

ALM Properties, Inc.

## Obermayer Firm Was Paid for Dual Roles in Family Courthouse Deal

**Documents show law firm partner, developer began discussing co-developer arrangement in mid-2007**

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Obermayer Rebmann Maxwell & Hippel, the law firm at the center of the controversy raised over a new Philadelphia family courthouse, appears to have been paid both for a partner to work as the 1st Judicial District's tenant representative on the project and for other Obermayer Rebmann lawyers and staff to perform legal work that was ultimately billed to the court by the proposed developer of the project.

The firm was paid at least \$1.27 million from the court's family court fund, according to financial records kept by the 1st Judicial District.

According to *The Legal Intelligencer's* review of family court facility bills, Obermayer Rebmann was paid a total of \$1.045 million, or \$55,000 a month, for "the firm's tenant representation services," according to invoices dating from October 2008 through April 2010. Jeffrey B. Rotwitt, then an Obermayer Rebmann partner, submitted bills for the tenant representative work to FJD Court Administrator Dave Lawrence on Obermayer Rebmann letterhead.

Obermayer Rebmann also was paid at least \$228,617 for legal work done on behalf of developer Donald W. Pulver, who entered into a mortgage with the Philadelphia Parking Authority for the ownership of the air rights at 15th and Arch streets, the proposed Center City site for the new unified family courthouse. Though the bills were addressed to the FJD, they apparently were submitted to Pulver, who in turn submitted an overall bill to the court for all services related to the project.

The pre-development work on the Family Court project to unify the domestic relations and juvenile branches in one site has come under increasing scrutiny in the wake of the revelation that Rotwitt, who was retained by the court system to search for building locations and as a tenant representative, ended up on the other side of the project by striking a fee-sharing deal with Pulver.

*The Legal Intelligencer* also has reviewed documents showing that Rotwitt was working with Pulver to craft a 50-50 partnership as early as July 2007.

Pulver and Rotwitt have said that court leaders were aware of Rotwitt's involvement in both sides of the deal, while Pennsylvania Chief Justice Ronald D. Castille, the liaison justice to the FJD, said he did not know about the arrangement. Obermayer Rebmann [fired Rotwitt shortly after Rotwitt's dual roles became public](#).

When Pulver submitted his monthly bills to the FJD, supporting invoices generally were provided by Pulver for legal work by law firms Obermayer Rebmann and Hangley Aronchick Segal & Pudlin.

Hangley Aronchick listed Pulver as its client on those bills.

The invoices from Obermayer Rebmann show that several attorneys and other staff were billing on an hourly basis for work related to zoning and land use. Rotwitt was not included on the invoices as having billed any time.

The bills, however, show that Obermayer Rebmann attorneys billed for time in having met or corresponded with Rotwitt about the project around 80 times between May 2007 and March 2010.

Obermayer Rebmann partner Walter Cohen said the firm is not responding to any questions that involve its client. When asked the identity of the client, Cohen said it was the FJD. He said questions about what Rotwitt billed or what Pulver submitted should be directed to them.

When asked to respond specifically about the Obermayer Rebmann bills for zoning and land use work to which Rotwitt was not a party, Cohen couldn't answer where the firm sent the bills because he hadn't seen them. Cohen deferred comment to management committee member Thomas Leonard, who said the firm does not comment on "client files or business."

James Koval, a spokesman for Castille, said the chief justice is declining comment until an investigation of the family court deal is completed. Lawrence also declined comment while the investigation is conducted and referred questions to William G. Chadwick, who has been retained to complete a review of the pre-development work on behalf of the court. Chadwick declined comment because of his ongoing review.

Rotwitt's counsel, Catherine Recker of Welsh & Recker, declined comment. Pulver's spokesman, Mark Nevins, declined comment, citing an ongoing investigation.

In 10 of the months between October 2008 and May 2010 in which detailed invoices from Obermayer Rebmann are available, the firm was paid \$228,617 in legal fees and some costs.

Between October 2008 and May 2010, the court was billed a total of \$640,591 for legal services, according to the invoices submitted by Pulver. Because Pulver did not provide more detailed backup invoices in his earlier bills to the court, it is not clear which law firms were paid for work from October 2008 to May 2009, as well as March 2010 and May 2010.

In filing for bankruptcy Wednesday, Pulver's corporate entity, Northwest 15th Street Associates, listed Obermayer Rebmann among its largest unsecured creditors, though the amount owed the firm was listed as "unknown." John Estey, a partner at Ballard Spahr, said that when his firm was retained in mid-2008 to represent the FJD in the family court project that Ballard Spahr was retained to work on the state side of the project, including seeking to convince Gov. Edward G. Rendell to release \$200 million in state capital funds. Obermayer Rebmann's work was more city-focused and related to City Council ordinances, zoning and easements, Estey said.

