

A Wrestling Match Over Control of the Chrysler Building

Legal maneuvers and an empire in tatters leave the ownership of the once grand Manhattan skyscraper up in the air.



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Philip Kaleta reviewed internal documents and court filings in reporting this article.

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The owners of the Chrysler Building in Manhattan are at risk of eviction after the real estate empire of one of its owners imploded amid allegations of financial impropriety.

Signa Holding — led by René Benko, an Austrian investor whose company assembled a worldwide portfolio worth more than \$20 billion before it fell apart late last year — teamed up with RFR Holding, a New York company led by Aby Rosen and Michael Fuchs to buy the Chrysler in 2019 for \$151 million. The partners promised to return the aging dowager of the New York skyline to its glory days.

But the partners didn't acquire the land below the building. Rather, they entered into a ground lease, which gave them control over the skyscraper itself for decades but required them to pay rent to the owners of the land beneath it. This arrangement, while not unusual in New York City real estate, can make for a complicated relationship between landlord and tenant.

The landowner, the Cooper Union for the Advancement of Science and Art, a private college which uses the rent from the building to subsidize student tuition, recently announced it was terminating the ground lease and taking control of the building, claiming the partners were months in arrears, according to documents reviewed by The New York Times.

“You have a contractual obligation to pay your rent,” wrote Steven Klein, a lawyer representing Cooper Union wrote to the owners in a letter dated Sept. 27 and obtained by The Times.

The owners filed suit in New York State Court to try to halt the eviction by Cooper Union. Signa referred all questions to RFR, which declined to comment.

Legal disputes and ruthless maneuvers are commonplace in the cutthroat world of commercial real estate in New York, particularly when the market is struggling, as it has been since the pandemic when many workers still have not fully returned to the office. But the fate of the once-grand Chrysler, in particular, has grown murkier in light of Mr. Benko’s troubles.

In late November, Mr. Benko’s empire crumbled under the weight of over \$20 billion in debts owed to a consortium of global investors, including the royal families of Qatar and Abu Dhabi. Public prosecutors from Austria and Liechtenstein are investigating the former billionaire. The downfall of Signa, which used to be one of Europe’s largest real estate players, left creditors scrambling to recoup their investments.

Mr. Benko’s defense lawyer, Norbert Wess, rejected claims of financial impropriety, saying the accusations were unfounded.

“Mr. Benko is working with his lawyers to assist the prosecuting authorities and is presenting his position and point of view to them,” Mr. Wess said. “We are confident that this will dispel all accusations against our client.”

Mr. Benko, 46, was raised in Innsbruck, Austria. His mother was a kindergarten teacher; his father, a civil servant. At 17, Mr. Benko dropped out of high school and began converting attics of working-class houses into expensive lofts. After receiving an initial investment from the heir to a gas station fortune, Mr. Benko was able to quickly expand his business throughout the 2000s.

René Benko in April. His defense lawyer rejected claims of financial fraud, saying the accusations were unfounded. Johann Groder/Agence France-Presse — Getty Images

Mr. Benko faced legal trouble in 2012. Prosecutors in Austria said he paid a former Croatian prime minister to push Italian officials to help contest a tax bill on Signa-owned properties in Italy. Mr. Benko was sentenced to a year in prison but ended up serving the equivalent of probation. Despite this hiccup, Mr. Benko continued to receive investments from wealthy European investors, including Robert Peugeot, the heir of the French car dynasty.

In 2019, Signa and RFR purchased the Chrysler Building, at what looked to be a bargain. The \$151 million purchase price was a pittance compared to the \$800 million paid by its former owner, Abu Dhabi Investment, in 2008 for a 90 percent stake.

The building has long symbolized New York's romance with sleek design and height. The Art Deco skyscraper, located at the intersection of 42nd Street and Lexington Avenue, was the world's tallest skyscraper when it was finished in 1930, until it was surpassed soon after by the Empire State Building.

