

Office of the Attorney General
Real Estate Finance Bureau
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New York, NY 10005

November 24, 2022
James Ordonez
101 Clark Street #29F
Brooklyn NY 11201
November 23, 2022

Jang Lee, Assistant Attorney General
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C.C. VIA E-MAIL: Cadman Board of Directors (cadmanboard@gmail.com), Mary Egrie (marve@tudorrealty.com), Tudor Realty (AnthonyC@TudorRealty.com), CPCT (CadmanCooperator@gmail.com), CTA (CadmanTowersAssociation@gmail.com),

Re: Gross Deficiencies in the Draft Proxy Statements for Mitchell-Lama Cadman Towers
Plan ID: NA 210191

Dear Mr. Jang Lee,

Because of the nature of this “complaint” regarding “The needed culture of Transparency” at Cadman Towers, we are writing this letter in full disclosure and open forum for all Shareholders **to share or, if they like, privately forward a copy to your office in support.**

The topic is the “apparent and alleged censorship on transparency,” precisely, among other topics, on the **zeal** to convert to Article 11 without *inadvertently* allowing **full** and open discussion of the **“Risks.” (RS) of Semi-Privatizing to Article 11.** Which, if found to be an attempted controlled narrative, would arguably constitute a “Conflict of Interest(s)” among any Board Member(s) to recuse themselves, or be removed by the Board, or to place a “Temporary Hold” or “TRO” on moving forward with Article 11 Conversion until investigated, “surveyed,” and resolved.

Please note that this letter and the evidence provided echo, still to this date, the concerns of the letters your office received from other cooperators on **July 18th**, citing, *“Especially considering how this specific form of reconstitution is unprecedented, and how MLs that have privatized in the past have gone on to experience real financial problems.”* On **October 20th**, the *“two breaches of procedure by the Cadman Board since they first submitted their application, the consequences of which have and will continue to make for an unfair, uninformed and undemocratic process at Cadman Towers.”* And on **January 14, 2022**, in its entirety, especially the section subtitled **“Missing financial disclosures.”**

TO BE CLEAR: **We very much understand** that “The Board Members” are “Not Allowed” to discuss “Article 11” during specific periods. That is NOT what this is about, but it is constantly used as an excuse for “all of us” not to discuss it and share information, research, and opinions **with each other in an open forum**, even when such silence from the Board is not in effect, as we have requested. The evidence below speaks for itself.

Outline of topics:

- A.** Is there *inadvertent* “Censorship” at Cadman Towers?
- B.** Is there an *inadvertent* Conflict of Interest in the Board of Directors regarding Article 11?
- C.** Is the Board *inadvertently* stepping into fiduciary overlaps?

EXHIBITS: (attachments are linked from the internet.)

- **Exhibit #A-1:** Our “undecided” request for open discussion caused at least one “Facebook admin Board Member(s)” to delete, block, and ban us from posting questions on Article 11 or any other topic or commenting on others’ posts, henceforth. (It is important to point out here that FB posts disagreeing with the Board are deemed “attacks,” alleging Shareholders

are, therefore, “not being nice to the Board.” [see Exhibits A-2 and C-1] A convenient way to never discuss anything!)

- [Exhibit #A-2](#): Email response from a Board Member in regard to the censoring of above [Exhibit #A-1](#)
- [Exhibit #A-3](#): Community Posts announcing “Running for the Board” & ML Board Basics Video censored.
- [Exhibit #A-4](#): Committee to Preserve Cadman Towers out on Sidewalk are NOT allowed the same privilege as Verizon and “Election Voting,” which are both facilitated in the large lobby and Community Room.
- [Exhibit #B-1](#): “Shared Email blast from the CTA (Cadman Towers Association) complaint of ongoing censorship by the Board.”
- [Exhibit #B-2](#): “Board Meeting “Minutes” arrive a couple of days, or the day before the next Board Meeting, adding to an arguable dysfunction in communication from one meeting to the next.
- [Exhibit #C-1](#): With all the above complaints and clear evidence of inadvertent “Censorship,” the Board Minutes from a week later, October 26, 2022, “**SPIN**” that those complaining about censorship are not being “kind” to the Board.

Topic A:

Is there inadvertent “Censorship” at Cadman Towers?

My partner and I live in the **Cadman Towers Mitchell-Lama Cooperative**, which many of us consider an “**Implied Promise!**” We are writing to add another voice to the many letters your office receives from our neighbors, echoing their optics and concerns. It has become “evident” that at least some person(s) on the Cadman Board of Directors or Management has been cleverly and strategically, advertently, or inadvertently involved in “**Oppressive Conduct.**” This particularly, and arguably, affecting Sunshine Law transparency, Freedom Of Speech, Freedom Of Assembly, and restriction of communications among Shareholders at Cadman Towers Mitchell-Lama regarding, among other things, **the Article 11 Conversion Proposal.**

“ The Law Firm, Samuel Goldman & Associates, cites, “One of the leading cases on the subject [“**Oppressive Conduct**”], [Matter of Kemp & Beatley, Inc.](#) interprets them as actions which, ‘substantially defeat shareholder expectations that, objectively viewed, were both reasonable under the circumstances and were central to the petitioner’s decisions to join the venture.’ This standard is widely followed.”

(continues) “**Oppressive conduct** is most often found when there are **several actions** that, when taken **together** [altogether], have the effect of **denying** the minority shareholder **benefits** from the company that he or she had the **reasonable expectation** of [“**Implied Promise**”]. Often the Court will look at what is motivating the majority’s actions and whether there is an effort to ‘**freeze out**’ or ‘**squeeze out**’ the minority.”

(continues) “‘**Freeze-outs**’ denote efforts by the majority to deny the minority of the benefits of share ownership, and “**squeeze-outs**” are efforts to force them out of the company altogether.”

[\[Opinion from SGA Law Firm.\]](#)

”

With apologies, we need to propose a similar, additional complementary argument. Sometimes, identified as “conjecture,” advertent, or inadvertent, three or more ‘causes’ used in conjunction to drive any agenda also argue “ **motive,**” possible “**collusion,**” “**oppressive Conduct,**” and [one hopes not] a conscious conspired effort!

NOTE: Guilt and intentionality are NOT the rationales for this letter. See blog post, “Cadman Towers Need to Know,” [<https://brooklynheights.org/cadman-towers-need-to-know/>]. In fact, it is our deep-rooted belief system, as per my recently published sociopolitical book, study, and memoir, that group activities are typically directly related to the Inadvertence of Dialectical Behavioral tendencies and Genetic Herding instincts led by any shared ideology—social forces, much as we see in politics today. The “inadvertence” and likely “unintentionality” of “oppressive Conduct” and censoring is no excuse, inasmuch as not knowing something is against the law or rules is no excuse. Accountability is paramount. We are NOT presumptuously placing the blame on any one individual, yet the collective dilemma and evidence loudly beg for answers, as do we. However, the act of censoring, advertently or inadvertently, is a form of attack and aggression! When one censors another, it is an attack on Freedom of Speech and opinion, an attack on dignity, an attack on fairness, in this case, potentially, an attack on the affordability for many, and an attack on constitutional rights. This is our home, and we are the Shareholders being kept in the dark by ***“actions that, when taken together [altogether], have the effect of denying”*** our rights!

Therefore, an investigation may be in order. We want to request such a survey or analysis to identify any Board member(s) who may allegedly appear to be inadvertently “stepping in it!” This is **NOT** personal; it is business. Our neighbors and even friends are on the Board—we are “Shareholders,” which is business, livelihood, and affordability.

In any case, it has become evident from the attached (linked) documents that “censorship” and “suppression” of ‘Freedom of Speech and Assembly,’ and apparent Suppression of the right of “Running for the Board” have been identified at Cadman Towers Mitchell-Lama—with evidence, observation, or even **fears of intimidation**. We’ve heard Shareholders say, “The Board is handpicked.” Folks secretly told us, in so many words, that they are afraid to speak for fear of retribution in the future when asking for help from the management or the Board. We, for one, have felt such concerns.

Topic B:

Is there an inadvertent Conflict of Interest in the Board of Directors regarding Article 11?

What follows are a series of documented instances, which, as the above definition of Oppressive Conduct, are ***“actions that, when taken together, have the effect of denying”*** our ‘Implied Promise’ of Shareholder transparency and Shareholder involvement. In this case, evidently, Freedom of Information, Speech, and Assembly on the topic of converting to Article 11 are on the poll and constantly being discouraged. In fact, it is a matter of record that the CPCT (Committee to Protect Cadman Towers) had to invoke FOIA (Freedom of Information Act) due to the fact that the March 14, 2022 “Deficiency Letter” was not distributed by the Board, as required. Cleverly, opportunistically, and strategically, as explained by those invoking FOIA, ***“The Mitchell Lama Reform Act wasn't signed into law by Kathy Hochul until March 18th even though the law passed Senate at the end of January. So, Cadman wasn't under any obligation to distribute the March 14th deficiency.”*** This adds to the series of Oppressive Conduct, ***“actions that, when taken together, have the effect of denying!”***

NOTE: The following are instances *****AFTER***** all three “Deficiency Letters” of March 14, July 21, and September 27, 2022, dated ***as recent as October 11, & 17, 2022***. We believe the evidence here speaks for itself:

- 1) **Opinion Sharing Regarding ‘Article 11’ is NOT Allowed (period!):** As you will see from the attached (linked) evidence, discussing “differing” opinions, research, and data regarding

and asking questions on the pros and cons of converting to Article 11, or the plethora of **“Risks,” concerns on affordability**, or discussions on the ramification(s) of being the **“First of its kind ever,”** are **NOT allowed**, apparently censored, and strategically restricted in what appears to be **“Oppressive Conduct.”** [WHY?] See attachment, **“[Exhibit #A-1](#),”** where our *“undecided” request for open discussion caused at least one “Facebook admin Board Member(s)” to delete, block, and ban us from posting questions on Article 11 or any other topic or commenting on others’ posts, henceforth.* Also, see blog evidentiary disclosure, **“[Transparency on *Affordability*!](#)”** at: [<https://www.BrooklynHeights.org/979-2>] (password: transparency)

2) **The Cadman Board of Directors and Management runs and administrates three (3) communications channels:**

- i) A heavily moderated Facebook “private discussion group.”
 - Any conversation, notices, or flyers that do not agree with the Board and Management narrative are not approved and denied.
- ii) A one-sided-only Email blast system to all shareholders.
- iii) A significantly moderated Property Management SAAS/ListServ Software, [BuildingLink.com](#).
 - The latter, BuildingLink.com, has one (1) resident ‘bulletin board’ strictly moderated only for selling old wares. Any conversation, notices, or flyers that do not agree with the Board and Management narrative are not approved and denied.
 - (b) If surveyed, many Shareholders will attest to this!
 - It is also a fact among many, which, if surveyed, will also be attested, that some Shareholders say, not limited to age, they still are not comfortable with email and [BuildingLink.com](#).
(I, for one, as an IT and Digital Marcomm Professional, often have issues with that platform, depending on the browsers or device.) The pivot, “due to Covid,” away from paper documents on legal matters adds to the communication difficulty.