As further details emerged about Obermayer's representation in the family courthouse matter, documents seen by *The Legal Intelligencer* highlighted just how early Rotwitt had been working with Pulver to craft a 50-50 partnership between the two as co-developers of the project.

In a July 5, 2007, document that was e-mailed to Rotwitt by a Pulver staffer July 9, 2007, Pulver outlined his proposed financial projections for the family courthouse project at 15th and Arch streets. The

projections detailed the typical categories involved in a construction project, such as costs for land, site work and building design. To the left of each category was the cost per square foot down one column and then the cost for the overall category down a second column.

In the initial document, the "G&A" line item, or general and administrative costs, and the development fee line item each contained extra detail before the breakout of the cost per square foot. They each included the same line that said "50/50 Jeff/Don," suggesting that the development fees and "G&A" would be split equally between Pulver and Rotwitt.

That projection was based on an estimated cost for the project of about \$175.6 million. When the final projection was submitted to the state Department of General Services by Rotwitt Sept. 9, 2008, which was based on the \$200 million subsequently released by Rendell for the project, the "50/50 Jeff/Don" was not included, according to a review by *The Legal Intelligencer* of that document. The two line items were for an estimated cost of \$2.62 million each.

Additional documents between Rotwitt and partners at Obermayer Rebmann further cloud the point when Rotwitt's role as tenant representative ended and when his role as co-developer began.

In November 2007, Obermayer Rebmann partner Warren Ayres had sent Rotwitt proposed drafts of the family court transaction structure, according to e-mails shown to *The Legal Intelligencer*. Though none of the drafts were ultimately submitted for approval, it outlines Rotwitt's detail to his partners that he would be involved as a co-developer.

The first draft sent by Ayres Nov. 9, 2007, listed the parties involved as the commonwealth of Pennsylvania acting through the DGS, developer Pulver and the city of Philadelphia. On Rotwitt's suggestion, later drafts included the developer as a joint venture between Rotwitt and Pulver.

In a Nov. 14, 2007, e-mail, Rotwitt said the structure should be clarified to call Pulver, as owner of the air rights at 15th and Arch, the "site owner." The developer for the five-year lease "will be a to-be-formed entity to be controlled by Don and me," Rotwitt wrote in the e-mail to Ayres that was copied to Obermayer Rebmann attorneys Hugh Sutherland, John Ryan and Michael Weinstein.

"ORM&H will also, if I get my way, be the law firm that structures all this and does all the zoning and land development work for legal fees in addition to the tenant representative fee for the real estate and lobbying work I've basically already completed," Rotwitt wrote in the e-mail.

Rotwitt has said that his work for the courts was completed by the time he agreed with Pulver sometime in early 2008 in a handshake deal to be co-developers and split development fees 50-50.

But according to a transcript of a Nov. 17, 2008, hearing regarding zoning at the family court site, Rotwitt said he was there "on behalf of the First Judicial District and the Supreme Court of Pennsylvania." He said he was retained by the Supreme Court about three years prior on behalf of the FJD.

In a Dec. 3, 2008, hearing, Obermayer Rebmann of counsel William G. Schwartz testified before City Council that his firm was "representing the family court system."

Obermayer Rebmann has been reported to have said only those attorneys on the e-mail exchanges between Rotwitt and Ayres, and not firm management, knew that Rotwitt was a co-developer. The firm said those attorneys assumed Rotwitt received permission from management.

There is continued wrangling over the future of the legal rights to 15th and Arch streets. The site is owned underground by the Philadelphia Parking Authority and owned aboveground by Pulver.

Pulver, under the corporate entity of Northwest 15th Street Associates, entered an agreement with the FJD in October 2008 to build a courthouse. Pulver has a separate agreement with the parking authority to build an underground parking garage in exchange for the property's air rights.

The parking authority says that the developer is in default of the mortgage for the air rights and it expects to move to seek the return of the deed for the air rights. Pulver says he is not in default and has valid legal control over the air rights.

Pulver's ability to "cure" his default by striking a development deal with the courts by Saturday, the 30-day mark after the parking authority's notice of default, appears to be constrained because court leaders have terminated their agreement with Pulver.

In a development on Wednesday, Northwest 15th Street Associates filed for Chapter 11 bankruptcy in federal court. In a news release, Pulver's Chapter 11 counsel, James M. Matour of Hangley Aronchick, said that a bankruptcy proceeding would stay the parking authority's intent to foreclose on Pulver's deed and will provide "an independent forum for the resolution of any disputes between Northwest and the Philadelphia Parking Authority, the state courts, and any other parties."

Nevins said in an interview that, like other companies, Northwest is filing for Chapter 11 bankruptcy not because of insolvency but because of the prospect of expensive litigation.