

J. Armand Musey  
425 E. 86<sup>th</sup> Street, PH-A  
New York, NY 10028

July 15, 2015

Messrs. Jeffrey Shavelson and Steven Neuman  
Shavelson, Neuman & Company, LLP  
30 Jerico Executive Plaza, Suite 200E  
Jerico, New York 11753

Re: 425 East 86<sup>th</sup> Apartment Corp. financials

Messrs. Shavelson & Neuman,

I am a shareholder in the Co-op Corporation known as 425 East 86 Apartments Corp., a Co-op Corporation whose financials your firm has audited for several years. I am writing because I am concerned that the audited financials for the past few years, claiming to be prepared according to GAAP, have failed to include a discussion of related party transactions.

It's my understanding that AICPA rules require this disclosure (FASB ASC 850) as well as a discussion of the adequacy of controls around the transaction and the risks. The lack of such discussion in the Co-op's financials clearly implies there are no such related party transactions or potential conflicts of interest, however, that does not appear to be the case.

In particular, one of the largest contracts in the building's history, for the recently completed waterproofing work, was awarded to Standard Waterproofing, shortly after Frank Chaney joined the board as president in 2011. Standard Waterproofing is owned by Mr. Chaney's brother-in-law, Andrew Wist. Furthermore, the building entered into a large new mortgage in 2012, largely to finance Standard Waterproofing's work. See attached documentation as proof of that relationship. The financials have included no information about this relationship, however, we believe this relationship is an example of a related party transaction that ASC 850 was designed to cover. To eliminate any doubt, during the June 24<sup>th</sup> annual shareholder's meeting Mr. Chaney openly touted his potential ability to influence his brother-in-law during Thanksgiving dinners as a reason for choosing Standard. This makes it clear that it Mr. Wist meets the FASB definition of "immediate family."

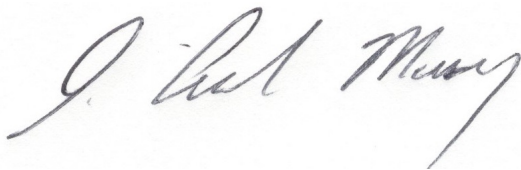
I am not alleging any wrongdoing on the part of any Board member. However, the lack of disclosure is problematic on its face – not only from an accounting

perspective, but also from the perspective of the board complying with their fiduciary duty of disclosure. The direct financial implications are significant. And information about related party transactions can be useful in evaluating corporate governance processes and practices. In the long run, these governance issues may have an even greater impact on our investment in the Co-op Corporation.

425 East 86<sup>th</sup> Street is undergoing significant upgrades and apartments are selling at higher prices. Consequently, I am also concerned about the potential liability of having new buyers rely on financial statements that appear to be misleading. There have been a number of questions raised about the quality of Standard Waterproofing's work and the reluctance of the Board to hold them responsible, thus, these questions are not going to go away.

In view of the above, we believe that the Co-op's financials should be restated and redistributed to the Co-op's shareholders. Let me know your plans to address this issue and bring our financials into compliance.

Regards,

A handwritten signature in cursive script that reads "J. Armand Musey". The signature is written in dark ink and is positioned above the typed name and contact information.

J. Armand Musey  
646-843-9850 (ph)  
[amusey@icloud.com](mailto:amusey@icloud.com)

cc.: Mr. Stuart Sugarman – Howard Hinman and Kattell, LLP

## **Frank Chaney's Relationship to Standard Waterproofing**

The documents below show:

- 1) Andrew Wist is president and CEO of Standard Waterproofing Corp. according to the NY Times and the NYS Department of State.
- 2) Standard Waterproofing replaced the existing roof/terrace/façade contractor at 425 E. 86<sup>th</sup> Street shortly after Frank Chaney joined the Board at president in 2011 (see work attached work permit for the building listing both Standard Waterproofing and Andrew Wist.
- 3) According to the NY Times, Andrew Wist's parents are Reba Psaty Wist of Brooklyn and the late Milton Wist.
- 4) According to the NY Times, Frank Chaney is married to Ronda Wist (Chaney). Her parents are also Reba Psaty Wist of Brooklyn and the late Milton Wist. Hence, Ronda Wist and Andrew Wist are brother and sister, making Andrew Wist Frank Chaney's brother-in-law.
- 5) To avoid any doubt, another NY Times articles shows that Ronda Chaney and Andrew Wist are the niece and nephew of Milton R. Psalty, who is also in the waterproofing business. Milton Psalty was the sister of their mother Reba Psaty Wist.

**1) Andrew Wist is President and CEO of Standard Waterproofing**

Source: NY Dept of State websites – retrieved 2/23/15

# NYS Department of State

## Division of Corporations

### Entity Information

The information contained in this database is current through February 20, 2015.

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Selected Entity Name: STANDARD WATERPROOFING CORP.  
Selected Entity Status Information  
**Current Entity Name:** STANDARD WATERPROOFING CORP.  
**DOS ID #:** 1063787  
**Initial DOS Filing Date:** MARCH 10, 1986  
**County:** NEW YORK  
**Jurisdiction:** NEW YORK  
**Entity Type:** DOMESTIC BUSINESS CORPORATION  
**Current Entity Status:** ACTIVE

#### Selected Entity Address Information

**DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)**

STANDARD WATERPROOFING CORP.  
701 EAST 134TH ST  
BRONX, NEW YORK, 10454

#### Chief Executive Officer

ANDREW WIST  
701 EAST 134TH ST  
BRONX, NEW YORK, 10454

#### Principal Executive Office

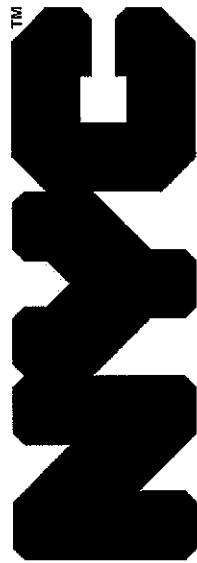
ANDREW WIST  
701 EAST 134TH ST  
BRONX, NEW YORK, 10454