3) **Both other Shareholder Committees are Suppressed, Discouraged, and NOT Allowed ‘Due Distribution of Information or Opinions.’** It is a well-known fact that the (CPCT) Cadman “Committee to Preserve Cadman Towers” [representing 6+ dozen Shareholder members] have to set up a table outside on the sidewalk to hold discussions and distribute research, articles, and flyers. See **“[Exhibit #A-4](#).”** This was true before Covid and subsequently blamed on Covid after 2019. Meanwhile, Verizon has been allowed, even during Covid, to table once or twice each year and “Election Voting” every November, even through Covid, inside the approximate 3,000 square-foot (30-foot ceiling) large lobby and communal area on the ground floor of 101 Clark Street. The CPCT, and other official Committees, are also not allowed to post, solicit door-to-door, deliver under doors or on door knobs, or distribute through [BuildingLink.com](#) or the Facebook official Private Group flyers, information, or opinions regarding “differing” views regarding building policies or the Article 2 - 11 Conversion. Yet at least one Board member uses the lobby, communal areas, and door-to-door to petition signatures, canvas passersby and hold discussions and sales pitches. All requests for the use of communal areas for meetings, discussions, gatherings, assemblies, classes, etc., are otherwise so “Oppressed” that no one even requests their use

anymore—even before Covid. The management and Board are the only ones allowed to use the ample space. **[WHY?]**

- i) **Even the “Sister Committee,” the CTA, Has Shared a History of Being Censored:** The Cadman Towers Committee, initially responsible for forming the Cadman Towers Board, has been experiencing similar restrictions the last few years by the Board, even in distributing “Holiday Greetings,” or Covid Help offers, and as of lately, announcements from the CTA of the upcoming “50th Cadman Towers Anniversary celebration planning,” were reported by the CTA of being censored. **[WHY?]** See [Exhibit #B-1](#), “Shared Email blast from the CTA complaint of censorship by the Board.”
- 4) **Pursuant to the March 14 “Deficiency Letter,”** items 34, 47, & 123, *AND from a report from the Committee to Preserve Cadman Towers (CPCT), “Deficiency #47: ...no other material may be distributed. This is contrary to HPD regulations allowing shareholders to distribute material, and the statement ‘must be substantiated based on applicable law or removed.’”* AND, the March 14, 2022, Deficiency Letter, “SR” (Special Risks), items #1, #2, #4.5, #5.5, #6.5, #7.5, #8.5, and #9.5 — Information and opinion “Distribution by Shareholders” still needs to be addressed, or to our satisfaction—**transparency** has never been an option. To be clear, the Cadman Towers Board and management have “never” in the last decade, allowed any Shareholders to distribute **any** materials, **whatsoever**, of any kind, anywhere, under doors, bulletin board, the official Facebook Group, the official BuildingLink, doorknobs, or communal areas like lobbies, elevators, laundry room bulletin-boards, etc. It’s a **“HUSH!”**
- 5) **RESTRICTED BOARD MEETINGS:** Among the issues has been the sketchy administration of monthly open Sunshine Law Board Meetings.
 - i) First of all, meeting minutes from the previous Board Meeting are ALWAYS distributed **25 to 31⁺ days after**, often *the day or two before* the next Board meeting, barely giving people a chance around work and life to review and plan questions, follow-ups, etc. See [Exhibit #B-2](#) *Why can’t minutes be prioritized to a maximum of one week after each meeting?*
 - ii) Before Covid, the average in-person attendance in the large community room only averaged 100⁺ individuals (of the 500⁺ Cadman families), some from the same apartments as in husband-and-wife. Job and work-life responsibilities make it difficult for many to attend every single meeting—understandably so. **Receiving the “minutes” a month later remains, therefore, always an issue.** With the advent of Covid, meeting attendance seemed to have been cut by more than half with technology difficulties, learning curves, and health/life priorities—**understandably so**. However, many of us stopped attending the Zoom meetings because of the manner they are handled. Raising hands and asking questions is no longer an option—**for the last two years**. Shareholders need to write the Board that they want to ask a question, and they will be called on at the Cooperators Forum, with a limit on the number of questions, not spontaneous, on-the-spot fluidity with the discussion, and there can be NO follow-up questions or comments after a one-sided answer is administered by the Board Member—hardly a discussion or conversation. It was recently asked in the last Board [Zoom] Meeting if they “*would consider letting Shareholders ask questions following the reports which happen during*

the meeting.” They said they’ll “consider it.” Occasionally, we would hear someone say, “Don’t answer that question.” The experience only proves to be frustrating and abusive, so some of us just stopped attending. We wait 25-31+ days for the minutes’ link to show up in our mailboxes, unable to be involved, accepting that the Board is in charge and that, advertently or inadvertently, the cumulative actions taken by the Board, “actions that, when taken together [altogether], have the effect of denying” our involvement and voice. [WHY ATTEND?]

Topic C:

Is the Board inadvertently stepping into fiduciary overlaps?

The official Mitchell-Lama video, “[Mitchell-Lama The Board Basics](#),” which we tried to share a couple of times on the official Cadman Towers Facebook Group in order to encourage others to run for the Board alongside us, ***which was immediately taken down by Board Admins,*** [[Exhibit #A-3](#)], with warnings of being banned, ***states:***

Timecode 00:10:07: (<https://youtu.be/JiFhuDuYq7A>)

““

Fiduciaries put aside ***personal*** interests, especially financial considerations, and act in the best interests of the corporation and all its shareholders, not in their own personal interest, or that of another individual shareholder ***or small groups of shareholders.***”

“Board members are fiduciaries for the Cooperative. The fiduciary responsibilities include, but are not limited to, following established board policy, following the corporation’s governing documents, purpose, and function, maintaining confidentiality, securing written board approval by DHCR and by the board by resolution for contracts and financial transactions, refraining from benefiting or achieving personal gain from the corporation’s assets or transactions.

“Identity of interest: This is closely related to the board’s fiduciary responsibilities. It is crucial that board members be aware of laws and regulations regarding ***identity or conflict of interests*** found both in DHCR regulations and the business corporation law. Identity of interest arises when a board member takes some action as a board member which also benefits his or her own financial ***or other interests*** or that of a family member. Violation of these prohibitions may have serious consequences, including removal from the Board, civil penalties, *i.e.*, fines, or in extreme cases, criminal penalties, *i.e.*, fines, and/or jail.

””

The Shareholder Optics: On the verge of tears, out on the sidewalk, she says to me, “How can they be gambling with our lives by being the first ever of its kind, like guinea pigs? We don’t know what costs are going to come after the recent three 13% increases! I’m afraid I’m going to have to move! How can they do that to us?” Not part of any committee, a neighbor from another floor will remain unnamed. The reality is that there ***appears*** to be a split into four ***small groups with other interests.***

The impressively well-researched articles and detailed data sheets from the *Committee to Preserve Cadman Towers* (CPCT) certainly elicited much-needed attention. ***“Why don’t we have this level of detail from the other side?”*** was our first question upon receiving the flyers. That was the question that got us banned from the Board’s Facebook Group (as seen

in [Exhibit #A-1](#)). The four-way split is between 1.) the **small group** aligning with the Board of 6+ dozen Shareholders “for” the idea of semi-privatizing to Article 11 and experimenting (gambling). Another 2.) **small group** says we should have fully privatized back in 2012 and that Semi-privatization is a gamble. While another 3.) **small group** (the CPCT 6+ dozen) wants to maintain Article 2 and give other folks in the future the opportunity we’ve had while maintaining their benefits from the original Mitchell-Lama Article 2. While yet another 4.) **small group** is a combination of undecided, or too new, and/or too excited that they “got in” to care, for now, or pay attention.

The need for an in-person or hybrid group discussion(s) and meetings is more apparent than ever to ensure that the incumbent Board is not, advertently or inadvertently, playing to the interest of a **small group of Shareholders**. We, therefore, request from the Attorney General’s office that the 2/3 vote to semi-privatize to Article 11 be postponed indefinitely until either in-person-meetings are viable and acceptable for all to ask, discuss, engage, and be properly and sufficiently educated on all pros and cons, and ramifications to be able to make an informed, unbiased, decisive vote for their future and the future of our Cadman Towers Community and neighbors.

As a result of all this, [altogether], and the apparent advertent or inadvertent “**Oppressive Conduct**,” we would officially request a Temporary Hold or TRO on any subsequent “Article 11 Conversion” activities until a survey or investigation submits with transparency that all shareholders are well informed before the 2/3 votes are administered.

Please consider this evidence and all our letters [altogether] as a request for a Cease-and-Desist action on any further activity on Article 11 Conversion **until** all the above are appropriately addressed “in-person” forums and settled around the COVID limitations for “PROPER” assembly.

Yours Truly,



James Ordonez
101 Clark Street Apt. 29F

P.S. **For Shareholders reading this letter:** We have created an “Open Discussion Blog,” **AND** a Facebook Group for anyone who wishes to join in the open conversation. The blog has the option of posting **anonymously** simply by typing “anonymous” in the name field. **We encourage Shareholders to share this with others and/ or, if they like, forward a copy of this letter, echoing, to Jang Lee, Assistant Attorney General Jang.Lee@ag.ny.gov in support.**



Facebook Private Group: <https://www.facebook.com/groups/1259789254875146>



Internet Blog: <https://brooklynheights.org/979-2/>

EXHIBIT A-1

Manage and view your posts in the group. Admins and moderators may have feedback.

- Pending
- Published
20 posts
- Declined with Feedback
- Removed with Feedback**
10 posts
- Flagged

Screenshot 2

ALARMINGLY: This request for open discussion after receiving information from the shareholders' "Committee to Preserve Cadman Towers" sparked a total ban by Board Member(s) FB Group Admins.

Pages 6, 7, 8, & 9, below show that all other past posts, including about Running for tye Board," were all immediatly taken down and we were banned from any engagement.

Very, very well written and thought out! Thank you, for this Golden Rod Flyer, from the Committee to Preserve Cadman Towers.

I don't know about you, but I would love to see an "in-person" debate event between the two sides to answer all our questions. Yet, without a moderated and limited zoom queue, lasting as long as it has to last, multiple sessions if needed, to educate everyone, new and old, until everyone is satisfied understanding all the nuances from both sides.

