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GARRABRANT GARY R
Form SC 13D
October 30, 2001

As filed with the Securities and Exchange Commission on October 30, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

Capital Trust, Inc.

(Name of Issuer)

Class A Common Stock, par value \$0.01 per share

(Title of Class of Securities)

14052H100

(CUSIP Number)

Michael L. Zuppone, Esq.
Paul, Hastings, Janofsky & Walker LLP
399 Park Avenue
New York, New York 10022
(212) 318-6906

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

January 7, 2001

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

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419,423

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.2%

14 TYPE OF REPORTING PERSON
PN

SCHEDULE 13D

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Gary R. Garrabrant

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (A)
(B)

3 SEC USE ONLY

4 SOURCE OF FUNDS
OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

7 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH 7 SOLE VOTING POWER 465,909

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REPORTING PERSON WITH 8 SHARED VOTING POWER
0

9 SOLE DISPOSITIVE POWER
465,909

10 SHARED DISPOSITIVE POWER
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
465,909

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.48%

14 TYPE OF REPORTING PERSON
IN

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Item 1. Security and Issuer.

The title of the class of equity securities to which this statement relates is Class A Common Stock, par value \$0.01 per share ("Class A Common Stock") of Capital Trust, Inc., a Maryland corporation (the "Issuer"). The principal executive office of the Issuer is located at 410 Park Avenue, 14th Floor, New York, New York 10022.

Item 2. Identity and Background.

This Schedule 13D is filed by the Reporting Persons (as defined below) pursuant to Rule 13d-1(k) (2) under the Securities Exchange Act of 1934, as amended.

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The Reporting Persons are:

- (i) GRG Investment Partnership LP, a Delaware limited partnership ("Garrabrant-CT"); and
- (ii) Mr. Gary R. Garrabrant ("Garrabrant"), who is the general partner of Garrabrant-CT.

Garrabrant is the sole general partner of Garrabrant-CT. Garrabrant and Susan M. Garrabrant are the limited partners of Garrabrant-CT.

Garrabrant-CT:

- (a) Name: GRG Investment Partnership LP
- (b) Address of Principal Place of Business and Office: 51 Pembroke Drive, Lake Forest, IL 60045
- (c) Principal Business: To hold investments
- (d) State of Organization: Delaware

Garrabrant:

- (a) Name: Gary R. Garrabrant
- (b) Address: 51 Pembroke Drive, Lake Forest, IL 60045
- (c) Occupation: Chief Investment Officer, Equity International Properties, Ltd.
- (d) Garrabrant is a United States citizen.

None of the Reporting Persons, during the past five years, have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of

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such proceeding was or is subject to a judgement, decree or final order enjoining future violations of, prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

Upon consummation of the Separation Transaction (as defined below), Garrabrant-CT acquired direct beneficial ownership of 419,423 shares of Class A

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Common Stock that were previously directly beneficially owned by VFC (as defined below), a number of shares equal to the number of shares in which Garrabrant held a pecuniary interest prior to such transaction. Garrabrant-CT acquired its shares of Class A Common Stock as a capital contribution to such partnership made by VFC in consideration of VFC's partnership interest in such partnership. Such partnership interest was subsequently distributed and assigned to Garrabrant (the sole current general partner admitted into Garrabrant-CT) in connection with the redemption of such current partners' limited liability company interests then held in VFC as described in Item 5.

Item 4. Purpose of Transaction.

On March 8, 2000, the Issuer entered into a strategic relationship with Citigroup Investments Inc., a Delaware corporation ("CIG"), pursuant to which, among other things, their respective affiliates would co-sponsor, commit to invest capital in and manage high yield commercial real estate mezzanine investment opportunity funds ("Mezzanine Funds").

The strategic relationship is governed by a venture agreement, dated as of March 8, 2000, as amended, (the "Venture Agreement"), amongst Travelers Limited Real Estate Mezzanine Investments I, LLC, a Delaware limited liability company ("Limited REMI I"), Travelers General Real Estate Mezzanine Investments II, LLC, a Delaware limited liability company ("General REMI II"), Travelers Limited Real Estate Mezzanine Investments II, LLC, a Delaware limited liability company ("Limited REMI II" and together with Limited REMI I and General REMI II, the "CIG Parties"), CT-F1, LLC, a Delaware limited liability company ("CT-F1"), CT-F2-GP, LLC, a Delaware limited liability company ("CT-F2-GP"), CT-F2-LP, LLC, a Delaware limited liability company ("CT-F2-LP"), CT Investment Management Co., LLC, a Delaware limited liability company ("CTIMCO" and together with CT-F1, CT-F2-GP and CT-F2-LP, the "CT Parties") and the Issuer. The CIG Parties are affiliates of CIG and the CT Parties are wholly owned subsidiaries of the Issuer.

