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Decision Reached In Arts Club Spat ***Criminal Charges May Still be Brought***

By [PIA CATTON](#)

The legal battle that has pitted the National Arts Club against its former president, O. Aldon James, could soon come to an end. At a hearing Wednesday in a Manhattan court, State Supreme Court Justice Carol Edmead proposed a "global resolution" that would conclude the case and settle all claims if both parties agreed to it by Oct. 31.



Philip Montgomery for The Wall Street Journal
Dianne Bernhard, the president of the National Arts Club.

The proposal addresses several points of contention in the lawsuit filed in August by Mr. James, his brother John James and family friend Steven Leitner against the 113-year-old Gramercy Park club; it would also cover the complaints in a second lawsuit filed on Monday by Aldon James alleging that several members of the club's current administration have misused funds and should be removed from office.

The three men originally sued after the club called internally for their ouster on charges including misuse of the club's financial and real-estate assets, as well as harassment. (Not all charges were brought against all three men.)

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O. Aldon James, the ousted president who is suing the Gramercy Park club.

The settlement proposed by Justice Edmead would allow the three plaintiffs to keep three of the six apartments, located within the club's residential tower, that they currently control. They would also retain their club memberships. Aldon James would be required to resign from the board, but he would be eligible to run again and serve, if elected.

But the plaintiffs aren't entirely sitting pretty: The justice also said she would retain the ability to "determine if there has been conduct that warrants ouster," in the event that the club returned to the court with ongoing problems.

Justice Edmead addressed the courtroom—comprising about 30 people, many of them NAC members—with the proposal. Afterward, the club's lawyer, Roland Riopelle, consulted with the current president, Dianne Bernhard, and a few board members. They requested and were granted time to call a board meeting and return to the court with a decision.

"We need to get the whole board together to consider this, and we believe there will be issues that need to be discussed," Mr. Riopelle said.

The board could opt to put forth a counterproposal that protects it from the ongoing criminal investigations by the state Attorney General into Mr. James's conduct. If the board rejects the proposal entirely, an internal club hearing will proceed.

Mr. James's lawyer, Adam Gilbert, applauded the move toward a compromise: "This judge has homed in on the right issues and has taken it upon herself to reach a settlement. Many people feel this is a family matter that should be handled internally."

For the board to take action, a quorum vote would be required. There are 21 slots on the NAC board, but one board member recently resigned. The justice agreed to allow the board to convene without Mr. James, bringing the total to 19.

The request for a meeting without Mr. James was based on a previous episode in which he attended and allegedly disrupted a board meeting.

"He literally caused the board to be unable to function," Mr. Riopelle said of the incident.

The board must decide on the proposal before Monday. If it accepts it, all legal matters would be concluded. "This is called a clean up," Ms. Edmead said sternly.

Some club members in the audience objected to the proposal. "I think the three of them should be out," said Robert Seyffert, a painter who joined the club in the late 1970s, then quit over Mr. James's leadership and recently rejoined. "I support the current administration."

"I think it will come back to haunt the club if he can be put back on the board," said Sue Nickerson, an artist and member.