If I may recommend:

Let the numbers drive this idea; please speak up for those interested on both sides and find ways to invite others not on Facebook to contact the Board and Management Office for communication blasts.

I can facilitate a survey online if needed, on my developing website www.BrooklynHeights.org.

I now understand better from this very well-composed and well-written explanation (attached flyer). I, again, need to hear the other side explained at this level, potentially point by point, chronologically, to formulate any subsequent questions, opinions, and decisions.

I realized from reading this flyer that the notion inadvertently presented to us thus far is that everyone knows and understands all the nuances brought up in the past pro-2-11. However, now I can see, and from discussing with others the last couple of years, very few seem to understand both sides truly, and that it is possible only a few really 'get it.'

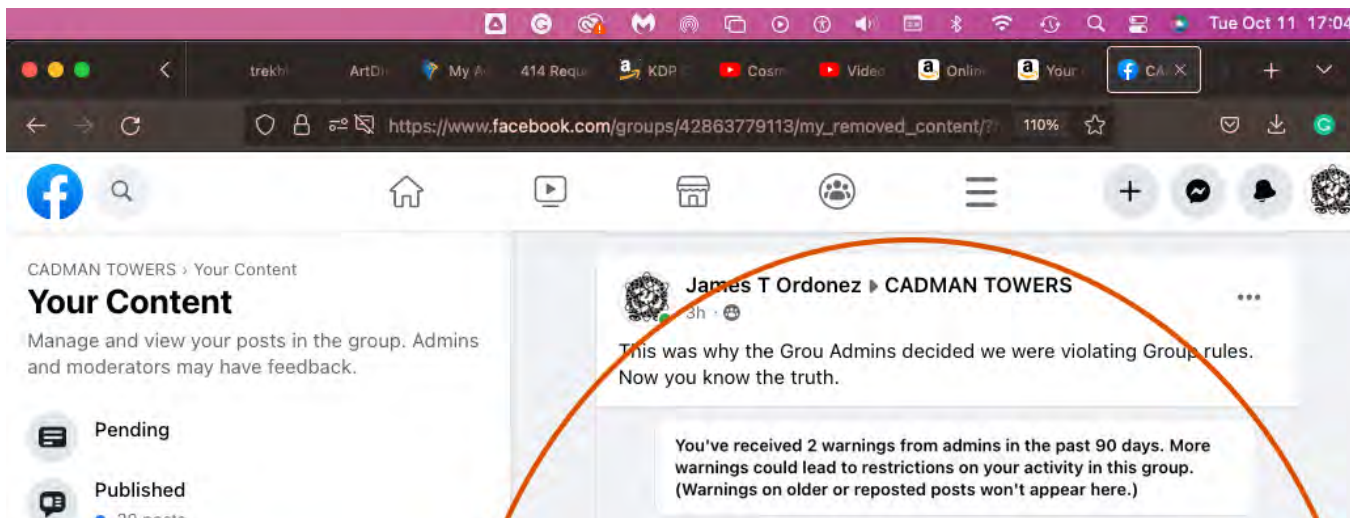
In the spirit of fairness and the stewardship of clarity for all, everyone must take this idea of an open, in-person debate and discussion seriously. There seems to be too much at stake.

I hope we are not going to hide from opinions and open discussion for the rest of our lives behind the pandemic distancing to move forward responsibly. Do it at the local church if needed.

My two cents.



The third Screenshot: This post was simply indicating that we were considering running for the Board, but censored by the Admins after I posted the above flyer requesting the open discussion. Clearly a retaliation censoring.



CITYLIMITS

OPINION: NY'S MITCHELL-LAMA HOUSING SHOULD BE PRESERVED, NOT DISMANTLED

Reprinted with permission from CITY LIMITS

AUTHOR: Jerald Isseks | DATE: July 29, 2022

accessible online at: <https://citylimits.org/2022/07/29/opinion-nys-mitchell-lama-housing-should-be-preserved-not-dismantled/#>

Since I moved in at Cadman Towers with my partner two years ago, I have felt exceptionally lucky to benefit from the uniquely affordable arrangement that is the New York State Mitchell-Lama program. Subsidized by the city and state in the form of generous tax abatements and public financing opportunities, Mitchell-Lama housing was created so that families with modest earnings could afford to put down roots in the city, and so that prices would not lurch upward every time a unit turned over.

So it was alarming when, in December of 2021, our board of directors formally submitted a plan to take our building out of the Mitchell-Lama program. The process, known as “Article 2 to Article 11 conversion” in housing law parlance, would reconstitute our public, subsidized housing complex as a much more expensive, semi-private HDFC co-op. This threat of semi-privatization has raised the concern of Mitchell-Lama coalitions across the city. Advocates of affordable housing who have long fought to protect one of New York City’s signature low- and middle-income housing programs now worry that other Mitchell-Lama boards will follow Cadman’s lead in attempting to dismantle this important public good.

Most saliently, 2-to-11 conversion at Cadman Towers would entail a spike in sales prices. Outgoing shareholders could sell their units for four or five times the initial equity they invested, and pocket half of the sale. A two-bedroom unit at Cadman that currently costs \$60,000, for example, would go for about \$300,000—still a steal compared to stratospheric market rates in our neighborhood, but now out of reach for the majority of New Yorkers. Those who had been waiting for years for a Mitchell-Lama unit would be left in limbo, since the city-run, external waiting list of prospective residents would be discarded. Outgoing shareholders would bypass the previously regulated sales procedure, and find their own buyers on the market.

Dissolving our building’s Mitchell-Lama status would be a small but significant injustice in an already deeply unequal city. Shareholders who have long benefited from the program would be autonomously divesting some of the city’s affordable housing stock, and profiting from the conversion. As the saying goes, we would be

“pulling the ladder up from behind us.”

As the veteran activists in my building’s pro-Mitchell-Lama organizing committee—the Committee to Preserve Cadman Towers (CPCT), of which I am a member—have informed me, the present conversion effort is only the latest of many attempts by some Mitchell-Lama residents to marketize their own housing, not just at Cadman Towers but in buildings all across the city. Most recently, in 2012, cooperators voted down a bid to privatize Cadman Towers (as opposed to retaining a resale cap for each unit, as the current plan would do). Some 10 percent of NYC’s Mitchell-Lama co-ops have already undergone privatization; more than half of Mitchell-Lama rental apartments in the city have also gone down this road.

Residents of buildings like ours often justify the privatization of public housing by citing the rising costs of repairs, and our diminishing financial support from the government. Indeed, when I talk with my neighbors about why we should vote down the proposal, and instead work to hold our elected officials responsible for adequately funding social housing programs like Mitchell-Lama, many shareholders respond by attacking such a notion as naïve and illusory. Among Cadman residents, the impression that the government has irrevocably abandoned its side of the bargain is pervasive; it has led them to dismiss the values of equity, inclusion and affordability on which Mitchell-Lama was developed.

Ironically, 2-to-11 conversion would merely enable government to further abdicate its responsibility for funding a public asset. We would be moving the onus of investment onto wealthier, private individuals; as follows, Cadman’s units would become more exclusive, its management less regulated—a microcosm of the broader landscape of gentrification in Brooklyn.

Legislators who are intent on preserving and expanding truly affordable housing must discontinue the 2-to-11 conversion option altogether in order to protect Mitchell-Lama housing from becoming yet another victim of gentrification. Moreover, lawmakers would do well to build upon the Mitchell-Lama Reform Bill signed into state law in December of 2021. The bill made it more difficult for Mitchell-Lama buildings to privatize, and tightened transparency rules for boards seeking semi-privatization, like ours. Rather than devising escape hatches out of one of New York’s signature affordable housing programs, our government should be providing more funding and support for its preservation.

Likewise, if shareholders at Cadman Towers and elsewhere were serious about wanting to maintain housing that low- and moderate-income New Yorkers can afford, they would clamor for our local and state government to redouble its investment in Mitchell-Lama housing, rather than trying to dissolve the program from within.¹

¹ This article shared with you by the Committee to Preserve Cadman Towers: Cadmancooperator@gmail.com

The Gentrification of Cadman Towers

Gentrification is the process of changing the character of a neighborhood through the influx of more affluent residents... Gentrification often shifts a neighborhood's racial or ethnic composition and average household income by developing new, more expensive housing... —Wikipedia

The semi-privatization plan currently under consideration at Cadman Towers — the ‘2 to 11’ idea to convert from a not-for-profit Mitchell-Lama (ML) to a for-limited-profit Housing Development Fund Corporation (HDFC) — is, essentially, **a gentrification plan**. Most of the people on our waiting list who are currently eligible to buy at Cadman as a Mitchell-Lama will no longer have enough income to purchase at Cadman as an HDFC.

How did this happen?

‘2 to 11’ was initially proposed as a ‘compromise’ between privatization and the not-for-profit ML model, to allow shareholders to get “some” profit. Although privatization was defeated at Cadman and a compromise was therefore unnecessary, the Cadman Board was allowed to continue to pursue this conversion.

Proponents of ‘2 to 11’ now claim that the goal was always to help fund repairs. They now also deemphasize that departing shareholders (or their heirs) leave with a profit.

After enjoying years of government subsidies, this profit-taking has multiple negative consequences. First and foremost is that Cadman would no longer be affordable to the very people for whom it was intended, those that have always populated our community — the moderate-income working New Yorkers. Second, it takes money away from the development and our needs by giving an undeserved profit to departing shareholders (or their heirs). Finally, it allows HPD/government to pass the buck on their responsibility to preserve

affordable housing — making it the responsibility of individual developments to come up with an affordability plan instead of finding a global solution to the housing crisis. To add insult to injury, the amount of money raised for repairs by this plan is likely to be far less than claimed in the draft proxy statement.

Problems in Getting a Mortgage

To understand the gentrification data it is first necessary to examine the mortgage problems faced by purchasers of HDFCs.

Let’s use the example of a family of three moving into a two-bedroom apartment — say a mom and two kids or two parents and a child. **Because traditional banks do not give mortgages to HDFCs**, to other limited-equity co-ops like Penn South, or to Mitchell-Lamas, our family of three will have to take a 15-year mortgage at about 5% interest from either a credit union or the lending program at the Urban Homesteading Assistance Board (UHAB)* that was established to deal with the HDFC mortgage problem. Only 15-year loans are offered by these lenders, not the 30-year loans that would be available from a traditional bank.

UHAB loans *could* be available to purchasers at Cadman right now as a Mitchell-Lama, but the board, although informed of this option, has declined to arrange to make these available to incoming shareholders.