Pursuant to the Venture Agreement, the Issuer has agreed as soon as possible to take, and submit to stockholders for approval, the steps necessary for it to be taxed as a real estate investment trust ("REIT Tax Matters") on terms mutually satisfactory to the Issuer and the CIG Parties subject to changes in law, acts of God or force majeure, or good faith inability to meet the requisite qualifications.

In connection with the Venture Agreement, Garrabrant and Garrabrant-CT entered into a stockholder approval agreement with General REMI II (the "Stockholder Approval Agreement"). Pursuant to the agreement, each Reporting Person signatory thereto agreed, subject to certain limitations contained therein in the case of any Reporting Person who is an

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officer or director of the Issuer, to vote its shares of Class A Common Stock in favor of, among other things, any REIT Tax Matter submitted for stockholder approval. A copy of the Stockholder Approval Agreement is attached hereto as

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Exhibit 2 and is incorporated herein by reference.

On March 8, 2000, pursuant to the Venture Agreement, the Issuer issued a stock purchase warrant to purchase 4,250,000 shares of Class A Common Stock which was ultimately transferred to Limited REMI I (the "Limited REMI I Warrant"). In addition, on April 9, 2001, May 29, 2001 and August 7, 2001, pursuant to the Venture Agreement, the Issuer issued stock purchase warrants to purchase, in the aggregate, 4,278,467 shares of Class A Common Stock which were ultimately transferred to General REMI II (the "General REMI II Warrants" and, together with the Limited REMI I Warrant, the "Warrants"). The Warrants were issued in connection with the organization and capitalization of CT Mezzanine Partners I LLC and CT Mezzanine Partners II LP, the first two Mezzanine Funds sponsored pursuant to the Venture Agreement.

The Reporting Persons intend to hold the shares of Class A Common Stock reported herein for investment purposes, but reserve the right to consider various alternatives for their investment in the Issuer including pursuing or advancing:

- (a) the acquisition by any person of additional securities of the Issuer or the disposition of securities of the Issuer;
- (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of assets of the Issuer or any of its subsidiaries;
- (d) any change in the present board of directors or management of the Issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;
- (e) any material change in the present capitalization or dividend policy of the Issuer;
- (f) any other material change in the Issuer 's business or corporate structure;
- (g) any changes in the Issuer 's charter or by-laws or other actions which may impede the acquisition of control of the Issuer by any person;
- (h) causing a class of securities of the Issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;
- (i) causing a class of equity securities of the Issuer to become eligible for termination of registration pursuant to Section 12(g)(4) of the Act; or
- (j) any action similar to those enumerated above.

Except as described in this Item 4, none of the Reporting Persons has formulated any plans or proposals which relate to or would result in any of the foregoing actions. The Reporting Persons' determination with respect to the foregoing actions will depend upon various factors, including, but not limited to, the Reporting Persons' evaluation of the Issuer and its prospects, general market and economic conditions (including conditions affecting the capital market and real estate market in general), other opportunities available to the Reporting Persons and other factors the Reporting Persons may deem relevant to their investment decision.

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Item 5. Interest in Securities of the Issuer.

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(a) and (b) The aggregate percentage of shares of Class A Common Stock reported beneficially owned by the Reporting Persons as of the date of filing of this Schedule 13D is based upon 18,727,731 shares of Class A Common Stock issued and outstanding as reported in the Issuer's report on Form 10-Q for the fiscal year ended on June 30, 2001, as filed on August 13, 2001.

Garrabrant-CT holds of record and thereby directly beneficially owns and has the sole direct power to vote and dispose of 419,423 shares of Class A Common Stock (the "Garrabrant-CT Shares"). Garrabrant indirectly beneficially owns and has the indirect power to vote and dispose of the Garrabrant-CT Shares. Garrabrant beneficially owns and will have the sole power to vote and dispose of 46,486 shares of Class A Common A Stock issuable upon the exercise of options to purchase and the conversion of stock units to obtain shares of Class A Common Stock that are, or become within 60 days, vested and exercisable.

