

National Arts Club Investigated by Law Enforcement Agencies

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Attorney General's offices are looking into the National Arts Club, sources said.



Boxes from a film crew shooting "Law & Order: Criminal Intent" are seen outside the National Arts Club Tuesday. (DNAinfo/Olivia Scheck)

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By Amy Zimmer

DNAinfo News Editor

GRAMERCY PARK — The National Arts Club is being investigated by at least two law enforcement agencies, sources told DNAinfo Tuesday.

The Manhattan District Attorney's Office and the state Attorney General's Office have both launched probes into the club's finances, sources said.

Members of the club have already been in contact with the DA's office, sources said. It wasn't immediately clear whether members of the club reached out to the DA, or if investigators contacted the club.

Acting club President Diane Bernhard said the club is "cooperating completely" with investigators.

"The board has started a clean-up campaign with all different kinds of committees we formed already today," Bernhard said. "We have let the District Attorney's office know this is what we're doing and they are very positive."

She added: "The time has come for transparency and the board agreed to it" and that, "whoever wants any information, we will provide it."

A spokeswoman for the Attorney General's office would not comment on an ongoing investigation.

News of the probes come the day after Aldon James, who had been president of the club for 25 years, said he was stepping aside to go an extended "vacation".



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It remained unclear where James was going, and whether he would remain in his below-market rent apartment at the club during the transition.

As DNAinfo reported, he paid \$1,143 a month, according to tax filings. His twin brother paid \$356 a month and their close friend Steve Leitner, a real estate lawyer, paid \$858 a month for another apartment. The three allegedly have other apartments they use in

"He will still have his apartment," Bernhard said. "He will be in and out and will do some travel and get that much needed vacation. He was a 24/7 director. It takes a toll after a while."

Bernhard, who has devoted a great deal of time and money to the club, according to members — and rents a duplex there for \$7,600 a month, according to tax filings — "jumped right in" on Tuesday, rolling up her sleeves to start restoring order to the club's messy rooms.

"We have a great team and we've been flooded with calls today from members who wanted to help," she said. "We're cleaning. We're going through every department. We have set up committees with board members to take each area. We've set up the new office. We've met with all the staff. Everybody has a smile on their face."

Board members were optimistic with the changes.

"I think Diane is up to the task," said Cherry Provost, who had recently raised concerns about the board's fiduciary responsibility and was one of the three board members maligned by James in the February letter. "And it's going to be a huge task."

The board was ready to pitch in, she added.

"I think the board is doing everything they can to help [Bernhard]. She is a process person and that's what they need," Provost said. "The sad thing is if Aldon had made use of her before they would not be in the trouble they're in. But when you have someone who's had control for so long, they don't want to relinquish control."

This is not the first time the club has faced scrutiny from the Manhattan District Attorney's office. A 2003 probe resulted in a guilty plea from Aldon James' twin brother, John James, for using the club's nonprofit status to buy jewelry he sold for personal profit.

John James served five years probation and three months in a psychiatric hospital, and agreed to pay more than \$500,000 in restitution and fines.