharmaceutical firms, healthcare companies, insurance carriers, retailers, technology companies and others in a broad array of complex commercial

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6/30/2020

Defining the Difference #105 - Real Estate Partnership Dispute

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