

Spa Claims Landlord Squeezing It Out of Lease

LITIGATION: Koreatown club says developer wants to make way for condos.

A lawsuit filed last week by a popular Koreatown spa and health club claims the developer who bought the historic Wilshire Galleria building for \$49 million in November is illegally trying to force the business out to make room for a luxury condo and hotel project.

SKW Enterprises, the parent company of **Natura Sports Health Club**, sued **VHDG Koreatown** and **Harridge Development Group** of Mid-Wilshire in Los Angeles Superior Court alleging the developers are antagonizing the spa in an attempt to make it forego the remaining years on its lease. The complaint claims that unlike most other tenants at the Wilshire Galleria, Natura has refused to back out of its lease agreement, which allows it to stay on the premises until 2038.

"Faced with Natura's long-term Lease at the Premises, the VHDG Defendants knowingly and intentionally implemented an attack upon Natura's business to try to force Natura to vacate the Premises and allow the VHDG Defendants to move forward with VHDG's multi-hundred-million-dollar real estate development project," the complaint reads.

Harridge has said it plans to redevelop the historic Art Deco site – which opened as the upscale I. Magnin department store in 1939 – under the adaptive reuse ordinance as tenants reach the end of their leases. The



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company has filed paperwork with the city to turn the building into a 160-room hotel with two restaurants. Harridge plans to construct two new buildings on an adjacent 100,000-square-foot parking lot, one with seven stories and the other reaching between 28 and 31 stories. All told, the new buildings will house 545 luxury apartment and condos. Eleven percent of the units will be set aside for low-income housing.

Harridge Chief executive **David Schwartzman** said last week he hadn't seen the lawsuit and had no comment.

Natura's attorney, **Eric Early** of Mid-Wilshire-based **Early Sullivan Wright Gizer & McRae**, also declined to comment.

Harridge's plan seems to have been disrupted by Natura's refusal to give up its lease. The spa occupies the building's basement and several offices and has occupied space there since 1998.

Natura's complaint claims that the developers attempted in March to kick them out of their office space by issuing notices to vacate the property within 30 days

despite contractual provisions in the lease forbidding such action. The suit also claims the developers have tried to punitively raise Natura's rent and change the terms of its parking agreement for the spa's customers.

Jay Chu, president of Mid-Wilshire real estate brokerage **Secured Properties Inc.**, said the fact that Harridge bought the building with a tenant that had a lease option stretching to 2038 was surprising and would likely mean some sort of financial agreement would be struck.

"I think Harridge is probably going to have to come out of pocket and buy the tenants out," said Chu, who was not involved in the sale of the building to VHDG and Harridge.

Venerable Venable

After 10 years in Los Angeles, Century City-based **Venable** can't claim to be the new kid in town any longer.

The firm, which has grown from a seven-attorney outpost into a 70-lawyer operation, is now a mainstay in the city's legal scene.

Douglas Emhoff, the managing partner of the firm's West Coast operations (and husband to California Attorney General and U.S. Senate candidate **Kamala Harris**), said the growth was hard earned. He attributed much of it to a strategy that meshed well with L.A.'s business community.

"When Venable first opened its doors in Los Angeles, it was not a known commodity in Los Angeles, so we had to build our reputation from the ground up," Emhoff said. "Knowing that Los Angeles is an entrepreneurial town, we were able to focus

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on practices central to the L.A. market."

Attorneys in the L.A. office have a broad skill set – the firm does everything from big transactional deals to one-off celebrity lawsuits. Several attorneys at the firm also commented that employees feel like everyone is working toward a common goal.

The firm's growth has also necessitated an expansion of its physical footprint: the firm recently took over a third floor in the Century Plaza Towers giving it some 81,000 square feet of space.

That should be enough to tide the business over for at least a couple more years.

Legal Landscape

Century City-based **Barnes & Thornburg** poached former Managing Partner David Wood from Ventura's **Anderson Kill**. ...

Javaheri & Yahoudai of Century City hired John Bell, formerly a plaintiffs' attorney in New York. ... Gary Caris joined Century City-based **Diamond McCarthy** as a partner from downtown's **Dentons**.

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