

INDEX.

	Page
Notice of Appeal	1
Petition of Appeal	2
Answer to Petition of Appeal.....	3
Stipulation	3
Bill of Complaint	4
Answer of Defendant, Easy Payments Homes Corporation	13
Answer of Defendant, Vincent Dorsa.....	17
Answer of Defendant, Peter Dorsa	20
Replication	23
Designation	23
Testimony	24
Verdict	119

WITNESSES FOR COMPLAINANT.

Stanley Coleman:

Direct	24
Cross	29

Henry Pabst:

Direct	30
Cross	32
Recalled—Direct	114

Patsy Champi:

Direct	34
Cross	49
Recalled—Direct	115
Recalled—Cross	117

Joseph A. D'Allessio:

Direct	62
--------------	----

Rose Champi:

Direct	63
Cross	70

	Page
Nicholas Stizza :	
Direct	72
Cross	73
George Coccia :	
Direct	73
Cross	74

WITNESSES FOR DEFENDANTS.

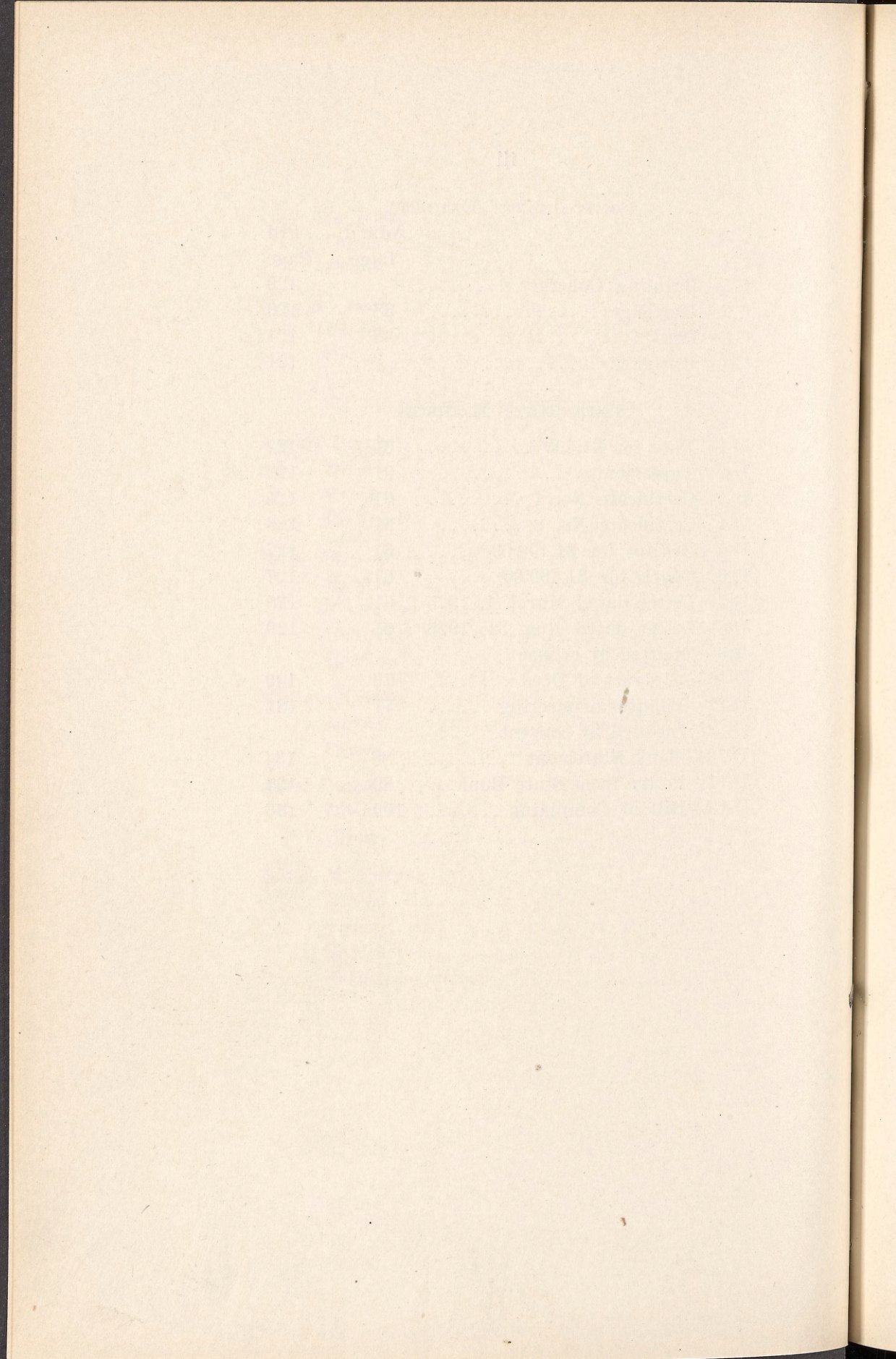
Jennie Precker :	
Direct	75
Cross	79
Redirect	80
Rose Yarnold :	
Direct	81
Cross	82
Redirect	83
Recross	84
Vincent Dorsa :	
Direct	84
Cross	89
Peter Dorsa :	
Direct	101
Cross	107
Israel M. Pogash :	
Direct	112
Cross	113
Redirect	114
Recalled—Direct	118

COMPLAINANTS' EXHIBITS.

	Adm'd Page	Ptd Page
C-1—Building Contract		120
C-2—Mortgage	38	120
C-3—Deed	38	121
C-4—Mortgage		121

DEFENDANTS' EXHIBITS.

D-1—Note for \$1,500	61	122
D-2—Agreement	61	122
D-3—Certificate No. 4	61	125
D-4—Certificate No. 8	61	126
D-5—Receipt for \$1,400.00	61	127
D-6—Check for \$1,400.00	61	127
D-7—Letter dated March 1, 1925	61	128
D-8—Letter dated Aug. 31, 1925	61	129
D-9—Omitted by consent.		
D-10—Abstract of Deed	76	130
D-11—Minutes of meeting	77	131
D-12—Omitted by consent.		
D-13—Bank Statement	88	134
D-14—Letter from State Bank ..	89	135
D-15—Bill of Complaint	100	136



Notice of Appeal.

In Chancery of New Jersey.

Between	}	10
PATSY CHAMPI and ROSE CHAMPI, Complainants,		
and	}	On Bill, Etc.
EASY PAYMENTS HOMES COR- PORATION, a New Jersey Cor- poration, and PETER DORSA and VINCENT DORSA, Defendants.		
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The Complainants, Patsy Champi and Rose Champi, hereby appeal from the final decree made by the Chancellor of the State of New Jersey, on the advice of Vice-Chancellor Church in the above entitled cause on January 4th, 1928, and from the whole and every part thereof, to the Court of Errors and Appeals in the Last Resort in All Causes.

Dated: March 29th, 1928. 30

GEORGE F. SEYMOUR, JR.,
Solicitor for and of Counsel with Com-
plainants, Patsy Champi and Rose Champi.

I conceive there is good cause for appeal in the above entitled cause.

GEORGE F. SEYMOUR, JR.,
Of Counsel with Complainants, 40
Patsy Champi and Rose Champi.

Petition of Appeal.

NEW JERSEY COURT OF ERRORS AND
APPEALS.

10	PATSY CHAMPI and ROSE CHAMPI, Complainants-Appellants, vs. EASY PAYMENTS HOMES COR- PORATION, a New Jersey Cor- poration, and PETER DORSA and VINCENT DORSA, Defendants-Appellees.	} On Appeal } from the } Court of } Chancery. } Petition of } Appeal.
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20 *To the Honorable the Court of Errors and Appeals
in the Last Resort in All Causes.*

The petition of Patsy Champi and Rose Champi,
the appellants in the above entitled cause, respect-
fully show that:

30 1. Petitioners find themselves aggrieved by a
final decree made in the Court of Chancery by his
Honor Edwin Robert Walker, Chancellor of the
State of New Jersey, bearing date the Fourth day
of January, 1928, in a certain cause in said Court
of Chancery wherein the said Patsy Champi and
Rose Champi were complainants and the said Easy
Payments Homes Corporation and Peter Dorsa
and Vincent Dorsa were defendants, in this res-
pect, to wit, that the said decree adjudges that the
Bill of Complaint should be dismissed for the rea-
son that the case as made out by the Complainants
was not sufficient to warrant a decree for the re-
lief prayed for.

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Petition of Appeal.

And petitioners appeal from the decree of the Chancellor which decrees as aforesaid, upon the ground that the same is erroneous in that all testimony as to the value of the locus in quo was not admitted in the evidence of the trial of the said cause.

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Petitioners therefore pray that the said decree of the said Chancellor may be wholly reversed, set aside and for nothing holden, and that petitioners may have such other relief in the premises as to this court shall seem proper.

GEORGE F. SEYMOUR, JR.,
Solicitor for and of Counsel
with Appellants.

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Answer to Petition of Appeal.

Formal answer to Petition of Appeal filed by Respondents.

Stipulation.

It is stipulated by and between Counsel for the respective parties that the following constitutes the record of appeal in this case.

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Bill of Complaint.

IN CHANCERY OF NEW JERSEY.

*To his Honor, Edwin Robert Walker, Chancellor
of the State of New Jersey:*

10 The complaint of Patsy Champi and his wife,
Rose Champi, residing in the Township of Living-
ston, County of Essex and State of New Jersey,
respectfully shows that:

1. On and prior to April 18th, 1925, the com-
plainants were the owners in fee of a certain tract
of land consisting of 103 acres, situate in the afore-
said Township of Livingston.

20 2. That on or about February 6th, 1925, the
complainant Patsy Champi, was approached by
one Peter Dorsa, who by misrepresentations and
false promises induced the said complainants to
convey to the said Dorsa, one half of the total acre-
age of the complainants' lands, for which the said
Dorsa executed a Bond and Mortgage in the amount
of Two (\$2,000.) Thousand Dollars on the land so
conveyed, in favor of these complainants. No con-
sideration was given for this conveyance.

30 3. That on or about April 18th, 1925, the com-
plainant, Patsy Champi, was again approached by
the said Peter Dorsa, who set out in glowing terms
and rosy hues the financial benefits to be derived
from a scheme or plan which the said Dorsa had
for developing the property of the complainants
into a residential district. To this end, said Dorsa
proposed that a corporation be formed and thirty
shares of stock be issued; ten to the complainant
Patsy Champi, five to the complainant, Rose Cham-
40 pi, ten to the said Peter Dorsa, and five to Vincent

Bill of Complaint.

Dorsa, son of Peter Dorsa. Said Dorsa also proposed that the complainants deed their property to the corporation after it had been formed and that the corporation sell the land thus acquired as building lots. Complainants in writing, agreed to these proposals. By the terms of this agreement, the deed of conveyance of February 6th, from these complainants to Peter Dorsa, and the Bond and Mortgage executed by the said Peter Dorsa to these complainants on the same date, were declared to be null and void. Thereafter, on April 18th, 1925, these complainants executed a deed of conveyance of the aforesaid 103 acres to the Easy Payments Homes Corporation, and a Bond and Mortgage in the amount of Two (\$2,000.) was executed and delivered from the Easy Payments Homes Corporation in favor of and payable to these complainants. The Easy Payments Homes Corporation, a corporation created by and operating under the laws of the State of New Jersey, was created during the year 1924, with its principal office located at #272 North Broad Street, in the City of Elizabeth, County of Union, and State of New Jersey. These complainants were induced to convey their aforesaid property to the Easy Payments Homes Corporation by the fraudulent and untruthful representations of the said Peter Dorsa that this Easy Payments Homes Corporation was the corporation which was to be formed by these complainants and the said Peter Dorsa subsequent to and following upon the agreement of April 18th, 1925. Thereafter, and in direct violation of the agreement between the parties, said Peter Dorsa caused to be issued to himself ten shares of stock in the said Corporation, and six shares of stock in the said Corporation to his son Vincent Dorsa,

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Bill of Complaint.

where by the terms of the agreement his son Vincent Dorsa was entitled to receive but five shares of stock. Said Peter Dorsa also caused to be issued to the complainant, Patsy Champi, ten shares of stock in the said Corporation, and promised to have the remaining four shares of stock issued to the complainant, Rose Champi, which promise has never been carried out and the complainant, Rose Champi, has never received the stock to which she became entitled under the terms of the agreement between the parties. Complainants aver that there never was any meeting of the stockholders of the alleged new corporation held for the purpose of electing officers or directors in the said corporation, nor for the purpose of adopting by-laws or any program concerning the business activities of the said corporation, although shortly after April 18th, 1925, and without the knowledge and contrary to the wishes of these complainants, said Peter Dorsa assumed the office and title of President of the said Corporation, whether by virtue of an election of officers or otherwise, the complainants do not know; at the same time, Vincent Dorsa, son of Peter Dorsa assumed the office and title of Secretary and Treasurer of the said Corporation.

4. That after the said Peter Dorsa had assured them that the Corporation had been duly formed, the complainant, Patsy Champi, at his own expense had the land surveyed and he himself expended time, labor and material in laying out and staking the said land off into building lots, of which there are approximately 1300.

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Bill of Complaint.

5. A short time thereafter, the said Peter Dorsa, as President and Agent of the said corporation, commenced and began an extensive selling campaign with respect to the aforementioned lots, and to the complainants' information and belief, disposed of more than 600 lots, the deeds of which have not yet been placed on record. On other lots, the said corporation, by its President and Agent, Peter Dorsa, began the erection of several houses, for which no building permits had been secured. This work was halted by the building authorities of Livingston Township and this complainant, Patsy Champi, paid for these permits out of his private moneys because he was informed by Peter Dorsa that the said corporation was unable to pay for the same.

10

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6. Thereafter, continuing its building program, the said corporation was again halted by the building authorities of Livingston Township and the said Peter Dorsa was fined One Hundred Dollars (\$100.00) for erecting buildings without a municipal building permit.

7. Soon thereafter, the building operations ceased and upon inquiry by this complainant, Patsy Champi, he was informed by the contractors and workmen on said buildings that they would not continue the work because they had not been paid for the work and services already performed. These complainants, upon information and belief, allege that the reason these workmen have not been remunerated for their services is because the said corporation is unable to make such payment, but is in an insolvent condition.

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Bill of Complaint.

8. After making the aforesaid inquiries, the complainants requested the said Peter Dorsa to produce the books of the defendant corporation for examination, but said Dorsa refused to do so. Peter Dorsa then proposed that the complainant, Patsy Champi, and Peter Dorsa and Vincent Dorsa secure a loan of moneys from a Bank, pledging therefor with the said Bank, the respective shares of stock which each party held. To this end, the complainant, Patsy Champi delivered to the said Corporation, by its President and Agent, the ten shares of Stock which he owned. Complainant does not know what has become of this Stock other than what he has been informed by the said Peter Dorsa, that it was duly pledged and a loan secured thereon.

9. During the month of April, 1926, the mortgage of April 18, 1925, fell due and upon demand being made for payment thereof, the defendant corporation, by its President and Agent, Peter Dorsa, refused to pay the same, saying that there was no money in the corporation to satisfy this claim.

10. Under the terms of the original agreement, said Peter Dorsa was not to receive any salary or remuneration for his services as an officer and agent of the said defendant. Upon information and belief, complainant alleges that the said Dorsa is violating the terms of the original Agreement and is paying himself and his son, Vincent, a salary for services as officers in said corporation.

11. During July, 1926, the complainant asked the said President Dorsa why he was continuing to erect houses on the property without permits

Bill of Complaint.

therefor and said Dorsa responded that the land was his and he would erect houses and buildings thereon if he saw fit. Complainant, Patsy Champi thereupon accused said Dorsa of trickery, fraud and misrepresentation in securing the property and operating the said defendant corporation and prohibited the said Dorsa from coming upon the property under penalty of arrest. Said Dorsa then appeared before the Recorder of Livingston Township and made a complaint against the complainant, Patsy Champi, for breach of the peace, which action is still pending.

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12. The complainants have repeatedly requested said Peter Dorsa, as President of the corporation, to call a meeting of the stockholders and to issue a report of the business done, the receipts of the business and the expenditures made by the corporation, the cash balance in the bank, etc., but said Dorsa refused and still refuses to comply with complainants' request. Complainants have repeatedly requested said Dorsa to call a meeting of the stockholders of the defendant corporation to determine the financial status of the said defendant corporation, but said Dorsa wilfully and fraudulently refuses so to do. To the best of complainants' knowledge and belief, the failure of said Dorsa to call meetings or submit reports of the business is due to the desire of said Dorsa to conceal and keep from the complainant, a knowledge of the gross and criminal mismanagement of the affairs of the defendant corporation by said Peter Dorsa and his son, Vincent Dorsa.

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13. These complainants, while born in the United States, are of foreign extraction, illiterate and

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Bill of Complaint.

unversed and ignorant of business transaction and by reason of the same have been imposed upon by the shrewd, tricky wiles of Peter Dorsa to the extent that these complainants now have nothing left but claims against the defendant corporation which is now and has been for some time insolvent and unable to meet its current obligations.

10

14. Complainants have no adequate remedy at law and can have relief only in the Court of Equity, and therefore file their bill on behalf of themselves and all other creditors and stockholders of the defendant corporation who may come in and contribute to the expense of this suit, and prays as follows:

20 1. That the defendants, Easy Payments Homes Corporation, Peter Dorsa and Vincent Dorsa, may answer this Bill of Complaint and each statement made therein.

30 2. That receiver may be forthwith appointed for the creditors and stockholders of the defendant corporation and of all its property and assets of every kind and nature owned or controlled by it or by them, with full power and authority to demand, sue for, collect, receive and take into his possession, all of the goods and chattels, rights and credits, moneys and effects, land and tenements, books, papers, choses in action, bills, notes and property of every description of the corporation, and to institute suits at law or in equity for the recovery of any estate, property or demands existing in favor of the corporation; and in his discretion to compound and settle with any debtor or

40 creditor of the corporation or any persons having

Bill of Complaint.

possession of its property or in any way responsible at law or in equity to the corporation at the time of its insolvency or suspension of the business, upon such terms and in such a manner as he shall deem just and beneficial to the corporation, and in case of other dealings between the corporation and any person, to allow just set-offs in favor of such person in all cases in which the same ought to be allowed according to law and equity; that all creditors, stockholders and other persons be enjoined from instituting, prosecuting or continuing the prosecution of any action, suits or proceedings at law or in equity or under any statute, against the defendants, or from levying any attachments, executions or other processes upon or against any of the properties of the defendants, or from taking or attempting to take into their possession, the property or any part of the property of the defendants. 10
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3. That this Honorable Court shall decree that defendants, Peter Dorsa and Vincent Dorsa, render a full and complete accounting to the said Receiver for any and all goods and chattels, rights and credits, moneys and effects, land and tenements, books, papers, choses in action, bills, notes and property of every description received and collected by them or held in their possession, in the name of the defendant corporation, or in their respective names, or through their agents or representatives, or through any other person or corporation, partnership or joint stock company, in connection with and arising out of the sale of the lands conveyed by these complainants to the defendant corporation. 30
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4. That this honorable Court shall rescind the deed of April 18, 1925, from these complainants to the defendant corporation and shall decree that all the rest and residue of the said 103 acres remaining after the accounting of the receiver appointed by the Court, be re-conveyed and deeded back by the said receiver to these complainants.

10 5. That an injunction shall issue out of and under the seal of this Honorable Court, directing, enjoining and restraining the defendant corporation, its officers, agent and employees as well as the defendants, Peter Dorsa and Vincent Dorsa, from interfering with, transferring, selling or disposing of any of the property or income of the defendants and that these complainants shall have such other and further and different relief as to
20 this Court shall seem proper and necessary in order to protect and enforce the rights and equities of complainant and other stockholders of the defendant corporation.

6. That a writ of subpoena may issue commanding the defendants, Easy Payments Homes Corporation, Peter Dorsa and Vincent Dorsa, to answer this bill of complaint and to abide by such decree as this Court may make in the premises.

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GEORGE F. SEYMOUR, JR.,
Solicitor for and of Counsel
with Complainants.

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Answer of Defendant, Easy Payments Homes Corporation.

The defendant, Easy Payments Homes Corporation, a corporation organized under the laws of the State of New Jersey, having its principal office at No. 272 Broad Street, Elizabeth, New Jersey, answering the complaint filed in the above stated suit, says:

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1. This defendant admits that the complainants had title to the premises described in the bill of complaint subject to three mortgages.

2. Upon information and belief, this defendant denies the allegations in paragraph two, except that it admits that complainants executed a deed conveying, except that is, is advised and believes it to be true that complainants executed a deed conveying a one-half interest in said premises to the said defendant, Peter Dorsa, and that he in turn executed a bond and mortgage thereon for \$2000.00, but this defendant is advised and believes it to be true that said indentures were never recorded and were annulled by mutual consent.

20

3. This defendant admits that on the 18th day of April, 1925, the complainants executed and delivered to the defendant for full value certain lands and premises described in said deed and in the bill of complaint and that said deed was recorded by this defendant in the Register's Office of Essex County on the 5th day of May, 1925, in Book E 72 page 270-273 of Deeds for said County; that said premises were conveyed subject to three several mortgages thereon aggregating \$13,900.00 of principal with accrued interest and that this defendant at the same time executed and delivered

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Answer of Defendant, Easy Payments Homes Corporation.

- to complainants, its bond conditioned for the payment of Two Thousand Dollars, in one year, at 6%, payable semi-annually secured by a purchase money mortgage upon said premises which was recorded in the Register's Office, aforesaid, contemporaneously with said deed, and that in addition thereto, and as part of the \$17,900.00 purchase price of said lands this defendant issued to the complainant, Patsy Champi, or his nominees, twenty shares of the capital stock of this defendant, of the par value of One Hundred Dollars each, but this defendant denies all allegations of fraudulent and untruthful representations by its President, Peter Dorsa, and it denies that it issued any of its shares of stock in violation of any agreement between it and complainants, and it expressly denies that four shares of stock were not issued to the said Rose Champi, but that the same were issued to her by Certificate No. 8, which certificate, together with Certificate No. 4, for ten shares issued to Patsy Champi, were subsequently returned to this defendant and transferred to Vincent Dorsa and Charles Dorsa, by virtue of the assignments duly endorsed upon said respective certificates by the said complainants respectively. Said assignments thereon being dated August 31, 1925. This defendant further says that Peter Dorsa has acted as President and Vincent Dorsa as Secretary from the organization of the company and Vincent Dorsa as Treasurer since April 17, 1925, by virtue of their election to said offices respectively by the directors of said corporation, at meetings of said Board, properly and duly held.
4. This defendant denies paragraph 4.

Answer of Defendant, Easy Payments Homes Corporation.

5. This defendant denies paragraph 5, except that it admits that through its officers it has conducted an extensive selling campaign of its lots in Livingston and that it has under construction on its property in said Township eight houses.

6. This defendant admits paragraph 6.

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7. This defendant denies paragraph 7.

8. This defendant denies paragraph 8, except that this defendant admits that the complainant, Patsy Champi, delivered to this defendant for transfer to Charles Dorsa his ten shares of stock in this company, as appears by his written assignment endorsed thereon, dated August 31, 1925, and that the said Rose Champi delivered to this defendant her certificate for four shares of capital stock of this defendant for transfer to Vincent Dorsa by her written endorsement thereon, dated August 31, 1925.

20

9. This defendant admits that the mortgage given by it to complainant matured about April 18, 1925, but at that time there was due and owing from the complainants, or one of them, more than the amount of the said bond secured by said mortgage, with accrued interest, and it was for that reason the said bond and mortgage was not paid and not for the reason alleged in complainants' bill that there was no money in the corporation to satisfy the claim, for on the contrary, the corporation had then and has now, ample funds out of which to pay the complainants any sum that is justly due them.

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Answer of Defendant, Easy Payments Homes Corporation.

10. Upon information and belief this defendant denies the allegations in Paragraph 10, but says that, Peter Dorsa and Vincent Dorsa are of course entitled to a just and fair compensation for their services as President and Secretary and Treasurer, respectively, of this defendant.

11. This defendant admits upon information and belief that its President did make a complaint against the said Patsy Champi for breach of the peace before the Recorder of Livingston Township and that he be held over to keep the peace on account of interference with the progress and business of this defendant and threats made by the said Champi of personal violence to its President and other officers and agents, and his threat to wilfully and maliciously injure this defendant's business to the point of preventing all further sales of its lots on the premises above mentioned and persuade people who had already purchased lots not to continue payments for the same. This defendant further admits that it has erected eight buildings upon said land but denies that any fraud, misrepresentation or other trickery has been practiced upon the complainants or either of them, by this defendant or by its officers, agents or servants.