*The UHAB loans are now at around a 5% interest rate but the rates are increasing. They require 20% down for Mitchell-Lama loans and 10% down for HDFC loans. (Information on UHAB loans: <https://www.uhab.org/our-work/homeownership/get-a-loan>)

Gentrification by the Numbers

Let’s look at the numbers to explore the myth that an HDFC Cadman will still be ‘affordable.’ Here’s a chart that shows the numbers for a sale of a two-bedroom at Cadman to our three-person family example. As a Mitchell-Lama the apartment would cost about \$60,000 and as an HDFC it would be about \$236,000.

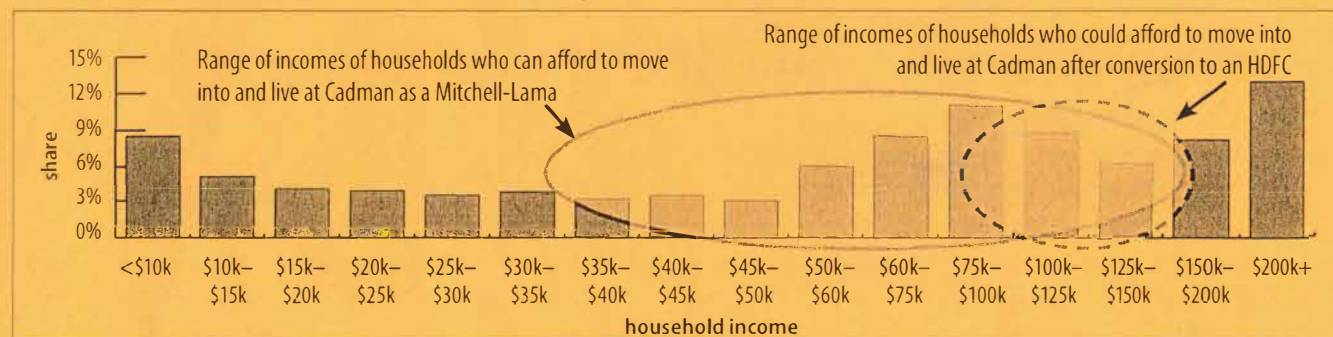
	Sales price	Down payment at 20% for ML and 10% for HDFC	Mortgage principal	Monthly mortgage costs	Monthly costs of maintenance and utilities	Total monthly costs	Minimum annual income needed at 30% of gross income
ML Cadman	\$60,000	\$12,000	\$48,000	\$380	\$1,350	\$1,730	\$69,200
HDFC Cadman	\$236,000	\$23,600	\$212,400	\$1,680	\$1,350	\$3,300	\$121,200

Assumptions:

- 1) Both ML and HDFC buyers will take a mortgage from UHAB at 20% down for Mitchell-Lama and 10% down for HDFC with 5% interest for 15 years.
- 2) Although flawed, we use the calculation that affordable housing is anything that is below 30% of gross income.

continued on back →

Distribution of household income in NYC / ML vs HDFC range of affordability



Source: Household income data from American Community Survey 2020 (<https://data.census.gov/cedsci/table?q=household%20income&g=1600000US3651000&d=ACS%205-Year%20Estimates%20Subject%20Tables&tid=ACST5Y2020.S1901>); Range of incomes data derived from a comparison of prices of Cadman Towers ML versus projected sales prices at Cadman Towers HDFC, with an affordability cap of 125% of AMI for ML, and 130% of AMI for HDFC, using the standard for affordability of under 30% of gross income.

Cutting out lower & moderate income households

While the draft Proxy Statement was deficient and did not give us all of the numbers that we need for a full analysis, what we see for all size households and apartments is that there is a MUCH WIDER range of people who are able to afford at a Mitchell-Lama Cadman — those with incomes from about \$34,000 to about \$161,000. At an HDFC Cadman the range is from about \$81,000 to about \$168,000. *Of course, those with incomes above these ranges could afford either Cadman, but the ML program caps income at 125% of Area Median Income (AMI)** and an HDFC Cadman would be capped at 130% of AMI.*

Everyone of more moderate income is cut out when Cadman gentrifies. In addition, what we would see at an HDFC Cadman is what is already a problem with other HDFC buildings — the apartments will mainly sell to ‘asset wealthy, but income moderate’ New Yorkers. The article, *Bargains with a But*, in the NY Times (2014) explains this phenomenon (see top sidebar).

And, this more recent article from Bloomberg (see bottom sidebar) about HDFCs indicates that, as an HDFC, Cadman would be gentrified when only ‘trust fund kids’ and wealthy retirees could meet the dual requirements of having income under 130% of AMI *and* being able to afford the monthly costs.

Being the first to try ‘2 to 11’ is likely to bring unintended negative consequences. For example, other HDFCs do not use AMI percentages in the way that is proposed for Cadman. With this unusual formulation, which we’ll discuss more in a future flyer, we may see that buyers at an HDFC Cadman may actually lose money on their investment, when, after a few years, apartment prices may have to drop to stay under the 130% of AMI affordability limit.

When the deficient draft Proxy Statement is finally corrected and we see the way that this plan gentrifies Cadman, but does not solve our problems, we believe we’ll see that staying in Mitchell-Lama is still our best option.

from *Bargains with a But*, NYTimes, 2014

“...In this extremely tight real estate market, when practically any listing is snapped up instantly, why are some of the city’s most affordable apartments struggling to find buyers? It’s because they belong to a small and quirky breed of co-op that requires buyers to meet income caps, yet have significant assets on hand — a tall order for most.

‘It’s a Catch-22, since they can’t earn more than a certain amount, but cannot qualify for financing at that income unless they make a massive down payment’ ”

<http://www.nytimes.com/2014/06/29/realestate/affordable-new-york-apartments-with-a-catch.html?emc=eta>

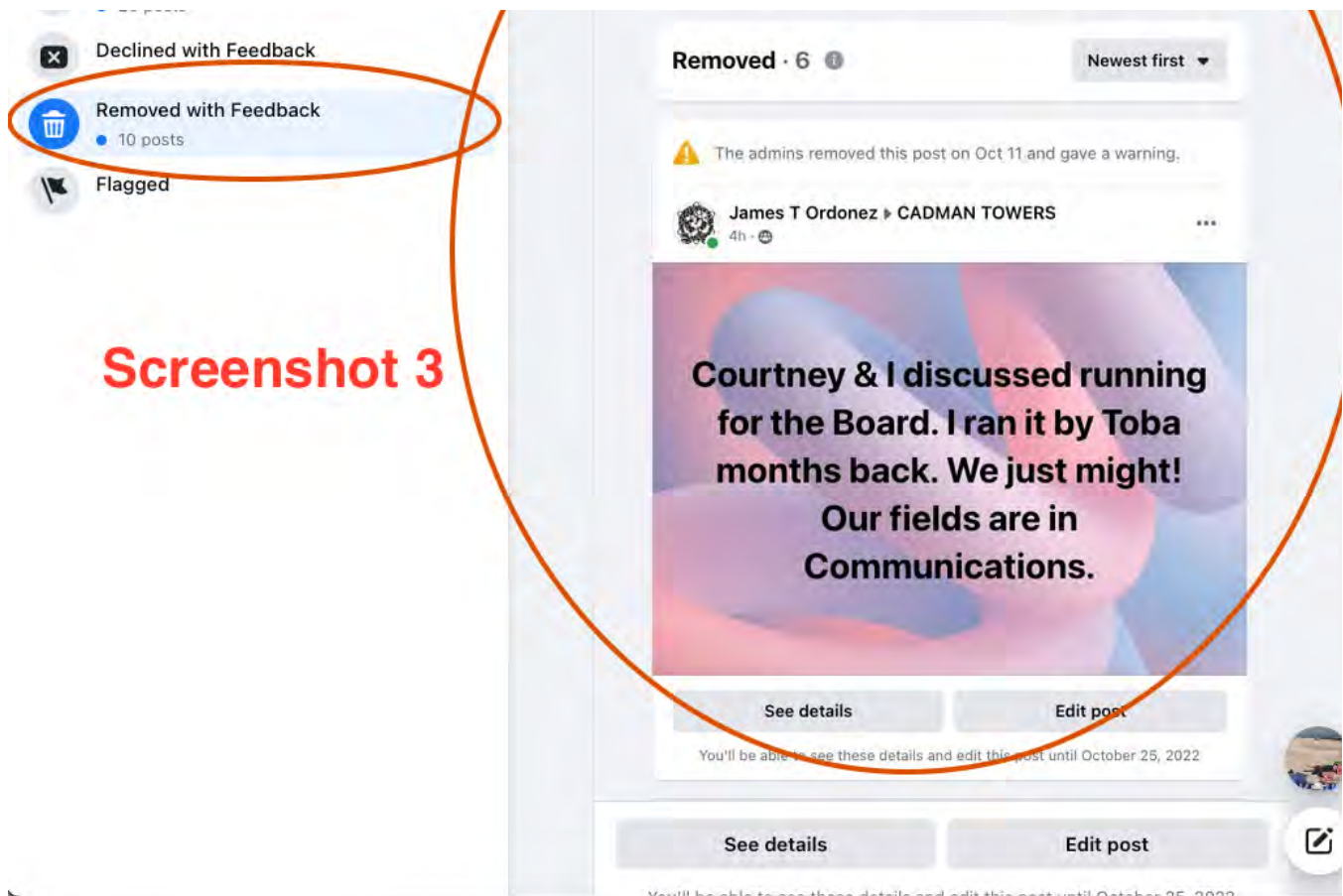
from *New York’s Real Estate Tax Breaks Are Now a Rich-Kid Loophole*, Bloomberg, 2021

“...In short, because of inadequate rules, poor design, and decades of lax oversight, these low-income tax subsidies are being scooped up by the well-to-do. ‘They’re just gaming the system,’ says Penny Gurstein, an expert on affordable housing who directs the Housing Research Collaborative at the University of British Columbia. ‘This is now just being used as a playground for the rich.’

... If the system is left unchanged, it isn’t hard to envision a future in which gentrification fans out across more and more neighborhoods and their HDFC cooperatives. Hardly a surprising outcome in New York real estate, where the logic of the market wins more often than not. At least there’s a consolation prize: tidy nest eggs for exiting owners, as their homes and city are cleared for the affluent.”

