

Attorney General Sues Club's Ex-Leader for \$2 Million, Citing Misuse of Its Money

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The long and colorful battle between the National Arts Club and its eccentric former president, O. Aldon James Jr., reached a new phase on Friday, as the state attorney general sued Mr. James for more than \$2 million, charging that he misused the club's money and real estate for his own benefit.



Astrid Stawiarz/Getty Images

O. Aldon James Jr.

The dispute has generated two continuing lawsuits by Mr. James against the club and lurid accusations on both sides, including revelations of compulsive hoarding by Mr. James and his identical twin brother, which their lawyers have described as private and embarrassing.

Gerald L. Shargel, a lawyer for Mr. James, denied all accusations and attributed the new suit to pressure applied by Mr. James's opponents. "They boasted of their connection to the attorney general's office," Mr. Shargel said.

The office said it would not comment on this assertion.

Mr. James was ousted as club president last year. His membership hangs on a pending court action, and he has an apartment at the club, though he does not live in it.

On Friday, a former board member, Cherry Provost, said that she applauded the new suit but that it did not go far enough. "I would still like to see them handcuffed," she said, referring to Mr. James; his twin, John; and a family friend and lawyer, Steven U. Leitner, who has been on the giving or receiving end of much of the rancor.

"This is a travesty," Ms. Provost added. "Some poor jerk with no money would be locked up."

The attorney general's suit follows an 18-month investigation into the final five years of Mr. James's 25-year tenure as a club officer or president. According to documents recently given to The New York Times, the matter seemed to be headed for a settlement in July, as did a criminal investigation by the Manhattan district attorney's office, until Mr. James at the last minute rejected the agreements.

In the new suit, the attorney general, Eric T. Schneiderman, charges that Mr. James used a "unique mixture of charm, intimidation, secrecy and deception" to obtain "nearly absolute control" over the club, and that he used his power to take possession of numerous apartments, offices and hotel-style "transient" rooms in the club's Gramercy Park mansion and adjoining residential building. The suit also says the James brothers filled their rooms with mountains of hoarded antiques, clothes and other artifacts until they became uninhabitable.

The suit says that this use of real estate has cost the club \$1.5 million in lost rentals since 2006 and that Mr. James, though serving without a salary, lived a lavish life at the club's expense, spending \$250,000 of its money on flea market purchases, transportation, meals at the club and other personal uses. Money recovered in the suit will go to the club.

The suit also says that Mr. James unlawfully transferred \$274,000 from a restricted fellowship fund to pay for restoration work on the club's facade.

Mr. Shargel, speaking for Mr. James, denied all charges and said the club's board knew and approved of the uses of club property. "In 25 years, he never put a dollar in his pocket," he said.

The attorney general's office also reached an agreement with the club for reforms, prompted by the investigation into Mr. James, eliminating below-market leases and placing term

limits on officers and board members. Dianne Bernhard, who replaced Mr. James as president, agreed to step down and leave the board when her term ends next year.

“The club recognizes that this is a good thing,” said Roland Riopelle, a lawyer for the club.

In plea agreements offered in July, the attorney general’s office offered to settle with the James brothers and Mr. Leitner for \$1 million. In addition, the district attorney’s office agreed to let Mr. James, a bird lover, plead guilty to five misdemeanor charges of abandonment of animals, rather than more serious charges, in a March 2011 episode in which finches belonging to Mr. James had been found dead or dying in Gramercy Park. Mr. James rejected both of those deals.

In an interview afterward, he said he was prepared to take his chances in court rather than plead guilty, adding: “I don’t believe in miracles. I depend on them.” Of his opponents, he said, “These divas — if that’s all they have to think about, this is like a sitcom.”

On Friday, spokesmen for the district attorney said that the office would leave the prosecution of Mr. James’s financial practices to the attorney general but would not comment whether it planned to indict Mr. James over the finches.

One of Mr. James’s lawyers, the civil rights lawyer Elizabeth M. Fink, said she planned to fight the club’s actions against Mr. James, framing them as an effort by wealthy conservatives to remake the club “so it has no politics, no social justice, no nothing.” Speaking to a reporter over the summer, with Mr. James, she said, “He’s a 1 percent, too, but he acts like a 99 percent.”

She added, “What you have here is a coup.”

“Cuckoo,” Mr. James said.