12. This defendant denies that access to its books were at any time denied to complainants while they were stock holders and upon information and belief it denies all the allegations in paragraph 12.

13. This defendant has no knowledge or infor-

Answer of Defendant, Easy Payments Homes Corporation.

mation as to the ancestry of the complainants, but denies the other allegations and implications of paragraph 13.

14. This defendant denies paragraph 14.

ALGERNON T. SWEENEY, 10
Solicitor and of Counsel
for above Defendant.

Answer of Defendant, Vincent Dorsa.

The defendant, Vincent Dorsa, residing at 404 Ninth Avenue, Roselle, Union County, New Jersey, answering the complaint filed in the above stated suit, says: 20

1. This defendant admits that the complainants had title to the premises described in the Bill of Complaint subject to three mortgages.

2. This defendant denies paragraph two, so far as he has knowledge of the allegations therein, except that he is informed and believes it to be true that the indentures therein mentioned were executed, but never recorded and subsequently annulled by mutual consent. 30

3. This defendant denies paragraph 3 of the said complaint, except that he admits that the complainants conveyed the land described in their Bill to the Easy Payments Homes Corporation, and that the said corporation executed and delivered to them purchase money mortgage of \$2,000.- 40

Answer of Defendant, Vincent Dorsa.

00 as alleged therein, and that the said corporation was incorporated and organized under the laws of New Jersey in the year 1924, with its principal office as alleged, and that ten shares of stock were issued to Patsy Champi as alleged and that this defendant is now and has been Secretary of said
10 corporation since its organization, and Treasurer thereof since April 17, 1925.

4. This defendant denies paragraph 4.

5. This defendant denies paragraph 5, except that he admits that the Easy Payments Homes Corporation, through its President, this defendant, and its other executive officers, employees and agents did conduct an extensive and successful selling campaign and by its efforts sold approximately 190 lots or a sum aggregating \$56,230.00 and that the corporation has under construction eight houses on said premises.
20

6. This defendant admits paragraph 6.

7. This defendant denies paragraph 7.

8. This defendant denies paragraph 8, and says
30 that the complainants sold and delivered to this defendant's father their shares of stock in said corporation and assigned the same to the nominees of this defendant's father, to wit, Charles Dorsa and this defendant Vincent Dorsa.

9. This defendant admits that complainants' mortgage mentioned in paragraph nine became due, but denies that there was no money in the corporation to satisfy the claim and upon informa-
40

Answer of Defendant, Vincent Dorsa.

tion furnished by the President of the company this defendant says that he is advised and believes it to be true that the President of the company refused to pay said mortgage because the complainants at that time were indebted to the corporation in a sum greater than the amount of their mortgage with accrued interest.

10

10. This defendant denies that under the terms of the original agreement this defendant was not to receive any salaries or remuneration for his services as officer or agent of the said corporation, and says that he is entitled to receive a fair and just compensation for his services as Secretary and Treasurer of said corporation.

11. This defendant has no personal knowledge of the allegations in Paragraph 11, except that he knows and admits that his father, the defendant, Peter Dorsa, appeared before the Court of Livingston Township and made a complaint against the said Patsy Champi for breach of the peace and praying that he be bound over to keep the peace.

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12. The defendant denies the allegations in paragraph 12 of the bill of complaint, so far as he has knowledge thereof.

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13. This defendant denies paragraph 13.

14. This defendant denies paragraph 14.

ALGERNON T. SWEENEY,
Solicitor and of Counsel
for above Defendant.

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Answer of Defendant, Peter Dorsa.

The defendant, Peter Dorsa, residing at 404 Ninth Avenue, Roselle, Union County, New Jersey, answering the complaint filed in the above stated suit, says:

10 1. This defendant admits that the complainants had title to the premises described in the bill of complaint subject to three mortgages.

20 2. This defendant denies the allegations in paragraph two, except he admits that complainants executed a deed conveying one-half interest in said premises to this defendant, and that defendant executed a bond and purchase money mortgage thereon for Two Thousand Dollars, but that said indentures were never recorded, and by mutual consent annulled.

30 3. This defendant denies paragraph 3, except that he admits the complainants conveyed the said premises subject to said mortgages, to the Easy Payments Homes Corporation and that the deed and bond and mortgage mentioned in paragraph two, were annulled by mutual consent, and that the Easy Payments Homes Corporation executed a bond and mortgage to the complainants to secure the sum of \$2000.00 and that said corporation was created as alleged in the complaint, and this defendant also admits that tenshares of stock were issued to Patsy Champi as alleged and this defendant further admits that he acted as President of the said corporation, but says that he was duly and regularly elected to that office by the Board of Directors of said corporation as will more fully and at large appear by the minutes of said corporation.
40

Answer of Defendant, Peter Dorsa.

4. This defendant denies paragraph four.

5. This defendant denies paragraph 5, except that it admits that the Easy Payments Homes Corporation, through its President, deponent, and its other executive officers, employees and agents did conduct an extensive and successful selling campaign and by its efforts sold approximately 190 lots or a sum aggregating approximately \$56,230.00 and that the corporation has under construction eight houses on said premises. 10

6. This defendant admits paragraph 6.

7. This defendant denies paragraph 7.

8. This defendant denies paragraph 8 and says that the complainants sold and delivered to this defendant, their shares of stock in said corporation and assigned the same to the nominees of this defendant, to wit, Vincent Dorsa and Charles Dorsa. 20

9. This defendant admits that complainants' mortgage mentioned in paragraph nine became due, but denies that this defendant acted as President of the Easy Payments Homes Corporation, refused to pay the same for the reason that there was no money in the corporation to satisfy the mortgage, but on the contrary states that acting as President of the said corporation he refused to pay the said mortgage because the complainants were then and are now indebted to the corporation in a sum in excess of the amount of their mortgage with accrued interest. 30

Answer of Defendant, Peter Dorsa.

10. This defendant denies that under the terms of the original agreement this defendant was not to receive any salaries or remuneration for his services as officer or agent of the said defendant corporation, and says that he is entitled to receive a fair and just compensation for his services as President of said corporation.

11. This defendant admits, as alleged in paragraph 11, that he appeared before the Recorder of Livingston Township and made a complaint praying that the said Patsy Champi be bound over to keep the peace on account of the threats which the said complainant, Patsy Champi, had made against this defendant personally, and on account of the injury to the business of the corporation which he threatened in interfering with sales of lots because this defendant, as President of the corporation, insisted that said complainant would have to pay the moneys due from him to the corporation or allow the same as an offset against his mortgage, and that the corporation would not pay said mortgage without such offset and that upon his continual refusal to make a settlement with the corporation, the corporation would have him dispossessed from the house owned by the corporation, which he was then and had been occupying.

12. This defendant denies paragraph 12.

13. This defendant has no knowledge or information as to the ancestry of the complainants, but

Answer of Defendant, Peter Dorsa.

denies the other allegations and implication of paragraph 13.

14. This defendant denies paragraph 14.

ALGERNON T. SWEENEY,
Solicitor and of Counsel
for Defendant Peter Dorsa. 10

Replication.

Complainant joined issue on answers of all defendants.

Designation.

Order of Reference to Vice-Chancellor Church entered November 2, 1927, and designation fixing 20
December 15, 1927 as time of hearing.

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Testimony.

IN CHANCERY OF NEW JERSEY.

January 4, 1928.

10	Between	}
	PATSY CHAMPI and ROSE CHAMPI, Complainants,	
	and	}
	EASY PAYMENTS HOMES COR- PORATION, a New Jersey Cor- poration, <i>et als.</i> ,	
	Defendants.	

20 Transcript of shorthand notes of testi-
mony taken in the above entitled cause be-
fore his Honor, ALONZO CHURCH, Vice
Chancellor, at the Chancery Chambers,
Newark, New Jersey, in the presence of
GEORGE F. SEYMOUR, JR., for Complainants;
Messrs. STEIN, MCGLYNN & HANNOCH (by
Mr. HANNOCH) for Defendants.

30 STANLEY COLEMAN, sworn for complainant.

Direct-examination by Mr. Seymour:

Q. Where do you live? A. West Orange, New
Jersey.

Q. What is the address? A. 25 Park Terrace.

Q. Are you in any way related to Champi, or
by business or relationship of any kind? A. No,
sir.

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Stanley Coleman—Direct.

Q. Do you know Peter Dorsa and his son, Vincent? A. Yes.

Q. Do you remember the first time that Champi met them? A. I do, sir.

Q. Where was it? A. In Washington Street in Mr. Dorsa's real estate office.

Q. Where, what city? A. Newark, New Jersey. 10

Q. And when was that? A. That was on about January—between January eighteenth and twentieth of 1925.

Mr. Hanoach: The date? I didn't get that date.

Witness: Between the eighteenth and twentieth.

Q. 1925? A. Yes, sir. 20

Q. What was the meeting for, do you remember? A. Yes, sir; Mr. Champi and I intended to go into a moving picture business which Mr. Dorsa had then to lease—to rent in Elizabeth, and Mr. Champi and I at that time had been in a business previous to that and we decided after we had sold that business that we probably would go into another business, so we met Mr. Dorsa in his office in regard to leasing his theatre in Elizabeth, the moving picture theatre. 30

Q. How did the Dorsas and Champi come together, do you know that? A. That was the first meeting of us that we came together, and after we got into the moving picture theatre, of course, it became more together then.

Q. The visit they made, was there any talk about land or this property in Livingston? A. The only thing was that Mr. Dorsa asked Mr. Champi what his business was and Mr. Champi told him 40

Stanley Coleman—Direct.

that he was in the dairy business, and Mr. Champi said, "Have you got a big place?" Mr. Champi said, "Yes, I got quite a big place. I got 103 acres of ground." He wanted to know where it was and he told him in Livingston, New Jersey.

10 Q. There was not anything said at that time about property other than that? A. No other than that, sir.

Q. Were you present at the visit there was a talk about this property at Livingston? A. Yes.

Q. Between Champi and Dorsa? A. Yes.

Q. Where was that? A. A visit it was talking about the property in Livingston was in the Lyric Theatre, 535 East Jersey Street, Elizabeth.

Q. Who was there? A. At that time Mr. Champi and Mr. Peter Dorsa and myself.

20 Q. What was said about property between these people? A. Well, when they first met Mr. Dorsa said, "Mr. Champi," he said, "I have been thinking over your property up there in Livingston. Don't you think you are a fool to be in such a business when you have got so much ground up there?" He said, "Man, if I had that property I would have lots of money for the rest of my life." He said, "You have a mint of money up there if you only
30 knew it." Mr. Champi answered him and said, "How so, Mr. Dorsa?" He said, "You should break that up into real estate lots." He said, "That is where the money lies." So Mr. Champi said, "All right, Mr. Dorsa, but I haven't got the money to do that." And Mr. Dorsa said, "Money is the last thing to worry about."

Q. All right. What did they do? What did Champi say about that? A. So Mr. Champi said, "How could it be done, Mr. Dorsa?" So Mr. Dorsa
40 said to Mr. Champi, he said, "Now Patsy," he

Stanley Coleman—Direct.

said, "I will tell you what I will do yith you. I have been thinking it over very strongly, and if you will take me in on that property on a fifty-fifty basis, I will tell you what I will do with my end of it." He said, "We will divide the property. I will go up there and get in streets and put in sidewalks and put in curbing, and" he said, "in fact, I will build three or four or five houses up there and get things started," he says, "if you will take me in to this thing, and we will form a new corporation and that will be my end of the agreement, of the fifty-fifty for all receipts taken in or expenses," he says, "we will go fifty-fifty on it," he says, "if you will do that, I will guarantee you you will be sitting on easy street within less than a month or two months time." 10

Q. Was there anything further done? Did Champi say anything that day in response to what Dorsa had said? A. Mr. Champi said he wouldn't enter into anything until he consulted his wife. 20

Q. All right. What occurred after that, anything? A. Why, nothing at the theater, but the next meeting was with Mr. Champi and Mr. Dorsa and Mrs. Champi at his office in Washington Street, Newark.

Q. Were you there? A. Yes. 30

Q. When was that? A. That was on about—around February the second of 1925.

Q. And were you there for that whole conversation? A. Yes, sir.

Q. And what did Mr. Dorsa say to them and what did they reply? A. Well, Mr. Dorsa went through the same routine in his office to Mrs. Champi as he had done in the theater in regards to what he would do for his own end of the property at Livingston, agreeing to put in sidewalks 40

Stanley Coleman—Direct.

and curbing and cut through the sidewalks there if they took him in on a fifty-fifty basis.

Q. What did the Champis do? A. Mrs. Champi said she was satisfied if it could be done, and she was satisfied.

10 Q. They both said they were satisfied? A. Both said they were satisfied.

Q. Was there any agreement drawn that day? A. No, sir; not while I was there. We all left after that.

Q. What was the next you heard of it then? What was the next you heard after February, 1925?

The Court: No, not what you heard.

20 Q. I mean, when you were present, when Dorsa and Champi were together. Were they together after that? A. Well, I wasn't at any more meetings when the three of them were together.

Q. You know the property at Livingston, don't you? A. Yes, sir.

Q. Eh? A. Yes, sir.

Q. And you knew Champi before this—he came in contact with Mr. Dorsa? A. Yes, sir.

30 Q. And do you know what was done on the property since Mr. Dorsa came into the matter? A. Yes, sir.

Q. What has been done? A. Why, there has been eight cellars dug there, and I believe, if I am not mistaken, four houses have been started, yes, the frames of them up—old lumber—and part of the old barns torn down and part of the lumber used on the old house.

Q. Any streets, sidewalks or curbs? A. No, sir.

40 Q. Lights or anything like that? A. No, sir.

Stanley Coleman—Cross

Q. Any improvements on the property? A. None at this time.

Q. How long has this house been standing there unfinished? A. I should judge the houses has been there now close on to two years.

Q. Still standing there? A. Just the same as when they were started.

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Q. You were not present at any agreements or any discussions between Dorsa and Champi? A. No, sir.

Cross-examination by Mr. Hannoch:

Q. When you first had the talk with Champi about the motion picture business—they were there—the reason why Dorsa was discussing with Champi what property he owned was because he wanted some sort of security for a lease on this theater, didn't he? A. Yes, he wanted security on the theater.

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Q. And that was the reason for that discussion originally? A. Not necessarily. Mr. Champi gave him the security on another piece of property, not the property at Livingston.

Q. He gave him some sort of mortgage? A. Yes, sir.

Q. Now, did you say they discussed a corporation the first time at the Lyric Theatre? A. Yes, sir.

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Q. Aren't you sure that the original transaction was one whereby a deed was given by Champi to Dorsa for a half interest in this property? A. No; that was not the first discussion, sir.

Q. All right. You have not told us that that took place at any discussion that you were present. A.

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Stanley Coleman—Cross

I was not present at any time when any agreement was drawn up.

10 Q. Do you know whether there was any discussion then or any agreement made, whereby the original transaction of the parties was met whereby Champi gave a deed for a half interest in this property? A. I was not present.

Q. When you say these houses were started and nothing had been done for two years—and nothing else—do you know when the bill in this case was filed and when the lis pendens and injunction and everything else? A. I know nothing about that.

Q. That was in August, 1926. A. I know nothing about that.

20 Q. You dont' know that some time before that that Champi here refused to let anybody come up on that property, threatened to shoot them and had police up there and all that sort of stuff. A. I know nothing about that.

Q. Do you know what mortgages there were on this property? A. No, sir.

Q. Do you know how much was to be paid for it by Dorsa? A. No, sir.

30 Q. There was not anything to be paid for it as far as I know. It was a fifty-fifty agreement of partnership.

HENRY PABST, sworn for complainant.

Direct-examination by Mr. Seymour:

Q. What is your business, Mr. Pabst? A. Carpenter.

Q. Carpenter? A. Yes, builder.

40 Q. Were you in—are you in the business of building houses? A. Yes, sir.

Henry Pabst—Direct.

Q. Where is your place of business? A. Well, sometimes I am working all over. I am living in North Arlington.

Q. Do you know Peter Dorsa? A. Yes, sir.

Q. Did you build any houses for him at Livingston? A. Yes.

Q. When were those houses started, do you remember? A. In July,—September, 1926, if I aint mistaken. 10

Mr. Seymour: I will withdraw that question.

Q. Did you have a written agreement with Mr. — A. Yes.

Q. Eh? A. Yes.

Q. Was that agreement made by Miss Precker, a lawyer? A. Yes. 20

Q. She was your lawyer, was she? A. Yes.

Q. Under that agreement did you start building houses? A. Yes.

Q. Where? A. Out there in—what is the name of that town? Livingston.

Q. And how many houses did you begin? A. Four.

Q. Did you ever finish them? A. No.

Q. Are they still unfinished? A. Yes; they are unfinished. 30

Q. Were you ever paid for them? A. No.

Q. Who hired you to build them? A. Dorsa.

Q. Did you have—what did he say to you about not paying for them? A. Well, he didn't have the money. He told me all the time that he aint got the money yet; he going to get the money. He promised me from one day to the other, from one week to the other, and then all the time he promised me that he going to pay me, so he didn't pay me yet. 40

Henry Pabst—Cross.

Q. Did he give you any money at all? A. He gave me some money, you know, that is for extra work, a couple of hundred dollars, you know, around them houses.

10 Q. How much money have you got in those houses, labor and material? A. I got about six thousand five hundred.

Q. How much money did Dorsa pay you? A. He paid me around eight hundred on it.

Q. Eight hundred? A. Yes.

Cross-examination by Mr. Hannoeh:

Q. What is the date of that one payment you got? What is the exact date?

20 Mr. Seymour: I see it is a copy. April 12th, 1926.

Q. April 12th, 1926. That is when you made your agreement? A. Yes.

Mr. Seymour: Any objection to a certified copy?

Mr. Hannoeh: Certified copy from the court house? A. No.

30 Q. You made that on April 12th—

The Court: The agreement. Let it be marked.

Q. This agreement was made on April 12th, 1926, and how soon after that did you start work?
A. A couple of weeks after.

40 Q. A couple of weeks after, and your payment provided as to when you were to get your payments, didn't it? A. Yes; when I got the houses up.

Henry Pabst—Cross.

Q. When you got the houses all up? A. No; rough sheathed.

Q. Do you know when you had that done, when that was, when you became entitled to your first payment? A. Yes; it was a couple of months, about a—about two months later.

Q. Dorsa gave you some money on account then, didn't he, some eight hundred dollars you say? A. Yes; he gave me sometimes when I came down one hundred. 10

Q. When it came to getting some more money did Dorsa tell you he couldn't go through with the loans, the building and loans would not make any loans on account of these suits that were going on? A. He didn't tell me nothing about suits. Mr. Dorsa told me—I was with those people—I had them out for supper about the Federal Trust Company—I had those peoples all out for supper and they promised me tomorrow, after tomorrow they are going to give me money. 20

Q. Did Dorsa tell you that when the representative from the mortgage companies or the building and loans came up there, Champi told them that Dorsa did not own this property and he would not let anybody build and would not let anybody come on the property? A. I didn't hear nothing of the kind. 30

Q. Dorsa told you that? A. No.

Q. That was the reason the mortgage come said they were not going to get in any trouble by loaning money on this property? Was that ever told you? A. I didn't hear anything of the kind.

Q. Do you remember whether some people served stop notices on Dorsa for the money that you owed them? A. No.

Q. You didn't owe the Newark Heights Supply 40

Patsy Champi—Direct.

Company some money, the twenty six hundred dollars, and a stop notice was served on Dorsa? A. Not to me. He didn't told me nothing to that.

The Court: Did you owe the money?

10 Q. Did you owe the Newark Heights Supply Company \$2631. for materials? A. Yes; that money comes to them people.

Q. Yes. After you get it it goes to them. A. Yes.

PATSY CHAMPI, sworn for complainant.

Direct-examination by Mr. Seymour:

Q. Where do you live? A. Livingston.

20 Q. And how long have you lived in Livingston?
A. Since 1924.

Q. And what did you have up there in the way of property? A. Well, I was in the dairy business.

Q. How much land did you have? A. 193 acres.

Q. And when did you first meet Peter Dorsa?
A. About January the twenty-second.

Q. What year? A. '25, 1925.

30 Q. And where did you meet him? A. Well, I met him at the Washington Street Realty—real estate office.

Q. Whose office was it? A. Peter Dorsa.

Q. And who was there at that time? A. Why, there was Stanley Coleman, Peter Dorsa and I.

Q. And did you have any talk that day about your property in Livingston? A. No, sir.

Q. Did you tell them that day that you owned property at Livingston? A. No, sir.

40 Q. You did not? A. No, sir.

Patsy Champi—Direct.

Q. When was the first time that Dorsa knew you owned property at Livingston? Do you know when that was? A. Well, he—he wanted to go in business together with Stanley Coleman and we wanted to go in the moving picture business, so I met Mr. Dorsa on the twenty-second of January, 1925. Then he asked me about the twenty third or the twenty-fourth, he says, "Champi, where—" He wants some kind of security for the theater. So I told him I could produce one, so I gave him a fifteen hundred security on the house, on property in West Orange, so he was satisfied with that, so about in January the 31st, that was on Sunday afternoon we opened up the theater in Elizabeth, so he came to me and he says, "Champi," he says, "you know you are a fool," he says, "for being in the dairy business. You are up there kidding yourself. You are not making any money." So I said, "What do you mean, Mr. Dorsa?" "Well," he says, "we can take that property of yours up there, you have got 103 acres of ground, and you know there is a big fortune in front of you." I says, "In what way?" "You can cut that property up into building lots, in about two or three months you will be worth a fortune." Of course, I laughed at him. I said, "Dorsa, don't you think it takes a lot of money to develop property like that?" "Well," he says, "you got the property aint you?" I said, "Yes." "Well," he says, "I got the money to go ahead with the rest of it." "What is the rest of it?" "Well," he says, "before we can sell any lots we will cut streets and make it up into building lots and get streets and curbs and put a few buildings on the property so we can sell the lots and whatever we make we will go fifty-fifty." "Well," I said, "I can't give you

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Patsy Champi—Direct.

any answer just now." "Well," he says, "why?" "Well, my wife is in on this and we earned a dollar together; we expect to spend it together." So he said, "All right," he says, "tell your wife about it and let me know as soon as possible." So I went home the same night and I told the wife about it, so on Monday—he told—he says to me, 10 he says, "Champi, bring your wife down tomorrow morning and we will talk things over." So I went home. I said to my wife all about what Mr. Dorsa said to me. So we went down to his office on Washington Street, Newark, and there was nobody there at the time. Only the boy was there, Vincent Dorsa. And my wife remained there and I went out to get some gasoline to get my car ready, so when I came back there was Peter Dorsa 20 there, Stanley Cole, Vincent Dorsa. There was—yes, there was only four of them there at that time. When I come in, "Hello, folks," I said, "are you enjoying yourselves?" He said, "Hello, Paddy, come on in and join the crowd." "Well, what are you talking about?" "Well, I am just showing your wife what I told you last night." "Well, what are you showing her?" And he was showing her some kind of books how he was getting this 30 money from different receipts and for a monthly payment, and he was showing a lot of maps, building lots that he had in different sections, showed a lot of buildings that he put up, so that is nice. I said, "All right, now, you can convince my wife. I am perfectly satisfied to go through with it." So that was that.

Q. What did he say at that time? What did he say he would do? A. He said he would develop the property, cut it in building lots, streets and 40 curbs and then sell the property and whatever we

Patsy Champi—Direct.

get, why, we go fifty-fifty.

Q. Well, did you at that time—did you on that day make an agreement between you and the Champis? A. No; not at that time. We came just to a settlement at that time.

Q. What was the settlement? What were you to do and what was he to do? A. Well, he was supposed to develop the property, survey it into building lots, cut streets and curbs and sell the property first end of it. 10

Q. Was that to be for the whole 103 acres or just half the property? A. Just for the—well, for the whole 103 acres, so whatever we sell then we were supposed to go fifty-fifty.

