

Lessees at the mercy of 'mafia' headless and managing agents

Version 2

27 May 2002

PLEASE NOTE (added at August 2005):

- (1) My knowledge of mafia activities is limited to what is reported in the media
- (2) I am NOT suggesting that Steel Services and Martin Russell Jones are involved in these activities.

The reason for my using this word is that the activities in which they have engaged i.e. bullying, intimidation, dishonesty etc., remind me of practices I have seen employed by the mafia in, among others, documentaries.

Hence, my use of inverted commas around the word 'mafia'

Mr Michael Portillo
c/o Kensington and Chelsea Conservative Association
1a Chelsea Manor Street
London SW3 5PR

27 May 2002

Dear Mr Portillo

On 20 May I sent you a document in preparation for our meeting on Tuesday 28 May at 9:10 am.

Aside from the addition of an 'executive summary and next steps' section, (as well as a few cosmetic changes), this document is as per the one I sent you on 20 May, and details topics I wish to discuss with you.

As you may have had the chance to see in the previous document, we are facing a horrendous situation in our block of flats due to, what is probably best described as: a 'take-over by a mafia mob'.

Currently, our most pressing concern is the prospect of residents each having to pay £40,000+ for alleged refurbishment of the block.

Government departments and legislation are failing us and, as a result, pushing us towards the highly unpalatable route of having to use lawyers and other professionals to advise us. Initial costs will be £23,000+. We could be looking to £50,000+. We just do not know what we are letting ourselves in for.

This is worrying me sick, and is seriously affecting my private life, as well as work life. (Clearly, it is also having an impact on other residents).

It also makes me very angry that the onus appears to be entirely on us to defend ourselves: there appears to be nothing to protect us from this mob.

Wherever we have turned to in terms of government departments, the response has ranged from, at best, "*Yes, that's the type of thing we deal with but, in your case, we don't know how to move forward*", to being obstructive.

The next pages include a summary of the main issues with our desired corresponding actions for which we would be most grateful for your assistance.

Yours in hope

Best regards

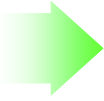
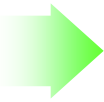
Noëlle Rawé
Flat 3 Jefferson House
11 Basil Street
London SW3 1AX
Tel: (work)
(mobile)

Also representing Ms

Executive summary and next steps

Issue	Action / Assistance required from you Mr Portillo	
<p>Residents are forced to spend £25,000, maybe up to £50,000 to fend off potential average bill of £40,000+ each</p>	<ul style="list-style-type: none"> ■ If we do not spend £25,000+, maybe £50,000 (?) on lawyer and building surveyor fees, our block of 35 flats will be faced with a refurbishment bill of £1,300,000+, maybe £1,500,000... or more <ul style="list-style-type: none"> – Equivalent to an average of £40,000+ per flat ■ If we say: “can’t pay”, we will end-up on the pavement, homeless 	<ul style="list-style-type: none"> ■ To ensure that our desired actions below are pursued
<p>We are absolutely convinced that this proposed spent is linked with the building of an extra floor, and associated costs – which we should not be paying for</p>	<ul style="list-style-type: none"> ■ The block needs to be refurbished, but this amount is c. 10 times that of previous refurbishments <ul style="list-style-type: none"> – No major/ significant deterioration has occurred to warrant this spend ■ We have evidence that this spend is linked with a planning application to build an extra floor e.g. the works schedule states that: <ol style="list-style-type: none"> (1) “<i>repair to the roof is required</i>”; <u>our view</u>: the roof would have to be entirely demolished in order to build the penthouse flat (2) “<i>a new lift needs to be installed</i>”; <u>our view</u>: no doubt, due to having to reach another floor ■ The planning application granted by RBK&C town hall in January 2002 is in breach of our lease which states that the maximum height for our building should be 65 feet <ul style="list-style-type: none"> – Building of a penthouse flat would bring the height to 75 feet (height confirmed by the planning application department) – Although a ‘Planning Permission – July 1995, Covenant 158’ warns that “<i>...headlessors could lose their property and freeholders could be taken to court if they break an important covenant</i>”, RBK&C told us: “<i>Not our problem. Get a lawyer</i>” 	<ul style="list-style-type: none"> ■ London Valuation Tribunal (LVT) to intervene in our dispute so that we do not end-up spending possibly up to £50,000 fending off this potential bill <ul style="list-style-type: none"> – (Although the LVT cannot theoretically intervene because our lease states that service disputes must be resolved through arbitration, our case demands special consideration: racketeers must not be allowed to hide behind the terms of our lease for protection against more effective and less costly action) ■ Get RBK&C planning application department to reverse the planning application because it is in breach of our lease – and to consider action against the headlessor given the breach of Covenant 158

