The Sun.

Vol. XLII.—No. 51. NEW YORK, TUESDAY, OCTOBER 6, 1874. PRICE TWO CENTS.

TOO MEN BADLY CHEATED

A COLORED BUILDING SOCIETY'S SPECULATION.

What May be Done with a Thousand Dollars in the Real Estate Market—Six Hundred Germans Defrauded of the Savings of Years—Resistance to the Attempt to Sell out their Homes—An Incipient Riot.

In 1873 a number of Germans formed what they called the "Colored Citizens' Co-operative Building Association, Section 1." They established their office in Grand street. It is as yet not definitely known who suggested the formation of the association, but many of its ex members say that it was started at the suggestion of a gentleman who had purchased a tract of land with the intention of putting it on the market by means of the Co-operative Association. This gentleman was ex-Justice John A. Stemmler of the Fifteenth street civil court. He stood high in the esteem of Germans in New York, not only as a politician but as an able lawyer and honest, upright man.

About the time of the formation of this Building Association Justice Stemmler completed negotiations with the heirs of the Waldron property in the upper part of Astoria, for the purchase of their farm, for which he paid $100,000. This farm he cut up into 775 lots, and offered to the Building Association at $250 per lot, at which price his profit would have been (if he paid $100,000 for the farm) $93,750. The society accepted his offer, and at once began the improvement of the property by the opening and grading of streets. Soon the lots were ready for the market, and on their presentation were eagerly subscribed for. In less than six weeks over 600 of the lots had been disposed of, and before long the rest of the 775 were in the hands of German workingmen.

The Cabinetmakers' Co-operative Building Association did not differ in any essential respect from other building societies, except that the distribution of the property was made by lottery, and that the property to be disposed of was in the hands of an outsider instead of being held by the society itself. Purchasers of lots became members of the association without other formalities, and had the privilege of attending its meetings and sharing in its deliberations. It does not appear, however, that this membership gave them any power over the property or funds, nor is there any proof, as far as the writer could ascertain, of the election of the officers. These gentlemen, who were probably the originators of the scheme, seem to have constituted themselves the managers of the association, absorbing all the offices and transacting all the business. The purchasers paid $1 a week on each lot, the money being receipted for by the treasurer. The payments on the property were made by the association, the assessment being $37 for each lot.

ENLARGING THEIR OPERATIONS.

This association proved highly successful, and all the lots were disposed of at a rapid rate. The profits of the venture were, to a certain extent, however, by the panic of 1873 which threw many members out of employment and necessitated the sale of certain lots held by the association at a large discount. On this section every purchaser received a good and valuable lot.

Emboldened by this success, and sanguine of still greater profit, the association purchased from Justice Stemmler, after the sale of the Waldron farm, for $[illegible] per lot, the farm of Sherman J. Bacon and Robert Hyde, containing [illegible] acres, in the Ninth Ward, Kings County, for $[illegible] in cash and giving a mortgage for $[illegible], payable in instalments of $[illegible] each, viz.: One bond dated March 20, 1873, for $[illegible], payable March 20, 1874; Second bond, dated March 20, 1873, payable March 20, 1875; Third bond, dated March 20, 1873, payable March 20, 1876; Fourth bond, dated March 20, 1873, payable March 20, 1877; Fifth bond, dated March 20, 1873, payable March 20, 1878; Sixth bond, dated March 20, 1873, payable March 20, 1879; Seventh bond, dated March 20, 1873, payable March 20, 1880; Eighth bond, dated March 20, 1873, payable March 20, 1881; Ninth bond, dated March 20, 1873, payable March 20, 1882; Tenth bond, $[illegible], Dec. 20, 1873. By the provisions of the mortgage a failure in the payment of either instalment, or of the interest, was to make the whole amount immediately due and payable. This document was recorded March 22, 1873, in the office of the Clerk of Queens County.

The following extracts from the complaint will give the reader in the fewest possible words a notion of the material charges against Stemmler and Simon.

Deponent further says that the said defendants have failed and neglected to pay the instalments of interest upon said mortgage so due, & still—that on the 15th of February, 1874, the said Bacon & Hyde commenced a suit to foreclose said mortgage in the same court of Queens county, and at the time of the execution of said bonds and mortgage, it was understood and agreed by the said parties, and it was the intent of said parties, that the said Bacon & Hyde should have a sufficient sum of the said proceeds of said bonds, to pay off the said mortgage, and that the whole amount of $[illegible] should be paid upon said mortgage; and deponent is informed and believes that the said Babette Stemmler will entirely claim that the said bonds, owing to said mortgage, are utterly worthless; that the said Babette and John A. Stemmler have no means except apart of the proceeds of said bonds, that relying upon the statements and representations, as aforesaid, these plaintiffs omitted to make any inquiry or to prove any receipts of the title of said property; that the plaintiffs had no knowledge of said mortgage, and were entirely ignorant of the pendency of said foreclosure suit; that the said defendants knew of said mortgage and the pendency of said foreclosure suit, but that in pursuance of said scheme, device, and

CONSPIRACY TO CHEAT AND DEFRAUD

these plaintiffs, the said defendants fraudulently and wrongfully concealed from these plaintiffs the existence of said mortgage and the pendency of said foreclosure suit, and that these plaintiffs would not have purchased any of these lots if these said defendants had not concealed these facts from these plaintiffs. Deponent further says that the fraud and conspiracy which commenced in the organization of said pretended society and in the making of said contract continued throughout the defendants' management of said pretended association; that extending every person who subscribed for one or more lots on said property become a member of said association; but that although about one thousand persons became subscribers for said lots, the said persons

HAD NO VOICE

in the conduct of said association, but that the said defendants continued to manage all the affairs of the lot subscribers and the said property. That the said defendants styled themselves the officers and trustees of said association, absorbing all the offices and transacting all the business. The purchasers paid $1 a week on each lot, the money being receipted for by the treasurer. The payments on the property were made by the association, the assessment being $37 for each lot.

ENLARGING THEIR OPERATIONS.

On the 20th of December, [illegible], the complaint states, said defendants, Babette and John A. Stemmler, in the name of Sherman J. Bacon and Robert Hyde, sold to the said association, in consideration of [illegible] acres of land and paid their [illegible] $[illegible] in cash and giving a mortgage for $[illegible], payable in instalments as follows: Six thousand dollars March 20, 1874, $[illegible] April 20, 1874, $[illegible] Sept. 20, 1874, $[illegible] Nov. 20, 1874, $[illegible] Dec. 20, 1874, $[illegible] Feb. 20, 1875, $[illegible] April 20, 1875, $[illegible] Sept. 20, 1875, $[illegible] Nov. 20, 1875, $[illegible] Dec. 20, 1875. By the provisions of the mortgage a failure in the payment of either instalment, or of the interest, was to make the whole amount immediately due and payable. This document was recorded March 22, 1874