Q. How much mortgage was on the property at that time? A. There was only twelve thousand,—no, fourteen thousand dollars. 20

Q. What was he going to give you for this? A. I was only supposed to get the return at fifty-fifty whatever we made.

Q. Have you the original agreement?

Mr. Hannoch: I have the one they made. First, they gave a deed for a half interest, and then they changed their minds and put that back again, and here is another agreement that Miss Precker drew. You can have this. I am not withholding it. You can take these. 30

Mr. Seymour: I thought to get it in.

Mr. Hannoch: You won't get any place unless you ask about these two deeds first. The deed and the mortgage, why they changed it.

Q. You made—you and your wife—I show you 40

Patsy Champi—Direct.

a deed dated February 6, 1925, between Patsy Champi and Rose Champi grantors, and Peter Dorsa, grantee, and I ask you if you recognize this signature? A. Yes, sir; I recognize it.

Q. Did you sign them? A. Yes, sir.

10 Q. And your wife signed that, too, in your presence, did she? A. Yes, sir.

Q. Now, that is a deed for an undivided one half of the property? A. Yes, sir.

20 Q. How did that come about? What was that? A. Well, Mr. Dorsa came to me after we had this meeting in the office on Washington Street. He says, "Now, Champi, the way to go about this, you have to give me half of your property and take half of yours and half of mine and we will have a corporation." "Well," I said, "Mr. Dorsa, you know about the legal end of it, how I am going to go about this?" He said, "I will tell you what we will do. We will go to Elizabeth and we will form an agreement so we went to Frank Sauer in Elizabeth, and then I signed the half—undivided half of my property to Peter Dorsa and he gave me a money mortgage for it, a two thousand dollar mortgage.

30 Q. Was there any cash at that transaction? A. No cash at all.

Q. Did you get anything but the two thousand dollar mortgage? A. I got nothing but the paper.

Q. Is that the mortgage you signed? A. Yes, sir.

Q. Eh? A. Yes, sir.

Mr. Seymour: I am going to offer it. I offer deed and mortgage.

(Papers marked Exhibit C-2 and C-3.)

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Patsy Champi—Direct.

Mr. Seymour: The deed has never been recorded.

Mr. Hannoeh: They changed their mind a couple of days later.

Q. You people agreed to stand by this mortgage, did you? A. No.

Q. It never went through, did it? A. Why, yes, it went through.

Q. Didn't you change this? Did you ever give them another deed after this? A. Why, no. The way this came that way that he had already took half of my property and then when I asked Mr. Dorsa, "How soon are we going to form this corporation?" He says, "Just as soon as we get things straightened up." I said, "What do you mean 'get things straightened up?'" So a month or so after—a few weeks after—I don't quite remember—we went to Miss Precker's office to form a corporation, so he called me up on the telephone; he says, "Champi, you and your wife better come down, we are going to form this corporation," so I went down to the office. That was on Park Street then. The wife and I went down there and I said, "Mr. Dorsa, what are we going to do now?" He says, "I have formed a corporation." I said, "What do you call it?" He says, "We are going to call it the Easy Payments Homes Corporation." "Well," I said, "does that sound very good?" He says, "You leave everything to me. Everything will be all right." I said, "Where are we going now?" He said, "To my lawyer's office," I said, "Don't you think I better get an attorney?" He said, "What is the use? You are wasting your money away." He said, "The lawyers all take your money away from you; they are a bunch of

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Patsy Champi—Direct.

robbers," so I believed him. So we went to Mrs. Precher's office, so Mrs. Precher had some papers there. She said, "Mr. Champi, you know what you are signing?" I said, "Yes." She said, "You are signing one undivided half to the Easy Payments Homes Corporation and Peter Dorsa is turning in to his one undivided half to the Easy Payments Homes Corporation." She said, "Are you satisfied with that?" I said, "Yes." Well, then I said, "What did I get for this?" "Well," he says, "we will give you stock for this."

10 Q. Go on. What did you say to that? A. Then he said, "Give you stock." Well, I didn't understand nothing about corporations or stock, so I was pretty well satisfied, so I said, "What kind of stocks are we going to receive?" He said, "We have issued 30 shares of stock," that I was supposed to receive 10 shares, Peter Dorsa was going to get 10 and Vincent Dorsa was going to get 10, so my wife said, "I don't think that is a fifty-fifty business." I said, "Why?" "Well, you can see I am only getting one third and you are getting more than I am getting." "Well," he said, "I will tell you what we will do. We will divide up Vincent's shares into half," so he said, "No, Vincent is going out to sell lots and that you can't do. We will give Vincent a few extra shares," so they agreed to that. So my wife took four shares of stock. Vincent took six; I took ten and Peter Dorsa took ten.

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Q. And that was all done at Miss Precker's office? A. That was done at Mrs. Precher's office.

Q. Do you know whether or not you were an officer or director or anything? A. I didn't know what I was.

Patsy Champi—Direct.

Q. Didn't he explain to you what you were? A. Well, I was only a stockholder.

Q. Stockholder? A. I was only a stockholder.

Q. When was this meeting held whereby this stock was divided as you say? Whereabouts was that? A. In April some time, either March or April.

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Q. April, 1925? A. In 1925, yes.

Q. And what happened after that? A. Well, he—then he went out to sell the lots. He was trying to sell lots. I said, "Mr. Dorsa, you can't sell lots this way." He said, "You leave it to me. I have been a real estate man for eighteen years. I know just what I am doing." "All right, Mr. Dorsa, you go ahead and go as far as you please and don't forget I am a poor man." He said, "You leave it to me."

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Q. Well, what happened? Did Dorsa do anything with the property? A. No, sir.

Q. He went up there, did he? A. Yes, sir.

Q. Did he cut any streets through? A. No, sir.

Q. Or sidewalks or make any improvements of any kind? A. Not a thing.

Q. Did he build any buildings? A. He started four buildings and three foundations.

Q. And when were they started, do you know? 30

A. They were started around April, I guess, around April or March, I don't remember.

Q. 1925? A. 1925.

Q. Have those buildings ever been completed?

A. No, sir.

Q. How long since they have done any work on them? A. Oh, it is a year and a half or two years they have not done a thing on it.

Q. Did you ever get any money out of the Easy 40

Patsy Champi—Direct.

Payments homes Corporation or Dorsa? A. No, sir.

Q. Do you still own stock in it? A. Well, I don't know.

Q. Well, have you got your stock? A. No, sir.

10 Q. What happened to that, do you know? A. Why, one day Mr. Dorsa come—said to me—called me up on the telephone. He said, "Champi, you better come down and straighten things up." Well, I come down and I said, "What is the trouble, Mr. Dorsa?" He said, "No trouble at all—right there, right there."

Q. Why did he say that to you? Had you been talking to him about settling the case up? A. No; I didn't know nothing about it.

20 Q. How long after April 1925 was that when he called you up that day? A. Oh, about a week or so after that.

Q. You went there right away? A. I went down there; he had no car at the time, you see, he had no car at that time.

Q. You went to his office, did you? A. Yes, sir.

Q. And who was there? A. Peter Dorsa was there.

Q. Just you and he? A. Yes.

30 Q. What did he say to you? A. He said, "Champi, I am having kind of a little trouble with the money part." I said, "I thought you had the money." He said, "You know how it is. I have been in the real estate business so long all my money is tied up. I can't get the cash just now, in order to raise cash now, because we got to straighten up the mortgages in order to get release clause so we can sell lots and it takes quite a little money. How are we going to get money?" I said, 40 "You are the man that is supposed to get the

Patsy Champi—Direct.

money; now get it." "Oh, we will get it," he says. "The way we will do this, I will take my stock; I will take Vincent's stock and your stock and we will turn it into the Linden Bank and we will make a loan there and we can go along this way." "Well, don't you think it is kind of funny work, Mr. Dorsa?" He says, "No; I have done business with the Linden Bank all my life. Everything is all right." So I believed him, so I give him my stocks.

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Q. And did you sign anything? A. No, sir; I never remember signing anything.

Q. Well, do you know whether or not he borrowed money from the Linden Bank? A. I don't know whether he borrowed anything at all.

Q. Did you ever get your stocks back? A. No, sir.

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Q. And when was the next time you had anything to do with him? A. Well, after he started the buildings account, then he started the buildings account and Mr. Pabst, the builder, he was always hollering he couldn't get his money. I said, "Mr. Pabst, what seems to be the trouble?" "Well, Mr. Dorsa has stuck me so far now—"

Mr. Hanoeh: I object to that.

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The Court: No.

Q. Don't tell that. What happened? As a result of what he told you, what did you do if anything? A. About which?

Q. Mr. Pabst. A. No. The only thing, "The best I can do for you."

The Court: No. Do not say what you said to Mr. Pabst.

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Patsy Champi—Direct.

Q. What did you do with Dorsa after that? A. I didn't do nothing.

Q. Did you see him? A. No; I didn't see him.

Q. How often was he on the property? A. Once a week.

Q. And when would that be, any particular time? A. All Sunday.

10 Q. You see him every Sunday afternoon? A. Yes, sir.

Q. And you lived on the property? A. Yes, sir.

Q. And would you talk with him on Sunday about what he was doing? A. Yes, sir.

Q. What would he tell you?

The Court: Who, Mr. Pabst?

Mr. Seymour: No, Mr. Dorsa.

20 Witness: I said, "Mr. Dorsa, what seems to be the trouble with these builders? Why aren't these people paid?" He said, "I will tell you, I am trying to get a loan on this property; I am getting a thirty-five thousand dollar loan on this property." I said, "What is the matter? Haven't you a loan on that now without getting any more?" He said, "You don't have to worry about anything. Those loans will come in a short time, just as soon as we sell some lots." So that went on for quite some time and so

30 one day he came up there,—he had, I think, four Jewish fellows, that was in 1926. That was the late part of August, either July or August some time, so Mr. Dorsa comes up there with four fellows and he was making motions, "All those houses, this is mine, this is all paid for; this is all mine and this

40 is all mine. So I walks up to him and I

Patsy Champi—Direct.

said, "Hello, Dorsa." "Hello, Champi, how are you?" He wanted to shake hands with me. I said, "You can't shake hands with me." I said, "Mr. Dorsa, did you pay the builders?" He says, "Yes." I don't meant the builders. I said, "A contractor put these buildings up." He said, "Yes; I paid them that; they done their work; they was entitled to it; I had to pay them." So I asked him again, "Listen, Mr. Dorsa, I am asking you one question: 'Did you pay all this material or the builder'" He said, "Yes." I said, "Dorsa, you are nothing but a dirty liar." Right to his face. 10

Q. What did he say to that? A. He said, "Who is a liar?" I said, "You are a dirty liar." Then he—I don't remember what he said to me. Then these here two or three fellows got together and said, "What seems to be the trouble?" "No trouble at all," I said. From there we walked towards the road. I said, "Dorsa, from today on, don't you dare enter my property until everything is straightened up, until these buildings are paid for, because everybody is hollering for their money." He said, "Your property?" "Yes, mine," I said. "Your property in what way?" he said. I said "What did you give me for this property?" "Well," he said, "I spent twenty-five thousand dollars on this property for improvements." I said, "Twenty-five thousand—" 20 30

The Court: Did you—(interrupted)

Witness: So he says, "Champi, I treated you like a brother." I said, "Is that the way you treat your brother?" He says, 40

Patsy Champi—Direct.

“Yes.” Then I called him a skunk to his face. He says, “Champi, I am going to make you cry like a baby one of these days.”

The Court: Won't you keep the witness down to material facts?

10 Q. As a result of this conversation you and Dorsa had at that time, what did you do if anything?
A. What do you mean?

Q. Did you see him after? A. No, sir; I have never seen him since.

Q. Did you ever ask him—during the time before this last incident you mentioned, did you ever ask him to mention what he was getting out of the property? A. No, sir.

20 Q. Did he ever tell you what he was getting out of the property? A. No, sir.

Q. Do you know whether or not he was selling any property? A. I asked him many times, “What business have you done on this property?” He said, “Never a nickel's worth of business. We get a few customers and by the time we run back and forth all the profit is gone.”

30 Q. Did any other persons come up there and say they bought lots? A. Why, yes, persons come there and say they bought lots.

Q. Did you ever speak to Dorsa about that? A. No, sir. Then he found out I was after him and he was always out; every time I used to try to get him on the telephone, he was always out; so one day I called up the office and Anna was there, the book-keeper was there. I said, “Is Mr. Dorsa there?” She says, “No,” so I said, “Listen, Anna, I am helping you—”

40 Mr. Hannoeh: I object.
The Court: No.

Patsy Champi—Direct.

Q. Never mind what you said to her. What did you say to Mr. Dorsa? A. Mr. Dorsa was not there. Mr. Dorsa didn't answer the phone.

Q. Never mind that. If he was not there never mind it. Did this company ever have any stockholders meetings or directors meetings, that you know of? A. No, sir.

10

Q. You went and had one at Miss Precker's office, the first one? A. That was the first one, we met at Miss Precker's then.

Q. Did they ever have any others after that? A. No, sir.

Q. Eh? A. No, sir.

Q. Did you ever sign a waiver of notice of this meeting? A. No, sir.

Q. Do you remember what you did sign for Mr. Dorsa outside of the deed? A. Yes, sir.

20

Q. Do you remember anything else you signed? A. No, sir.

Q. What was there? A. I remember signing another piece of paper for about the loan, when I surrendered my stocks. I think he was trying to get a loan of fifteen hundred.

Q. Was there anything on that paper when you signed it, trying to get a loan from the bank? A. No, sir.

30

Q. And was there anything written on it? A. No, sir, not a thing.

Q. Printed on it? A. No, sir.

Q. Did you sign that or did your wife sign it with you? A. We both signed it.

Q. Did you ever—there was not anything written on it? A. No, sir.

Q. Did he tell—what did he tell you it was? A. It is he was supposed to get a loan of thirty-five thousand dollars in some bank in order to pay off

40

Patsy Champi—Direct.

those buildings and finish up all those houses, so he said, "Champi, I am a little tied up in money just now. We got to make a loan somewhere." So I said, "How are you going to make a loan?" I figured we were so deep, the best way out of it—

10 to get out the best way we can. He said, "I will tell you what we got to do. We will have to go to the Linden Bank, you, I, all the stockholders. We will sign the stock over there and we will get a loan of thirty-five thousand dollars." So I said, "All right, Mr. Dorsa," so a week after he said to me, he says, "Champi, I was just down at the bank and they don't want such a big crowd in the bank." He says, "I will bring the papers to you and we will sign them and we will bring them

20 back." So one Saturday afternoon Vincent Dorsa came to the office and says—he come up with all the papers then and he pulled out a blank piece of paper and he put it around the paper. He said, "My father—my Dad sent me up with a piece of paper. I want you to sign it." I picked it up. It was blank on both sides. "What do you mean you want me to sign a blank piece of paper?" "Well," he says, "Dad knows all about it," so I signed it and my wife signed it.

30 Q. Did you get anything in the way of money?
A. No, sir.

Q. This first agreement that you made, whereby you sold or deeded one half of the land to Mrs. Dorsa, that was the first one, wasn't it? A. Yes, sir.

Q. And before that you received back a two thousand dollar mortgage? A. Yes, sir.

40 Q. Purchase money mortgage. You afterwards made a deed of all the property to the corporation, did you not? A. No. I just turned all the—my

Patsy Champi—Cross.

undivided half into the corporation.

Q. Did Dorsa make a deed of his half to the corporation? A. I think he did; I think he did.

Q. You don't know whether he did or not? A. Well, I don't know whether he did or not because Mrs. Precker was acting for both of us. I believed her as well as I believed Mr. Dorsa.

Q. Whatever they told you you did, did you? A. Yes.

Q. And at the present time, neither you nor your wife have any stock in the Easy Payments Homes Corporation? A. Yes, sir.

Q. Now just about this time prior to this meeting with Dorsa and prior to doing this thing, you had an offer, did you not, to sell that property? A. Yes, sir.

Q. Who was that offer from? A. Mr. Carom— 20

Mr. Hanoeh: I object.

The Court: I will sustain the objection.

Mr. Hanoeh: I don't see what that has to do with it.

The Court: That has nothing to do with it.

Cross-examination by Mr. Hanoeh:

30

Q. Champi, you have not been telling us the whole story here, have you? A. Yes, sir.

Q. Try to tell us everything that took place in this transaction. A. Well, it is so much of it I—

Q. (Interrupting.) I mean, when Mr. Seymour asked you questions, you tried to tell him everything you wanted—he wanted to know, did you?

A. Yes, sir.

Q. Just to get one or two things out of the way first. On this motion picture theatre, that is the 40

Patsy Champi—Cross.

business you first got hold of, that you first had with Dorsa? A. Yes.

Q. You gave him some sort of security for a loan with Coleman? A. Yes.

10 Q. When you finally got through with that theater, you owed fifteen hundred dollars to the Easy Payments Homes Corporation, didn't you? A. No, sir.

Q. Didn't you sign a note for fifteen hundred dollars? A. No, sir.

Q. Is that your signature? Maybe you don't know what it is, but is that your signature? A. It looks like my signature.

20 Mr. Hanoach: Let me mark this for identification, note of July second, 1925, for fifteen hundred dollars.

(Note marked D-1 for identification.)

Q. This property you had in Caldwell, 103 acres, about half of it was swampy, wasn't it? A. No, sir.

Q. And the other half was good for development? A. It was not swampy.

30 Q. It was up in the section where every spring the Passaic River goes over the banks and takes half the ground and leaves moskuitos on the other half. A. No, sir.

Q. Now, you had three mortgages on it totally \$13,900? A. Yes, sir.

Q. And the first of those mortgages had some other property as security? A. Yes.

Q. The man would not make a loan on that unless you gave him some other security? A. Right.

40 Q. Now, you first started off by making your deal with Dorsa that you were going to give Dorsa

Patsy Champi—Cross.

a half interest in this property and he was going to pay you for that by giving you a two thousand dollar purchase money mortgage, subject to all the other mortgages, right? A. No, sir.

Q. Well, the first thing you did was on February 6th, 1925, down in Frank Sauer's office in Elizabeth, you executed a deed for half interest to Dorsa. A. Yes, sir. 10

Q. That is right. Now, on the same day, Dorsa executed a mortgage to you for two thousand dollars? A. Yes, sir; on my own property.

Q. Yes. Well, on the property he was getting that day? A. Yes.

Q. Now, those are two exhibits, C-2 and C-3. Now, those papers are not recorded. A. No, sir.

Q. Do you know why they are not recorded? A. No, sir; I do not. 20

Q. Do you know that Dorsa said he did not want to go into a deal like that and said that he decided to call it off and he gave you back your papers? A. He never said any such thing.

Q. And you persuaded him to still stay in this deal because you wanted to divide this into building lots and sell it. A. No, sir.

Q. For some reason or other that you don't know about this paper was not put on record, this deed and mortgage. A. I don't know why it was not put on record. 30

Q. But you went to Miss Precker's office. A. Yes, sir.

Q. And on April eighteenth you and your wife and Mr. Dorsa signed an agreement, did you not? A. Yes.

Q. This is your signature? A. Yes.

Patsy Champi—Cross.

Mr. Hannoeh: May I mark this for identification?

(Paper marked D-2 for identification.)

Q. Do you know what that agreement provided for? A. No; I do not.

10 Q. See if I can refresh your mind very briefly. It says that you have conveyed to Dorsa an undivided half interest in your property and that Dorsa had given you back a purchase money mortgage and that the parties desired to transfer all this property to this Easy Payments Homes Corporation. A. Yes.

20 Q. And you then cancelled a deed and a new mortgage and you agreed to transfer the property to the Easy Payments Homes Corporation and take back a mortgage of two thousand dollars? A. Yes, sir.

Q. Do you remember that? A. Yes.

30 Q. All right. Now that paper was signed. Then on the same day a deed was signed by you and your wife to the Easy Payments Homes Corporation conveying all this property, deed recorded in Book E-72 of Deeds, 270. Will you look at that and see whether that is your signature? A. Yes; that is my signature.

Q. Now, do you remember doing that? A. Yes.

Q. Now, you said before that you didn't think that you ever transferred this property to the corporation. A. Why, no; the way I understand this now, first, I gave him a half and now I turned the whole thing over to him.

Q. At any rate, the corporation got title to the whole property? A. Yes.

40 Q. Now, the corporation gave you back a two thousand dollar mortgage? A. Yes.

Patsy Champi—Cross.

Q. You got a two thousand dollar mortgage—

A. Instead of the property.

Q. —plus your stock, plus two thousand dollars worth of stock. A. Yes,—no; not two thousand dollars worth of stock. One thousand dollars worth of stock.

Q. Well, originally, under the minutes you got two thousand dollars worth of stock and you transferred some to Dorsa? A. I never transferred to anybody. 10

Q. But you got a two thousand dollar mortgage. A. Yes.

Q. On this property. And what did you do with that mortgage? A. Which mortgage?

Q. The two thousand dollar mortgage which you now hold on this property. A. Well, I still hold it. 20

Q. You still hold it? A. Yes, sir.

Q. When was it that you first discovered the fraud—I don't know what the fraud is yet—when was it that you first were dissatisfied with the way that Dorsa was handling this transaction? A. Well, at the time that Mr. Pabst was building the houses up on the property.

Q. Yes. A. That he was not paying nobody.

Q. And then you were dissatisfied? A. Then I was very dissatisfied. 30

Q. Now, do you remember when that was, about when? A. Yes.

Q. When was it? A. About in August, either July or August.

Q. And then you right away started to foreclose the two thousand dollar mortgage, didn't you? A. No, sir; I never tried to foreclose the mortgage.

Q. You what? You never foreclosed this two thousand dollar mortgage? A. No, sir. 40

Patsy Champi—Cross.

Q. Did you ever have a lawyer by the name of Tyacke? A. Yes, sir.

Q. And did you know he filed a foreclosure bill against the Easy Payments Homes Corporation?

A. No, sir; he never did.

Q. Sure? A. Absolutely. I don't—

10

Mr. Hanoach: Well, I have got the bill here.

The Court: Never mind.

Q. You never started to foreclose? A. No, sir.

The Court: That is in the same category as the blank paper signature, I think.

20

Q. Now, then, when you finally were dissatisfied you went to Champi, didn't you—to Dorsa, and you said: "Now, Dorsa, you have got a two thousand—I hold a two thousand dollar mortgage on this property. I want you to give me something for my stock and I am going to get out." A. No, sir.

Q. Never had that talk with him? A. No, sir.

Q. You never made a deal with him to sell your stock, your interest in this stock for fourteen hundred dollars? A. I want to sell my stock to who, to Dorsa?

30

Q. For fourteen hundred dollars. A. No, sir.

Q. No, sir. And you have a note of fourteen hundred of Dorsa's in your possession? A. I have a note?

Q. Yes. A. Dorsa's note?

Q. Yes. For fourteen hundred. A. No. The only thing I received from Peter Dorsa was a fifty dollar check in 1924—1925, my mother died.

40

Q. All right. A. That is the only money I re-

Patsy Champi—Cross.

ceived from him and the check wasn't any good, came back protested.

Q. Let me try and reframe it and see whether you cannot refresh your mind. You wanted fourteen hundred dollars and Dorsa said he didn't have the money then, but that he would give you a note for one month for fourteen hundred. A. No, sir. 10

Q. That is not so? A. No, sir.

Q. And then that you and your wife transferred your shares of stock, and you say that was not done? A. Not as I know of.

Q. I show you certificate number—first certificate number 4 for 10 shares in your name and ask you whether that is your signature on the back of that certificate. A. Yes, that is the stock.

Q. All right. That is your name on the back of it transferring it to Dorsa? A. But this was not on there when I signed this (indicating). 20

Q. In other words the words "Charles Dorsa" was not on there? A. No, sir.

Q. But you signed your name? A. I signed this way in order to get the loan in the Linden bank.

Mr. Hannoeh: Mark this for identification.

(Paper marked D-3 for identification.) 30

Q. Now this is the paper you signed in order to get the money from the Linden Bank? A. Yes, sir.

Q. It is what you call a blank sheet of paper? A. No, sir; not that one.

Q. I am asking you, is this the paper you signed for getting the money in the Linden bank? A. That is the one; that was the first time we were 40

Patsy Champi—Cross.

supposed to get a loan of fifteen hundred to straighten up the mortgage.

Q. I understood you to say a moment ago that you signed one that was a blank sheet of paper.

A. Yes, sir.

10 Q. And that young Dorsa came up and that you and your wife signed it. A. Yes, sir.

Q. I am asking you whether this is the one you signed. A. No, sir.

Q. I show you certificate number 8 to Rose for four shares of stock. Is that her signature? A. I don't know whether that is her signature.

