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Illegal Sublets Put Private Eyes on the Case

By JANNY SCOTT

The house was one of those stucco numbers that grow in the suburbs like crab grass. The woman in question was a cagey brunette suspected of chiseling her landlord. She had a rent-regulated apartment in Manhattan that she seemed to be subletting illegally for twice what she was paying, while sleeping in the stucco house just outside the city.

Bill Golodner idled his sport utility vehicle beside the curb a few doors down. He clipped a surveillance camera to the steering wheel and brought the house into focus. He ran a rough paw over his shaved head, switched on a camera concealed behind the third buttonhole of his dress shirt, then slipped out into the chill morning, heading for the front door.

Philip Marlowe, if he were around, might be doing rent-fraud cases, too.

These are busy times for private investigators in the real estate racket in New York City. Market-rate rents are in the exosphere. Denizens of the city's 1.1 million rent-regulated apartments have dug in, and landlords are shelling out serious money in search of grounds to dislodge rent-law violators and get a chance to push up rents when an apartment turns over to a new tenant.

At the confluence of those crosswinds, a private eye can flourish. Investigators like Mr. Golodner sweep up whatever incriminating evidence can be used by building owners and their lawyers to show scofflaw tenants the wisdom of, say, relocation.

Mr. Golodner and his partner, Bruce Frankel, both former New York City police detectives, say their firm has handled close to 500 real estate cases in the past year. They mine public records, plumb the depths of the World Wide Web, plant hidden cameras — trawling for proof of illegal subletting, income-limit violations and the improper use of apartments for businesses, even prostitution and drug dealing.

“Everybody thinks landlords are bad and we can steal from them,” said Mr. Frankel, a helicopter door gunner in Vietnam who later worked in the garment center and can still spot a tailor-made suit by the sleeve buttons alone. “We live in a life of double standards. We have all these great people who go to work, donate to charities, talk about how the war is horrible — but everybody still thinks it's O.K. to have the Robin Hood mentality.”

Take the tenant who seemed to be allowing her Manhattan apartment to be used for illicit business. The owner of the building answered an ad for what Mr. Frankel and Mr. Golodner call a massage. Unexpectedly, he found himself in a building he owned. When Mr. Frankel and Mr. Golodner investigated, they say they found the tenant of record was paying \$800 a month but living in Westchester County, while collecting \$2,700 a month from the woman in the apartment selling her services.

Another woman claimed to be living in her rent-regulated West Village apartment, for which she paid about \$1,500 a month, less than half the market rate. Mr. Frankel and Mr. Golodner say they found her in South Dakota, after her address surfaced in a public-records search because she had applied for a license to work in the gambling industry.

They say they interviewed the lawyer who had helped her buy a house in the Badlands; they believe she was planning to hand over the apartment to her son, who was not yet living in New York.

Another private investigator, Nick Himonidis, founder of NGH Associates in Roslyn Heights, N.Y., recalled a case in which a tenant was operating an architectural office out of a rent-regulated apartment: three architects, support staff, cleaning crews. Two investigators from Mr. Himonidis's office made an appointment, talked to the architects and asked for a tour of the office. They captured the whole thing on hidden cameras.

"As a percentage of our business, our work for landlords as clients has probably gone from 5 percent to closer to 20 percent in the last 24 months," said Mr. Himonidis, who believes the rise in rents has made an owner more likely to call in an investigator. "It simply might not have made economic sense 5 or 10 years ago. And now it does."

Samuel J. Himmelstein, a Manhattan lawyer who has represented tenants for 28 years, says the number of cases filed by landlords against tenants jumped in the late 1990s after the law was changed to make it easier for apartments to be deregulated once they become vacant. He said surveillance video tapes are increasingly the preferred standard of proof that a tenant is not living in his apartment — or that someone else is.

Mr. Himmelstein said: "I get a lot of clients who get these suspicious phone calls. Someone will say, 'We have a case of wine someone wants to send you, where should we bring it?' " As part of that ruse, Mr. Himmelstein explained, investigators would walk up to the client's other residence with a camera and videotape the client opening the door and accepting the case of wine. He said surveillance tapes now show up in about 20 percent of his cases.

Under the New York City rent rules, which cover half the 2.1 million rental apartments in the city, a tenant with a lease on a rent-regulated apartment must live in it at least half the year. He cannot sublet without the owner's permission and cannot charge more than the regulated rent. When the primary tenant moves out or dies, only family members already living in the apartment for at least two years have a right to take over the apartment.

Owners are allowed to charge only a fraction of current market-rate rents. They can apply for deregulation only when an apartment's rent reaches \$2,000 a month and either the tenant moves out or the existing tenant's household's income tops \$175,000 for two years in a row. But if a tenant leaves, the owner can raise the rent for the next tenant by roughly 20 percent, and pass on part of the cost of any improvements made between tenants.

Mr. Golodner himself lives in the rent-controlled apartment on the East Side of Manhattan where his father was born and died. He has worked as a bank teller, a meat cutter, a garage attendant and a paramedic, and was a police officer for 20 years. An occasional actor, he is working on a screenplay about a Jewish detective married to a Wiccan priestess.

"I'm not one of these pansy P.I.'s that sits behind a computer," he said recently, mock-indignant. (He quickly volunteered that the line was lifted loosely from a private investigator in the movie "Intolerable Cruelty.")

Two years ago, Mr. Golodner, 50, and Mr. Frankel, president of the board of his own condominium, formed Frankel Golodner & Associates. Half their business involves real-estate-related investigations, a niche Mr. Frankel, 61, discovered through his wife, who

owns a real estate sales and management firm. But Frankel Golodner is full service — everything from matrimonial and nanny investigations to “executive protection,” and “corporate and event security,” including “explosive detection.”

The case that took Mr. Golodner out of New York City last week and up the steps of the stucco house was in a suburb that Mr. Golodner and Mr. Frankel asked remain unnamed as a condition of allowing a reporter to accompany Mr. Golodner. It was a typical “nonprime case” of a primary tenant suspected of illegally subletting her apartment and living elsewhere. Mr. Golodner said he figured he already had enough evidence to make his case against the woman, who he said was paying less than \$1,500 a month for her Manhattan apartment.

He put his finger to the doorbell. High-pitched barking erupted inside — the kind that comes out of small dogs with ribbons in their hair. Mr. Golodner planned to tell the woman he was an insurance investigator looking into an accident that had occurred on the street some months before. With any luck, the woman would get chatty and volunteer something revealing — say, that she had lived there for years.

But she was tough. She opened the door just a crack. The camera nestled near Mr. Golodner’s solar plexus recorded nothing more than the crack in the door and an occasional glimpse of her hand. She seemed dubious about the accident story. When Mr. Golodner asked her casually how long she had lived in the house, she said she did not live there. She just stayed there with her boyfriend, she said.

Back in the car, Mr. Golodner said he had was ready to write up a final report for the client, even though the woman had not tipped her hand.

He recalled an earlier surveillance that had gone better. Another nonprime tenancy investigation, another Manhattan apartment, another woman living outside the city. But when Mr. Golodner had played the insurance investigator, he said, that woman took the bait.

“Oh no, three months ago?” he remembered her saying. “I saw the whole thing! I’m here all the time. They use this road as a raceway.” She had owned the house for 20 years, she volunteered; she had lived there for nine. And she had an office in Manhattan — which, Mr. Golodner said, turned out to be the apartment in question.

He chuckled.

“She wouldn’t shut up,” he said.