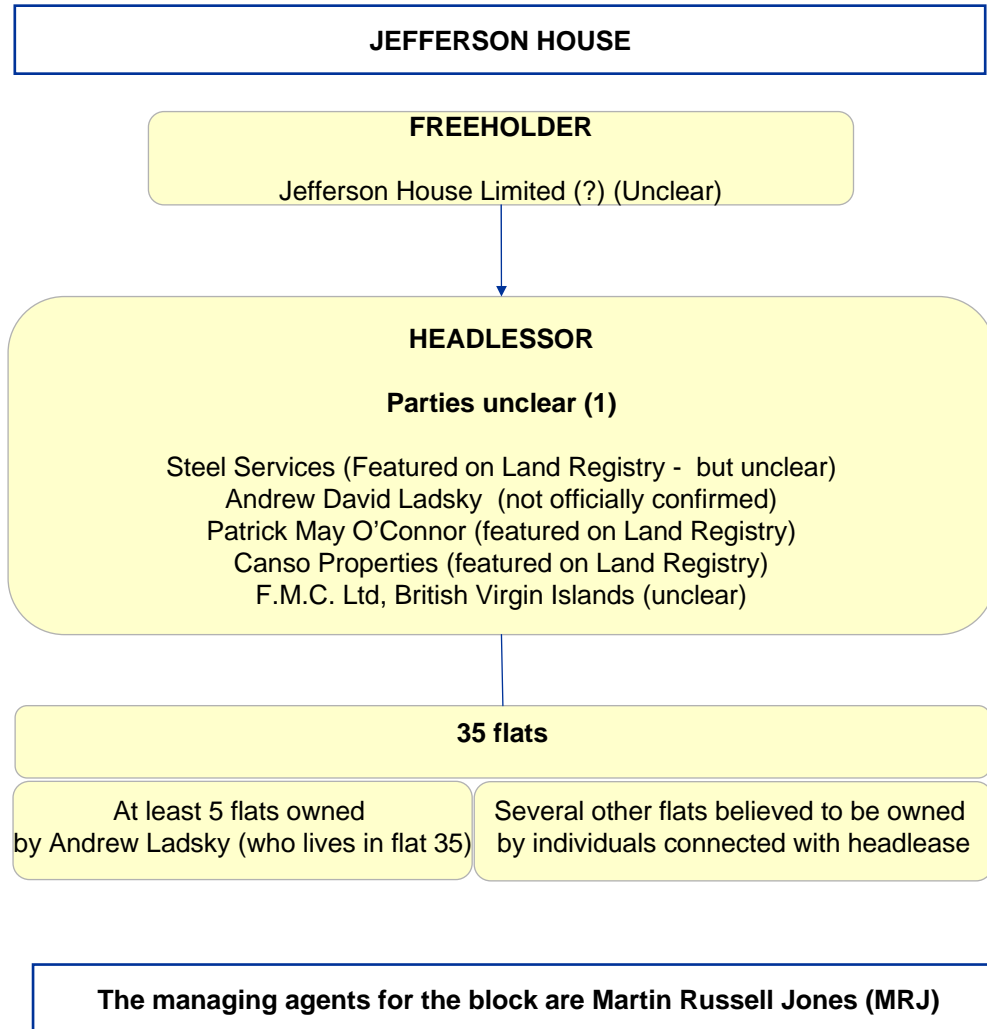
Executive summary and next steps (cont'd)