Q. Oh, yes, you do. Do you know whether that is her signature? A. She can tell her own signature more than I can.

20 Q. Don't you know whether it is? A. It might be.

Q. Are you sure it is not your wife's? A. No; I am not sure.

Mr. Hanoeh: I offer this.

(Paper marked D-4 for identification.)

Q. Now, that was in August, 1925. Now, with that before you, do you still say that you did not get a note for fourteen hundred dollars at that time? A. Yes, sir.

30 Q. Now, then, do you remember on November 17th, 1925, you got fourteen hundred dollars from Dorsa? A. Never received a nickel from Dorsa.

Q. Well, now, look at this paper. I ask you whether that is your signature. A. No, sir; this is not my signature.

Q. That is not your signature? A. No.

40 Mr. Hanoeh: Mark this for identification.

Patsy Champi—Cross.

(Paper marked D-5 for identification.)

Q. Will you say whether D-5 is the blank sheet of paper that you were talking about? A. No, sir; that is not the blank sheet of paper.

Q. That is not the blank sheet of paper? A. No, sir.

10

Q. Now, in this paper you say it is not your signature, but you say something that you were going to give Dorsa the note which you hold as security, don't you remember that? A. That I hold Dorsa's note?

Q. Yes. A. I never held any of Dorsa's notes.

Q. Do you remember Dorsa gave you fourteen hundred dollars and he asked you where the note was and you said it was home and you would bring it down? A. Dorsa never gave me a note; I never received a nickel from Dorsa.

20

Q. Now, I show you a check and ask you whether that is your signature on the back of that check? Just look at the signature. Never mind the writing. A. (Witness pauses.)

Q. Is it your signature? A. No, sir.

Q. That is not your signature? A. No, sir.

Q. That is the way you disposed of this check of fourteen hundred. So it is not your signature? A. Absolutely that is not mine.

30

Mr. Hannoeh: I offer that.

(Check marked D-6 for identification.)

Q. Now, then, do you remember making a lease for some of this property that you lived in? A. A lease?

Q. Yes, sir. A. No, sir.

Q. When you got out of there you wanted to have—

40

Patsy Champi—Cross.

The Court: (Interrupting.) Let me see the check, please.

Q. Do you remember ever signing a lease? A. No, sir.

Q. Do you know Rose Yarnold? A. Yes, sir.

Q. Who is she? A. She used to be a bookkeeper down in the office.

Q. In the Easy Payments Homes Corporation? A. Yes.

Q. Is that your signature? A. Yes, sir.

Q. That is your signature? A. Yes, sir.

Q. This was that you were renting a house up on this property for sixty-five dollars a month. A. Right.

Q. And that you keep the house in good condition. A. Yes.

Q. You say you did not sign that? A. I signed that paper. I remember signing.

Q. What did you mean when you said you never signed a lease on this property? A. When that paper was brought to me he said, "Champi, our business is a little bit bad now, you know, to get our loan from these banks we got to show as much business as possible. We can fill up this papers and show the bank we are doing that much more business."

Q. Do you remember signing that? A. Yes, sir.

Mr. Hannoeh: Let me mark this for identification.

(Paper marked D-7 for identification.)

Q. Now, then, after you signed this lease, in March, 1925, did you pay the rent that you were supposed to pay? A. No, sir.

Q. How long didn't you pay rent? A. Never

Patsy Champi—Cross.

paid rent.

Q. And you never started any trouble until Mr. D'Alessio started a suit against you in Orange.

A. Yes, sir; that is the first time I knew Peter Dorsa was wrong, was crooked with me.

Q. Do you know Mr. Cowley from Passaic? A. Yes, sir. 10

Q. Who is he? A. He held a third mortgage on my property.

Q. Did you ever write him a letter? A. Yes, sir.

Q. And did you ever tell him in your letter that if he wanted to get interest on these mortgages he should go to see Dorsa because you were no longer interested in the property? A. No, sir; I paid the interest—(interrupted)

Q. Never mind. Did you write such a letter? 20
A. I wrote a letter to Mr. Cowley, saying, "Mr. Cowley, I have turned my property into the Easy Payments Home Corporation; look to Peter Dorsa, he is the president of the corporation just now."

Q. You don't remember writing a letter to him in which—(interrupted)

The Court: Wait a minute. How do you know he was president?

Witness: Well, we knew he was president. 30

The Court: How did you know it?

Witness: Well, Mrs. Precker said to me that he was the president, Vincent Dorsa was the secretary and the treasurer.

Q. Now, just look at this letter attached to the affidavit filed her on September 23rd. I ask you whether that is your signature at the second— A. 40
Yes; that is my signature.

Patsy Champi—Cross.

Q. This is the letter on August the 31st, 1925, in which you write to Mr. Cowley and you say, "This is to inform you that some time ago I sold my property known as the Prodairy Farm at Livingston to the above corporation, Easy Payments Homes Corporation in which I am no longer interested." A. I didn't write them letters.

10

Q. You just said you did. Is that your signature?

The Court: Yes. Mark it for identification.

(Paper marked D-8 for identification.)

(Discussion.)

Mr. Hannoeh: All these things for identification you can mark in evidence.

20

Q. Do you remember telling anybody else that you had sold your stock and you were not interested in this company any more? A. No, sir.

Q. Do you remember ever being up in the Recorder's Court up in Livingston? A. No, sir.

Q. You were not up there in the Recorder's Court? Do you know what the Recorder's Court is, police court? A. Yes, sir.

Q. Do you remember being up there? A. Yes, sir.

30

Q. Do you remember the time you were there the corporation had a complaint made against it by the Building Department that they were building without getting a permit? A. Yes.

Q. Do you remember that? A. Yes.

Q. And do you remember Dorsa being in the court room and saying to the Judge that he never knew they had to get a permit? Do you remember that? A. He said that; yes.

40

Q. And do you remember the building inspector

Patsy Champi—Cross.

saying they sent you the notice? A. Yes, sir.

Q. And that Dorsa then said, "He isn't interested in my company any more," and the Judge looked to you and said "Have you got anything to do with this company?" and you said, "No, I have not. I am out of it." A. No, sir.

Q. You did not say that? A. No, sir.

10

Q. All right, all right. You say now you don't know whether you own this stock or not? A. No. The way Mr. Seymour told me that I don't own anything just now.

(At this point Defendant's Exhibits for identification marked in evidence Exhibits D-1, 2, 3, 4, 5, 6, 7, and 8.)

Q. Can you tell me something about this blank sheet of paper—some more? Who was around when it was signed? A. Why, I remember there was two young fellows and the wife and I.

20

Q. You both signed on the same sheet of paper. A. Yes, sir.

Q. Both you and your wife? A. Yes, sir.

Q. Blank sheet on both sides? A. Yes, sir.

Q. And none of these papers that I have here are that blank sheet of paper that you are talking about? A. No, sir.

30

Q. So you don't know what is on that blank sheet of paper? A. I don't know what is on the paper.

Mr. Hanoeh: All right. That is all.

40

Joseph A. D'Allessio—Direct.

JOSEPH A. D'ALLESSIO, sworn for defendant.

Direct-examination by Mr. Hanooh:

Q. You are a member of the bar, Mr. D'Allessio? A. I am.

10 Q. And you represented Mr. Dorsa in some proceedings before the recorder's court up in Livingston? A. I did.

Q. Will you tell us just what transpired at that time? A. There was a complaint made by the Building Department of Livingston against Mr. Dorsa for proceeding with the building operations without a permit and during the hearing he was asked why he had not taken out a building permit.

20 The Court: Who was asked, Mr. Dorsa?

Witness: Mr. Dorsa, yes. He replied to the Court that he didn't know they were necessary in Livingston, he didn't know they had a building code.

30 Q. Was Champi in the room at the time this was going on? A. Yes; he was sitting at the back of the court room. The inspector butted in at the time and told the Court that he had notified Mr. Champi who lived on the property that a building permit was necessary and at this juncture Dorsa replied that that was no notice to him because Champi had nothing to do with the property whatsoever. The recorder seemed much surprised. I suppose he heard of the property up there and he put the direct question to Champi. He was sitting at the rear of the court room. He said, "Mr. Champi, do you own that property or are you in-

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Joseph A. D'Allessio—Direct.

terested in it?" And Mr. Champi, he replied, "No."

Q. When was that? A. That was some time during the spring or summer of 1926. I don't recall the exact date.

Mr. Hannoeh: Cross examine.

Mr. Seymour: No questions.

10

ROSE CHAMPI, sworn for complainant.

Direct-examination by Mr. Seymour:

Q. You are the wife of Patsy Champi? A. Yes.

Q. Do you remember the first time you talked to Peter Dorsa regarding this property? A. Yes.

20

Q. Where was that? A. It was in his office on Washington Street, Newark.

Q. And when was it? A. About the second day of February.

Q. What year? A. 1925.

Q. And who was present at that time? A. Well, we went—when we went there, Vincent Dorsa was there, Mr. Dorsa was not there, then my husband left me there and right after that, a few minutes after, Stanley Coleman came in, and then Mr. Dorsa came.

30

Q. What did Dorsa say to you about the property? A. Mr. Dorsa stood along side of me and showed me his books, went over his books and showed me just how he done his business. He says that we was foolish to stay in the farm business, that we could cut that up in building lots and make a lot of money, so I told him that we didn't know nothing about real estate and he said, "Why that"—he says, "You got the property and I will

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Rose Champi—Direct.

do the rest," he says, "To go about this we should go this way; you give me half of your property and then you take your half and my half and we will have a corporation. We will put it into the corporation," and then for his half that he was to develop the property which he had an agreement for it.

10 Q. Well, what was he going to do? Did he tell you? A. Well, he said he was going to cut streets, put in sidewalks and curbs and he was going to put in a few houses and start selling lots.

Q. He was going to pay for that? A. Why, he was going to do it for the half that we gave him.

Q. And did you say anything to him about it, or talk to him about it? A. (No answer.)

20 Q. How long did this conversation last? A. Well, I should judge, about an hour.

Q. And then after that, what did you do? A. Well, that day we only talked about it. We signed no papers or agreements.

Q. Well, did you make an appointment to come back another time? A. Yes.

30 Q. When did you do that? A. Well, we didn't make an appointment, but he told me. My husband and we went down. The next time he went down was on February sixth which we signed half the property over to him and Henrietta Dorsa.

Q. And what did you get for that half of the property? A. Well, the only thing he gave us was a two thousand dollar mortgage on our own property.

Q. And how much were the mortgages on the property at that time outside of that? A. The mortgage was fourteen hundred.

Q. Fourteen hundred dollars? A. Yes.

40 Q. I mean, all the mortgages? A. All the mort-

Rose Champi—Direct.

gages fourteen hundred.

Q. How much was the mortgages Mr. Cowley had? A. Twenty-five hundred.

Q. Well, there were other mortgages besides that. A. Yes, sir. There was one for fifteen and another for ten. The first mortgage was ten thousand dollars.

10

Q. Then how much did all the mortgages on the property amount to? A. Fourteen hundred—fourteen thousand dollars. I see my mistake now.

Q. After that you went down to Miss Precker's office, did you not? A. No, sir. We signed an undivided half over to him, to a notary public in a drug store about a block or two away from his office.

Q. Who drew that deed? A. I don't know who drew it. I think it was Sauers. But I wasn't there at the time. He had them papers all ready first when we went down and we went there and this notary public said to us, he said, "Do you know what—" He says first, he wouldn't do it. He says, "I don't know youse people, you have to have somebody that knows you." So we went back and got Mr. Dorsa and Mr. Dorsa came back with us and he says, "Do you know what you are doing?" He says, "You are signing off your property over Mr. Dorsa." So we told him, yes, we know what we was doing and we signed it.

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Q. What was the next you knew about it, Mrs. Champi, after that? A. Well, after that, then we went over to Mrs. Precker's office about the eighteenth of April.

Q. Did you have a meeting over there? A. No; we never had no meeting. The only meeting was when we drew up the papers.

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Rose Champi—Direct.

Q. And that was in Mr. Precker's office? A. Yes.

Q. Was there ever any meeting after that? A. No, sir.

Q. Was there ever any time after that when you and your husband and Mr. Dorsa got together in one room? A. No, sir.

10 Q. To talk about things or do anything? A. No, sir.

Q. What improvements did Mr. Dorsa put up on the property? A. He hasn't made no improvements at all.

Q. There were some houses started, were there not? A. He started four houses and three foundations.

Q. When were they begun? A. They were begun about April twent six.

20 Q. And they are unfinished, aren't they? A. Yes, sir.

Q. How far are they finished? A. Well, three of them are up to the first payments.

Q. What is the first payment, roofs on them? A. Well, not finished, no, just the rough work.

Q. No plumbing? A. No plumbing, nothing.

Q. Or piping, anything of that kind? The houses are not enclosed and they are still standing up there? A. Yes, sir.

30 Q. Did you see Mr. Dorsa after that? A. Why, I saw Mr. Dorsa all the time. He used to come to my house and have spaghetti dinners.

Q. He came up every Sunday to visit? A. Almost every Sunday.

Q. Would you and he and your husband talk about the property? A. Why, yes, many times we told him we want to have a meeting and want to see where we stand, and he kept putting us off and

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Rose Champi—Direct.

said the stenographer he had was no good, she knew nothing about books. He said, "As soon as I get a different bookkeeper, why, we will get together and show you the business."

Q. Did he ever tell you what he was selling up there, what lots he was selling? A. Well, we seen him with people up there, but I know he must have sold quite a few lots, because people was up there and told us about it. 10

Q. Well, other people told you. Did he ever tell you he sold lots? A. Well, yes.

Q. Did he ever give you any money for the sold lots? A. Never.

Q. Did you ever ask him for the money? A. No, sir. The only thing we want to see was the business, which he never sold us. 20

Q. How many times were you down to his office, you and your husband? A. Well, I was down there a couple of times.

Q. Would you see Mr. Dorsa down there? A. Well, once he was not there and another time he was there which we had a little argument.

Q. When was that? A. This was the summer of 1926.

Q. The early part of the summer of 1926? A. Well, I should judge, in about July. 30

Q. What was that argument about? A. Well, we went there. I told him I want to see the business and he started—he told me the girl was no good and she didn't have nothing marked in the books; as soon as the first part of the year, as soon as he got another bookkeeper, that he was going to show us the business, and I told him about the mortgage and he says,—(interrupted.)

Q. What mortgage? A. The two thousand dollar mortgage which was never straightened out. 40

Rose Champi—Direct.

And so he says, "Well, I will promise you that from within four to six weeks I will pay it off," which he never did.

Q. Never paid that mortgage. A. No.

Q. Did he ever pay any interest on the mortgage? A. No, sir.

10 Q. Did you know there was a bill filed to foreclose that mortgage? A. No, sir.

Q. Did you ever see a lawyer named Tyacke about it? A. We did see lawyer Tyacke which he wanted to start proceedings, but we didn't want him to start foreclosure, because we didn't want to see our property under foreclosure.

Q. Did you tell him to start foreclosure? A. No, sir.

20 Q. Did you know that foreclosure had been started? A. No, sir.

Q. Did you ever give Mr. Tyacke any money for foreclosure proceedings? A. No, sir. The only thing—(interrupted).

Q. How many shares of stock did you have in this Easy Payments? A. Well, I was supposed to hold six shares, which I never received.

Q. Did you ever have that stock certificate? A. No, sir! they were left in Mrs. Precker's office.

30 Q. After the meeting, after this meeting at Miss Precker's office, did you and your husband get those stock certificates? A. My husband got his but I never got mine.

Q. What? A. My husband got his but I never got mine.

Q. Do you remember signing the back of that certificate some time after? A. No, sir, never. I never saw our stock. The only time I saw it was in Mrs. Precker's office.

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Rose Champi—Direct.

Q. You never had possession of this certificate?
A. No, sir.

Q. Here is a certificate, D-4 in your name, Rose Champi, for four shares of stock. Did you ever hold that? A. I had six, not four. Four, that is right.

Q. Did you ever have that? A. No, sir, I never had it. 10

Q. Is that your signature on the back of that down here—(indicating)? A. No, sir.

Q. Ever sign that? A. No, sir.

The Court: Now, show her the other one and ask her if that is her signature.

Mr. Seymour: This is her husband's.

The Court: I know. Is that your husband's signature? 20

Q. Is that your husband's signature? A. No, sir.

The Court: All right.

Mr. Seymour: Showing the witness D-3.

The Court: Her husband having said it is.

Q. Did you get any money from Mr. Dorsa for your stock? A. Never.

Q. Do you know anything about this borrowing money in the Linden Bank? A. Yes, sir. One day my husband come home and told me that Mr. Dorsa had sold him—(interrupted). 30

Q. Mr. Dorsa was not there, was he? A. No.

Q. Don't repeat that. Was there anything said in your presence by Mr. Dorsa? A. No; only what my husband told you.

Q. About this Linden bank. A. Only what my husband told me.

Q. Do you remember signing the paper to Mr. Dorsa? A. Yes, sir. 40

Rose Champi—Direct.

Q. When was that? A. One Saturday afternoon. It must have been the late part of August of 1925. Mr. Vincent Dorsa came up there; he had a brief case and he started through the brief case and he pulled out a piece of paper, it was a blank piece of paper and he took it and threw it on the table, so we both said, "What are going to do, sign a blank piece of paper?" "Well," he says, "Dad told you all about it. It is about the loan." So each my husband and I did sign it.

Q. Who else was there besides Mr. Dorsa? A. There was my brother and another fellow who was having a game of cards.

Q. What are their names? A. George Coccia and Micky Scizza.

Q. They were both there? A. Yes.

Q. How large a piece of paper was it, do you remember? Can you describe it in length with your hands? A. Well, I should judge it was about that wide and about that long (indicating). I guess not. I don't know exactly, but about that.

Mr. Seymour: Will you agree on that, indicating about six inches?

Mr. Hannoch: I haven't got any such paper that has two signatures on it.

Mr. Seymour: Neither have I.

Mr. Hannoch: If I had one with two signatures on and relying on it I would think there was something to it.

Cross-examination by Mr. Hannoch:

Q. Who is George Coccia? A. He is my brother.

Q. He is the subscribing witness who witnessed the signature, is he? A. (Witness nods no).

Rose Champi—Direct.

- Q. Just look. A. My brother never signed.
- Q. Just look. Isn't that George Coccia's name?
- A. That is his name. That is not his writing.
- Q. You say this blank paper was signed in August? A. Yes, sir.
- Q. The summer of 1925? A. 1925.
- Q. And do you know when your husband says it was signed? A. I don't know when he says it was signed. 10
- Q. But you are sure that both of you signed the same sheet of paper? A. Yes.
- Q. Do you remember signing this resignation as a director? A. I was never director.
- Q. Is that your signature? A. No, sir.
- Q. Not your signature (showing minute book resignation of August 31, 1925). Is that your husband's signature? A. I don't know. It doesn't look like it. 20
- Q. Do you know what your husband did with the fourteen hundred dollars on it that Mr. Dorsa gave? A. My husband never received any money.
- Q. Has he got a note home for fourteen hundred dollars? A. No, sir.
- Q. You don't remember getting any part of the fourteen hundred dollars in cash? A. Never got any money from Mr. Dorsa. 30
- Q. Or a check? A. The only thing we got was fifty dollar check that was no good.
- Q. Well, you had a couple of twenty two hundred dollar checks, didn't you? A. No, sir.
- Q. Yes, you did. We can prove that. Aren't these checks— A. I don't know if my husband received them. I did not.
- Q. There are a few twenty two dollar checks. Those are all your husband's signature. A. This one is. 40

Nicholas Stizza—Direct.

Q. There is another one. A. Well, I don't know about these.

Mr. Hanoch: That is all.

10 NICHOLAS STIZZA, sworn for complainants.

Direct-examination by Mr. Seymour:

Q. Where do you live? A. 77 North Jefferson Street, Orange.

Q. Orange? A. Yes.

Q. You were present the day this paper was signed? A. Yes.

Q. Where? A. At Beaufert Avenue, Livingston.

20 Q. Whose house? A. Mr. Champi's.

Q. Who else was there at the time? A. Me, Mr. Champi and George Coccia were having a game of cards, us three and Mrs. Champi was there at the time.

Q. And who came in then? A. Mr. Vincent Dorsa came in. He was eating an apple at the time and he stepped in with a brief case and he stood there for a while looking for something in the brief

30 case and as he stood there for a little while it seemed he couldn't find something so finally he come out with a blank piece of paper and he threw it in front of Mr. Champi. Mr. Champi said, "What is this?" He said, "The Dad told you about this piece of paper." "Well," he said, "there is nothing on this piece of paper." So Mr. Champi said, "Well, what do you want to do?" "Well, Dad told you about this loan you want to make in the Linden bank," so Mr. Champi said, "Gee, you don't

40 want me to sign a blank piece of paper!" Well,

Nicholas Stizza—Cross.

I remember Mr. Dorsa saying, "Well, I left the original paper down in the office." I don't know what paper it was. Anyway, at that time I stood in front of the door of the dining room where me and George Coccia were standing. It seemed they were unconvinced, but Mr. Champi put his signature down first and Mrs. Champi put it down and they were unconvinced. 10

Q. You saw the paper and there was nothing on it? A. There was nothing.

Cross-examination by Mr. Hannoeh:

Q. When was this? A. It was the latter part of August, Saturday afternoon.

Q. And George Coccia was there? A. Mr. George Coccia. 20

Q. And you are sure they signed both on the same sheet of paper? A. Yes.

Q. Are you related to Patsy? A. No, sir.

Q. Or Mrs. Champi? A. No, sir.

Q. Friend of Coccia's, George? A. I am a friend of Mr. Coccia's, that is all.

Q. Do you live up there in the neighborhood? A. No; I live in Orange. 30

GEORGE COCCIA, sworn for complainants.

Direct-examination by Mr. Seymour:

Q. Where do you live? A. I live in Beaufert Avenue, Livingston.

Q. Were you there the day this paper was signed? A. Why, yes, sir.

Q. Where was it? A. It was right in Mr. Champi's. 40

George Coccia—Direct.

The Court: What paper?

Mr. Seymour: I am talking about this particular paper.

The Court: The blank paper?

Q. Were you there? A. Yes, sir.

10 Q. What did you see up there? A. Why, we were playing cards. Mr. Vincent Dorsa came one Saturday afternoon in the latter part of August and he stood there looking in his brief case and he took a blank piece of paper and threw it on the table and he said, "This is for you and your wife to sign," and so he said, "What am I going to sign, this blank piece of paper?" So he said, "You and your wife sign and then we will sign. I cannot sign unless my dad signs and when my dad signs 20 I will sign and the bank will fill out the rest."

Q. Was there anything on that paper? A. Why, no—yes, I believe there was one red line on the side.

Q. A what? A. A red line.

Q. But no words written on? A. But no words written on.

Cross-examination by Mr. Hannoeh:

30 Q. Did you sign it? A. Me? Why, no.

Q. Did you ever sign any papers for them? A. Why, I signed a piece of paper one day about that long and about that wide (indicating with hands). I was driving my brother-in-law's car, carting people up there and I was not getting paid for it, so Mr. Vincent Dorsa came down and said, "Put your name on this paper and we will give you some money." At that time on that paper he had five dollar 40 marked down and I signed my name and he

George Coccia—Cross.

gave me five dollars. That is the only paper I ever signed.

Q. What about this paper? A. Never signed this paper.

Q. That is not your signature? A. No, sir.

Q. Suppose you write your name. A. Well, it might be my signature, but I never signed it. 10

Q. Here is a pencil. A. (Witness does as requested).

Q. Is this the five dollar receipt that you signed (handing witness paper)? A. That is my signature there, but it was not blotted up that way. That has been traced.

Mr. Hannoeh: All right. Suppose I mark this signature for identification. 20
(Paper marked Iden. D-9).

Mr. Seymour: We rest.

JENNIE PRECKER, sworn for defendants.

Direct-examination by Mr. Hannoeh:

Q. Miss Precker, you are a member of the bar? 30
A. I am, Mr. Hannoeh.

Q. And you are the subscribing witness and the person who executed Exhibit D-3, who drafted D-2? A. Yes, sir; that is mine.