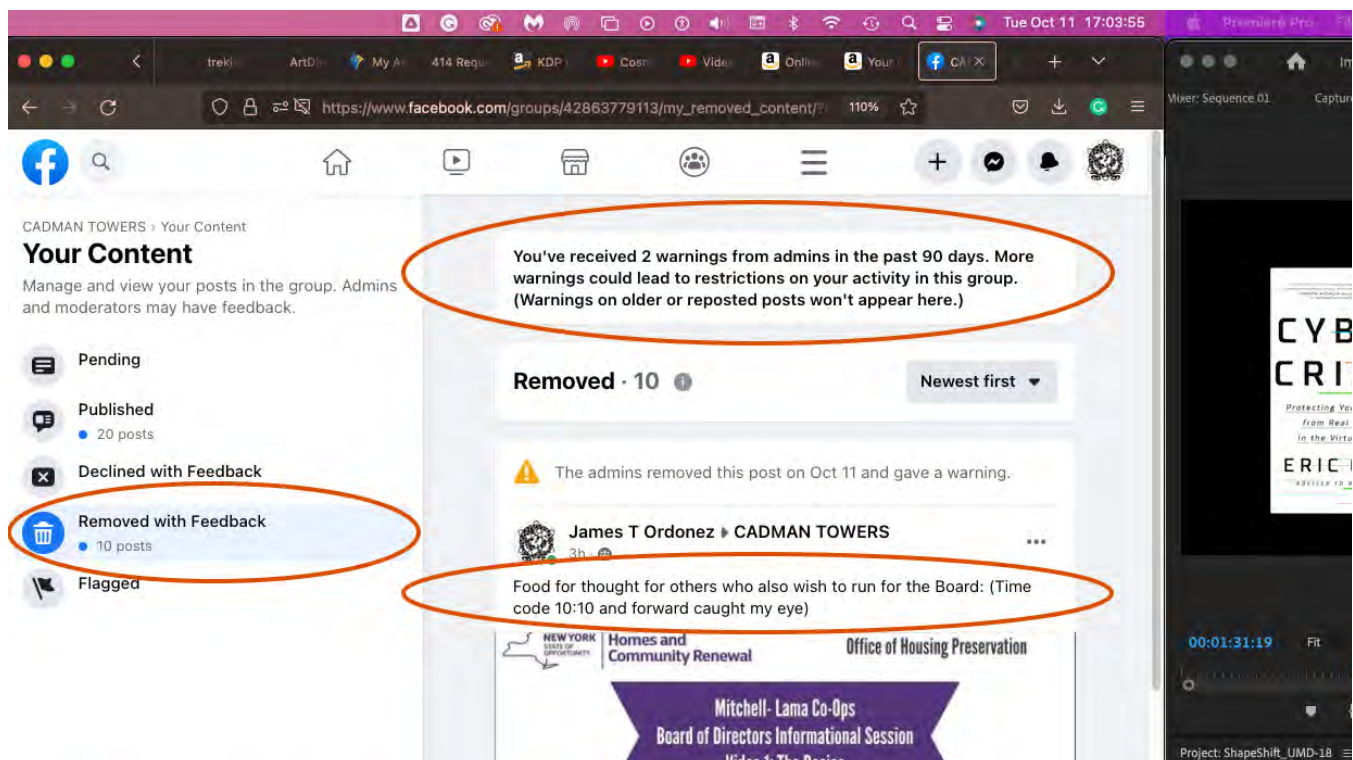
<https://www.bloomberg.com/graphics/2021-nyc-taxes-hdfc-coops/>

**For a better understanding of Area Median Income (AMI) and its use in housing programs see: <https://www1.nyc.gov/site/hpd/services-and-information/do-you-qualify.page>

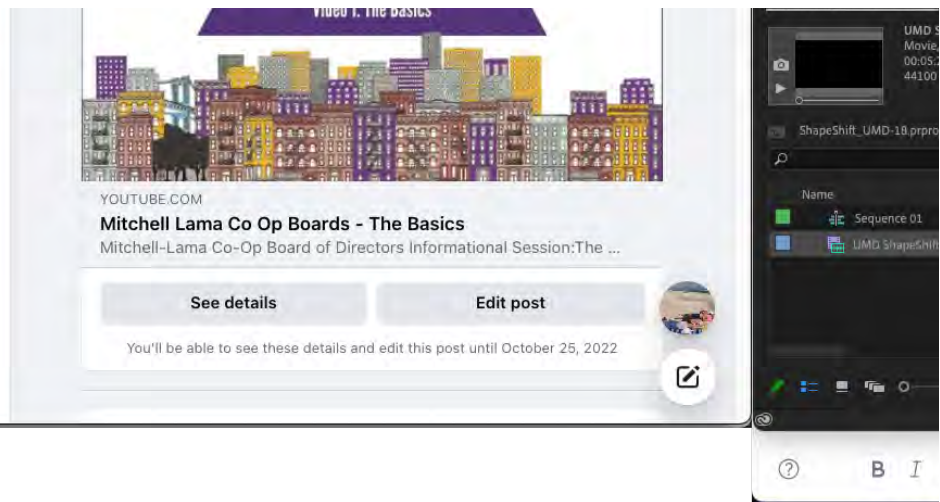


Screenshot 3

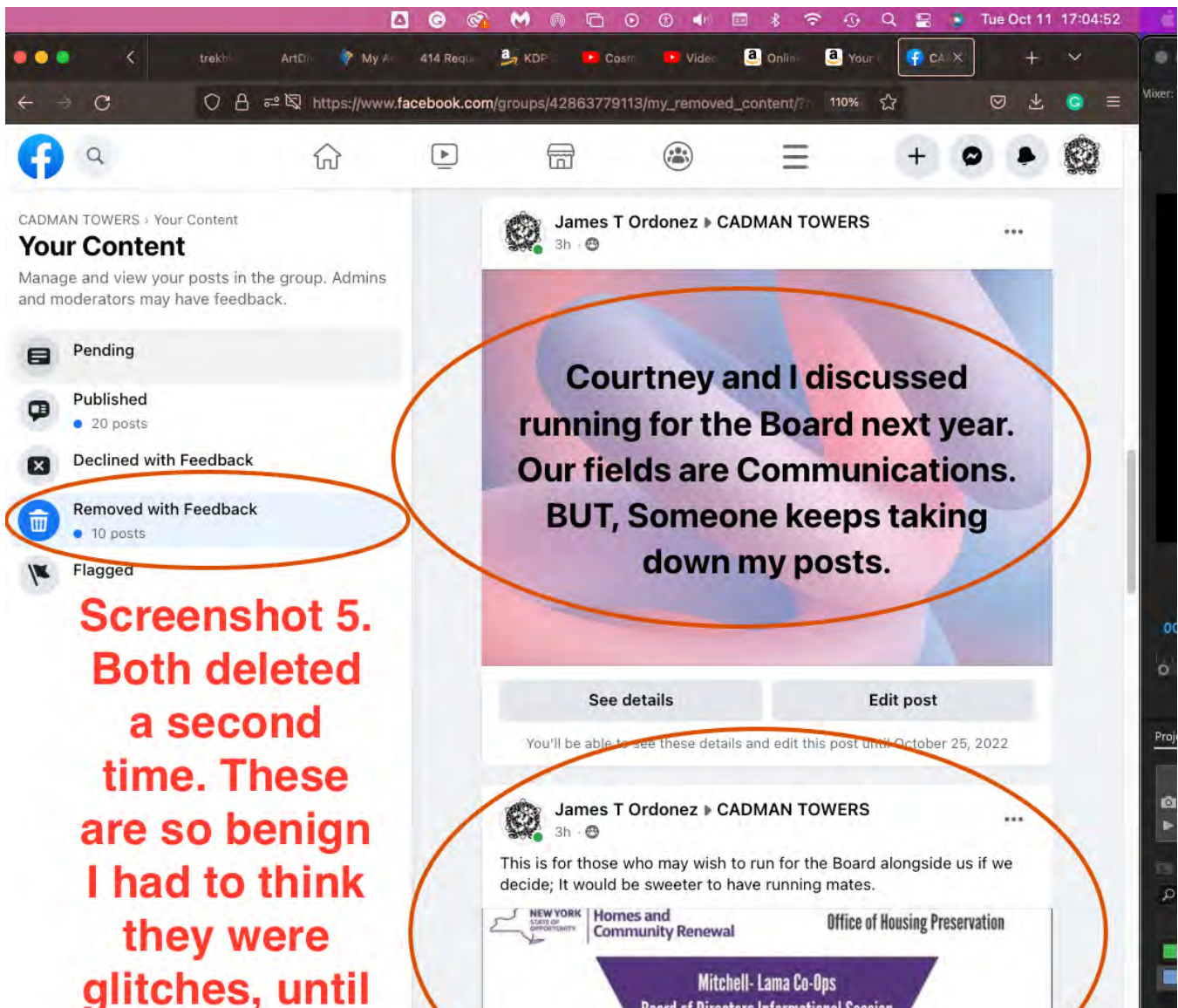
The fourth Screenshot: This is the first attempt to repost the benign video for anyone considering to run for the board next year, of the **HPD video of "Board of Director Basics"** for any who may wish to run alongside us. Also censored by Group Admins.



Screenshot 4



The fifth Screenshot: The first is a second attempt to repost the benign announcement of considering to run for the board, and the second attempt to post the **HPD video of "Board of Director Basics"** for any who may wish to run alongside us. Again, also censored a second time by Admins.