	Issue		Action / Assistance required from you Mr Portillo
<p>There is an urgent need for us to get rid of the managing agents who are unscrupulous, incompetent and, by being the puppets of the managing agents, will continue to cause us endless problems</p>	<ul style="list-style-type: none"> ■ We have evidence that the managing agents, Martin Russell Jones (MRJ), are overcharging us on the service charges and not managing our block properly – with the most obvious and blatant negligence of all: <ul style="list-style-type: none"> – letting the block deteriorate to the point where it (apparently!) requires a £1,300,000+ spend - Equivalent to an average of £40,000+ per flat ■ Indications are that our most effective option to get rid of MRJ is to have a management audit/forensic accounting of their books conducted ■ This requires getting a resident association for our block recognised by the LVT's Rent Assessment Committee <ul style="list-style-type: none"> – To be granted this status requires having 60% of the 'qualifying tenants' as members of the association – We estimate that 17 out of the 35 flats are owned by/ connected with individuals linked with the headlessor – Logically, these flats should be excluded from being 'qualifying tenants'. So far, the Rent Assessment Committee has been incapable of telling us whether this is the case – However, even if our (logical) assumption is correct, it would be impossible for us to prove as – contrary to the Leasehold legislation – the managing agents and headlessor are refusing to provide us with the name of directors and secretary for the headlease – After five months of trying, Sandy McDougall, Tenancy Relations Officer at the RBK&C town hall, (who has the authority to get this information), has reached the point where he does not know what to do next – and the Leasehold Advisory Service he has contacted for advice is not proving of help 		<ul style="list-style-type: none"> ■ To explain our situation to the LVT's Rent Assessment Committee, and get them to grant a recognised status to our residents association (of seven residents) ■ To get the LVT to actively help us get rid of the managing agents ■ To ensure that Sandy McDougall is provided with experienced and competent legal support to help him get all the name of the directors and secretary for the headlease
<p>We need to get rid of our nightmare headlessor</p>	<ul style="list-style-type: none"> ■ Unless the headlease is taken away from the current headlessor we face a future of constantly having to employ lawyers to fight them off – and getting, quite literally, ruined in the process ■ This future also holds out the likely continuation of harassment and intimidation of residents, and quite possibly, further assault <ul style="list-style-type: none"> – It is inconceivable that in 2002 – in England - a 'mafia mob' such as this is allowed to run a headlease 		<ul style="list-style-type: none"> ■ To bring our case to the attention of the relevant government department(s) with the aim of taking the headlease away from the headlessor

We need the actions to take place very quickly

- **Background to Jefferson House**
- The issues
 - Forced to spend £23,000+ to fend off average bill of £40,000+
 - Government departments unhelpful/ obstructive

Jefferson House is a block of 35 flats for which ownership is unclear. Although not officially communicated, Andrew David Ladsky, residing in flat 35 is definitely connected with the headlease



Note: (1) See pages 12 to 14

Our block is a soft target as many flat owners are domiciled overseas

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- Background to Jefferson House
 - The issues
 - **Forced to spend £23,000+ to fend off average bill of £40,000+**
 - Government departments unhelpful/ obstructive

The headlessor has informed us that refurbishment of the block was required and the cost was likely to be in excess of £1 million + VAT and fees – and could be “*significantly more*”

- Forced to spend £23,000+ to fend off average bill of £40,000+



The block needs to be refurbished, but the cost is 10 times that of previous refurbishments

- In a letter dated 26 March, MRJ informed us that refurbishment of the block was required, and the cost was likely to be in excess of £1 million + VAT and fees
 - They also stated that it could be “*significantly more*”
- This cost is outrageous, and in all certainty unwarranted
 - Previous refurbishments cost c. £150,000

The headlessor is adopting a ‘fail safe’ strategy

- We believe that MRJ - and in particular the headlessor who pull their strings - want to see if we can organise ourselves to challenge their plans (knowing that many of the owners live overseas)

IF WE DO

Their letter states “*We would stress that this is a very rough indicative estimate... The tendering contractors may produce a price which is significantly more (!!!) or less than the price indicated above...*”

ie. They will say

“*But we said that it could be significantly less*”

IF WE DON'T

We will be faced with a bill that is “*significantly more than £1 million*”

- We believe we will end up paying for works we should not be paying for - including in relation to a planning application to build an extra floor for a penthouse flat e.g. the refurbishment documents state that:
 - works need to be carried out to the roof. (In order to build the penthouse flat, the whole roof will have to be demolished. So how can they justify spending money to “fix the roof”?)
 - The lift needs to be changed. (To get the lift to reach another floor clearly has major implications)

We also suspect that the value of works carried out will be a lot less than the cost claimed