Q. And from whom did you get the instructions to enable you to draft this paper? A. From Mr. Dorsa and Mr. Champi.

Q. All in the room at the same time? A. Yes.

Q. And did you draw the deed from Champi and his wife to the Easy Payments Homes Corporation? 40

Jennie Precker—Direct.

Mr. Hannoeh: It was not marked as an exhibit. Mark it now.

(Paper marked Exhibit D-10).

Q. Did you draw that? A. Yes; that is mine.

10 Q. Did you have anything to do with the drawing the minutes of the corporation? A. I did draft a set of minutes.

Q. I show you a minute book and ask you whether you can identify that book. A. This looks like my minutes.

Q. Beginning at— A. April 17th, 1927.

Q. And then that— A. Yes, sir; I think these are mine, too.

20 Q. Everything subsequent to April? A. I wouldn't say "Everything subsequent to April." I don't know.

Q. Just which part are you sure are yours and which aren't you sure of? A. I am reasonably sure that these minutes of April 18th, 1925, were drafted by me.

Q. That is the date of the deed? A. Yes.

The Court: Were there any other minutes there?

30 The Witness: Yes, sir.

The Court: Are those others drafted by you?

The Witness: I don't just recall; yes, I drafted these also.

Q. What date? A. Those are May the fifth, 1925.

40 Q. The waiver. Is that yours? A. I couldn't say for certain. It might be. I am not really sure. You see it happened more than two years ago.

Jennie Precker—Direct.

Q. All right. Now go ahead on. A. Yes. I am reasonably sure of mine.

Q. What date is that? A. That is August 31, 1925.

Q. Now, the resignations on the next two pages have the same dates. Are those typed? A. It looks as though it was the same type:

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Q. And the next one? A. It looks as though it was the same type. There seems to be a change there in the date, however. Perhaps that is just a stenographical error.

Q. Were you present at any of these meetings? A. The meetings were not held at my office. I was merely—I merely drew those minutes in a ministerial duty. They came to me and told me they had agreed on certain things and Mr. Dorsa told me to draw up his minutes according to what he told me and I drafted those minutes from the information I got from them. They never had a meeting in my office.

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Q. The resignations, therefore, were not signed in your presence? A. No; they were not signed in my presence.

Mr. Hannoeh: I would like to offer the minute book in evidence.

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(Minute book marked Exhibit D-11).

The Court: Miss Precker, when you drew that agreement for them, you consulted both of them?

Witness: Absolutely.

The Court: And they both understood what they were signing?

Witness: Absolutely. I was very particular in explaining the deed, because I represented both parties and I felt—perhaps I

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Jennie Precker—Direct.

10 am getting ahead of my story here. They brought me a deed drawn by another lawyer and I noticed the deed said "one half interest", and they had instructed me to make a deed, using the description and using all the information that was in the old deed and I noticed that deed recited a one half interest and I was very careful in pointing out to Mr. Champi that the agreement he was entering into was an agreement for all of the property, and I took particular pains, I remember that very distinctly, to impress upon his mind that he was conveying all of his property and not one half of it.

20 Q. And the other deed you are referring to is D-3 and 2? A. Yes.

Q. Those were in your possession at that time? A. Yes. And when Mr. Dorsa brought those to me I said to him, "Do you want me to make a search?" He said, "No. All we want you to do is to draw a deed from information here," and my deed was drawn identical with what is in here, except, as I said before, my deed described all of the property and not half of it.

30 Q. Now, you had nothing to do with any of the subsequent disputes between these people? A. No. I never saw the parties after that.

Q. You never saw the parties after that? A. No. As a matter of fact, I refused to represent them.

40 Q. Now, the stock certificates. Do you know whether they were prepared in your office or not? A. They were. I believe that those stock certificates are in my own handwriting. That is the stock book was brought to me after this agreement

Jennie Precker—Cross.

and after the meeting and Mr. Champi,—Mr. Dorsa, rather, asked me to fix up his minute book as well as his stock book, and so with the information I had in my minutes, I drew these certificates. This is my handwriting.

Q. And certificate number—B-4 to Rose Champi is also in your handwriting? A. That is in my handwriting, also. 10

Q. I show you stock book and you can refer to the certificate numbers and tell us which of them are in your handwriting. A. They are all in my handwriting, because when he brought me the book the certificates had not been made out and that was my job.

Q. Well, which of them are— A. (Continuing) To check them and fix up the minutes as well as the books. If you will notice, the certificate of incorporation, I think, was drawn up in Mr. Sauer's office, and all the previous minutes were drawn by Mr. Sauer. I had nothing to do with the incorporation. 20

Mr. Hannoeh: All right. I will offer the stock book in evidence).

(Stock book marked Exhibit D-12). 30

Cross-examination by Mr. Seymour:

Q. All of these minutes that you drew, they were drawn subsequent to the time of the meeting, weren't they? A. That is my recollection.

Q. What— that is, Mr. Dorsa told you they had had a meeting? A. Absolutely.

Q. And they had done certain things and asked you to put that in the form of a minute. Was there any other time than the first time when Mr. Dorsa . 40

Jennie Precker—Cross.

and Mr. Champi were there? A. When Mr. Dorsa and Mr. Champi were there?

Q. Yes. A. I don't recollect. Mr. Dorsa came to my office afterwards, but I don't recall Mr. Champi.

10 Q. The first time they were there together, weren't they? A. Yes. And Mrs. Champi at the time.

Q. Was there ever any time after that when Mr. Dorsa and Mr. and Mrs. Champi were at your office? A. No; I don't recall that at all.

Q. Then, all the information that you received for the purpose of making these minutes, was stuff that was told you by Mr. Dorsa? A. Information that was brought me by Mr. Dorsa.

Redirect-examination by Mr. Hanoeh:

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Q. Do you remember how long the first session took place? A. In my office?

Q. Yes. How much time was consumed? A. Well, I seem to recall that it was late in the day and I would say perhaps a half hour or a little bit more. There was not really much to do. All I did, I had the papers prepared and it was—

30 Q. I see. A. —just a question of explaining the papers and having them executed.

Mr. Hanoeh: All right.

The Court: We will take a recess for five minutes.

Rose Yarnold—Direct.

ROSE YARNOLD, sworn for defendant.

Direct-examination by Mr. Hanoach:

Q. You are a stenographer, are you, Miss Yarnold, and were you employed at the Easy Homes Payment Corporation office? A. Yes.

Q. You knew both Mr. Champi and Mr. Dorsa? A. Yes. 10

Q. I show you this exhibit D-8, written to a Mr. Cowley up in Passaic, having the signature of Pat-sy Champi. Whose signature is that? A. That is Mr. Champi's.

Q. Do you know it to be his signature? A. Absolutely.

Q. Who wrote the letter? A. Mr. Champi dictated it; Mr. Dorsa just put in a word or two of the grammar. Mr. Champi dictated it and signed it. 20

Q. What is the initials RY on there? A. Rose Yarnold.

Q. What do you mean by Mr. Dorsa put in a few words to fix it up? A. Mr. Champi is not a very good dictator and to make it sound good he just put in a word or two.

Q. Was that a custom around your office in his letters? A. Well, Mr. Dorsa did all the dictating, all the letters, but at that time just helping to make the letter sound good. 30

Q. I show you exhibit D-7, lease, witnessed by somebody.

Q. Who witnessed that? A. Mr. Champi.

Q. Whose name appears there as a witness? A. My own.

Q. Who wrote it? A. Mr. Dorsa dictated that.

Q. And Mr. Champi signed it in your presence? A. Yes, sir. 40

Rose Yarnold—Cross.

Q. Now, can you give us approximately the time when Mr. Champi stopped coming down to the office? A. Well, right after that letter was written to Mr. Cowley, we never saw Mr. Champi after that down to the office.

10 Q. After August, 1925? A. Well, after the date of that, if it is August.

Q. And he never came around the office? A. No.

Q. Prior to that time had he been accustomed to come to the office? A. Every once in a while he used to come down.

Q. Did he have any talk with you or with anybody in your presence why he was not coming down any more? A. Oh, no. After that letter he just never came.

20 *Cross-examination by Mr. Seymour:*

30 Q. The words that were put in that letter to Mr. Cowley, the words suggested by Mr. Dorsa, was that the phrase, "in which I am no longer interested"? A. Oh, no. I wouldn't say he put in a phrase of any kind. I just said, you know, the grammar of it. He may have had poor grammar or he just put in the word "was" or "were" and so forth, but he never put in a whole phrase. Mr. Champi really dictated the whole thing.

Q. What was the conversation before the letter was dictated? A. I wouldn't say I knew the conversation, because I just came back from lunch and they asked me to take that. I wasn't at the conversation held between the two of them.

Q. Just about that time Mr. Cowley was trying to collect some interest on the mortgage? A. As far as I know from the letters coming to the office.

40 Q. Were you out to lunch when Mr. Champi

Rose Yarnold—Redirect.

Rose Yarnold—Recross.

reached the office that day? A. Yes, sir.

Q. How often would Mr. Champi go down to the office? A. Well, I wouldn't say so very often. He came down every once in a while, I believe every two weeks or every three weeks.

Q. And would he always see Mr. Dorsa there when he came down there? A. As far as I recollect, he always saw him. Mr. Dorsa may have been out and he waited for him. 10

Q. He has waited sometimes all day for Mr. Dorsa? A. Why, I wouldn't say all day. He may have waited a half hour, but I don't remember his staying there all day.

Redirect-examination by Mr. Hannoch:

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Q. Did you ever try to collect rent for Champi? A. Well, I do remember making a few calls for Mr. Champi, trying to get in touch with him regarding that.

Q. Was that often or personally? A. Not often. That was after that letter was written to Mr. Cowley, because he never came around.

Q. Did you ever collect any rents? A. Not as far as I know. I never saw anything. 30

Recross-examination by Mr. Seymour:

Q. Did you ever ask Mr. Champi for rent? A. No; I don't say I asked him, but we had called Mr. Champi up in Livingston.

Q. Yes. A. And I know Mr. Dorsa wanted to speak to him regarding rent, but he was not in every time we called.

Mr. Seymour: That is all.

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Vincent Dorsa—Direct.

VINCENT DORSA, sworn for defendant.

Direct-examination by Mr. Hannoch:

Q. You are the son of Mr. Dorsa who is the defendant in this case? A. I am.

10 Q. And were you employed by this corporation, this Easy Payments Homes Corporation? A. I was a stockholder in this corporation, secretary and treasurer.

Q. Did you do any work for the corporation? A. Oh, yes.

Q. Interested in selling these lots? A. I took care of all selling, or most of it, and took care of all collections and closing a lot of the contracts.

20 Q. Did you maintain any records as to what sums of money had been paid out by your father in connection with this development? A. Yes; in our books we have it. I have the books over there.

Q. Without going into specified details, do you know approximately how much was paid out in round sums? A. Up to today?

Q. Yes. A. I guess up to pretty close to fifteen thousand.

Q. How many? A. Fifteen.

30 Q. Fifteen? A. Yes. That is without any salaries or anything or profit to us.

Q. Yes. What work was done up there? A. All of the property was surveyed. I plowed up the main streets with some men, and sidewalks put on the property.

Q. Streets have not been paved as yet? A. No. It would cost too much to pave them.

40 Q. Now, there is testimony there to the effect that you took a blank sheet of paper up to Cham-pi's house and had Mr. and Mrs. Chamui sign it, and there was nothing on the paper at all, and it

Vincent Dorsa—Direct.

was done in the presence of two witnesses, Stizza and Coccia. What have you to say about that?

A. I never did.

Q. Never did? A. No.

Q. Did you ever take any papers up to their house to have signed by them? A. Never took any papers whatsoever up.

10

Q. Did you have anything to do with the execution of the resignations or the transfers of the certificates of stock? A. Yes, I did. We were there all together. My father and myself.

Q. Where was that done? A. In my office.

Q. Whereabouts? A. 38 Park Place, Newark.

Q. And who was present? A. Mr. Champi, Mrs. Champi, George Coccia and my father and myself.

Q. And I show you exhibit D-3. Was that signature of Patsy Champi made in your presence?

20

A. Yes.

Q. And somebody signed as a witness. Who is that? A. George Coccia, his brother-in-law, I think.

Q. Mrs. Champi's brother? A. Mrs. Champi's brother.

Q. That was done down at your office? A. Yes, sir.

30

Q. And I show you exhibit D-4, Mrs. Champi. Was that executed in your office? A. Yes, it was.

Q. Now at the time that this stock was executed, or these stock transfers—those assignments were executed, what was done? What else was done? A. Mr. Champi received a note for fourteen hundred dollars from the Easy Payments Homes Corporation and also signed by my father and myself.

Q. Endorsed by you two? A. Individually.

Q. And what was the fourteen hundred dollars

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Vincent Dorsa—Direct.

for? A. That was the fourteen shares of stock that they turned over to us.

Q. That you bought from them? A. Yes, sir.

Q. And the note was for fourteen hundred, and now what happened to the note? A. Why, we never got the note back, but around November the
 10 note was due and Mr. Champi came down and he wanted the money for it and we made him out a check for fourteen hundred—that was around noon time—and he went out with the check, come back a little later and said he needed the money very badly as he had to buy some booze. That is what he told us and he would like the cash very much and we had cash in the office and after a little dickering we gave him the fourteen hundred in
 20 cash and he signed a receipt for it which I drew up.

Q. Now, where was Mrs. Champi at that time?

A. Mrs. Champi was not in at that time.

Q. Was not in? A. No.

Q. He had taken the check and gone out of the office? A. That is it.

Q. And then came back again? A. That is it.

Q. Where was the note? A. He said that had left the note at home and he promised to give it
 30 to us the same day or the next day. He had mislaid it. That was his story.

Q. I show you exhibit D-6. Is this the check you are talking about? A. Yes, sir.

Q. And who made it out? A. Let me see. That is my father's writing.

Q. Your father's writing? A. The top is, and the bottom is my signature.

Q. And the check was made to Patsy and Rose Champi? A. (Witness nods yes).

40 Q. Rose Champi is written in smaller letters than

Vincent Dorsa—Direct.

the Patsy, letters of the Patsy check. Do you remember why that was done? A. I just can't say unless "Patsy" was written so big that "Rose Champi" was put in to fill it in.

Q. Was the words "In full payment of fourteen shares of stock" on it when it was given to them?

A. Yes, sir. 10

Q. When the check came back were these endorsements on it? A. Yes; the endorsements were on it.

Q. Were on it? A. Just explain what you mean there.

Q. In other words, when you gave him the check — A. Yes.

Q. —first, what was on the check when you first gave it to him? A. "In full payment of fourteen shares of stock of Easy Payments Homes Corporation." 20

Q. Then he went out. A. Yes, sir.

Q. And when he came back what was on the check? A. Patsy Champi and Rose Champi.

Q. You cashed the check for him? A. Yes, sir; and gave him fourteen hundred dollars in cash and received a receipt of him.

The Court: Is the receipt in evidence? 30

Mr. Hannoeh: Yes, sir.

Q. What did you do with the check? A. We just put it through the bank as a regular form of having a deposit.

Q. I notice the check says "Fourteen hundred" in one place, and "Fourteen dollars" in another.

A. That was an error I can't understand. I don't know.

Q. You have the bank balance here, certified, 40

Vincent Dorsa—Direct.

showing the amount charged against your account (handing witness paper). A. Yes, sir.

Mr. Hannoeh: I would like to offer this in evidence.

(Balance sheet marked Exhibit D-13).

10 Q. Now, this receipt that you were talking about that was signed, exhibit D-5, who typed that? A. I did.

Q. No stenographer in the office? A. The stenographer was out to lunch.

Q. And the signature on that, whose signature is that? A. Mr. Champi's.

Q. Was that done in your presence? A. Yes, sir.

Q. Did you ever try to get the note from them?

20 A. I called him up a few times and he—the same as his rent, he couldn't—he didn't have it, he couldn't find it, it was mislaid, and he would find it soon and return it to us.

Q. Now, what about the rent? A. Why, it was always the same story, he was expecting it and he was expecting it and business was slow with him.

Q. Did you finally then bring suit— A. For dis-

30 Q. —for rent? A. —proceedings, yes.

Q. And do you know, approximately, when that was brought? A. That was brought, I think, the early part of August.

Q. Of 1926? A. Yes, sir.

40 Q. And how soon after that suit was brought was this bill then filed? A. I will tell you how that was done. The day the dispossess proceeding came up the case was adjourned one week and when the case came up the next time we had motor trouble and got there late and we found out that

Vincent Dorsa—Direct.

Mr. Dorsa had been served with papers in this case.

Q. I see. A. And we were served in our office.

Mr. Hannoeh: Mr. Seymour says there is no objection.

The Court: Let it be marked. 10

Mr. Hannoeh: To show fourteen hundred dollars was charged against their account. (Letter marked Exhibit D-14).

Cross-examination by Mr. Seymour:

Q. What has been done with the property, Mr. Dorsa? A. As far as improvements on it?

Q. Yes. A. There were sidewalks put on the corners and the main streets plowed through and grass has been cut at different times when it was too high to take customers up. 20

Q. One street was plowed through? A. Dorsa Avenue.

Q. And some sidewalks put out on the corner; is that it? A. Yes, sir.

Q. Now, you started to put up some houses, didn't you? A. Yes, sir.

Q. You filed in this cause a balance sheet of August 31, 1926, did you not? A. Yes, sir. 30

Q. Eh? A. Yes, sir.

Q. And that, I suppose, was a copy of your books, was it not? A. Yes, sir.

Q. And you keep the books? A. No, sir.

Q. You do not keep the books? A. We have the accounts keep them and I put in some items, and the stenographer puts in some items, but I do not keep them.

Q. Were you with the accountant when he made 40

Vincent Dorsa—Cross.

the examination of the books August 31st? A. Part of the time, yes; he had all the checks and vouchers and so forth.

Q. Who figured out the value of the shares at one hundred dollars a piece? A. At what time?

10 Q. At the time the Champi's sold their share. A. That is, the value we figured on them at that time? The corporation was not on a paying basis and mortgages were due and Mr. Champi said he had someone who was going to buy his shares of stock. Mr. Champi had proved a very poor partner in not getting any business or attending to any business in any way and we didn't want to take a chance in having someone else come in just the same as him and let us do all the work and we decided to take the shares over ourselves.

20 Q. And who was the one that fixed fourteen hundred dollars as the value? A. Yes. We figured one hundred dollars a share.

Q. What date was that? A. That was during the end of August, I think, August 31st.

Q. 1926? A. 1925.

Q. 1925? A. Yes, 1925.

30 Q. And how much business had been done by your company prior to that time—up to that time, do you know? A. Up to that time, I can't say exactly. I should say, about, oh, twenty thousand or so, something like that. That is in the contract. Monthly payment of five dollars on a lot.

Q. And did he know you had done that much business? A. Up to that time?

Q. Yes. A. Yes, surely.

40 Q. He was familiar with it, you told him? A. He come down once a month, once every three weeks and did not bother about anything. "Hel-

Vincent Dorsa—Cross.

lo, how are you" and a few presents, such as bottles of booze.

Q. And he knew what the business was, he told you? A. He saw me going in up there constantly with people.

Q. How many buildings did you start? A. I think there are seven foundations for four frame works. 10

Q. Those are the only buildings on the place that you started? A. Yes, sir.

Q. And Mr. Pabst was the man that had the contract for this work? A. Yes.

Q. He is the man that did all the work? A. Yes, sir.

Q. There is no other work except carpenter work, is there? A. Well, there is the concrete foundation and the frame work. 20

Q. Who dug the foundations? A. Why, that was up to him. He had some of his contractors dig it or loaned the contract out, I don't know which.

Q. He had the whole contract? A. He had the whole contract.

Q. For digging the foundation and mason work and carpenter work? A. Yes.

Q. And how much money does he receive, do you know? A. I can't say exactly, I imagine somewhere about one thousand dollars or a little more. We have receipts there. 30

Q. Was he the only one that was paid on those houses? A. Yes, sir; he is the only one that received any money. He is the only one we had any contract with, so— (interrupted)

Q. Your books show August 31st, 1926, that there was \$2255 advanced on the houses. A. I can't say the exact amount. I know there is quite 40

Vincent Dorsa—Cross.

a number of receipts there. I can't recall the exact amount.

Q. But the books say \$2255, that was the amount of money paid to Mr. Pabst; is that it? A. That is it.

10 Q. Now, you have also on your statement land and building at cost \$15,584. What building is that? A. That is the property at Livingston, including the mortgage and so forth, what it cost us, including Mr. Champi's mortgage, I think.

Q. Well, what did you pay \$15,584 for? A. If you have got the book there, I can more or less give you better—

Q. Is the book here?

20 Mr. Hannoeh: You want the statement?
Witness: The statement it was. The first

mortgage on it was ten thousand, I think, and then there was twenty five hundred and I think a fifteen hundred.

Q. Those mortgages were never paid, were they? A. No. That is what the property cost us.

Q. Yes. A. That was money that had to be paid out on it.

30 Q. Then when you said that your company had paid out about fifteen thousand on this property you meant that they had assumed the payment of fifteen thousand dollars worth of mortgages; is that right? A. Yes, sir.

Q. And what money did you put out; what money did you actually pay for the property? A. There was no money paid except the two thousand dollar mortgage.

40 Q. And that two thousand dollar mortgage has never been paid, has it? A. Why no; it has not

Vincent Dorsa—Cross.

been paid because Mr. Champi owe—(interrupted)

Q. It has not been paid yet? A. No.

Q. Have you ever paid the interest on it? A. No.

Q. And how old is that mortgage? A. It dates back from, I think, February, 1925, or March.

Q. Do you know what the survey and map cost? 10
A. I think it cost either one and a quarter or two and a half; I am not sure. We have a check right there.

Q. And you had a survey and a map made and some stakes put out? A. Yes.

Q. That is all? A. Yes.

Q. As far as the houses were concerned, all the money paid on the houses was paid and received by Mr. Pabst? A. Mr. Pabst.

Q. You don't remember what that \$2255 was? 20
A. Yes. Cash that he received.

Q. Oh, you say that Pabst received \$2255? A. Yes; whatever we have there; I can't say the exact amount. You say that is what the statement calls for and that is what it must be.

Q. Now, there is as an asset of the corporation, August 31st, 1926, you have "Due from Champi \$1688.50." What is that for? A. Due from Champi, I got \$1988.50 here. 30

Q. Wasn't the first statement sixteen hundred eighty eight? A. I really can't say.

Q. Didn't you afterwards have that changed?

The Court: What is the amount, whichever it is and what does it mean?

Witness: There was a note for fifteen hundred dollars which Mr. Champi gave to us and we turned into the corporation as a money that he would owe the corporation 40

Vincent Dorsa—Cross.

and different sums of money we loaned them and bad checks he gave us and which he never made good and we still have.

10 Q. Does Champi owe the corporation \$1998? A. After we turned the note in to the corporation he owed that fifteen hundred dollar note. We had, I think, one hundred fifty dollar check, the seventy five dollar bad check and fifty dollar check, and I think, two twenty two dollar checks which we gave him, fifty and two twenty twos.

Q. What was the fifteen hundred for? A. We cancelled the—Let me explain it from the beginning when he leased the theater from us in Elizabeth.

20 Q. Yes. A. He gave us a fifteen hundred dollar mortgage and we found out the mortgage was not any good and Champi couldn't go through with it and we obligingly cancelled it and he gave us a fifteen hundred dollar note for security for the money we had practically lost on it.

Q. Fifteen hundred, then, was money that was coming to you and your father? A. Yes, and we turned it in to the corporation.

30 Q. As security, as a loan on that theater? A. That is it.

Q. How long did they have that theater open? A. Well, from one to two months. I can't just say exactly.

Q. And the fifteen hundred, you took that as a guarantee on the loan, did you not? A. Yes.

Q. That was the fifteen hundred dollar loan? A. Yes, sir.

Q. Which you and your father assigned to the corporation. A. Yes, that is it.

40 Q. And which you now say Champi owes to the

Vincent Dorsa—Cross.

corporation; is that right? A. Yes, sir.

Q. Now, when it came time to give Champi fourteen hundred dollars what happened to the note then, where was the note then? A. We still had it.