#### Registered Agent

NONE

This office does not record information regarding the names and addresses of officers, shareholders or directors of nonprofessional corporations except the

**2) Standard Waterproofing did Roof/Terrace/Façade Project at 425 E. 86th**



# Work Permit Department of Buildings

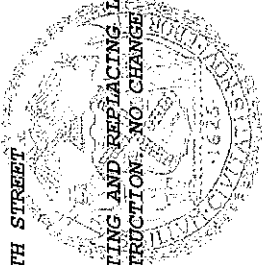
Permit Number: 121088287-01-EW-OT

Issued: 03/03/2014 Expires: 04/01/2015

Issued to: ANDREW WIST

Business: STANDARD WATERPROOFING C

Contractor No: GC-4052



**Description of Work:**

ALTERATION TYPE 2 - FACADE REPOINTING AND REPLACING LINTELS AND WINDOW SILLS, WINDOW RESTORATION AT ALL FACADES AND PARAPET RECONSTRUCTION. NO CHANGE OF USE EGRESS OR OCCUPANCY UNDER THIS APPLICATION.

Review is requested under Building Code: Prior-to-1968 SITE FILL: NOT APPLICABLE

To see a Zoning Diagram (ZD1) or to challenge a zoning approval filed as part of a New Building application or Alteration application filed after 7/13/2009, please use "My Community" on the Buildings Department web site at [www.nyc.gov/buildings](http://www.nyc.gov/buildings).

Emergency Telephone Day or Night: 311 SITE SAFETY PHONE : 212 669-7043

Borough Commissioner:

Commissioner of Buildings:

Tampering with or knowingly making a false entry in or falsely altering this permit is a crime that is punishable by a fine, imprisonment or both.

07/02/21/2015  
OP-35A (6/10)

3) Andrew Wist's parents are Reba Psaty Wist of Brooklyn and the late Milton Wist



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January 10, 1988

## **MARIA SICURELLI WEDS**

Maria Adriana Sicurelli, a daughter of Dr. Robert J. Sicurelli of North Salem, N.Y., and Marie DiCapua of Brooklyn, was married last evening to Andrew Scott Wist, the son of Reba Psaty Wist of Brooklyn and the late Milton Wist. Justice Martin Schneier of New York State Supreme Court in Brooklyn officiated at the St. Regis-Sheraton in Manhattan. The bride is a dental hygienist and the bridegroom is the president of the Standard Waterproofing Corporation and the Wist Development Corporation, both in Manhattan.

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**4) Frank Chaney is married to Ronda Wist (Chaney). Her parents are also Reba Psaty Wist of Brooklyn and the late Milton Wist who was also in the waterproofing business**

**The New York Times**

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November 16, 2003  
WEDDINGS/CELEBRATIONS

**WEDDINGS/CELEBRATIONS; Ronda Wist, Frank Chaney**

Ronda Faith Wist, the executive director of the New York City Landmarks Preservation Commission, and Frank Edward Chaney, a zoning and real estate consultant, are to be married today at the National Arts Club in Manhattan. Rabbi Mark Lipson will officiate.

The bride, 46, is the author of "On Fifth Avenue: Then and Now" (Birch Lane Press, 1992). She graduated from Barnard and received a master's degree in historic preservation from Columbia. She is the daughter of Reba Psaty Wist of Brooklyn, and the late Milton Wist. Her mother retired as the art teacher at Public School 121, an elementary school in Brooklyn. Her father was the vice president of the Greater New York Waterproofing Corporation, which was in Manhattan.

The bridegroom, 54, consults on zoning and real estate development for Phillips Nizer, a Manhattan law firm. He is also studying for a law degree at New York Law School. He graduated from New York University. His previous marriage ended in divorce.

Mr. Chaney, who changed his name, is a son of Nancy and Paul Schoening of Piqua, Ohio. His mother raises, trains and races trotting horses in Piqua. His father retired as an owner of Western Ohio Pattern Works, a business in Dayton, that manufactured models used to make molds for products.

Photo (Photo by Tobin Russell Brogunier)

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**5) Ronda Chaney and Andrew Wist are the niece and nephew of Milton R. Psalty, who was also in the waterproofing business. His sister was Reba Wist, the mother of Andrew and Ronda Wist**

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**MILTON R. PSALTY**

PSALTY—Milton R., 91, on March 25, 2011. His beloved wife of 69 years Beth, was at his side, devoted to him. Loved and revered, survived by daughters Renee (Marshall) Geller, Carol (Charles) Edinger, Rhoda (Stuart) Holzer; sister, Reba Wist; grandchildren Brian, Corinne, Dean, Jayson (Stacy), Daniel (Patricia), Brooke (Chris), Craig and Leah (Ethan); great-grandchildren Sage, Reece, Hudson, Ava, Liza, Shelby, Dylan, Brooklyn and Charlie; niece, Ronda Chaney and nephew Andrew Wist. Born in Brooklyn to immigrant Jewish parents, Milton lived the American Dream. As a teenager he worked in his father's small roofing shop. At 17 he started his own business which became one of the premier waterproofing and restoration contractors in New York. He and Beth met as teenagers, married in 1940, and were life long inseparable lovers. His twinkle, his charm, his quiet and powerful presence will always be with us. Contributions in his memory may be made to Community Synagogue of Rye, NY.

Published in The New York Times on Mar. 27, 2011

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