Despite its noble past, the Chrysler is facing a dim future. The building's fortunes have been buffeted by neglected repairs, a lack of modern amenities and vacancies after numerous tenants decamped during the Covid-19 pandemic.

A recent survey by Trepp, a commercial real-estate analytics firm, found that commercial properties built before the 1950s experience an average valuation loss per year of about 11 percent, Thomas Taylor, the senior manager for research at the firm, told the Times.

Still, the low price paid by Signa and RFR surprised many who work in real estate. The owners were pleased with the terms, however, according to someone involved with the negotiations who asked for anonymity because he was not authorized to speak publicly.

One reason: The rents demanded by Cooper Union made it nearly impossible for the Chrysler Building to be profitable, the person involved said. Tishman Speyer, the development company which owned 10 percent of the building, thought Cooper Union would never cut a deal on the land lease.

Cooper Union's land ownership, which it holds through the year 2147, immediately became a problem for Signa and RFR. The annual ground lease payments soared from \$7.75 million in 2018, just before the partners took over, to \$32.5 million, a cost expected to rise to \$41 million by 2028, The Times reported in July.

A confidential letter from Cooper Union's lawyers to RFR management, obtained by The Times, shows that the college was willing to negotiate a restructuring of the lease, though it did not spell out the details. Twice, in 2021 and in 2023, Cooper Union and the building owners agreed on terms only to have them fall apart, according to a person involved in the discussions who was not authorized to speak publicly.

In its recent lawsuit, Signa and RFR said the terms of the restructuring were unnecessarily onerous. They also found the building in a greater state of disrepair than they were led to believe before their purchase of it, the lawsuit said.

The wheeling and dealing took a toll on the Chrysler Building. RFR and Signa had planned only minor renovations until the land lease issue with Cooper Union was settled. After that, they had hoped to revamp the building and fill it with tenants, such as law firms, until new buyers were found, a person involved in those plans told The Times.

None of it materialized.

By last November, far bigger problems were emerging for Mr. Benko.

The lobby of the Chrysler Building. George Etheredge for The New York Times

Despite repeated requests from shareholders, Signa delayed audited financial statements, and the European Central Bank warned commercial lenders of the elevated risks of dealing with Signa. Mr. Benko was frantically seeking fresh capital to keep his company afloat.

In the midst of this financial turbulence, RFR Holding offered to buy out its partner's 50 percent stake for \$1, plus the assumption of the building's debt and a possible small share in future profits, according to a person involved in the negotiations who was not authorized to speak publicly.

Before that offer could be addressed, the partner, Signa Holding, filed for insolvency in Austrian court. That ended the partnership between RFR and Signa. Signa Holding's share of the Chrysler Building is now up for sale, as part of the liquidation process of the company's assets.

Shareholders and lenders are determined to better understand Mr. Benko's transactions, including whether any of their funds were used in the Chrysler Building purchase.

At the forefront of this pursuit is the Al Nahyan family of Abu Dhabi, which controls Mubadala Investment Company, one of the world's largest sovereign wealth funds. The Al Nahyans claim, in lawsuits filed in France, that Mr. Benko defrauded them of at least \$834 million in today's exchange rate.

Another of Mr. Benko's lawyers, Till Dunckel, denied Mubadala was defrauded. The wealth fund invested only \$650 million while receiving interest payments over the years, he said.

Cooper Union, in its letter, accused Signa and RFR of misrepresenting their financial position during their lease negotiations. Over the past few months, the letter said, the partners failed to pay the rent, claiming the college is owed \$21 million since May.

On Sept. 27, Cooper Union, in its termination letter, said it was assuming control of the building and engaging the real estate firm Cushman & Wakefield to manage it.

RFR had filed its lawsuit against Cooper Union the day before.

"Cooper Union's misguided decision to share its inaccurate and self-serving letter with the media is a transparent and desperate attempt to deflect attention from, and create a false narrative around RFR's commencement of a lawsuit against it mere hours earlier," RFR's lawyers, Terrence Oved and Darren Oved, said in a statement to The Times.