Q. Didn't you think Champi owed you the fifteen hundred dollars on the note? A. We still knew he owed it to us, but Champi said he had someone else who was going to take over the shares of stock and rather than let someone else get it away, that we would rather hold on to it and take a chance of losing it. He had a mortgage of two thousand dollars and interest against that. 10

Q. He owed you fifteen hundred dollars at the time? A. Yes, and two thousand.

Q. You didn't get any credit on your two thousand dollar mortgage on this fifteen hundred, did you? A. No, but we were supposed to figure that up again when we came down to final payment. 20

Q. And notwithstanding the fact that he owed you fifteen hundred dollars at that time you paid him fourteen hundred in cash for his shares of stock? A. We felt safe in doing that because we owed him a two thousand dollar mortgage on the property.

Q. You say on this accounting "Due to P. Dorsa \$8452.21 from the company as of August 31, 1925—1926." Do you know what that is? A. Yes. That is money that my father loaned to the corporation to keep it going and to save it from foreclosure and to keep expenses up. 30

Q. Now, you said that this nineteen hundred eighty eight dollar item was made up of the fifteen hundred dollar note? A. Yes, sir.

Q. Don't you know that your account shows that Champi owes you \$1988.50? A. I have explained. 40

Q. And immediately after it is another item

Vincent Dorsa—Cross.

“Due from Champi on note \$1500”, making a total of \$3488.50? A. Oh, I see, the note, the bottom one is the note on the fifteen hundred and then due from Champi above is this bad check. I must have counted that in together.

10 Q. This is taken right off the books. This is a statement signed by Israel M. Pogash, certified public accountant. A. Yes; but I didn't give him my figures on it. My father was helping him some of the time. I wasn't in there all of the time.

Q. You filed an affidavit in this case, didn't you? A. Yes, sir.

Q. Verified as September 14, 1926. That is your signature, isn't it? A. Yes; it is.

20 Q. And you swore that that attached account was correct, didn't you? A. Yes, I did, yes, according to the accountant's figures. He figured it up. I am not an accountant. There are certain things in it I don't understand.

Q. You swore you were treasurer of the corporation? A. Yes.

Q. And the annexed financial condition was true? A. Yes.

30 Q. As treasurer can you tell us where these two items come in? How about the nineteen hundred? A. No; not all bad checks, on money we loaned them unless he figured that fifteen hundred dollar note in with it.

Q. Who figured it? A. Mr. Pogash, the accountant.

Q. You think Mr. Pogash did this? A. He might have made a mistake and figured that note in, yes.

Q. Did you examine his statement before you attached your affidavit to it? A. Yes, I did.

40 Q. And you did not compare it to the company's to make sure it was right? A. I couldn't compare

Vincent Dorsa—Cross.

it all. We had given figures and he said it was O. K. and we took his word as correct.

Q. Have you a book here that shows the account of Champi? A. Yes, we have the book there.

Q. Which is the book?

The Court: Don't you think the accountant would be better able to explain? 10

Mr. Seymour: I don't want to waste time. If this man says he is not familiar with it, I am perfectly willing to let him go and have the accountant.

Mr. Hannoeh: Is the account of this man in there?

Witness: I can look it up. There are so many things in it. 20

Q. Have you got such an account? A. It must be in here somewhere. The accountant would be better able to tell you than I because I was very busy on the sales and never bothered much with the bookkeeping.

Mr. Seymour: We will withdraw that question, I guess.

Q. Is that your signature on that affidavit? A. Yes, it is. 30

Q. Will you turn to the next page, please? This way. Maybe it is the page behind it, I don't know. Now, you swore in that affidavit that this statement dated August 31st, made by the accountant, was a copy of the books, didn't you? A. Yes, I did.

Q. Now, what items have you there for Champi? A. "Due from Champi \$1688." 40

Vincent Dorsa—Cross.

Q. Any other item there? A. No; there is not any other item.

Q. No. Now, there is another affidavit of yours, dated the same day, isn't it? A. Yes, it is.

Q. Now, will you turn to the account there? A. Which account?

10 Q. That one there, that is the affidavit you attached to that account. Now, "Due from Champi" what does it show there? A. \$1988 and \$1500.

Q. And that is dated what day? A. August 31, 1926.

Q. And that is dated the same date as this one, is it not? A. Just pardon me a moment.

Q. Sure. A. They are both made the same day, yes.

20 Q. They are both made the same day, both sworn to by you, the same day weren't they? A. Yes.

Q. Eh? A. It seems like it.

Q. Now, when this accountant, Mr. Pogash—did you engage him or your father? A. My father engaged him.

Q. And did he make the examination at the office or some other place? A. At the office.

Q. Your own office? A. Yes.

30 Q. You remained during the examination? A. Part of the time. I helped him as much as I could.

Q. Were the books all written up when you gave them to him? A. No; he wrote them up himself from checks and items and other books we had.

Q. It is a fact that the books were made from information that you gave to him? A. Naturally; yes, sir.

40 Q. The other books were not written up at that time, were they? A. We had one book had the expenses in it and we made a regular ledger form of it.

Vincent Dorsa—Cross.

Q. At the time you called in Mr. Pogash to make this audit for you, this was the time after this suit in Chancery was begun, wasn't it? A. Yes, sir.

Q. And then when Mr. Pogash came in you only had one book which showed transactions; is that right? A. One or two books.

10

Q. Was that a cash book? A. Cash book showing money we had paid out.

Q. And then the other information that is in those books now is what you or your father gave Mr. Pogash that time. A. Yes, from the books or checks we had and he saw.

Q. Have you been treasurer of the Easy Payments Homes Corporation all the time? A. Yes, sir; I have.

20

Q. Has the Easy Payments Homes Corporation ever had a bank account? A. Yes, it has.

Q. Where? A. In— I think it is the Public National Bank on Springfield Avenue and, I think it is, Bergen up there, but it was taken over by the Fidelity Union recently—the Peoples National Bank, that is it, I think.

Q. Peoples National Bank in Newark. How long has it had that account? A. About a year and a half, I guess.

30

Q. Did it have any bank account when this fourteen hundred dollar check was made out to Champi? A. No, sir; money that was put in there, most of it, was our own personal money to keep the company running.

Q. It didn't have any bank account on August 31st, 1926? A. I don't think so.

Q. But you think it had an account for at least a year up in the People's National Bank? A. Yes, sir.

40

Vincent Dorsa—Cross.

Mr. Hannoch: It is the American National Bank.

Witness: American National Bank, pardon me.

10 Q. American National. Now, your statement says that you have some property up there to the value of forty five thousand dollars, don't it? A. Let me look at that.

Q. Forty five thousand six hundred and three (\$45603.) doesn't it? A. Well, that is due on contracts.

20 Q. All right. And then you say "Cost of collections and amount of defaults \$35603." don't you? A. Yes, that is to keep—as the accountant explained that, that is to keep the office running for the next few years and so forth. They figured that out. That is his figuring.

Q. Well, that shows a net of \$10,000, doesn't it? A. Yes; that does, that is ten thousand for that.

Mr. Seymour: I will withdraw that. It seems to be a mistake. That shows an estimated cost of collection and amount of default of \$10,000.

30 (Discussion.)

Mr. Hannoch: I offer this paper.
(Paper marked Exhibit D-15.)

40

Peter Dorsa—Direct.

PETER DORSA, sworn for defendant.

Direct-examination by Mr. Hannoch:

Q. You are one of the defendants in this case?

A. (Witness nods yes.)

Mr. Hannoch: I don't know how much of this I want to repeat all over. 10

The Court: What is the use of repeating it?

Mr. Hannoch: Mr.—Miss Precker has told us the story of that. I think I will just direct your attention to just two or three items. In the first place, Mr. Pabst, the builder, has testified here respecting the moneys that were due him. How much money was paid him? 20

Witness: The written receipts I have there will show that.

Q. Approximately how much was it? A. I couldn't say. I must have the papers before me.

Q. You paid him some money? A. Everything that was due him at the time.

Q. That is what I mean. A. Right.

Q. He was supposed to get payments under a certain contract? A. He was. 30

Q. Did you pay him as they became due? A. Right.

Q. Did you pay him any more or any less than was due him? A. He got more.

Q. Why was it no more money was paid to him? A. Because he did not go ahead with his contract.

Q. Was he having any difficulty to your knowledge? A. He was. It seemed that some man was there that represented himself as a partner of his, and this fellow claimed that he had done the work 40

Peter Dorsa—Direct.

there, and Pabst had said to him that whatever money he would get from me that he would give this man half.

Q. Were any stop notices served on you? A. No.

Q. By material men? A. No.

10 Q. Do you remember a stop notice being served on you by the Newark Heights Company for twenty eight hundred dollars? A. This was after he stopped work.

Q. That is what I mean. A. Oh, yes, after, long after.

Q. After this corporation had been organized and the stock issued. I direct your attention to the session that you had under which you purchased his stock in the company. A. Right.

20 Q. Now, tell us what that transaction was, in your own way without my leading you. A. You mean, as to the time?

Q. When was it, first? A. About the fourteen shares of stock?

Q. Yes. A. Yes. He came in to see me a little before the date of the signing of that deed and he seemed angry because a large number of his friends and relatives—(interrupted)

30 The Court: No, just tell what he said.

Q. Just tell what he said. A. He said, "I cannot seem to sell the lots that I expected to, to my friends, relatives, acquaintances, and so forth." He said, "They don't want to buy nothing, and I don't think I like the real estate line, and I know I can't make a success of it." He said, "I got somebody that wants to buy my fourteen shares of stock." He says, "If you want to buy them," he says, "if
40 you want to buy them, I will let you have them at

Peter Dorsa—Direct.

one hundred dollars a share," and we finally decreed along that lines. I said, "All right. I will buy it." I said, "The only thing is this: We are a little short of cash now. I can't give you the cash now, but I can in about nine days." "Well," he says, "that will be all right," he says, "if you give me a note," he says, "and I will take your note". I said, "Yes, I will." So we made out a note by the Easy Payments Homes Corporation and endorsed by myself and my son and gave him a check for that amount and he assigned over his shares of stock and his wife assigned hers. 10

Q. Were the husband and wife in the office at that time? A. Yes; the husband and the wife and the wife's brother.

Q. This all took place in your office? A. In the office, right. 20

Q. Now, what happened after the note became due? A. He called me up a day beforehand and asked me if he could get his cash. I said, "Yes, sure" so the next morning he came to the office very early and I got there and he says he had been there about thirty minutes or so and I made out a check for him and after the check was made out I asked him for the note. He said he had the note at home, so I held on to the check. I said, "You will have to bring me in the note first." "Well," he says, "as long as you got the check that it is paid, the note, that is all right." I said, "No, because you can assign the note and sell the note or get a loan on it." He says, "That there I have not done." I said, "I don't question that, but," I said, "I would like to have the note." So he says, "All right. I will go home and get it." So I said, "All right. First, this check must be signed by yourself and your wife." He says, "All 30 40

Peter Dorsa—Direct.

right. I will have it signed." He takes the check along with him and comes back a little later with the check signed by he and his wife, at least, he says it was, I don't know. And he brings the check back and we gave them fourteen hundred dollars in cash. Now, before that I asked him for his
10 note and he says he couldn't find it and so forth, so I said to him, "Well, now, listen, I must be secured." I says, "If that note is lost, or so forth," and I had my son, Vincent, draw up a paper there.

Q. A receipt, D-5. (Showing witness paper.)

A. Yes. In which it said that, I think, he received the cash and so forth, as best I could, and he signed it and we gave him the cash. I explained him at that time that I must have the note back also, and then he says, "I will look up things at
20 home," he says, "and see if I can find it," and I says, "All right."

Q. Did you ever get the note? A. Never did, no.

Q. Did you ever ask him for it? A. Yes, I did, a few times.

Q. He was in there as a tenant under a lease that we have here in evidence? A. Yes; he was.

Q. Did you ever get your rent from him? A. No. I tried my best.
30

Q. Then what happened? A. I continually asked him for his rent. Now, besides asking him for the rent, a short time after he got his money there for his stock, I asked him to bring in the two thousand dollar mortgage. I said to him, "Now, listen, Champi," I says, "you owe me fifteen hundred dollars on the note which you gave me for the moneys you owe me and also the cancellation of that lease on my theater in Elizabeth which you
40 leased from me."

Peter Dorsa—Direct.

Q. That is Exhibit D-1? A. Yes, yes, and I says, "Now, fifteen hundred dollars you owe me on that note," I says "and you owe me rent from March 1st at sixty five dollars a month," I said, "the amount that you owe me is a great deal more than the mortgage," I said, "Now, bring down the mortgage and bring down your wife and have it satisfied, or," I says, "go to your lawyer and have it satisfied by you." He says, yes, he would. He promised that over and over again until I finally insisted that I wanted an accountant as to the amount he owed me for the rent and the note and the moneys that I had loaned him and I says, "I want that back," and when I insisted, one day he got very fresh. I went up to the property there and I insisted on those notes and he was going to shoot me and he was going to kill me and I was never so insulted before. 10

Q. Well, don't go into that session. The Vice-Chancellor doesn't want to hear that. It hasn't anything—(interrupted) A. (Continuing.) And he says he wouldn't pay me a nickel.

Q. Was that the final thing? A. Yes.

Q. Did you start a suit for rent? A. Yes. So then I came back and started a suit for rent.

Q. Then these proceedings started? A. No. 30
Then after I started a suit for rent he became very insulting again and then I had him arrested.

The Court: Don't go into that. Skip that.

Q. Skip that. You started a suit for rent and the case was adjourned and before the adjourned day this suit was started, is that right? A. Yes, right, right.

Q. And then this suit was started and it lay 40

Peter Dorsa—Direct.

dormant for some time and we refused to— A. Right. I will tell you the reason why—

The Court: No, no.

Q. No. A. I beg your pardon.

Q. We are getting along all right.

10 Q. After the stock was transferred to you in August, did Champi go down to the place of business any more? A. After the stock, yes, I think once or twice.

20 Q. Did he have anything to do— A. Once at the time he got his cash and after that I don't remember seeing him until about July of 1926, when he come down to tell me—ask me how much I would accept for the purchase of the property as a whole, and he said he had a man that would pay me a good profit for it and wanted to know how much I would accept. I said, "The property—"

The Court: No, no.

Q. What I meant was, whether he took any part in the corporation business after he transferred this stock to you. A. He had no interest there and never came there.

Q. That is what I mean. Did he— A. Never came there or nothing at all.

30 Q. Did he do anything after he transferred this stock and after he got the money to interfere in any way with your sale of property or your collection of moneys under these contracts? A. No; not until long after, a year after when I insisted on the moneys due me for rent, and so forth, that is the time he started up. Before that he was very nice.

40 Q. Did he permit people to come on the property? A. Before that?

Peter Dorsa—Direct.

Q. Yes. A. Oh, yes.

Q. And after that what did he do? A. Oh, after that he disturbed our business as much as he could. He came up there and he says, "Now, these folks bought the property from me for a song."

Q. All right. A. "And now they are getting—"

Q. All right. A. "—they are getting a whole lot more"—and so forth. 10

Q. Approximately how much money have you laid out for this corporation? A. I have loaned the firm to date—well, close on to between twenty and twenty five thousand dollars in cash, and I have loaned the firm money that I have invested and sunk in there now.

Q. You own other property? A. Yes, I do.

Cross-examination by Mr. Seymour: 20

Q. Has that twenty to twenty five thousand dollars been spent on the property? A. Yes, sir, and more than that.

Q. What was it spent for? A. Sir?

Q. What for? A. First of all to develop the land, get sales offers, agents and advertisements and expenses in bringing folks back and forth, advances for sales, salaries and so forth, and during that three years, of the twenty or twenty five thousand dollars, if not more that I have invested in there, my son and myself have not received one penny for the service that we have rendered nor for sales of stock, nothing. 30

Q. Did you collect any money from anybody else? A. Yes, sir; we had received up to the time he started in interfering—up to—I will say, September of 1926, we had received about thirteen to fourteen thousand dollars, around there on sales. Since 40

Peter Dorsa—Cross.

then he has spoiled ninety per cent of my sales.

Q. All right. Then you received thirteen thousand dollars from other people? A. Right on sales.

Q. And you yourself put in twenty; is that right? A. More than that.

Q. Yes. At least twenty? A. Yes.

10 Q. And how much did your son put in? A. Well, I mean to say between us.

Q. Well, then between your son and yourself and the amount received from sales, you have taken in about thirty three thousand on that property? A. More than that.

Q. What have you done on the property itself? A. What do you expect I should do there?

Q. I didn't ask you that; I asked you what you did. A. Simply tried to sell it.

20 Q. Well, you did say you had a survey and a map made? A. I had a survey and maps made and cuts of the map and sidewalks staked out, posts, and put on a few big signs there, about twenty one foot long, which Champi repeatedly knocked down and broke.

Q. Did you put up any houses? A. Yes, I did.

Q. These houses built by Mr. Pabst? A. Yes.

30 Q. That was all, wasn't it? A. He started to sell, and I am not building nothing that I don't sell.

Q. Well, not any of those houses were completed, were they? A. No.

Q. Not any of them? A. No.

Q. And how long have they been standing there unfinished like that? A. Well, since he started it, about a year and a half I guess.

40 Q. And the only money you have put on the place, as far as the place is concerned, is the money you paid to Mr. Pabst and the money you

Peter Dorsa—Cross.

paid for putting in of sidewalks and the map and survey and some signs, that is all you put on the property, isn't it? A. No. I put in twenty to twenty five thousand dollars alone in order to conduct its business, sales, rents, and so forth, besides three years of time of myself and my son.

Q. You charged him rent from March 1st, 1925? 10

A. Why shouldn't I?

The Court: Well, did you?

Witness: Yes, I did.

The Court: Answer the questions.

Witness: Yes, sir. I beg your pardon.

Mr. Hanoeh: Answer the questions of counsel.

Witness: Yes; I did. 20

Q. And he never paid any at all, did he? A. Not a nickel.

Q. What did you pay to Champi for this property, anything? A. No. At the time I took the decree it was under foreclosure. There was a first, second and third mortgage there, the interests were not paid, the taxes were not paid.

Q. Well, all the amount of the mortgages were how much? A. I don't remember exactly, but I remember about fourteen thousand, fourteen thousand, five hundred. 30

Q. This two thousand dollar mortgage that you gave him back, you never paid him that, did you? A. No, because he owes us more than again that much.

Q. What is that \$1988 that you have on your statement? A. If I get the papers, I will know. Is this it here? 40

Peter Dorsa—Cross.

Q. Yes. A. All right. Now show me what item you mean.

Mr. Hannotch: He wants it on this.

The Court: I thought we decided to have the accountant explain that.

10 Mr. Seymour: All right. Withdraw the question.

Q. You say the property was in foreclosure when he first came to you about it? A. Yes, he couldn't pay his interest, his taxes or nothing.

Q. That was in what month, what year? A. The early part of 1925, and he pleaded with me for weeks and weeks and weeks that I should go into this thing with him. I didn't want to.

20 Q. Mr. Cowley was the man that assumed the mortgage, wasn't he? A. Yes, he did.

Q. Eh? A. Yes, sir.

Q. You know Mr. Cowley's signature, don't you? A. Yes, sir.

Q. I show you a receipt dated March 10, 1925, "Received principal and interest"; is that right?

30 A. I remember at that time, though, and I think at the same time Cowley accepted that money he made Mr. Champi sign a paper as to that; he agreed as to the foreclosure of that mortgage on account of non-payment, and so forth, and Champi agreed that the entire mortgage would be paid within, I think, six months; I think you have that paper there.

Mr. Hannotch: It is in this affidavit.

Q. The interest and part payment on the principal was made at that time, March, 1925? A. I assume so.

40 Q. And that is the month, March, 1925, when

Peter Dorsa—Cross.

you charged Champi rent? A. Right, right, right.

Q. And he paid that principal and interest, didn't he? A. He got part of this money from me.

Q. He got it from you? A. Yes, yes; a part of it.

Q. How much? A. I don't know. I think it was one hundred dollars. He didn't have enough and Mr. Cowley had sent him some letters, I think, as to his interest, and so forth, and he came in and saw me and I gave him, I think, one hundred dollars on account. 10

Q. Well, the Easy Payments Homes Corporation—(interrupted) A. And I have paid Cowley since on account of those mortgages about four or five thousand dollars.

Q. Easy Payments did not get title, did they, until April, 1925? 20

The Court: That is a matter—you can get that from the record.

Mr. Seymour: Then we will withdraw that question.

Q. Why, if the Easy Payments did not take a deed until April, 1925, did you charge them rent from March, 1925? A. Because I personally had a deed for one half of it as early as February 6th, which deed I did not record, because I did not want to go through with it. 30

Q. Well, the property that you had the one half, was that the property where the house was? A. Yes, the same property, the very same property, deed executed by Champi and his wife.

Mr. Seymour: That is all.

Noon Recess. 40

Israel M. Pogash—Direct.

ISRAEL M. POGASH, sworn for complainant.

Direct-examination by Mr. Seymour:

Q. You are a certified public accountant? A. Yes, sir.

10 Q. Do you practice here in Newark? A. Yes, sir.

Q. Did you make an audit of the books of the Easy Payments Homes Corporation? A. Yes, sir.

Q. Is that your signature, Mr. Pogash? A. Yes, it is.

Q. You have on that two items: "Due from Champi \$1500" and one of \$1988? A. Yes, sir.

Q. Where did you get those items? A. They were given to me by Mr. Dorsa.

20 Q. Is there anything in the books showing those items? A. There had been no books prior to my coming there.

Q. Were there any books there when you got there? A. There was one book, a customers ledger.

Q. A customers ledger? A. Yes, sir.

Q. Is there any account Champi in that ledger of people buying property or contracting to buy it? A. Yes.

30 Q. That is dated August 31, 1926, isn't it? A. Yes.

Q. This is also a copy of the statement you made at that time, August 31, 1926? A. Yes.

Q. I call your attention to the discrepancy here. On one it says \$1500 and on the other \$1988.50. A. One shows \$1500 and the other \$1988.50.

Q. I call your attention to the item on that "Due to Peter Dorsa". What is that one you have in your hand there? A. Right hand?

40 Q. Yes. A. That is \$6952.21.

Israel M. Pogash—Cross.

Q. And what is it on the other one? A. \$8452.-21.

Q. Now, you made both those statements as the result of that examination? A. Yes, sir.

Q. At that time? A. Yes, sir.

Q. Eh? A. Yes, sir.

Q. Who gave you this information, Mr. Peter Dorsa or Vincent Dorsa? A. Mr. Peter Dorsa gave me most of the information. 10

Q. Did you see Vincent Dorsa? A. Yes; he was there most of the time I was working on the books.

Q. And they gave you checks, I suppose and memorandums to make up these accounts? A. As far as possible, they gave me original memoranda and checks and where not, I had to take their word for it. 20

Cross-examination by Mr. Hannoeh:

Q. In other words they gave you all the memoranda and you were able to work out the best you could these figures as they were shown. A. Exactly.

Q. Do you recall any reason for the difference in those two figures? A. Well, I suppose they presented some information that made me change it. 30

Q. In other words there was some information you got— A. Later on.

Q. Neither of the statements was made on August 31st, 1926. They were all made as of August 31st. A. Yes; that is true.

Q. And you made them some time later. A. After. 40

*Israel M. Pogash—Redirect.**Redirect-examination by Mr. Seymour:*

Q. September 14th the affidavit is; that was the date, 1926. A. If that is the affidavit.

Q. That was two weeks after the date it was taken. A. That is the idea.

10 Q. Eh? A. Yes, sir.

Q. The time in August or September when you were there making this audit did the corporation have a bank account? A. No, sir.

Q. Eh? A. No, sir.

Q. How were these checks that were used for the expense of the company—how were they drawn? A. Peter Dorsa's personal checks were used to pay expenses.

20 Q. The money that came in for these sales, how did that come in, to Peter Dorsa personally? A. Yes, sir.

Q. Deposited in his bank account? A. I don't know what happened to it; we didn't trace them to his account, but we know he got them. The corporation didn't get the cash.

HENRY PABST, recalled.

30

Direct-examination by Mr. Seymour:

Q. Mr. Dorsa swore that he paid you all the money that was due you on those houses up there; is that true? A. He did not; no, sir.

Q. Eh? A. No, sir.

Q. Did he pay you your money when it was due, when you asked for it? A. No, sir.

40 Q. He says he paid you two hundred and fifty five dollars on those houses, is that true? A. No, sir.

Henry Pabst—Recalled—Direct.

