

Dealing With Bullies in Real Estate

Shermanhorn: Hi folks. I'm Brock Shermanhorn. I'm here with Martin Welc and David Rosenthal. Mark and I are here with the California Community Colleges Real Estate Education Center and Saddleback Community College. We're speaking with David today about bullying in real estate and some tactics that he's come up with to deal with bullies in a transaction to make it win-win for everybody. David is with Rosenthal Real Estate Advocates. And David, take it away...

Rosenthal: Sure - a little about my background. As I grew up, my father was a commercial contractor. So, I grew up basically on construction sites - commercial construction. Later, after high school, I traveled around the world. Eventually, I went back to school and earned a degree in Political Science from UCLA. I worked as a banker and then went back to school to Columbia University for a master's degree in real estate development.

Actually, last year I was back at Columbia, doing a talk about our real estate advocacy model and at the end had questions and answers. One of the students said, "Well okay, so with the changing world and all the transparency, if we apply this model we'll be successful, right?" And you know, I started thinking about it and I said "No, not necessarily." In real estate, I've learned there's some very strong personalities. I said, "To implement a good idea, you have to withstand the bullies in the industry." I started asking other people. I noticed prior that the creative types often would leave real estate or be hesitant to get into the field. Quite often, as I asked more and more people, "Why did you leave?" they would often reply on the surface, "It was a, well you know, I don't have that many connections and those people are not really, my type. You know, I don't know, I just didn't feel

right." And so, I would prod them a little bit and ask a few more questions. And it came down that there was an instance often unsaid-they were bullied, and they didn't know what to do at the time. Until I said, "Well, you know, maybe that's what the reason was," I said, but now with all the transparency, we need more creative types" and so, I would try to lure them back in.

I started looking at my own experiences, how did I deal with bullies and was there anything in, from my past experiences that I can help others - empower others, in not only real estate matters, but in all kinds of fields, in everyday life as we know? So, I first, I thought, well first, we need to identify, am I being bullied? Is this a situation and so, you know, bullying. Like the things, you know, that routinely uses fear and intimidation as a disruption of work to achieve their objectives. So that, okay, once it was a strategy, one would be to, to recognize when we are being bullied. You know, when that comes off to the other for refusal to cooperate with others. I call it, "throwing the sucker punch." Out of nowhere, you're being attacked. They don't deal in truth - there's oftentimes a lot of delay and they use fear and intimidation to get their way. The first thing is to identify it: Is that what's really going on here? And then, the second thing is to stay calm during the encounter. Use transparency as a guide, then ask yourself: Are the truth and the facts on my side? Four, am I prepared to defend the opposition, truth, plus facts plus a story equals a sound defense? And five, I learned, it's really important to develop and nurture allies. And we need to be proactive - we need to stand up. If, if, we have truth on our side and we believe we need to stand up and walk forward with that truth, so you have your proverbial day in court, if you will. I'm going to present two case studies to try to illustrate some of these points and how I approached it.

The first case study I call, "Bad Neighbors." So, we were selling a bank-owned industrial building and I had a client. She comes and she's with the church - a very large well-known church and she says, said, "No, this would be an excellent place for a congregation - can I have one here?" I said, "Well, after already doing research," I said, "You know, with the conditional use permit, yes, it's legal." So, a conditional use permit is a public hearing process. So, all the neighbors, everyone has a say so and providing it gets approved and it meets certain conditions, then they could have a church.

So, I said, "Martha, okay - let's let, let's see what the initial response from the neighbors are to be and the HOA, the Association, the Business Association." Well, it was resoundingly negative. I said, "Wait a minute. And with a conditional use permit, we can do this." Well, unfortunately, two years prior, another church within that, actually, very same building and they didn't go through the public hearing process. They just did whatever they wanted, so they ran roughshod and even if this church was not going to do that, they're going to go through that - the governmental process and, and have their day in court to speak up. But no one would listen - we are not going to support it. And so, what happens is, the HOA - they delayed getting this information - delayed, delayed and so, I kept on requesting that. I went to Martha one day because I knew it was to be a battle.

So I said, "Martha (She is really religious); I said, "Do you believe this is where God wants you? Because I need to know - if, if you're in it for good, I'll help you. But you've got to believe." And she said, "Yeah this is, this is it." I said, "Okay, I'll help you." So, the next thing, what we did was, we contacted where they used to lease space from. We got a nice letter, saying they make great neighbors. The business owners [in the business park] were

concerned that they would be bad neighbors. I said "No, that they are good neighbors. And, in fact, in Loma Linda where this church is, they, a, have a large presence. I had the mayor write a letter, the city council members write a letter, basically saying, Hey, we've never had a complaint against this church for as bad neighbors. So, we took that information and then we got closer and closer to the public hearing date while the letters came in, flooding the city. I got phone calls: "You're never gonna' build it whenever." "You're never gonna' have a church." They were gonna' fight it all the way and in this, just mean-spirited. Martha said, "What are we going to do?" I said, "Martha, you know what, we've got truth on our side and we know the truth. We're going to go building to building and talk to the owners." And so, that's what we did. We went building to building. Now I knew we weren't gonna' get them all, but we got a few more on our side. So, we had the city on her side – we're doing everything right. The city was on her side... By then, we, we, we, we had some of the building owners and truth on our side.