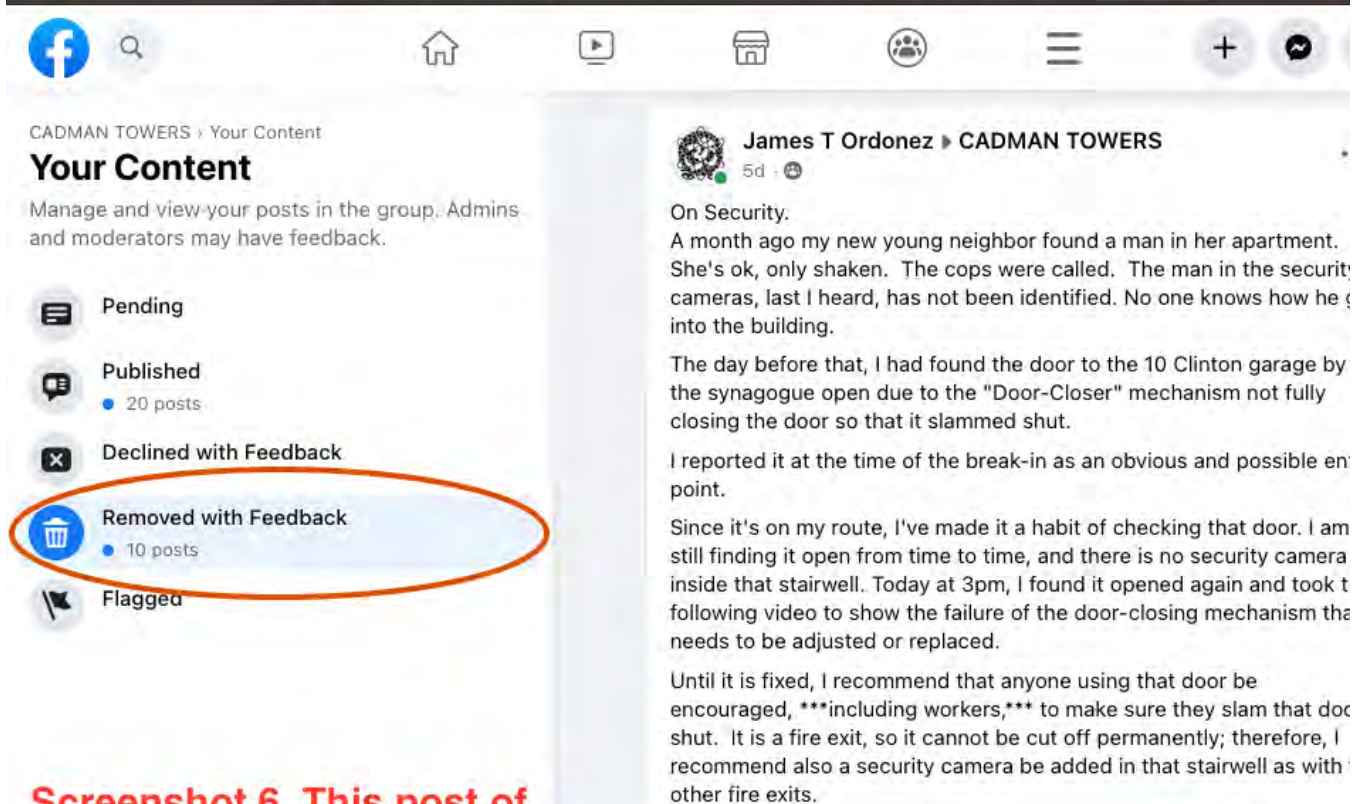
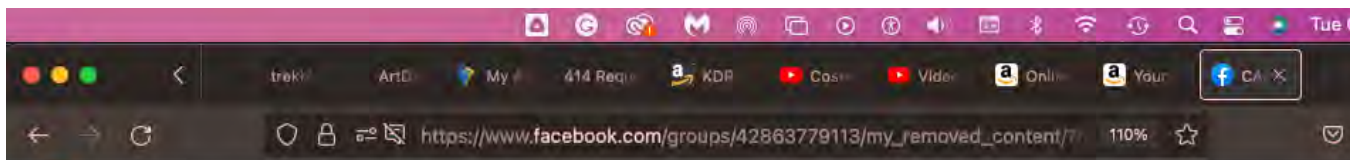
Screenshot 5.
Both deleted
a second
time. These
are so benign
I had to think
they were
glitches, until

I saw the warnings.

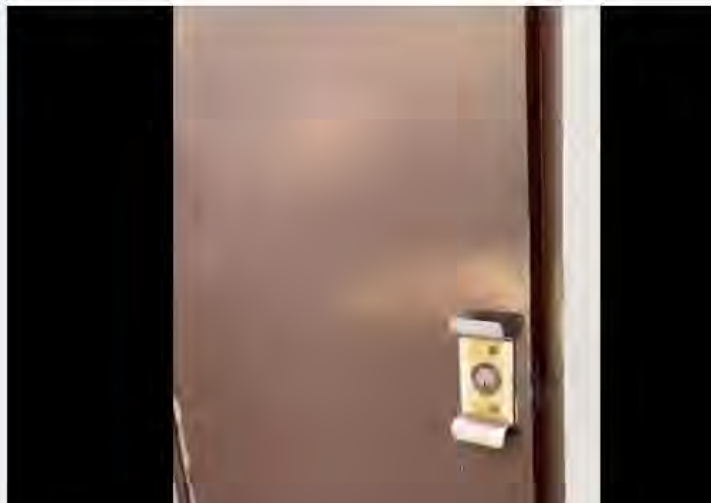
https://www.facebook.com/groups/42863779113/my_pending_content/



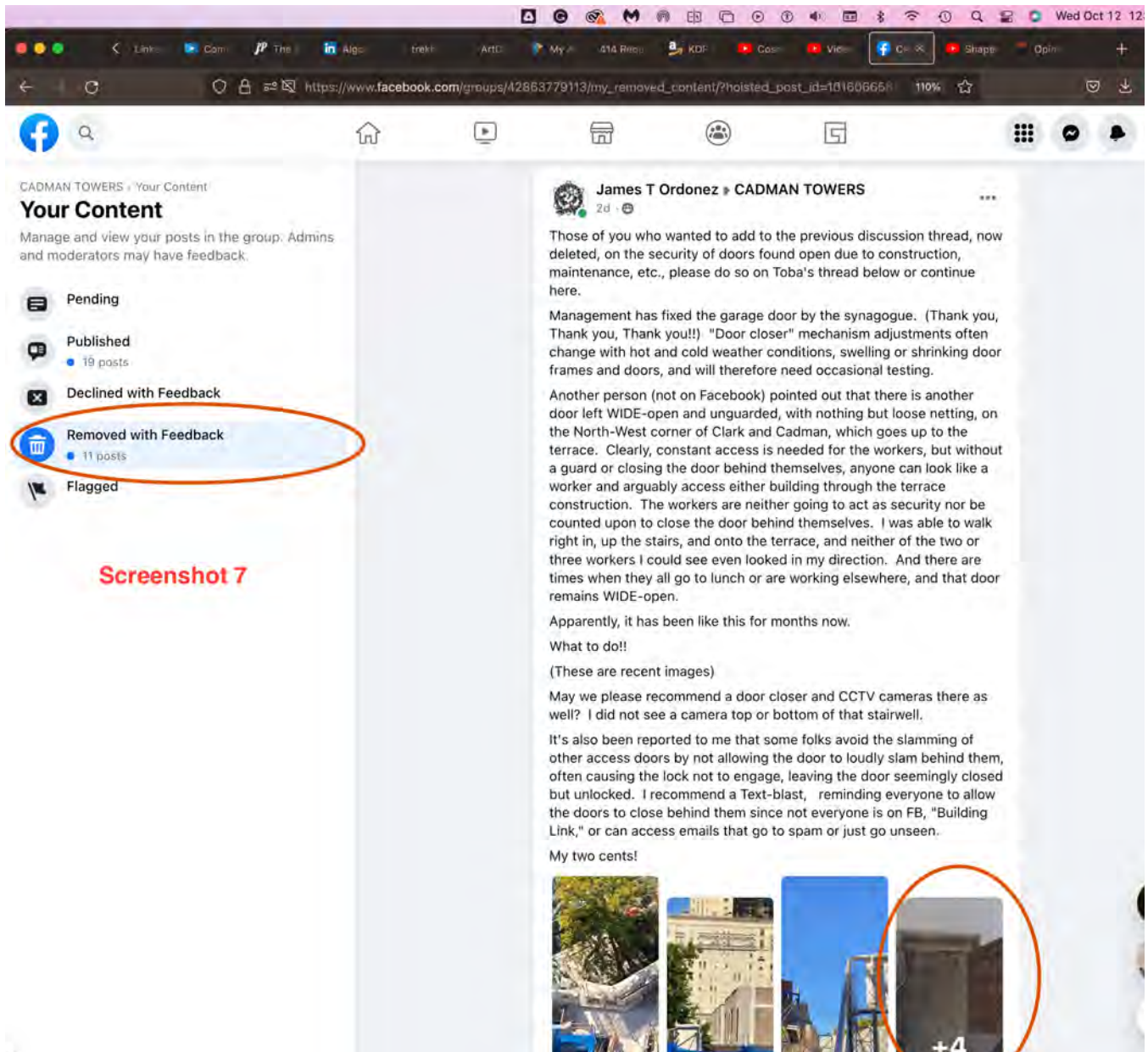
The sixth Screenshot: This post of a video, showing a security breach, from the garage Fire Door by the Synagogue opened a discussion among several *others* about paying attention to details. It was censored and taken down by admins. With warnings of violating Group Rules.



Screenshot 6. This post of a video, showing a security breach, opened a discussion among several *others* about paying attention to details. It was censored and taken down by admins. With warnings of violating Group Rules.



The seventh Screenshot: This last post came after the first security video of a door not closing, only this door is left wide open by workers and any one can walk up to the terrace and access various possible entrances to both buildings and duplexes. Also censored by Group Admins.



Screenshot 7

Now, I don't know about anyone else, but what I see here is motive and by-design opportunity to censor and silence Shareholders and residents to not allow us to openly share information with each other, like the "no leaflets under doors" BS, that they, the incumbent Board Member Admins, do not wish us to share and discuss—a flagrant display of censoring towards an agenda to control the narrative. If you see something else here, please share. Maybe I'm paranoid. But as we say in New York, "Being paranoid doesn't mean they are not out to get us." :-)

EXHIBIT A-2



Move to...

Tras...mail.com November 2, 2022 at 8:46 AM

Cadman

To: James Ordonez, Courtney Greenblatt, [REDACTED]

Jaime, I created the Cadman Facebook page in 2009 as a supportive place - not a place where neighbors attack neighbors.

Regarding the CPCT, they do not allow all cooperators to participate in their meetings - only a selective group.