Q. Don't shake you head. The stenographer cannot write that. A. No.

Q. When was the first payment on this house to be? A. Fifteen hundred each.

Q. And when the houses were up to first payment— A. Yes.

Q. —did you get fifteen hundred dollars a piece? A. No, sir. 10

Q. Did you ask Mr. Dorsa for it? A. Oh, I was there not less than fifty times.

Q. Fifty times? A. Not less than.

Q. And how would he pay, would he give you the full amount that was due to you or not, or what would he say? A. He gave me sometimes fifty dollars, sometimes one hundred, once he gave me two hundred. 20

Q. Did he refuse to pay you because you would not go on with the work? A. No; he promised me every time I should come the next day or two days, so I came there every week three or four times.

Q. Did you do the cellar digging too? A. Yes, sir.

Mr. Hanoach: That is all; we rest.

30

PATSY CHAMPI, recalled.

Direct-examination by Mr. Seymour:

Mr. Seymour: Have you got that check, Mr. Hanoach?

Mr. Hanoach: All the exhibits are right there.

Q. I hand you D-6, a check of fourteen hundred dollars. I call your attention to an endorsement 40

Patsy Champi—Recalled—Direct.

on there. Did you endorse that check? A. No, sir.

Q. Eh? A. No, sir.

Q. Do you know whether or not your wife did? A. It is not her writing, either.

Q. It is dated November 17th, 1925. A. Don't remember.

10 Q. Did you get fourteen hundred dollars that day? A. Never received a nickel.

Q. Did you go to Mr. Dorsa's office and take this check? A. No, sir.

Q. And then took it out and come back again and get the cash? A. No, sir.

Q. Eh? A. No, sir.

Q. Did he ever pay you any cash of any kind? A. Never gave me a nickel.

20 Q. That fifteen hundred dollars that was supposed to be security on the rent for the theater in Elizabeth, what happened to that? What was done with that? A. Well, as far back as I can remember, I gave them as security on the house which is located in West Orange for fifteen hundred dollars security.

Q. Well, did you give him a fifteen hundred dollar note? A. No, sir.

30 Q. What was the security, a mortgage, wasn't it? A. A mortgage form.

Q. And when you went to Miss Precker's office wasn't that fifteen hundred cancelled, the fifteen hundred you owed him? A. Mrs. Precker said to me that everything was cancelled and I had nothing to worry about.

Q. Did Mr. Dorsa ever ask you for that fifteen hundred dollars? A. No, sir.

40 Q. Did he ever say to you, when it came time to pay this fourteen hundred dollars that you still

Patsy Champi—Recalled—Cross.

owed him fifteen hundred dollars on the note? A. Mr. Dorsa never came to me and asked me for the money.

Q. Did you ever go to Mr. Dorsa and say you had somebody wanted to pay fourteen hundred dollars on that? A. No, sir.

Q. Did you have anybody that wanted to buy that? A. (No answer.) 10

Cross-examination by Mr. Hanooh:

Q. You say Miss Precker told you when you gave the deed everything was cancelled? A. Was cancelled, that was the fifteen hundred—(interrupted)

Q. Wasn't she talking about the deed for the half interest on a mortgage? A. No. The deed I gave for security for the fifteen hundred on my other property in West Orange. 20

Q. Did she specifically say or actually say that this note of fifteen hundred dollars was also cancelled? A. Yes.

Q. She told you about that note? A. Yes.

Q. You are sure about it? A. Yes.

Q. When this deed was signed on April 18th, 1925, that is the day when she told you the note was cancelled, is that right? A. Yes, sir. 30

Q. This note is dated in July, 1925. Now, how can you explain the difference between those two dates? A. I don't know nothing about this note.

Rose Champi—Recalled—Direct.

ROSE CHAMPI, recalled.

Direct-examination by Mr. Seymour:

Q. I hand you D-6, a check of fourteen hundred dollars, and ask you if that is your signature on the back of that? A. No, sir.

10 Q. Eh? A. No.

Q. You did not sign that? A. No.

Q. It is dated November 17, 1925. Did you get any fourteen hundred dollars or any money at all that day? A. Never at no time.

Q. From Mr. Dorsa? A. No, sir.

Mr. Seymour: That is all.

Mr. Hannoeh: No questions.

Mr. Seymour: We rest.

20 The Court: Is that the case then?

Mr. Hannoeh: You say you have another witness?

Mr. Seymour: No, we rest.

The Court: Do you want to sum up?

Mr. Hannoeh: If you want to sum up. I still don't know just what the basis of their action is.

The Court: I am ready to decide it now.

30 Mr. Hannoeh: Do you want to say anything?

The Court: Do you want to sum up?

Mr. Seymour: No, sir.

The Court: Is there any counterclaim?

Mr. Hannoeh: No, sir.

The Court: This, as I understand it, is a suit for setting aside a conveyance and for an accounting on the ground of fraud.

40 The fraud, in my opinion, has not been proved. I think that the evidence of the

Verdict.

complainant and his wife is so palpably false as not to be worthy of belief, and without their evidence there is not any testimony whatever.

Admitting some part of their evidence to be true, even that, it seems to me, does not furnish a sufficient basis on which I can set aside these transactions. The documentary evidence is clear. 10

Miss Precker says that an agreement was entered into, that she prepared and explained to them, and which they signed. There are signatures on these transfers of stock and various other signatures which I believe to be genuine, in spite of their wholesale denial.

I do not think it is necessary for me to expand this conclusion any further. 20

I will dismiss the bill.

30

40

Exhibit C-1.

Filed April 15, 1926—Essex County Clerk's Office.

Articles of Agreement entered into April 12, 1926 between Peter Dorsa of the first part and Henry Pabst of the second part.

10 The party of the second part agrees to erect eight houses on the premises in question according to specifications contained in this agreement.

The party of first part agrees to pay \$3650. for each of the eight houses, said payments to be made in installments governed by the progress of the work.

Exhibit C-2.

20

MORTGAGE

Peter Dorsa	Dated February 6, 1925 Ack'd February 6, 1925 Before Frank K. Sauer Amt. \$2,000.00 <i>This instrument is not recorded.</i>
to	
Patsy Champi and Rose	
Champi	

30 The mortgage covers the premises located in the Township of Livingston particularly described in the bill.

The mortgage contains the recital that it covers the same premises conveyed to the mortgagor by the mortgagee by deed bearing even date. "These presents are given to secure part of the purchase price mentioned in said deed."

The mortgage provides for the payment of \$2,000.00 in one year from its date with interest at the rate of six per cent per annum.

40

Exhibit C-3.**DEED**

Patsy Champi and Rose Champi, his wife	Dated February 6, 1925 Ack'd February 6, 1925 Before Max W. Katz, Notary Public	
to	<i>This instrument is not recorded.</i>	10
Peter Dorsa	Cons. \$1 and other good and valuable consider- ation.	

Conveys undivided one-half interest in the lands at Livingston, Essex County, New Jersey, particularly described in the bill.

Conveyance provides that it is subject to three certain mortgages, aggregating the sum of \$14,000.00.

20

Exhibit C-4.**MORTGAGE**

Easy Payments Homes Corporation	Dated April 18, 1925. Recd. May 5, 1925. Ack'd April 18, 1925	
to	Before	
Patsy Champi and Rose Champi, his wife	Jennie E. Precker Book C 54, page 425. Amt. \$2,000.00	30

Mortgage covers the lands in Livingston, particularly described in bill.

Mortgage recites that it is a purchase money mortgage and is given to secure part of the consideration for a conveyance made by the mortgagee to the mortgagor, bearing even date herewith.

40

Exhibit D-1.

\$1500.00

Newark, N. J. July 2, 1925

Ninety days.....after date..I..promise to pay to the order of Easy Payments Homes Corporation, One Thousand Five Hundred 00/100..Dollars Payable at Easy Payments Homes Corporation, 38-40 Park Place, Newark, N. J.

10

Value received

PATSY CHAMPL.

No. Due October 1, 1925

Exhibit D-2.

20 This Indenture of Agreement made and entered into this eighteenth day of April, in the year of our Lord, One Thousand Nine Hundred and Twenty-five, between

Patsy Champi and Rose Champi, his wife, of the Township of Livingston, in the County of Essex and State of New Jersey, hereinafter called Champis, and

Peter Dorsa

30 of the City of Elizabeth, in the County of Union and State of New Jersey, hereinafter called Dorsa:

Witnesseth, Whereas on the sixth day of February, 1925 the said Champis did convey unto the said Dorsa all their undivided one-half right, title and interest in the seven certain tracts or parcels of land and premises located in the Township of Livingston, in the County of Essex and State of New Jersey and more particularly described in

40

Exhibit D-2.

said deed given by the said Champis to the said Dorsa, which said deed is unrecorded; and

Whereas on the said day and date aforesaid the said Dorsa did execute and deliver unto the said Champis a purchase money mortgage in the sum of Two Thousand Dollars covering said seven tracts or parcels of land and premises aforesaid to secure the payment of part of the purchase price thereof, and which said mortgage is still unrecorded; and

Whereas the said Champis and Dorsa desire to sell and convey all their right, title and interest in and to said land and premises aforesaid to the Easy Payments Homes Corporation, a corporation of the State of New Jersey.

It is hereby mutually agreed by and between the said parties hereto in consideration of the premises and in consideration of the sum of One Dollar and other good and valuable consideration each to the other in hand well and truly paid, as follows:

1. That the said deed made by the said Champis to the said Dorsa aforesaid is hereby surrendered, cancelled and declared to be null, void and of no effect.

2. The said mortgage executed by the said Dorsa to the said Champis as aforesaid is hereby surrendered, cancelled and declared to be null, void and of no effect.

3. The said Champis shall simultaneously with the execution of the within premises execute and deliver a deed covering the aforesaid seven tracts to the Easy Payments Homes Corporation aforesaid, and the said Champis shall receive from the

Exhibit D-2.

10 said Easy Payments Homes Corporation a purchase money mortgage, which said mortgage shall be made in the sum of Two Thousand (2000) Dollars covering said seven tracts aforesaid. The said mortgage made by the said Easy Payments Homes Corporation to the said Champis shall be and belong to the said Champis solely; the said Dorsa hereby disclaims any right, title or interest in or to the said mortgage or said premises.

In Witness Whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

Signed, Sealed and Delivered
in the presence of
Jennie Precker

20

PATSY CHAMPI L.S.
ROSE CHAMPI L.S.
PETER DORSA L.S.

30

40

Exhibit D-3.

Certificate of stock in Easy Payments Homes Corporation (Certificate #4) for 10 shares in the name of Patsy Champi. The certificate is dated April 18, 1925 and is signed by Peter Dorsa as president and Vincent Dorsa as treasurer. The certificates have a par value of \$100.00 each. The certificate is endorsed as follows:

10

“For value received, I hereby sell, assign and transfer unto Charles Dorsa, Ten shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises.”

Dated August 31st, 1925.

20

PATSY CHAMPI.

In presence of
George Caccis

30

40

Exhibit D-4.

Certificate of stock in Easy Payments Homes Corporation (Certificate #8) for four shares in the name of Rose Champi. The certificate is dated 1925 and is signed by Peter Dorsa as president and Vincent Dorsa as treasurer. The certificate has a par value of \$100.00. The certificate is endorsed as follows:

10

“For value received, I hereby sell, assign and transfer unto Vincent Dorsa, Four shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises.

20 Dated August 31st, 1925.

ROSE CHAMPLI.

In presence of
Peter Dorsa

30

40

Exhibit D-5.

November 17th, 1925.

This is to certify that I, Patsy Champi, have this 17th day of November 1925 received from Vincent Dorsa and Peter Dorsa the sum of Fourteen Hundred dollars (\$1400.00) in cash as full payment for fourteen shares of stock of the Easy Payments Homes Corporation owned by myself and my wife. I also agree to return to the said Dorsas a note for a like sum which was given as security for the payment of said stock.

10

PATSY CHAMPI.

Exhibit D-6.

Linden, N. J. November 17, 1925.

20

STATE BANK

Linden, New Jersey.

Pay to the order of Patrick Champi Rose Champi
\$1400.00
Fourteen 00/100 Dollars.
VINCENT DORSA.

30

Endorsed:

In full payment for fourteen shares of stock of Easy Payments Homes Corporation.

PATSY CHAMPI
ROSE CHAMPI

Credit the Account of
Vincent Dorsa.

40

Exhibit D-7.

The following instrument is typed on a letter-head of the Easy Payments Homes Corporation:

March 1, 1925.

10 This is to certify that I, Patrick Champi, have
agreed to rent a house located on lots numbers
three and four in Block B, located on a certain
map known as Map of Orange Terrace, situated
in Livingston, Essex County, New Jersey, together
with the barns adjoining said house, from the
Easy Payment Homes Corp., and that I agree to
pay to the said Easy Payment Homes Corp. a
rental of \$65.00 for each and every month, begin-
ning from the first day of March 1925, and that I,
Patrick Champi, agree to keep the said house and
20 buildings in good condition, and to supply my own
water.

PATSY CHAMPL.

Witnessed by
Rose Yarnold

30

40

Exhibit D-8.

This is written on letterhead of Easy Payments
Homes Corporation.

August 31, 1925.

Mr. Cowley,
657 Main Ave.,
Passaic, N. J.

Dear Mr. Cowley:

10

This is to inform you that some time ago I sold
my property, known as the Predara Farm, located
in Livingston, N. J., to the above corporation, in
which I am no longer interested. Regarding the
mortgage you hold on this property, you may get
in touch with Mr. Peter Dorsa, at the above ad-
dress.

I trust you will take note of this, and oblige,

20

Very truly yours,

PC:RY

30

40

Exhibit D-9.

Omitted by consent.

Exhibit D-10.

ABSTRACT OF DEED.

10

Patsy Champi and Rose Champi, his wife to Easy Payments Homes Corporation	Book E 72 page 270 Dated April 18, 1925. Ack'd April 18, 1925 Before Jennie E. Precker Recorded May 5, 1925 Cons. \$1 and other good and valuable consider- ation.
---	--

20 The deed conveys to the party of the second part in fee the entire premises located in the Township of Livingston, Essex County, New Jersey, more particularly described in the bill of complaint.

The deed contains the following recital:

30 "The within conveyance is made expressly subject to three mortgages in the respective sums of \$10,000, \$2500.00 and \$1400.00, which mortgages the party of the second part hereby assumes and agrees to pay."

40

Exhibit D-11.

This exhibit consisted of a minute book of the defendant corporation. The minutes of April 18, 1925 contained a resolution reading as follows:

"The secretary then presented to the directors an offer of Patsy Champi and Rose Champi, his wife to convey to the company seven certain tracts or parcels of land and premises located in the Township of Livingston, in the County of Essex and State of New Jersey, on which said tracts or parcels of land is erected one dwelling; said offer being made for the sum of Seventeen Thousand and Nine Hundred (17,900) Dollars, as follows:

(a) By the company assuming the mortgages now encumbering said premises in the aggregate sum of Thirteen thousand Nine hundred (13900) Dollars

(b) By the company executing and delivering to the said Patsy Champi and Rose Champi, his wife, a purchase money mortgage in the sum of Two Thousand (2000) Dollars for the term of one year bearing interest at the rate of six per cent per annum, payable semi-annually.

(c) By the company issuing and delivering to the said Patsy Champi or his assigns, stock of the company in the sum of Two thousand (2000) Dollars.

Upon motion duly made and seconded, it was

Resolved that the company accept the offer of the said Patsy Champi and Rose

Exhibit D-11.

Champi for the sale and purchase of said lands aforesaid, and the President, Sec'y, & Treas. by and hereby are authorized to execute and deliver the necessary bond, mortgage and stock of the said company in consummating said sale and purchase."

10 The minutes further disclose that Patsy Champi was elected director of the company.

Under date of May 5, 1925 there appears a waiver of notice of a special meeting which was executed by Peter Dorsa, Vincent Dorsa and Patsy Champi. The minutes of the meeting of said date disclose a transfer of four shares of stock to Rose Champi and her election as a director of the company.

20 Under date of August 31, 1925 appears a waiver of notice of a meeting of directors signed by Patsy Champi. The minutes of said meeting discloses acceptance of resignations as directors of Patsy and Rose Champi, and that the stock owned by Patsy Champi had been sold by him to Charles Dorsa and that the stock held by Rose Champi had been sold to Vincent Dorsa. Attached to the minutes are the following resignations:

"August 31, 1925.

30 I do hereby tender my resignation as a member of the board of directors of the Easy Payments Homes Corporation. Same is to take effect immediately.

(signed) PATSY CHAMPI."

"August 31, 1925.

40 I do hereby tender my resignation as a member of the board of directors of the Easy Payments Homes Corporation. Same is to take effect immediately.

(Signed) ROSE CHAMPI'".

Exhibit D-12.

Omitted by consent.

10

20

30

40

Exhibit D-13.

Key

CM—Credit Memo.

ND—Notes Discounted

CL—Collection

IN—Interest

EC—Error Corrected

RT—Returned Item

CC—Certified Check

DM—Debit Memo.

EX—Exchange

LST—List of Checks

Name Vincent Dorsa,

Address 1112 Chandler Ave., Roselle, N J

In Account with

STATE BANK

Linden, N. J.

Statement of your account to close of business

Date	Checks in Detail			Date	Deposits
	Balance brought forward				828.99
Nov 2 '25	3.00—				
Nov 2 '25	26.00—			Nov 2 '25	252.00
Nov 4 '25	18.00—	25.00—	120.00—		
				Nov 4 '25	40.00
Nov 5 '25	15.00—			Nov 4 '25	320.00
Nov 6 '25	42.00—	50.00—			
Nov 7 '25	50.00—	12.00—			
Nov 7 '25	20.00—				
Nov 9 '25	6.30—	81.00—		Nov 9 '25	105.00
Nov 10 '25	9.00—				
Nov 10 '25	20.57—			Nov 10 '25	40.00
Nov 12 '25	200.00—	15.00—	18.00—		
Nov 12 '25	60.00—				
Nov 12 '25	10.00—			Nov 12 '25	10.00
Nov 12 '25	20.00—				
Nov 13 '25	180.00—			Nov 13 '25	500.00
Nov 14 '25	10.00—				
Nov 16 '25	124.00—	18.00—			
				Nov 16 '25	75.00
Nov 17 '25	31.97—				
Nov 17 '25	5.00—				
Nov 17 '25	25.00—	1,400.00—		Nov 17 '25	1,535.00
Nov 18 '25	8.72—	25.00—			
Nov 18 '25	50.00—				
Nov 20 '25	10.00—				
Nov 21 '25	33.32—	30.00—	18.00—		
Nov 21 '25	70.00—				
Nov 21 '25	7.00—				
Nov 23 '25	11.72—				
Nov 23 '25	20.00—			Nov 23 '25	44.00
Nov 24 '25	120.00—	167.00—			
Nov 24 '25	35.00—			Nov 24 '25	150.00
Nov 25 '25	30.00—	18.00—	25.00—		
Nov 25 '25	10.00—				
Nov 25 '25	35.00—				
Nov 28 '25	8.62—				
	1325.22			Nov 30 '25	264.00
1325.22	1,841.00		181.00		4163.99
1841.					
181.					
3347.22			Nov 30 1925	816.77	
			Balance		

Please examine this statement upon receipt and report at once if you find any difference so that

Exhibit D-14.

STATE BANK
Linden, New Jersey.

September 13, 1926.

Algernon T. Sweeney,
207 Market St.,
Newark, N. J.

10

Dear Sir:

In reply to your letter of September 10th, inquiring about a certain check of \$1400.00 that you claim we cashed for Patsey Champi and Rose Champi, we wish to state that if Mr. Dorser will look over his statement for the month of November and check up on the deposit he made on the 17th, he will find that this check was deposited together with one for \$25.00 and \$110.00 in cash, which made up a total of \$1535.00 that he deposited in this bank for his credit.

20

Hoping the above is the desired information, we remain

Very truly yours,

M. D. FORT,
Cashier.

MDF:TD

30

40

deposits

828.99

252.00

40.00

320.00

105.00

40.00

10.00

500.00

75.00

1,535.00

44.00

150.00

264.00

4163.99

Exhibit D-15.

This is a bill of complaint filed in Chancery of New Jersey on July 14, 1926 by Patsy Champi and Rose Champi, his wife, against the Easy Payments Homes Corporation and Aaron R. Nelson and Louisa V. Nelson. The bill prays for the foreclosure of a mortgage given by Easy Payments
10 Homes Corporation to the complainants on April 18, 1925, in the sum of \$2,000.00, which mortgage is recorded in Book C 54 of Essex County page 425 and covers the lands and premises involved in these proceedings.

The bill alleges a default in the payment of six month's interest on this mortgage on October 18, 1925, and a default in the payment of principal and interest on April 18, 1926 and asks for foreclosure because thereof.

20 The Nelsons are made parties defendants because they agreed to purchase from the Easy Payments Homes Corporation a portion of the lands and premises.

30

40

New Jersey Court of Errors and Appeals

PATSY CHAMPI and ROSE CHAMPI,
Appellants,

vs.

EASY PAYMENTS HOMES COR-
PORATION, a New Jersey Cor-
poration, and PETER DORSA
and VINCENT DORSA,
Appellees.

On Bill, &c.

BRIEF OF APPELLANTS.

The said Decree adjudges that the Bill should be dismissed for the reason that the case as made out by Complainants was not sufficient to warrant a decree for the relief prayed for.

The case made out by Complainants showed that on February 6th, 1925, Complainants were owners in fee of the locus in quo, namely, 103 acres of land in Livingston Township, Essex County; that on February 6th, 1925, Complainants were induced by Defendant, Peter Dorsa, to convey an undivided one-half interest in the locus in quo to said Peter Dorsa. No consideration moved from Peter Dorsa to Complainants, other than a \$2,000. mortgage. Between February 6th, 1925, and April 18th, 1925, Complainants were persuaded by the Defendant, Peter Dorsa, that the premises in question should be developed and sold as building lots, said Dorsa assuring these Complainants that he was a bona fide and successful real estate expert. To this end, parties entered into an agreement whereby the said Deed and Mortgage of February 6th, 1925, should be null and void and Complainants agreed to convey the entire 103 acres to a corporation which was to be formed by the parties

and the Complainants and Peter Dorsa and his son, Vincent Dorsa, were to receive a one-half interest, respectively, in the said corporation.

On April 18th, 1925, Complainants, who are ignorant, illiterate, of foreign extraction and wholly unversed in real estate matters, were dissuaded by the Defendant Peter Dorsa from procuring the aid of independent counsel in consummating this transaction and relying on the assurance of Peter Dorsa that his, Dorsa's attorney would represent both parties, executed a deed to the defendant corporation in the office and presence of Defendant's attorney. This fact, in itself, raises a presumption of fraud. Vide: *Theis vs. Vonderheiden*, 94 E. at 321; in *re Cooper's Will*, 75 E. at 195; *Bennett vs. Bennett*, 50 E. 439. The direct and ultimate result of this conveyance and the unlawful acts of the Defendants, was to divest and strip the Complainant of every particle of their 103 acres, which represented their entire store of worldly goods, including their home, and casting them and their children upon the charity of relatives and friends.

This Corporation, Defendant Peter Dorsa alleged, was the new corporation which the parties had agreed to form when, as a matter of fact, the Defendant corporation had been formed some time during the year of 1924. The Defendant Corporation, by its officers, Peter Dorsa and Vincent Dorsa, executed and delivered a bond and mortgage to these Complainants, in the sum of \$2,000.00 covering the premises in question. Complainant Patsy Champi also received ten shares of stock in the defendant corporation but the Complainant Rose Champi never received any stock in the said corporation.

Thereafter no substantial effort was ever made to develop and sell the said property. After a long period of time, because of the acts, both omission

and commission, of the Defendants, Complainants became suspicious of the Defendants' method of conducting business of the Corporation and repeatedly demanded an accounting of the financial condition of the Defendant Corporation, which said demands were repeatedly refused. Complainants, on one occasion, were informed that the Defendant Corporation was in need of funds and that, in order to procure the same, it would be necessary for all the parties to assign their said shares of stock as security collateral to a loan of \$1500.00. In accordance with this information, Complainants signed a blank piece of paper which Defendant, Vincent Dorsa, informed them was to be filled in above their signatures with the data necessary to constitute the same as an assignment of their said shares of stock. The money not forthcoming, Complainants again demanded an accounting and again were refused for the reason that Defendant, Peter Dorsa, stated that they were no longer members of the said corporation, that they had sold and assigned their said shares to Vincent Dorsa and Charles Dorsa, both being sons of the Defendant Peter Dorsa. This sale and assignment the Complainants flatly deny.