The block does need to be refurbished, but the proposed spend is outrageous

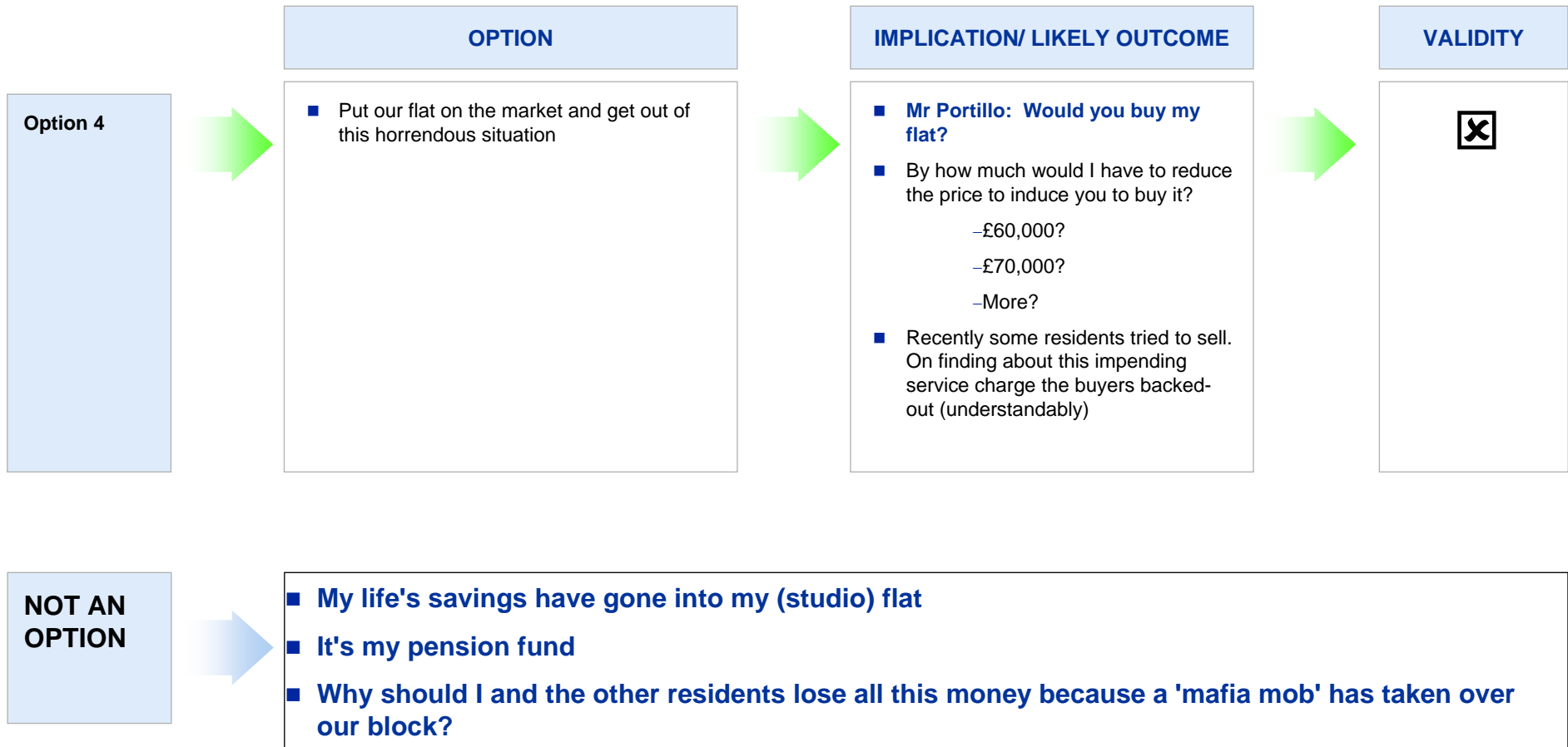
'Won't pay, can't pay' are not options open to us

	OPTION	IMPLICATION/ LIKELY OUTCOME	VALIDITY
Option 1	<ul style="list-style-type: none"> Write to MRJ and say this amount is ridiculous. Previous refurbishments were c. £150,000 	<ul style="list-style-type: none"> MRJ will query the basis on which we are arguing this, and tell us that this spend is required 	✗
Option 2	<ul style="list-style-type: none"> Wait until bill arrives and go to court to contest (incurring £10,000+ of lawyer fees in the process) 	<ul style="list-style-type: none"> We would be in a very weak position <ul style="list-style-type: none"> the court will say we were given ample warning. Hence, why did not we do something before? Saying that to do so would have entailed spending £25,000+ will not carry any weight Hence, we would lose the case In addition to our £10,000+ legal fees, we would have to pay for the headlessor legal fees - and still have to pay our individual bill of £40,000+ 	✗
Option 3	<ul style="list-style-type: none"> Individual residents saying that they cannot afford to pay a £40,000+ bill 	<ul style="list-style-type: none"> Legally, the headlessor has the right to regain the lease. <ul style="list-style-type: none"> We end-up, literally, on the pavement, homeless - while still having pay the mortgage on our flat! 	✗

In the worst case scenario, we end up on the pavement, homeless – and still having to pay the mortgage on (what used to be) our flat!