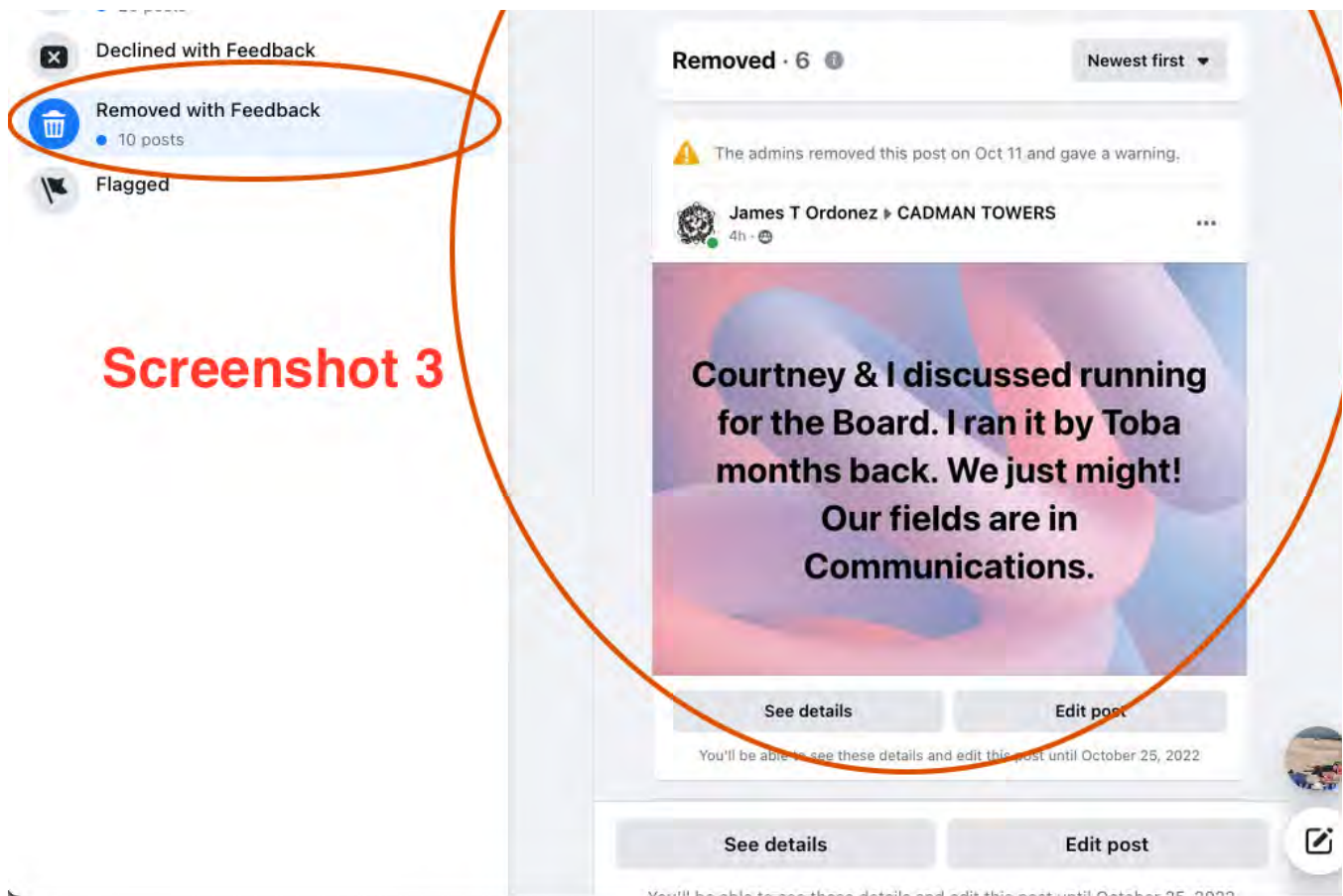
As you're aware Board members are prohibited by the NYS AG from discussing Article XI at this point.

The CPCT has chosen this period when Board members cannot speak up to promote their agenda. There is something unethical about that.

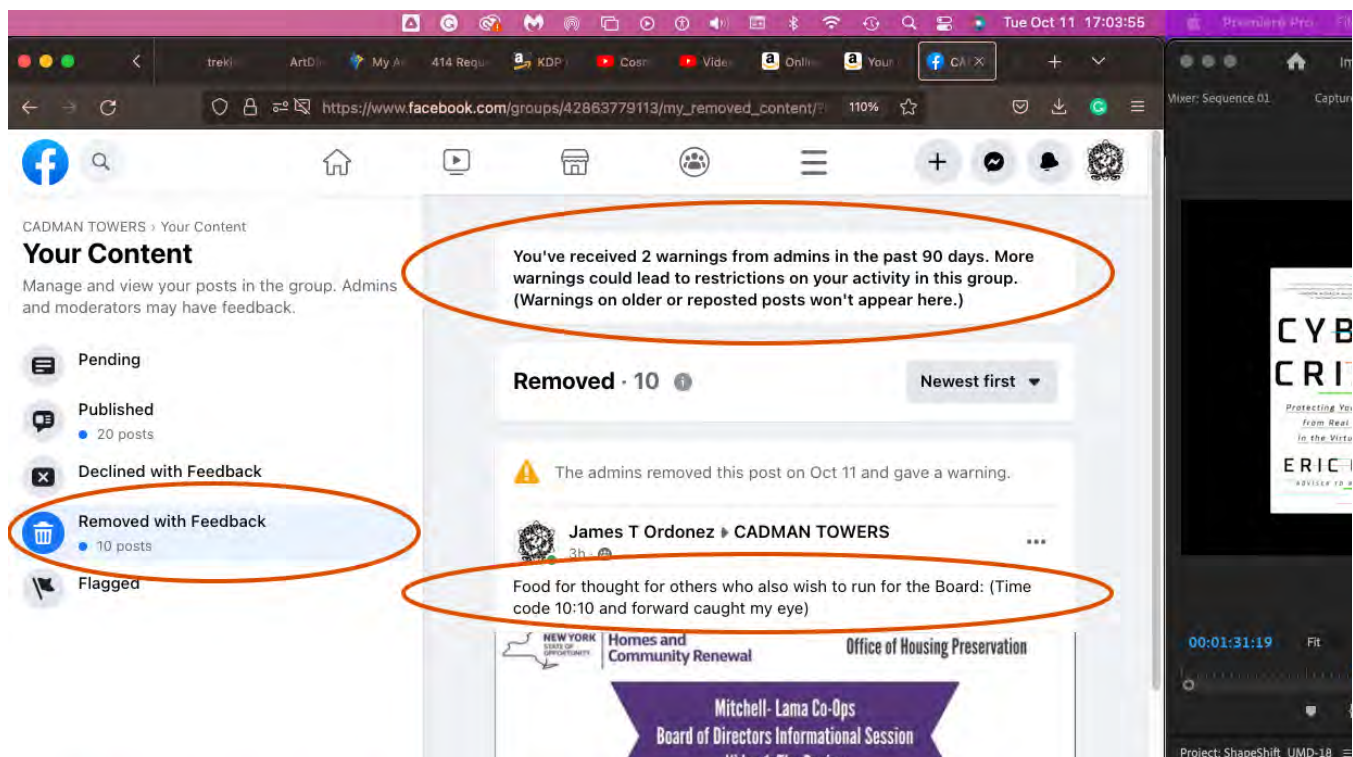
I'd be happy to meet with you, Courtney, and [REDACTED] to discuss. [REDACTED]

[REDACTED]
101 Clark Street | [REDACTED] | Brooklyn, NY 11201 | [REDACTED]

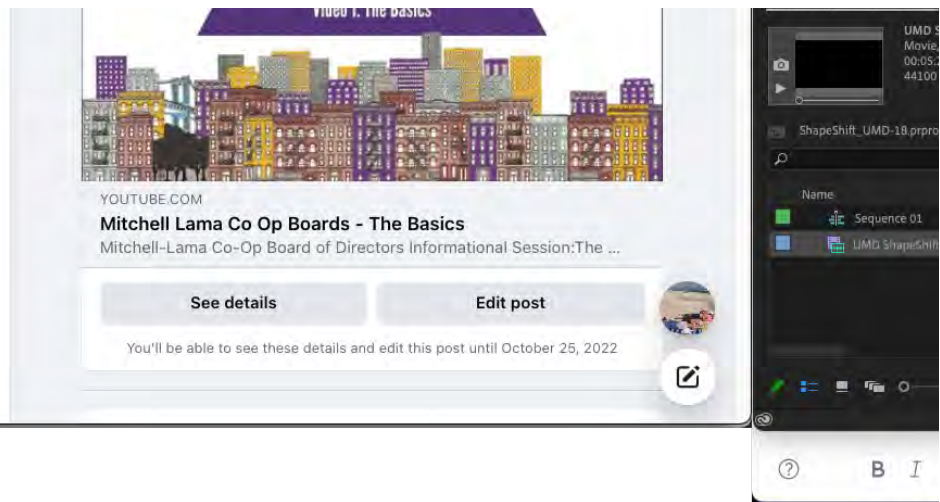
EXHIBIT A-3



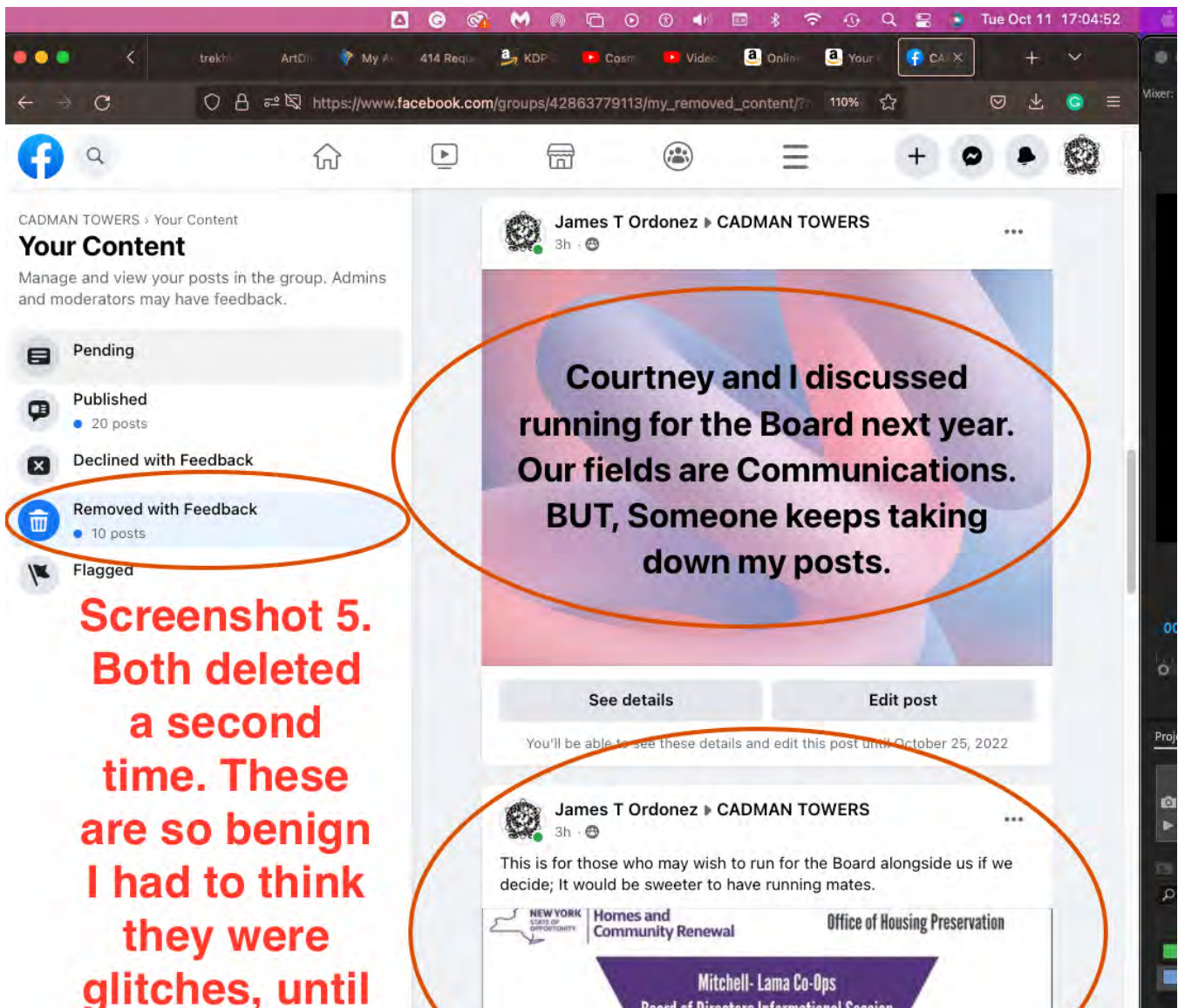
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Screenshot 4



The fifth Screenshot: The first is a second attempt to repost the benign announcement of considering to run for the board, and the second attempt to post the **HPD video of "Board of Director Basics"** for any who may wish to run alongside us. Again, also censored a second time by Admins.



