

THE REAL DEAL

REAL ESTATE NEWS

SOUTH FLORIDA

“Reckless”: Lawsuit accuses Madison Realty of negligence and financial mismanagement at downtown Miami condo-hotel tower

Raoul Thomas’ firm previously owned hotel, which has history of litigation, power struggles



MARQUIS MIAMI CONDOMINIUM
ASSOCIATION, INC., a Florida Not-for-Profit
Corporation, individually and collectively and on
behalf of all Member Association, Inc.

Plaintiff
v.

1100 BISCAYNE BOULEVARD, LLC, a Delaware
Limited Liability Company; 1100 BISCAYNE
OPCO, LLC, a Delaware Limited Liability
Company; BISCAYNE
MANAGEMENT, INC., a Delaware Limited
Partnership; BISCAYNE
MANAGEMENT, INC., a Delaware Limited
Liability Company

Madison Realty Capital's Josh Zegan and the Marquis Miami at 1100 Biscayne Boulevard (Google Maps, Madison Realty Capital)

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By Katherine Kallergis

Key Points ✨ ✓

The Marquis Miami Condominium Association has filed a lawsuit against Madison Realty Capital, accusing the private equity firm of financial mismanagement and negligence regarding the maintenance of its downtown Miami condo-hotel tower.

The association claims Madison has failed to address critical structural issues like concrete spalling, water intrusion, and failing mechanical systems, creating unsafe conditions for residents.

Consequently, the association is asking a judge to appoint a receiver to take control of the property, oversee necessary repairs, and recover misused unit owner funds.

Madison Realty Capital is being accused of financial mismanagement, negligence and more over its handling of a downtown Miami condo-hotel tower, according to a lawsuit.

The situation is so dire that the Marquis Miami Condominium Association is asking a judge to appoint a receiver to take over control, the lawsuit alleges. The association is suing New York-based Madison, its affiliates, the former owner's entities, Think Hospitality and the Marquis Master Association. Think Hospitality manages the hotel component of the property at 1100 Biscayne Boulevard.

Madison, led by managing principal and co-founder Josh Zegen, acquired the hotel via a UCC foreclosure auction in 2024. Raoul Thomas' now defunct CGI Merchant Group lost the property to Madison.

The 129-key hotel is on the first 14 floors of the 67-story building, which has 292 condos and five townhomes. It's next to the Zaha Hadid-designed One Thousand Museum condo tower in the heart of downtown Miami.

The lawsuit alleges Madison has failed to maintain and repair the Marquis tower, harming the condo association and its owners. Since Madison became involved in late 2021, the private equity firm has allegedly diverted unit owners' dues and failed to act on required maintenance and repairs, causing "imminent danger" to the property, owners and residents, the lawsuit states.

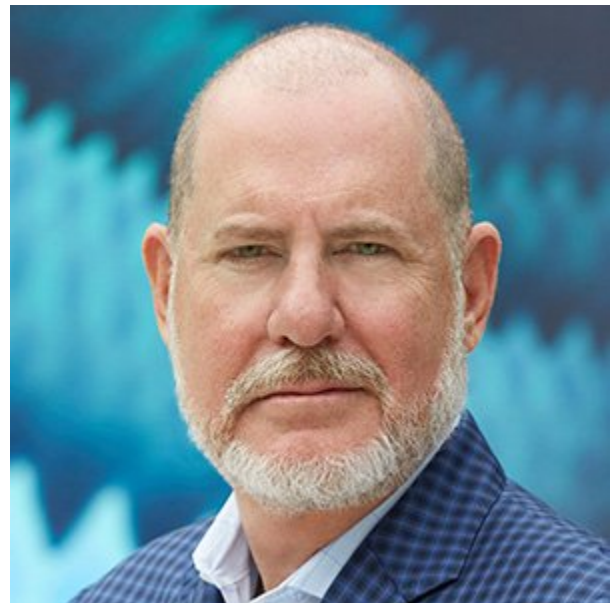
"Numerous significant deficiencies wAedvrerti saemlleontwed to persist and worsen, including concrete spalling and cracking, exposed and corroded reinforcing steel, exposed post-tension tendons, chronic water intrusion, deteriorated waterproofing systems, leaking mechanical and plumbing infrastructure, incomplete HVAC and water piping repairs, and other conditions affecting critical building systems," according to the lawsuit.

Madison and Think did not respond to requests for comment.

The complaint calls Madison's behavior "reckless" and "in wanton disregard for human safety and protection of the physical structure."

"Every year you don't fix something, it becomes more expensive later to do the work. There's no such thing as the damage getting better," said attorney David Haber of Haber Law, who is representing the condo association.

Since Madison's involvement in the property, the cost to make these repairs has doubled, Haber added. "They are responsible for not having taken care of it. We have been urging, demanding, threatening, begging them to do the repairs," he said.



Attorney David Haber of Haber Law (LinkedIn)

The condo association can't do the repairs because it does not have the right to do so under the governing documents under a 2019 amendment that the

association alleges was passed illegally by the previous owner, CGI.

Haber said it's "wasted oxygen" to continue trying to get Madison to fix the problems.

If appointed, a receiver would take control of the bank accounts, take action on necessary repairs and maintenance, and return the condo association's funds that it alleges Madison stole, according to the complaint.

"The people who live there pay good money to be in a condo-hotel where they expect the hotel owner to do its job. They're not doing it," Haber said.

Haber Law attorney Ariella Gutman, who also represents the association, said Madison is "not interested in spending their investors' money," but "for our clients, these 400-plus unit owners, it's not dollars and cents."



Haber Law attorney Ariella Gutman

(Haber Law)

Gutman pointed to the property's history of power struggles between the hotel and the condo association and past litigation.

The high-rise was developed by a partnership between Lev Leviev and Shaya Boymelgreen. It was Acquired and settled in 2009, which makes it 17 years old. Developers are required to turn over control of their associations once the turnover date occurs, but the Marquis Miami's master association has not operated with a properly established board of directors since its inception, the lawsuit alleges.

The needed repairs stem from issues raised in a construction defects lawsuit the association filed in 2016 and settled in 2019. But the owner of the hotel hasn't made any of the repairs that were identified in the construction defects litigation, and many of the conditions have worsened since then, according to the lawsuit.

“This is despite the fact that the covenants only allow the [hotel owner] to maintain the building and is the party responsible for making sure the shared components are remediated and maintained,” the lawsuit states. The cost to fix these problems was about \$8 million at the time.

The condo association is alleging that Madison has been cherry picking the vendors and contracts it pays, with “no deference or credence” to its obligations to use assessment funds to pay vendors.

One example cited in the complaint is the hotel owner’s LLC failing to pay \$536,890 in invoices, including contracts the association signed with Cool Breeze for the elevator air handlers. Once the hotel owner, which is controlled by Madison, took over the contracts, it canceled them without notice and failed to otherwise fix or maintain the equipment.

Cool Breeze is now suing the association “and the elevators are now hot and humid because the elevator handlers have failed to work.”

Gutman and Haber said that unit owners did their part by hiring the experts to evaluate the state of the building.

“They don’t want to end up in a bad situation where a piece of concrete falls or stucco falls. They don’t want to be there,” Haber said. “Their hands are tied, and they need a judge to untie their hands.”