Mr Portillo, to induce you to buy my flat now, by how much would I need to reduce the price? £60,000? £70,000? More?

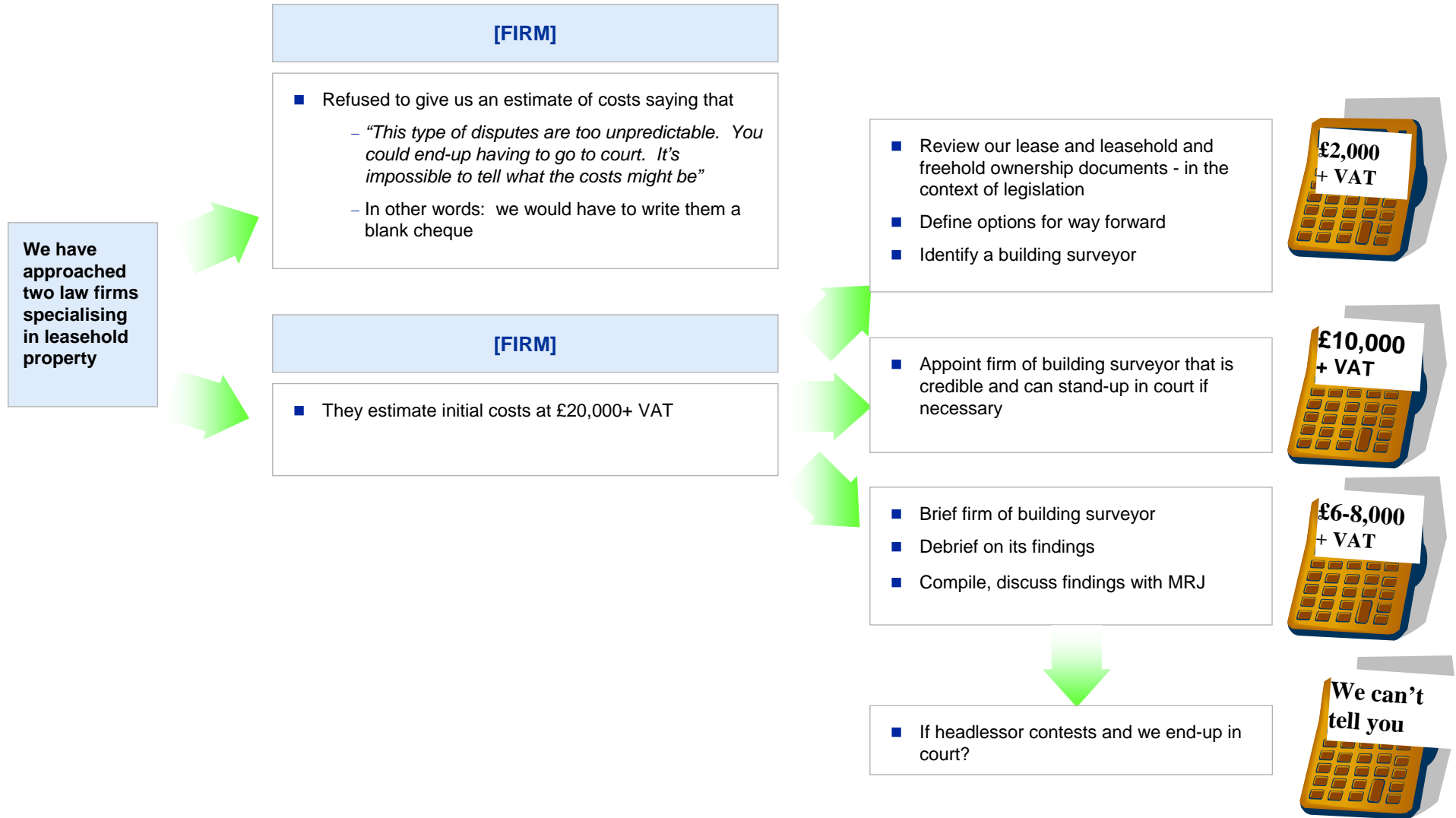
■ Forced to spend £23,000+ to fend off average bill of £40,000+



Why should I and the other residents lose all this money because a 'mafia mob' has taken over our block? In the meantime, we are 'stuck' in this block

Our only option – forced upon us - is to spend £23,000+ (could be a lot more) to fend-off the threat of an average bill of £40,000+...