(c) Garrabrant-CT acquired its shares of Class A Common Stock in December 1999 in a series of coordinated transactions (the "Separation Transaction") pursuant to which beneficial ownership of an aggregate of 1,467,979 of the 9,320,531 shares Class A Common Stock previously directly beneficially owned by Veqtor Finance Company, L.L.C. ("VFC") was transferred to partnerships (the "Other Partnerships") controlled by the former limited partners of Capital Trust Investors Limited Partnership, an Illinois limited partnership and then a managing member of VFC ("CTILP"). The Other Partnerships include: Garrabrant-CT; Callahan-CT General Partnership, an Illinois general partnership ("Callahan-CT"); Crocker-CT General Partnership, an Illinois general partnership ("Crocker-CT"); DRD Family Partnership LP, an Illinois limited partnership ("Dammeyer-CT"); and Rosenberg-CT General Partnership, an Illinois general partnership ("Rosenberg-CT"). Beneficial ownership of an aggregate of 4,660,264 shares of the 9,320,531 shares of Class A Common Stock previously directly beneficially owned by VFC prior to the Separation Transaction was transferred to CMH Investment Partnership LP, a Delaware limited partnership ("Hatkoff LP") and JRK Investment Partnership LP, a Delaware limited partnership ("Klopp LP"). Each of the Other Partnerships, Hatkoff LP and Klopp LP acquired direct beneficial ownership of such number of shares of Class A Common Stock equal to the number of shares in which the persons currently controlling such partnerships held an indirect pecuniary interest prior to the Separation Transaction. VFC retained direct beneficial ownership of 3,192,888 shares of Class A Common Stock which represents the number of shares in which the persons controlling VFC after the Separation Transaction held an indirect pecuniary interest prior to the Separation Transaction.

The Separation Transaction was effected as follows. On December 2, 1999, CTILP was dissolved whereupon the former partners thereof were distributed their pro rata share of the common member interests in VFC owned by CTILP. Thereafter, on December 6, 1999, the former CTILP partners (or their further assignees) were admitted as members of VFC. After the foregoing dissolution and admission transactions, the members of VFC included Crocker-CT, V2 Holdings LLC, a Delaware limited liability company ("V2"), Zell General Partnership, Inc., an

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Hatkoff LP	2,330,132
Klopp LP	2,330,132
VFC	3,192,288
Crocker-CT	209,711
Callahan-CT	209,711
Dammeyer-CT	209,711
Garrabrant-CT	419,423
Rosenberg-CT	419,423

As described in Item 4, the Reporting Persons and General REMI II have entered into a Stockholder Approval Agreement governing the voting of Class A Common Stock held by the Reporting Persons. General REMI II and certain of its affiliates, including Limited REMI I, controlling or under common control with General REMI II reported aggregate beneficial ownership of 8,528,467 shares of Class A Common Stock issuable upon the exercise of the currently exercisable Warrants. Such shares represent 31.3% of the outstanding shares of Class A Common Stock (calculated in accordance with Rule 13d-3(d)(1)). The Reporting Persons disclaim beneficial ownership of any shares of Class A Common Stock beneficially owned by General REMI II and its affiliates. General REMI II and its affiliates have disclaimed beneficial ownership of any shares of Class A Common Stock held by the Reporting Persons.

On March 31, 2001, June 30, 2001 and September 30, 2001, pursuant to the Issuer's incentive stock plan, Garrabrant was granted stock units which are immediately vested and convertible into 1,709, 1,404 and 1,253 shares of Class A Common Stock, respectively.

To the best of knowledge of the Reporting Person, except as described in Items 3, 4 and 5, none of the Reporting Persons has effected any transactions in the Class A Common Stock during the period which commenced sixty days prior to the date of the event which triggered the filing of this Schedule 13D and ends on the date of the filing of this Schedule 13D.

(d) No other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of Class A Common Stock reported herein.

(e) Not applicable

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of Issuer.

Except as set forth in Item 4 of this Schedule 13D, to the best knowledge of the Reporting Persons, no contracts, arrangements, understandings or relationships (legal or otherwise) exist among the Reporting Persons and any other person with respect to the securities of the Issuer.

Item 7. Materials to be Filed as Exhibits.

Exhibit No.	Description
1.	Joint Filing Agreement, dated October 30, 2001
2.	Stockholder Approval Agreement, dated as of March 8, 2000, among Travelers General Real Estate Mezzanine Investments II, LLC, Gary R. Garrabrant and Garrabrant Investment Partnership LP (filed as Exhibit R to the Schedule 13D jointly filed by Citigroup Inc. and other reporting persons identified therein on August 17, 2001 and is incorporated herein by reference).

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

GRG Investment Partnership LP

By: Gary R. Garrabrant, its general partner

/s/ Gary R. Garrabrant

Gary R. Garrabrant

/s/ Gary R. Garrabrant

GARY R. GARRABRANT

Exhibit 1

CONSENT AND AGREEMENT TO JOINT FILING

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Pursuant to Rule 13d-1(k)(1)(iii) of Regulation 13D-G of the Rules and Regulations of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, each of the undersigned persons does hereby consent to and agree to jointly file with the Securities and Exchange Commission a Schedule 13D on behalf of each of them with respect to their beneficial ownership of shares of class A common stock, par value \$.01 per share, of Capital Trust, Inc., a Maryland corporation, and any future amendments thereto as may be required from time to time.

Dated: October 30, 2001

GRG Investment Partnership LP

By: Gary R. Garrabrant, its general partner

/s/ Gary R. Garrabrant

Gary R. Garrabrant

/s/ Gary R. Garrabrant

GARY R. GARRABRANT