Now with the public hearing is in a couple of days, and you know, the fight looks - it looks bad. I said "Martha, you know what we're going to do." At first, I kinda' panicked; "You know, you have nothing to worry about. We have truth on our side, we have allies on our side, providing we go to the public hearing, we stand up and anything that we don't believe to be the truth, we share with them the truth as we see it. And we'll give them evidence and so, when that planning commission makes a vote, hopefully, they'll vote on our side, and that we gotta' believe that." And so, that's exactly what we did; in fact, the planning director says it was one of the longest hearings they've ever had. [It] went on, two and half - three hours... And as soon as one says something that we didn't see was truth, I raised my hand. In fact, I represented them and I would give them the information - the truth and I

went back and back and back and forth, back and forth, until they voted and we won.

Martin Welc: Amen!

Rosenthal: We won, and they got their conditional use permit and there, they have a church there today. And in that case, there was delay tactics. And then, we got, you know, hurtful E-mails and phone calls. I kind of expected this, so it wasn't a big surprise. And then, of course, the intimidation and threats. But by using the facts - the truth, standing up and our allies and friends, we are able to overcome.

The second case was, I call it, 'Why Did You Sucker Punch Me?' And this was dealing with a large commercial brokerage firm. And it was a property, a large property and they had listed it. I headed over [there]. The owner knew I knew a lot about the property said, "David, this thing has been listed for like, over literally, five years. It keeps on falling out of escrow - Can you tell me what's going on here? Do you have a buyer?" So, first thing, I said, "Let me make an appointment with the city. Let me figure out what is going on here." We made an appointment - the city planner was astonished. "David, no one's ever asked questions about what do we think, the community, should be here? I said, "Okay, now that I have understanding, I think I have a buyer."

I called up the, the seller and I said, "Yeah I think I've figured this out." But, the problem became when I worked hard working with the other broker. They didn't want me there, sometimes with the, especially, the larger firms, they want the commission all for themselves and too is an ego thing what another company had to sell, we couldn't sell and so, wow they made it delay, delay, very difficult. And so, I called up the seller. I was having a little bit of

difficulty here, so she made a few phone calls. Pretty soon, my phone call was accepted again, but this time, it went from how were the kids(?) (because we were acquaintances) to literally a moment later, using every four-letter word you could think of and, and that's a bully tactic, to crush you, your spirit. And most people, that does the trick. It's not worth it, although (You can always) find another property. So, in that case, I remained calm. I said, "You are gonna' do what you have to do. I'm gonna' do what I have to do." At the end of the day, we got past that point, got the offer accepted.

But then, the commission... They decided they wanted some of our commission. Oh, and so, they actually used attorneys from the bank, that is, after the property was being sold for, to go after us, and, and, and so, what happened is, finally, I had the truth and allies on, on my side. There was a large Hollywood developer that was buying the property and the counsel for that in-house counsel for that developer, development company was Abraham. He says, "David, what's going on?" He knew me to be fair-dealing, honest with everything that we've done business before, so we had an excellent track record of the business with them. So, he, he, he knew I wasn't misleading him.

"Well this is what's going on – they, for no other reason, just want my commission, even though, they, everyone knows what it should be. It's the craziest thing!" And I had a number of conversations that he was going to crush me, crush the business too – everything." He said, "Really?" I said, "Yes." I said, "And here's the evidence." So again, I had evidence - I have facts. Abraham was my ally and he happened to be a pretty powerful ally. So he says, "I've had enough of this." So he made a phone call, sent an E-mail to the bank's attorneys and to the brokerage firm and said, look, if this doesn't, [If this] deal doesn't close by a

certain time, as it should - and it was under 1031 - so that's the leverage they were using against me, if it doesn't close by certain time, were going to the bank and we're going to sue you. And that was enough! So, the next day, I got an E-mail saying we will oblige by the prior agreement and it was a very, very tough situation because, one of the things that happens when you're in these situations, and people start losing faith, they start to doubt themselves, [thinking] am I right and am I missing something? Because you become isolated and that's the pressure to just go along to get the deal done, right?

But, in both those cases, we were able to see when I was attacked. Okay, this is basically a sucker punch; I know exactly what's going on here about the delay tactics. And, and then I was able to sit back and just use - the facts and the truth and then, so important is you have your allies, because if you're doing good business, people in time will recognize it and they will come to your aid. Hey, this guy has been good to us. He's not lying. In fact, he has the evidence and so, the hardest thing for anyone to do, especially, if you're not the bully type and more the creative type, is to stand up and say, and to walk forward in that truth, and say look I'm not sitting down - I'm not stopping, unless you show me something where I'm wrong, where I've gone wrong.

To rehash it, Bullying is a problem in all types of fields - even with our children on the playground, as we know and online. But if we could recognize it when it's happening and then come up with a strategy, and then stay calm during the encounter, use transparency as a guide, ask yourself are the truth and facts on my side - am I prepared to defend the opposition? I say, Truth plus Facts was a Story to get the Truth. The fact that what happened, what went down, have the, your allies understand, that the end, of course, develop and nurture allies and becomes -

that's a by-product. Doing good business, you're helping people. When they see something goes wrong, is not right, most people want to help in any way they can. So, I have learned - and be proactive, don't sit down, stand up, and move forward. Here's the truth: This is what you deserve, and these are the reasons why. and [it's] so wonderful; on a personal level, it feels so good inside to stand up for yourself. And you know what? What a wonderful example for our children and others.

Shermanhorn: David, thank you so much for being here with us today and to chat about bullies in real estate. How can folks out there contact you?

Rosenthal: They can reach me at 949-943-2926. We sell real estate. The website is: rosenthallandadvocates.com. My E-mail is: david@rosenthallandadvocates.com. Thank you for having me.

Shermanhorn: Thanks very much David. Signing off...