■ Forced to spend £23,000+ to fend off average bill of £40,000+



...(each resident paying £40,000+ would not guarantee that the money would be spent on the block, and hence add value to our flats)

I am extremely angry to be forced to spend £5,000+ of my hard earned money because a 'mafia mob' has taken over our block. If they were bona fide business people, we would not be in this situation

■ Forced to spend £23,000+ to fend off average bill of £40,000+



35 flats

At least 5 flats owned by Andrew Ladsky

Several others believed to be owned by individuals connected with headlease

Several others owned by individuals believed to be implicated in the 'scam'

=

17 flats believed to be connected with Andrew Ladsky/headlessor

- Because 17 out of the 35 flats are owned by the headlessor / individuals we believe are connected with the headlessor / are implicated in what we view as a 'scam'
 - It makes it very difficult for us to get a number of residents sufficient to 'lessen the pain' of employing professionals to advise us
- In addition, there are also 'free-loaders' who are counting on the others to pay
- The outcome is that, currently, there are only four of us willing to go down the lawyer and building surveyor route
 - This implies an average cost of £5,000+ each – at this stage...
 - we do not know what is really in store for us
 - Maybe we should not be considering this route?
- And in addition:
 - What other scam is the headlessor going to think of tomorrow? Day after tomorrow?
 - Do we have to contemplate a future of constantly having to employ lawyers to fight off this 'mafia mob'?
 - Apparently, last year, Andrew Ladsky told a resident that he was going "to ruin us"... and he knows - no doubt from extensive experience - that he has carte blanche from the authorities to do it

Government departments cannot help / do not know how to help / add to our problem / are obstructive...

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- Background to Jefferson House
 - The issues
 - Forced to spend £23,000+ to fend off average bill of £40,000+
 - **Government departments unhelpful/ obstructive**

The Leasehold Valuation Tribunal cannot intervene in our service charge dispute, and its Rent Assessment department is bound by legislation which, apparently, it does not understand...

■ Government departments unhelpful/obstructive



Leasehold Valuation
Tribunal
&
Rent Assessment
Committee

The Leasehold Valuation Tribunal (LVT) cannot intervene in our service charge dispute

- Because our lease states that disputes must be resolved through arbitration

The managing agents, MRJ, are incompetent, and we have evidence that they are overcharging us. Numerous examples, including:

- Copy of building insurance document for 2000 states insurance premium at **£1,893**. In our service charge for the year 2000 this was costed at **£3,050**. (The address for our block on the document is also wrong: it states SW1, instead of SW3)
- **64% increase** in electricity standing charge from Q4 1999 to Q1 2000 (London Electricity, who confirmed they supply our block, have said that the cost has actually gone down)
- Mice infestation from rubbish uncollected due to no portorage for several weeks

- Negligence and incompetence have even been identified by the companies employed by MRJ to conduct the refurbishment survey – in connection with the lift (the following is extracted from the companies' February 2002 report):

- "...numerous items detailed in our report should have been undertaken by the incumbent maintenance contractor"
- "No copies of the lift maintenance reports were available.. We are given to understand that the lift maintenance agreement includes 12 visits p.a. The last recorded maintenance detail was 11 October 2001. Consequently, the routine visits for November, December 2001 and January 2002 appear to have been missed"

- This is in addition to the most blatant negligence and incompetence of all:

- Letting the building deteriorate to the point where (apparently!) it needs £1,300,000+ spend

Our prospects for getting rid of MRJ (who are so instrumental in our problem) look very bleak

- We have to demonstrate incompetence/ negligence to get rid of MRJ. (Change in legislation next year means that it will no longer be required. This is far too late for us)

- To prove negligence we need to have a management audit conducted. (Arbitration, which is a route in the case of dispute, is inappropriate as the arbitrator only gives a view 'as to the reasonableness of the service charges' (we need forensic accounting). In addition, from initial experience, we feel that the current arbitration system gives scope for impartiality and collusion)

- We can only have a management audit performed if we have a residents association recognised by the LVT' Rent Assessment department.

- This entails having "60% of the qualifying tenants" as members of the association. I called the department on two occasions, to determine whether a 'qualifying tenant' would exclude residents connected with the headlease, and to explain our current situation.
- The responses were very unhelpful: "I don't know. No, the person who deals with this is not here. No, he only works part-time. No, I can't tell you when he is in. Send in your application". "Well, that's the law!"

...making the possibility of getting rid of the incompetent and unscrupulous managing agents appear impossible

We do not have the name of the directors and secretary for the headlease. The RBK&C's Tenancy Relations Officer who has the power to request this information does not know how to deal with the situation...