The Defendants never developed the said 103 acres nor did they do anything in pursuance of the understanding between the parties whereby the premises were to be rendered marketable as building lots.

Complainants contend that the fraud of the Defendants consist in the fact that the Defendant Corporation was a pre-existing corporation without any assets whatsoever, when the conveyance of April 18th, 1925, was made; that the Defendants, Peter Dorsa and Vincent Dorsa, represented the said Corporation as the Corporation which had been formed by all the parties hereto; that the De-

fendants, Peter Dorsa and Vincent Dorsa, falsely represented themselves as expert real estate operators; that the Defendants, Peter Dorsa and Vincent Dorsa, fraudulently procured the Complainants to sign a blank piece of paper which purported to be an assignment of their said shares of stock to a bank in order to procure a loan. At the trial of this cause, this latter piece of paper, (Exhibit D-3, page 125), was produced and exhibited as a receipt, purporting to establish that the Complainants had received \$1400.00 for their said shares of stock. In support of this contention, a check, (Exhibit D-6, page 127), drawn on the State Bank of Linden, New Jersey, in the sum of \$1400.00 and payable to these Complainants, was offered. This check is claimed to have been endorsed by these Complainants—a fact which the unqualifiedly deny—and deposited to the account of Defendant Vincent Dorsa in the said Bank. The Bank Statement, (Exhibit D-13, page 134), issued by the said Bank shows deposits to the credit of said Vincent Dorsa in the sum of \$1535.00, \$1400.00 of which is represented by this check. In this connection, see the letter from the State Bank of Linden to Algernon T. Sweeney, (Exhibit D-14, page 135). So that the situation presents itself of Defendant Vincent Dorsa charging his account with \$1400.00 by reason of this check and at the same time crediting his account with the same amount by the same check. It is of great importance to note that the Defendants, Peter Dorsa and Vincent Dorsa, claim that the \$1400.00 alleged to have been paid to the complainants, was handed over to them in cash, a circumstance suspicious in itself.

Furthermore, although the title to the 103 acres in question was in the Defendant Corporation, Exhibit C-1 clearly indicates that the Defendant Peter Dorsa regarded this property as his own,

inasmuch as the agreement itself is drawn between the contractor, Pabst and Peter Dorsa, individually. This document, Complainants contend, is proof positive that Defendant Peter Dorsa and Vincent Dorsa were engaged in the perpetration of an unholy fraud upon these complainants, since even at that early date, Defendant, Peter Dorsa was engaged in his unlawful scheme of depriving these complainants of their lawful rights. This circumstance was entirely disregarded by the Learned Vice Chancellor.

Moreover, the comment by the trial court on page 54 of the testimony to the effect that "that is in the same category as the signature on the blank piece of paper" induces the conclusion that the learned Vice Chancellor had already made up his mind as to the merits of the Complainants' case, despite the pertinent fact that not one half of the Complainants' case had yet been put in. It is respectfully suggested that from that point in the trial of the case, the testimony of the Complainants and their witnesses was entirely disregarded. That such procedure was detrimental and prejudicial to the Complainants is a superfluous conclusion.

The Decree dismissing the Bill of Complaint filed herein is erroneous in that all testimony as to the value of the locus in quo was denied admission into evidence on the trial of the said cause.

The purpose of this ground of appeal is to point out to the Court that there was such a palpable and gross inadequacy of consideration for the conveyance of the 103 acres to the Defendant Corporation, that there is a presumption that fraud was used in procuring such conveyance.

It is undisputed that the conveyance of April 18th, 1925, operated to vest title to the 103 acres

in the Defendant Corporation. It is further un-
denied that a mortgage on the same premises in
the sum of \$2,000.00 was executed to the Com-
plainants by the Defendant Corporation. It is
disputed whether the Complainants ever received
the fourteen shares of stock in the Defendant Cor-
poration as part of the purchase price. It is un-
disputed that the property was encumbered by
three prior mortgages aggregating approximately
\$15,000.00, which obligations the Defendant Cor-
poration assumed. It is undisputed that there was
no other consideration moving from the Defendant
Corporation or Defendants Dorsa to the Complain-
ants for the said conveyance. So that the sum to-
tal of what the Complainants received for the con-
veyance was a \$2,000.00 fourth mortgage on their
own property and, if we accept the story of the
Defendants, fourteen shares of stock in a corpora-
tion, which shares never had nor have any market
value whatsoever.

It would be superfluous to cite authorities for
the following propositions:

1. That every contract must be based upon some
good and valuable consideration.
2. That a Court of Equity must consider and ex-
amine the adequacy of the consideration when
such question is raised.

In the instant case, the learned Vice Chancel-
lor refused to permit the Complainants to intro-
duce evidence as to the value of the said 103 acres
at the time the conveyance was made. Page No. .

This refusal, it is respectfully urged, was errone-
ous and highly prejudicial inasmuch as it prevent-
ed the Complainants from showing the gross in-
adequacy of the consideration for the conveyance
of April 18th, 1925.

In the case of *Torrey vs. Buck*, 2 E. at 380,

Chancellor Pennington, speaking for the Court of Chancery, said: "If a case could be made excusing the fraud, founded on the folly and indiscretion of the Complainant, this is certainly that case. The man seems to have been infatuated, but the folly of the Complainant can never justify the Defendant in taking away his property without compensation. This is not the case of stock which has varied in the market with the times, but of stock which never had any value." In the cited case, which is almost on all fours with the present case, the Court ordered an accounting and a rescission.

In the case of *Executors of Wintermute vs. Executors of Snyder*, 3 E. at 496, Chancellor Vroom said: "Still there may be such unconscionableness, such palpable and in excessiveness inequality in a bargain, as to induce equitable interference. But in all such cases the court goes on the ground of fraud, being satisfied that gross imposition or undue influence must have been practiced. If the inadequacy be such as to shock the conscience, it will amount to evidence of fraud and will be so considered. * * * So, too, when there are other ingredients in the case of a suspicious nature, or peculiar relations between the parties, *gross inadequacy of price must necessarily furnish the most vehement presumption of fraud.*" (Italics ours.)

In the case of *Phillips vs. Pullen*, 45 E. at 8, Chancellor McGill said: "Where, however, the inadequacy of the price is so gross that it shocks the conscience, Courts of Equity will interfere, not upon distinct principle, *but upon the ground that such inadequacy amounts to conclusive evidence of fraud.*" (Italics ours.)

In the case of *Gifford vs. Thorn*, 9 E. at 702, Justice Potts, speaking for the Court of Errors and Appeals, said: "Undoubtedly if this transac-

tion is to be considered as a matter of bargain and sale, here is gross inadequacy of consideration; such inadequacy as raises a violent presumption of fraud, deception, ignorance or imbecility."

Justice Parker, speaking for the Court of Errors and Appeals, in the case of Ashby vs. Yetter, 79 E. at 199, reiterates the rule laid down in Worth vs. Watts, 76 E. at 304, namely: "A grossly inadequate consideration is *of itself* evidence of fraud." (Italics ours).

From the foregoing citations the conclusion logically follows that where there is a gross inadequacy of consideration "a vehement presumption", (to adopt the words of Chancellor Vroom), or "A conclusive evidence", (in the more emphatic language of Chancellor McGill), is created.

Now, it is elementary that where the Complainant has been denied the right to introduce evidence of the value of the locus in quo, he has been prejudicially affected in the establishing of his cause of action, since he is seeking relief on the ground of fraud but, by the action of the trial court, has been prevented from introducing facts which would raise "a violent" presumption of fraud. This, it is respectfully urged upon your Honors, was highly prejudicial and harmful to the Complainants and constitutes valid reason for reversal of the decision in the trial court.

Respectfully submitted,

GEORGE F. SEYMOUR, JR.
Of Counsel with Appellants.

New Jersey Court of Errors and Appeals

Between

PATSY CHAMPI and ROSE
CHAMPI,

Complainants-Appellants,

and

EASY PAYMENTS HOMES COR-
PORATION, a New Jersey cor-
poration and PETER DORSA
and VINCENT DORSA,

Defendants-Respondents.

*On Appeal
from the
Court of
Chancery.*

BRIEF OF RESPONDENTS.

Complainants on February 6, 1925, were the owners in fee of 103 acres of farm land located at Livingston, Essex County, New Jersey. For a short time prior to that date, they had been discussing with the defendants, Dorsa, a proposed plan for dividing this farm into building lots and selling them. On February 6, 1925, Champis conveyed an undivided one-half interest in the land to Peter Dorsa (Exh. C. 3) and took back from him a \$2,000 purchase money mortgage (Exh. C. 2). *These instruments were not recorded.* A few days later it was decided to void these instruments and in lieu thereof, complainants were to convey the entire interest in the land to the defendant corporation and take back a purchase money mortgage of \$2,000 subject to prior mortgages aggregating \$13,900 (Exh. D. 10), and shares of stock in the defendant company. The agreement to this effect was executed (Exh. D. 2). The property was conveyed (Exh. D. 10) and the purchase

money of \$2,000 was given (Exh. C. 4) and two certificates of stock, one for 10 shares in favor of Patsy Champi (Exh. D. 3), and one for 4 shares in favor of Rose Champi (Exh. D. 4) were issued.

Complainant also executed a lease of a certain portion of the premises agreeing to pay to the defendant company rent at the rate of \$65.00 per month (Exh. D. 7).

Some time later, disputes arose between the parties. Complainants procured someone whom they said was willing to buy their stock for its par value of \$1,400 and asked the defendant, Peter Dorsa, if he was willing to buy it at the same price (p. 102, l. 35). Dorsa agreed to buy it at \$1,400 and issued a note therefor, payable shortly thereafter (p. 103, l. 10). When the note became due, a check for \$1,400 was issued to complainants (Exh. D. 6). They endorsed the check, and Dorsa cashed it for them. They each assigned their certificates of stock, Patsy assigning it to Peter Dorsa (Exh. D. 3), and Rose assigning her to Vincent Dorsa (Exh. D. 4). Both Patsy and Rose resigned as officers and directors of the defendant company (Exh. D. 11, p. 132). Complainants were unable to locate the \$1,400 note which Dorsa had given to them, and being unable, therefore, to surrender it when payment was made, signed a receipt for the payment, and agreed to surrender the note as soon as it was found (Exh. D. 5). Upon the receipt of these moneys and the execution of the instruments referred to, they regarded themselves entirely relieved of any further connection with respect to the Company, excepting to the extent of the \$2,000 purchase money mortgage which they still held. This is established by the fact that some time later a question arose respecting

a certain alleged violation of the Building Code of Livingston Township. A complaint was lodged against the Company by the Building Inspector. When Dorsa appeared at the hearing before the local Recorder, he stated that he had not received any notice whatever, whereupon he was advised by the Building Inspector that notice had been served upon Champi. Champi was in the court room at the time and stated to the Court that he was no longer interested in the Company (p. 63, l. 1). This occurred in the spring of 1926, *after the payment of the \$1,400.*

Furthermore, one Cowley who held one of the earlier mortgages against the property wrote to Champi about payment of interest, and Champi wrote him advising that he was no longer interested in the Company (Exh. D. 8).

Later the \$2,000 purchase money mortgage became due. The Corporation refused to pay because it alleged that Champi owed the corporation more than what was due on the mortgage. Champi then filed a bill to foreclose (Exh. D. 5).

Later new counsel represented Champi and the present bill was filed, and nothing more was done, other than to file the foreclosure bill.

The present bill prays that the conveyance made by Champi to the corporation be set aside because of fraud, and that the corporation be required to account and reconvey, and that a receiver be appointed for it.

The fraud alleged in the bill is most vague and uncertain. It states that the fraudulent and untrue statements which induced the complainants to convey the property to the corporation were to the effect that the corporation was a corporation *to be* formed and not one *already*

formed, and that the Champis were to receive 15 shares of stock and Dorsa a similar amount, whereas Champi only received 14 shares, and the Dorsas received 16 shares.

It was also alleged in the bill that the defendants procured complainants to transfer their stock through misrepresentations to the effect that an assignment of stock was needed in order that the stock may be pledged at a bank as security for a loan.

The answer denied the fraud and set up that the defendants had purchased the complainants' stock and paid for it.

The case was one in which facts entirely were involved. At the conclusion of the case, the Vice-Chancellor stated (p. 118, l. 38):

“This, as I understand it, is a suit for setting aside a conveyance and for an accounting on the ground of fraud. The fraud, in my opinion, has not been proved. I think that the evidence of the complainant and his wife is so palpably false as not to be worthy of belief, and without their evidence there is not any testimony whatever.

Admitting some part of their evidence to be true, even that, it seems to me, does not furnish a sufficient basis on which I can set aside these transactions. The documentary evidence is clear.

Miss Precker says that an agreement was entered into, that she prepared and explained to them, and which they signed. There are signatures on these transfers of stock and various other signatures which I believe to be genuine, in spite of their wholesale denial.

I do not think it is necessary for me to expand this conclusion any further.

I will dismiss the bill.”

The Court was correct in refusing to receive evidence of offers of purchase made to complainant.

Counsel argues in his brief that the Court erred in refusing to permit him to show the value of the property conveyed by complainant to the corporation, and cites many cases holding that inaccuracy of consideration presumes fraud.

No offer of proof of value was made.

The question which the Court overruled was directed as to whether or not complainant had received an *offer* to sell the property. The question asked, objected to and overruled, and the Court's comments respecting same is found on page 49, reading as follows:

“Q Now just about this time prior to this meeting with Dorsa and prior to doing this thing, you had an offer, did you not, to sell that property? A Yes, sir.

Q Who was that offer from? A Mr. Carom—

Mr. Hannoeh: I object.

The Court: I will sustain the objection.

Mr. Hannoeh: I don't see what that has to do with it.

The Court: That has nothing to do with it.”

That was not the proper way to prove value. *Montclair Railway Co. v. Samuel Benson*, 36 N. J. L. 557.

There was no other testimony respecting value. The deed, however, disclosed that there were three prior mortgages, totaling \$13,900, and that at the time of the conveyance to the company some of these mortgages were either under foreclosure or foreclosure was threatened, because of defaults (p.110).

Although the petition of appeal does not urge as a ground for reversal that there was sufficient proof to warrant a decree, nevertheless counsel in his brief directs his principal argument to the fact that the Court erred in dismissing the bill. We submit that this is not a proper ground of appeal, because it was not urged in the petition of appeal. We shall, nevertheless, proceed to answer it.

No fraud was established.

It was difficult from the pleadings to ascertain just what fraud was complained of by the complainants. At the conclusion of the case, it was just as difficult. The Court asked counsel for the defendant if he desired to sum up and counsel stated (p. 118, l. 25), "I still don't know just what the basis of their action is."

The Court then asked counsel for complainant if he desired to sum up and counsel stated that he did not (p. 118, l. 32). The Court then disposed of the matter without argument, all as above set forth in detail.

It is equally difficult to ascertain from appellant's brief the exact nature of the fraud complained of. At page 3 of their brief appears the statement:

"Complainants contend that the fraud of the defendants consists in the fact that the defendant corporation was a pre-existing corporation without any assets whatsoever, when the conveyance of April 18, 1925, was made; that the defendants, Peter Dorsa and Vincent Dorsa, represented the said corporation as the corporation which had been formed by all the parties hereto; that the defendants, Peter Dorsa and Vincent Dorsa, falsely represented themselves as expert real estate operators; that the defendants, Peter

Dorsa and Vincent Dorsa, fraudulently procured the complainants to sign a blank piece of paper which purported to be an assignment of their said shares of stock to a bank in order to procure a loan."

Accepting this as a statement of the fraud complained of, we shall proceed to answer it. This alleged fraud is of two characters, one relating to the acquisition of the title by the corporation, and the other relating to a fraud occurring after the organization of the corporation.

There was no fraud in connection with the transfer of the property to the corporation.

It appeared that at first the parties desired a tenancy-in-common for the purpose of carrying out their plan and to that end a deed for an undivided one-half interest was given to Dorsa and a purchase money mortgage taken back (Exh. C. 2 and C. 3). Frank K. Sauer, an attorney of Elizabeth, represented both parties in connection with this conveyance. Later it was decided to convey to the corporation, the earlier instruments not having been recorded. The new agreement (Exh. D. 2) provided for their cancellation and a new conveyance to the corporation. Miss Precker represented both parties. She drew the instruments. In her own handwriting, she prepared the certificates of stock. She testified that she explained the transactions fully, saw to it that each one was adequately protected (p. 80).

While point was made in the bill and is made in the brief that this corporation was not a newly organized corporation but was an already existing corporation, no proof was submitted to in any way indicate how this was damaging to anyone. It is not shown that the corporation had any debts or had engaged in any other business,

nor was there anything derogatory existing respecting the company. It is not shown how the complainants were in any way prejudiced by the use of this existing corporation. Furthermore, it was denied that there was any agreement to organize a new corporation.

While the brief alleges that one of the fraudulent acts consists of a misrepresentation as to fact that the defendants were competent real estate experts, no proof to this effect was offered, but on the contrary it appeared from the testimony the nature and extent of their experience and what they had done with respect to this property.

Even if there was any fraud, complainant ratified the transaction. He joined in the conduct of the company's business. He assisted in the selling of lots; he knew that buildings were being built; he lived on the premises.

In July or August, 1926, almost a year and a half after the conveyance, he had a rumpus with Dorsa. He then filed a bill to foreclose the \$2,000 mortgage which was given to him as part of the purchase price for the original conveyance (Exh. D. 15). Certainly, if any fraud had been committed at the inception of the agreement, it was ratified by the filing of this bill.

Furthermore, he wrote to one Cowley, a mortgagee, stating that he had sold the property to the corporation, and that company should look to the corporation for payment of his interest (Exh. D. 8).

We, therefore, submit that there was no fraud whatsoever in connection with the method by which title to the property was conveyed to the corporation.

There was no fraud committed when the defendants acquired the complainants' stock.

Complainants allege that they assigned their stock to the defendants at their request so that a loan could be procured and the stock pledged as collateral. Both complainants and their witnesses are all specific in stating that the instrument which they signed was a blank sheet of paper and that *both Patsy and Rose signed the same paper.*

Patsy refers to the paper as follows (p. 47, l. 28):

“Q Was there anything on that paper when you signed it, trying to get a loan from the bank? A No, sir.

Q And was there anything written on it? A No, sir, not a thing.

Q Printed on it? A No, sir.

Q Did you sign that or did your wife sign it with you? A *We both signed it.*

Q Did you ever—there was not anything written on it? A No, sir.”

On cross examination at page 55, he is shown (Exh. D. 3) the assignment of stock, and is asked whether that is the paper he referred to. He admits his signature to this and contends that the words “Charles Dorsa” did not appear in the certificate. He is then asked whether that paper was the instrument signed in order to procure the money from the bank, and he says that it is. When his attention is directed to the fact that the paper is not a blank sheet of paper he states he is talking about another paper.

Rose testifies on page 70 that a blank piece of paper was exhibited to her and *she and her husband* signed it.

The witness, Stizza, testifies under cross examination on page 73 that he is certain that *both Patsy and Rose signed the same paper*, and the witness Coccia on page 74 states the same thing.

All of complainants' witnesses therefore allege that both Patsy and Rose both signed a piece of paper at the same time, and that *both signatures were on the same paper. As a matter of fact, there was no exhibit offered in the entire case which contained both signatures on the same paper, other than the original deeds and agreements to convey.*

On the other hand, the defendants tell very clearly how Patsy offered to sell them the stock for \$1,400 but inasmuch as they did not have the cash on hand gave him a note. When the note became due, Patsy desired the money and a check for \$1,400 was issued (Exh. D. 6). Patsy did not have the note in his possession so he gave a receipt for the money and agreed to return the note (Exh. D. 5). Patsy desired cash, so Dorsa gave it to him upon receiving back the check endorsed by both Patsy and Rose, and in order to have a record, the check was passed through the bank account (Exh. D. 13). This account shows a charge against Dorsa on November 17, 1925, of \$1,400 and a credit of a deposit on that day amounting to \$1,535. This \$1,535 deposit included the \$1,400 check (Exh. D. 14).

Resignations from office were signed (Exh. D. 11); the stock was assigned (Exh. D. 3 and D. 4) and everything was done in the way that it should have been done. The complainants deny that they ever received a note. Why should Dorsa ask complainants for a receipt for the

\$1,400 and an agreement to return the note if a note had not been given?

The assignment of stock by Patsy was witnessed by the witness, Coccio. If a fraud was to be practiced why would defendants use the signature of the complainant's brother-in-law as a subscribing witness?

The Vice-Chancellor states that he did not believe the complainants. Their appearance on the stand, their evasive answers and their misstatements of admitted facts justified this conclusion. Patsy denied that a foreclosure bill had been filed although the record disclosed the bill (p. 54, l. 10). Rose on the other hand said that foreclosure bills had been discussed with Tyacke (p. 68).

Patsy said that the paper he signed was a blank sheet and when confronted with the assignment stated that he had signed that (p. 55, l. 10). Then he changed his testimony and said that the assignment of stock exhibited to him was not the paper which young Dorsa had procured, but that the paper was a blank sheet (p. 56, l. 10). If this is so, then nowhere in the testimony does any fraud appear respecting the procuring of the execution of the assignment of stock.

Patsy refused to identify his wife's signature (p. 56, l. 20). He denied endorsing the check (p. 57, l. 3). He denied ever telling the Recorder at Livingston that he had no further interest in the corporation (p. 61, l. 10) although Mr. D'Alessio who was present testified that he did so state (p. 62, l. 39).

Rose denied that Patsy had signed certain papers (p. 69, l. 20) although Patsy himself had admitted that the signatures were his. Rose de-

nied her brother's signature as a subscribing witness to the agreement (p. 71, l. 3).

It must be borne in mind that the Court had all the papers before him. He examined them and compared the signatures which were admitted to be genuine with those which were alleged to be forged and found that the alleged forged signatures were the same as the genuine ones. We accordingly submit that the Court was correct in its conclusions.

Appellant comments on the fact that Miss Precker represented both parties and suggests that this raises a presumption of fraud. We have never heard of any such presumption and the cases cited do not support the contention.

Appellants argue that after the conveyance complainants were penniless and were cast upon their relatives for charity. There is no proof of this in the case. On the contrary, it appears that they own other property (p. 35).

The brief states at the bottom of page 2 that Rose never received any stock (Exh. D. 4). As a complete answer to this Miss Precker herself testifies that she prepared the certificate and it was offered in evidence.

For all of the foregoing reasons, it is respectfully submitted that the Court below was correct in dismissing the bill of complaint.

We, therefore, submit that the decree should be affirmed.

Respectfully submitted,

STEIN, McGLYNN & HANNOCH,
Solicitors for Defendants-Respondents.

HERBERT J. HANNOCH,
Of Counsel.

INDEX

Introduction	1
Chapter I	10
Chapter II	25
Chapter III	40
Chapter IV	55
Chapter V	70
Chapter VI	85
Chapter VII	100
Chapter VIII	115
Chapter IX	130
Chapter X	145
Chapter XI	160
Chapter XII	175
Chapter XIII	190
Chapter XIV	205
Chapter XV	220
Chapter XVI	235
Chapter XVII	250
Chapter XVIII	265
Chapter XIX	280
Chapter XX	295
Chapter XXI	310
Chapter XXII	325
Chapter XXIII	340
Chapter XXIV	355
Chapter XXV	370
Chapter XXVI	385
Chapter XXVII	400
Chapter XXVIII	415
Chapter XXIX	430
Chapter XXX	445
Appendix	460
Bibliography	475
Index	490

The undersigned is a resident of the State of New York and is a resident of the County of New York.

It is the duty of the undersigned to file with the Court the following documents: the original of the instrument filed with the County Clerk of the County of New York, a copy of the instrument filed with the County Clerk of the County of New York, and a copy of the instrument filed with the County Clerk of the County of New York.

And the undersigned certifies that the instrument filed with the County Clerk of the County of New York is a true and correct copy of the instrument filed with the County Clerk of the County of New York.

Witness my hand and seal this 1st day of January, 1901.

Very truly yours,
[Signature]

For all the foregoing reasons, it is respectfully submitted that the Court below was correct in its decision of the case at bar.

Very respectfully,
[Signature]

Respectfully submitted,

WALTER M. LYNCH & HANNON
Attorneys for Defendant Respondent

WALTER M. LYNCH
HANNON