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Historic Club Cleans House *Legal Entanglements Harder to Purge*

By Pia Catton

When the National Arts Club welcomes its members back with a champagne toast on Wednesday night—a tradition that follows its annual summer hiatus—more than a few changes will be noticeable. From the awning outside the Tilden Mansion at 15 Gramercy Park South to the crystal chandeliers inside, almost everything at the club has been cleaned, refurbished or replaced—in many cases for the first time in decades.

That includes the leadership.



Philip Montgomery for The Wall Street Journal

Dianne Bernhard, the new president of the National Arts Club.

In March, the club's longtime president, O. Aldon James, announced that he would take a leave of absence, just one day before the club was served a subpoena by the State Attorney General's Charities Bureau. The Manhattan District Attorney followed with an investigation of its own into "potentially criminal activities," as the club phrased it in a recent letter to its membership. The club was the subject of a past D.A. investigation, and in 2003 John James, Aldon James's brother, pleaded guilty to abusing the NAC's tax-free status. The club now faces potential charges relating to its finances and real-estate holdings, and the possibility of having a receiver appointed to take over management.

On June 16, the NAC elected a new president, Dianne Bernhard, an artist and interior designer who joined in the 1990s. Among her first acts was to launch a top-to-bottom cleaning of the public rooms, as well as club rooms crammed with hoarded furniture, piles of papers and other detritus. "I had been trying to do this for years as a member," said Ms. Bernhard, who hired a professional cleaner specializing in disasters.

The cleaning may be complete, but the legal battle is far from over. In July, the NAC filed an internal document—a statement of charges—against Aldon and John James, as well as a family friend, Steven Leitner, seeking to permanently bar them, revoke their memberships and remove them from their club-owned apartments.

On Aug. 29, the James Group, as it is known, sued the club, arguing that the charges were not issued according to club rules and lacked specificity. The attorney representing them did not return calls for comment.

Aldon James, 64, a 35-year member, has been both a tenant and the club president for 25 years. John James, also 64, has been a club member for 31 years, and a tenant for 25 years. In 2003, John James, who is not employed by the club, pleaded guilty to using its tax-free status to flip expensive jewelry without paying taxes; he avoided jail by paying restitution and fines. Also a tenant, Mr. Leitner, 80, has been a member for 46 years and served as the chair of the Housing Committee, which oversees the club's 36 residential apartments.



Philip Montgomery for The Wall Street Journal

Workers cleaned lighting fixtures earlier this month.

The mismanagement of those real-estate assets, and the misuse of funds, are at the heart of the club's charges against the men. Among them is that Aldon James handwrote thousands of dollars' worth of checks against the NAC's checking account—for personal items, flea-market finds and antiques—without the board's approval.

"It's impossible to tell how much financial damage was done because the club's records are in such horrendous disarray. Checks were issued without invoice or receipt," said the club's lawyer, Roland Riopelle. "The James brothers contend that much of the property that was displayed publicly in the club is theirs. The club can't do more than show that a lot of club money was spent to buy property, and we don't know which it is."

What is known is that plenty of it was clogging up what would otherwise be revenue-producing spaces. According to the NAC, Aldon James, John James and Mr. Leitner possess or control six apartments within the club's Gramercy Park building, and two of them do not have leases. Those that have leases are below market. Aldon James allegedly told the board that some of the rentals were uninhabitable—and that the club did not have the cash to renovate them. The James' lawsuit alleges that the club was aware that they occupied the rentals and that the prices are commensurate with renters of similar duration and of rent-stabilized apartments.

Additionally, the building has rooms for use by members of other clubs, but a number of them were used instead for storage. That's where the issues of personal property and club space overlap: In the lawsuit, the Jameses contend that they have a "compulsive hoarding disorder," a medical condition, and that the board was aware of it for more than a decade.

Aware or not, Ms. Bernhard said that nothing could be done to combat the James' "disorder." "People who were working here were not allowed to clean up," she said. "There was furniture that we threw out—from the hoarded rooms—that was so unsanitary it had its own family of things living in it."

During July and August, Ms. Bernhard had the floors refinished and at least 4,000 square feet of carpet replaced. "The dining-room carpet had not been replaced in 27 years," she said. "The dirt under the carpet was at least one and a half inches deep."

The wallpaper—installed when the 1993 film "Age of Innocence" was shot at the club—was removed. New fabric has freshened up 35 pieces of furniture, and 100 new dining-room chairs were purchased. Tiles on ceilings and around fireplaces are visible once again. Ms. Bernhard would not estimate how much the clean-up cost, but she said that the existing budget covered it: "Our finances are in good order."

To keep them that way, she noted, the club has also tidied the back office: "We have a new accountant, a new auditing firm. We've improved all our policies of handling the finances and management." She said the club is now seeking a general manager. "We never had a business manager. We're interviewing."