■ Government departments unhelpful/obstructive



8 January 2002	■ Sandy McDougall, Tenancy Relations Officer, RBK&C wrote to MRJ requesting name of directors and secretary for Steel Services, headlessor. He gives 21 days for reply (as per the leasehold legislation)
14 January	■ MRJ reply: "We don't know"
17 January	■ Sandy McDougall writes to Steel Services and Jefferson House Limited (freeholder) requesting the information
25 January	■ MRJ: "The name of the directors are F.M.C. Ltd, Tropic Isle Building, Wickhams Cay, Roadtown, Tortola, British Virgin Islands"
30 January	■ Sandy McDougall writes to The Leasehold Advisory Service requesting their advice on how to proceed
19 February	■ Sandy McDougall sends chasing letter to The Leasehold Advisory Service
25 February	■ The Leasehold Advisory Service sends reply to Sandy McDougall quoting from the Landlord and Tenant Act 1985 – which leaves Sandy McDougall none the wiser
5 March	■ Still, Sandy McDougall tries to make the best of it and writes to MRJ stating, among others, that the headlessor "cannot hide behind the corporate veil"
??	■ Sandy McDougall gets a 'you can't force us letter' from MRJ and their solicitor
3 April	■ Yet again, Sandy McDougall contacts The Leasehold Advisory Service for advice
14 May	■ On 13 May I went to RBK&C town hall where I saw Sandy McDougall. He said to be awaiting a reply to his letter of 3 rd April to The Leasehold Advisory Service. The following day he sent them a chasing letter

... and evidently, nor does The Leasehold Advisory Service he has contacted for advice. Meanwhile, MRJ and headlessor are having a good laugh

We know that Patrick May O'Connor is a director, and have comprehensive evidence that Andrew David Ladsky is also connected with the headlease

■ Government departments unhelpful/obstructive



■ Patrick May O'Connor

- 14 companies dissolved
- 3 companies liquidated

■ Andrew David Ladsky

- 9 companies dissolved
- 1 company liquidated
- **Arthur Ladsky** (father?) also director of 7 of the companies dissolved

■ We know that Patrick May O'Connor is a director for the headlease

- Land Registry document for 'Leasehold' has a 'Restriction' entered on 1 June 2001 based on an "agreement dated 26 July 2001 made between (1) Steel Services Limited (2) Canso Properties Limited and (3) Patrick May O'Connor"

■ Patrick O'Connor was a director of Langhaven Holdings, previous headlessor for Jefferson House. (Steel Services acquired the headlease in November 1996)

■ Aside from his activities – and behaviour in the block – we also have evidence that Andrew David Ladsky is also formally connected with the headlease

■ Among others, we have two letters to support our belief: his signed letter to residents at the time we were offered to buy the headlease (an opportunity subsequently denied to us), and threatening letter to Nucleus, our Citizen Advice Bureau stating that it was sent by 'Steel Services'. Both are clearly from the same source

■ Between them, Patrick O'Connor and Andrew Ladsky have been directors of 21 companies, of which: 17 were dissolved and four liquidated

■ A search on Companies House database has identified that in the last few years:

- Patrick O'Connor was a director for 18 companies. Of these, 14 were dissolved, and three were liquidated
- Andrew Ladsky was a director for 13 companies. Of these, nine were dissolved, one was liquidated
- In addition, of the nine companies dissolved, he shared directorship for seven of these companies with what appears to be his father (Arthur Ladsky)
 - (We have come across a court judgement against Arthur Ladsky (TSB Bank plc vs. Arthur Ladsky, 1996) whereby the bank successfully reclaimed a £3 million loan)

(Detailed information on all the above has been provided to Sandy McDougall. Apart from the court judgement, it was also sent to The Insolvency Service department who replied that these individuals "are not subject to the restrictions of either bankruptcy or disqualification orders")

Note at August 2005: "suspicious" to me. (see Directorships section on site). However, I am not suggesting 'illegal'. I am not an expert.