Screenshot 5.
Both deleted
a second
time. These
are so benign
I had to think
they were
glitches, until

EXHIBIT A-4



CLARK
STREET



COMMITTEE
TO
PRESERVE
CADMAN
TOWERS

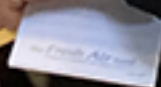
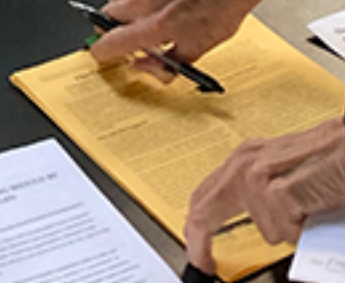
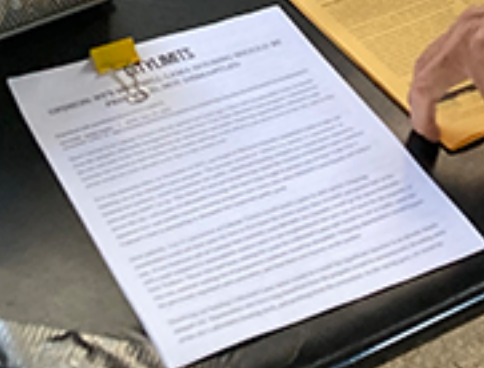


EXHIBIT B-1

From: [REDACTED]
Subject: Email from Cadman Towers Association
Date: October 18, 2022 at 5:36:24 PM EDT
To: "artdirectorusa@gmail.com"
<artdirectorusa@gmail.com>

Hi James,
I'm forwarding the email below which was sent by the
Cadman Towers Association to its members. They
don't like Board censorship any more than you or I do.

[REDACTED]

October 17, 2022

Dear Cooperator:

The following letter was posted on the Cadman Towers Facebook page earlier today. However, you may not have seen it since it was unpinned from the top, and pushed to the bottom somewhere. Why? Did members of the Board (who are the FB administrators) not want it to be read by cooperators? Here is the letter we posted. We thought you should be able to read it!! If you have any thoughts to share, please respond to cadmantowersassociation@gmail.com. We'd love

to hear from you.

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Did you know that in 2023, Cadman Towers will celebrate its 50th anniversary?

It's a good time to remember that the very first group organized to represent shareholders was the **Cadman Towers Association (CTA)**. The Steering Committee of CTA (its executive board) spearheaded the effort to resolve our co-op's construction and early financial problems. And, indeed we did. After much hassle, we finally gained control of Cadman Towers and elected a Board of Directors. The CTA assumed the role of the voice of the cooperators.

For most of the ensuing years, **the Board and CTA functioned as partners**. While the Board was responsible for legal and operational issues, CTA provided valuable input. Here are just a few of the things CTA has done over the years with full cooperation and support of the Board:

1. Organized and implemented a floor captain program to ensure that individual problems were met and cooperator concerns heard.
2. Prepared and revised the Cadman Towers Handbook, distributed to all new cooperators.
3. Organized and implemented an annual December holiday party, art fairs, kids' Halloween parties, neighborhood

trips, wine tasting, movies, and many other social events.

4. Conducted and distributed the holiday gratuity fund for Cadman employees.

5. Organized and promoted the “no parking” zone at 101 Clark.

6. Worked with community police to deal with Henry St. traffic congestion.

7. Participated in Board committees to improve maintenance and security of our buildings.

8. Prepared and distributed a monthly newsletter for all cooperators.

For many years, CTA activities and communications with cooperators were encouraged and supported by the Board. CTA flyers were routinely placed under our doors by Cadman staff and we had access to all co-op channels of information.

But, over the last 10 years a growing unease has developed between the Board and CTA. Recent Boards no longer ask for cooperator participation on some Board committees and thus deny them the ability to have a voice in Cadman’s operations. Cooperator issues, previously voiced through the CTA, no longer have a significant impact. Most importantly, the Board will not allow CTA material to be circulated via BuildingLink, the Board and cooperators communication tool.

As a result, CTA no longer has any way to reach its membership, Cadman cooperators.

This unease was exacerbated as the Covid restrictions emerged. The CTA never imagined a need to compile a separate email list. Our Facebook page reaches only a limited number of people. Without email access or in-person meetings the CTA cannot hear cooperators' concerns. A doorknob holiday greeting that CTA members placed on every apartment door in December, 2021 was removed within 30 minutes by Cadman staff instructed to do so by the Board. At present, it is impossible for CTA to conduct elections to the Steering Committee, the CTA governing group, or have meaningful interaction with a larger number of people.

As a result, the Steering Committee has decided to pause CTA activities for the time being. Perhaps, as Cadman celebrates its 50th anniversary in 2023, the Board will rethink its attitude toward CTA and remember the long history of respect, cooperation and support we have had for each other.

The Cadman Towers Association
October 17, 2022

[REDACTED], President,
[REDACTED], Vice President
[REDACTED], Secretary
[REDACTED], Treasurer
[REDACTED], [REDACTED], [REDACTED], [REDACTED]
[REDACTED], Members at Large

EXHIBIT B-2

Taray Gill

Inbox - ArtDirectorNY@gmail.com 11/17/22, 8:56 AM

Notification of New Library Document:Board Meeting Minutes - October 26, 2022 6 KB

To: Apt 29F - James/ Jamie Ordonez, Cadman Towers Inc.. A Library Document titled 'Board Meeting Minutes - October 26, 2022' has been added/revised. Click on the link below (or copy and paste it into your browser's address bar) to view it. <http://www.cadmantowersresidents.co...>

James Ordonez & Taray

Inbox - ArtDirectorNY@gmail.com 11/1/22, 11:59 AM

Notification of New Library Document:Board Meeting Minutes - September 21, 2022 25 KB 2

Hi Taray Jaime T. Ordoñez ArtDirectorNY @ gmail.com www. Art-Director-NYC. com 727-290-8244 To: Apt 29F - James/ Jamie Ordonez, Cadman Towers Inc.. A Library Document titled 'Board Meeting Minutes - September 21, 2022' has been added/revised. Click on the link belo...

Taray Gill

Inbox - ArtDirectorNY@gmail.com 9/22/22, 8:50 AM

Notification of New Library Document:Board Meeting Minutes - August 17, 2022 6 KB

To: Apt 29F - James/ Jamie Ordonez, Cadman Towers Inc.. A Library Document titled 'Board Meeting Minutes - August 17, 2022' has been added/revised. Click on the link below (or copy and paste it into your browser's address bar) to view it. <http://www.cadmantowersresidents.co...>

Taray Gill

Inbox - ArtDirectorNY@gmail.com 6/16/22, 9:04 AM

Notification of New Library Document:Board Meeting Minutes - May 18, 2022 6 KB

To: Apt 29F - James/ Jamie Ordonez, Cadman Towers Inc.. A Library Document titled 'Board Meeting Minutes - May 18, 2022' has been added/revised. Click on the link below (or copy and paste it into your browser's address bar) to view it. <http://www.cadmantowersresidents.com/V2/x....>

Taray Gill

Inbox - ArtDirectorNY@gmail.com 5/19/22, 9:09 AM

Notification of New Library Document:Board Meeting Minutes - April 20, 2022 6 KB

To: Apt 29F - James/ Jamie Ordonez, Cadman Towers Inc.. A Library Document titled 'Board Meeting Minutes - April 20, 2022' has been added/revised. Click on the link below (or copy and paste it into your browser's address bar) to view it. <http://www.cadmantowersresidents.com/V2/x....>

Taray Gill

Inbox - ArtDirectorNY@gmail.com 4/21/22, 8:55 AM

Notification of New Library Document:Board Meeting Minutes - March 16, 2022 6 KB

To: Apt 29F - James/ Jamie Ordonez, Cadman Towers Inc.. A Library Document titled 'Board Meeting Minutes - March 16, 2022' has been added/revised. Click on the link below (or copy and paste it into your browser's address bar) to view it. <http://www.cadmantowersresidents.co...>

Taray Gill

Inbox - ArtDirectorNY@gmail.com 3/17/22, 8:57 AM

Notification of New Library Document:Board Meeting Minutes - February 16, 2022 6 KB

To: Apt 29F - James/ Jamie Ordonez, Cadman Towers Inc.. A Library Document titled 'Board Meeting Minutes - February 16, 2022' has been added/revised. Click on the link below (or copy and paste it into your browser's address bar) to view it. <http://www.cadmantowersresidents.co...>

EXHIBIT C-1



- More projects need to be done, for instance, two boilers needing replacement
- Cadman's debt and earnings ratio (ability to pay back loans) is not good
- The reality is Tomorrow is Here. We have to plan. Next year is Cadman's 50th anniversary. Our loans are gaining interest. We are responsible for paying this debt. We are looking at what our next round of repairs will include.
- Local Law 97 will make the environment greener but it comes at a cost
- **Note: Some mean spirited remarks have been directed towards Board members. We are all neighbors. Board members are dedicated volunteers who work for free. Please be kinder!**

➤ **Motion** by Paula Schasberger, seconded by Shelley Holtzberg, **to approve next year's budget. Passed Unanimously.**

President's Report: Toba Potosky

- Shred Fest: Sunday, November 6, 2022
- Cadman Kids Halloween:
 - goody bags for children: please sign up in either building lobby
 - New lobby decorations this year

CONCLUSION

In conclusion, based on all these advertent or inadvertent factors, the simple math is that it will be nearly impossible for the Board to hold sufficiently satisfactory informational Virtual-Zoom meetings. To begin with, due to everyone's abilities to attend, plus technical difficulties, the many, advertent or inadvertent, host of limitations for ALL Shareholders to express, ask questions, follow-up questions, distribute paper documents, etc., for a fair and impartial vote. The only viable option is to wait for a time in the future when all these issues have been addressed and the pandemic has waned enough for everyone to attend a series of in-person meetings.

Our two cents!