Their track record of company directorships looks very suspicious. However, The Insolvency Service department has no case against them

Nucleus, our local Citizen Advice Bureau has also attempted to get the name of the directors, as well as address for headlessor

■ Government departments unhelpful/obstructive

Up to March 2001	<ul style="list-style-type: none">■ Address for Steel Services Limited was: PO Box 258, Malzard House, 15 Union Street, St Helier JE4 8TY
7 June 2001	<ul style="list-style-type: none">■ MRJ wrote to the residents stating that correspondence for Steel Services should be sent to their address (5 Watford Way, Hendon Central, London NW4 3JL)
1 October 2001	<ul style="list-style-type: none">■ MRJ replied to Nucleus that the address for Steel Services is 25-26 Hampstead High Street, London NW3 1QA■ (Exactly the same address features on Companies House database for directorships for Andrew and Arthur Ladsky.<ul style="list-style-type: none">– In addition, the same address also features on a letter sent to a resident by a firm of solicitors. The name of the firm is Cawdery Kay Fireman & Taylor)
14 November 2001	<ul style="list-style-type: none">■ MRJ replies to Nucleus saying that the address for Steel Services is at their care, at their NW4 3JL address (Hence, the address had changed again in the space of 6 weeks!)
1 November 2001	<ul style="list-style-type: none">■ MRJ reply to Nucleus that they do not know the name of the directors and secretary for the headlease
29 April 2002	<ul style="list-style-type: none">■ My service charges give the address for Steel Services as being in Jersey (as per up to March 2001) (!!!)



We have gone full circle and, in addition, we now also have F.M.C. Limited, British Virgin Islands, as another connection with the headlessor

What are the headlessor and MRJ up to, and how can they still be allowed to conduct business?

A simple 'yes' by RBK&C's planning permission department is a key contributor to our problem

From lease for Jefferson House

"Not at any time to erect or permit to be erected on the said land any building or buildings exceeding 65 feet in height"

"If the planning application is in breach of your lease, that's not our problem. You'll have to get a lawyer"

(RBK&C Planning permission department)

- **RBK&C planning department brushes off the consequences of their decision**
- The RBK&C planning department has granted an application to the headlessor to build an extra floor for a penthouse flat
- This planning permission is in breach of our lease which states that the building must not exceed a height of 65 feet
 - The addition of an extra floor will bring the height to 75 feet. (This was confirmed by the planning department)
- When I confronted the planning department with the fact that, by saying 'yes', they had endorsed breach of our lease, their reply was:
 - *"Not our problem. You'll have to get a lawyer!"*
- **There is legislation to prevent this from happening, but the planning permission department is clearly not concerned**
- From 'Planning permission – Page 46, July 1995':
 - Covenants-158- *"The title document or lease of a property may include specific obligations or restrictions...A leaseholder could ultimately lose the property if he/she breaks an important covenant and a freeholder could be taken to court."*
- **To reemphasise:**
 - **this planning application is a major worry to us as we strongly suspect that it is a key element in the £1 million+ refurbishment - and we should not be paying for the cost of building an extra floor, and associated costs**

Writing to MRJ saying that the headlessor was in effect attempting to get us to pay for building a penthouse flat has made me a target for harassment, intimidation and assault...

Residents who are challenging headlessor's plans have been the victim of harassment and intimidation...

■ Government departments unhelpful/obstructive



Unhelpful
Unpleasant
Obstructive

- **Since challenging the proposed refurbishment I have been a victim of harassment, intimidation and assault**
 - In the space of 18 days (from 1st to 19 February):
 - I received 20 anonymous phone calls (13 one day, 7 another day – all were traced by BT)
 - My door bell has been pressed late at night
 - An object was thrown at my windows, also very late at night
 - Outside of this period I have:
 - Been pushed aside in the corridor by Andrew Ladsky (equivalent to assault)
 - Received anonymous phone calls at work (several calls one day)
 - Been harassed at a bus stop by Andrew Ladsky and another individual (they were in Andrew Ladsky's car)
 - (The person who was my predecessor in terms of driving the activities for the resident association also suffered extensive harassment and intimidation by Andrew Ladsky)
- **The Kensington and Chelsea police has proved unhelpful, unpleasant and even obstructive**
- I have written letters of complaint, including to the Police Complaints Authority. This has proved of no help
 - I have now contacted the Metropolitan Policy Authority and await a reply
- **Other residents have also been the victim of harassment and intimidation**
- Like me, these residents know that the perpetrator is Andrew Ladsky. Only the police can potentially help us prove it but, for reasons better known to themselves, they are clearly reluctant to help
- **Finally, even Nucleus has been on the receiving end of the 'Ladsky' treatment**
- They have received abusive and threatening phone calls, including from a 'Mr Davies' claiming to act for Steel Services and threatening Nucleus to report them to the Law Society
- Somebody else called, threatening to report Nucleus to you, Mr Portillo, *"for wasting tax payers' money on people who can afford their own counsel"*

... as has Nucleus, our local Citizen Advice Bureau