

170
287
1965
v.2

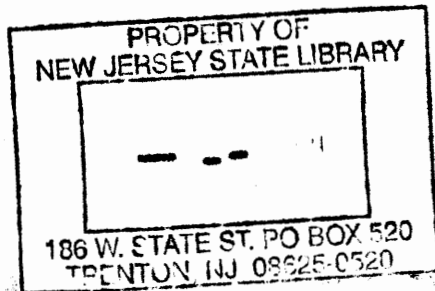
6

P R I V A T E H E A R I N G

before

SPECIAL COMMITTEE OF THE GENERAL ASSEMBLY TO
MAKE AN INVESTIGATION AND REPORT ON THE USE
OF PUBLIC FUNDS TO ACQUIRE TITLE TO LAND TO
BE USED BY THE STATE OF NEW JERSEY AND TO
DETERMINE WHETHER IMPROVEMENTS CAN BE MADE
IN EXISTING PROCEDURES. [Created by Assembly
Resolution No. 7, 1964, and Reconstituted
under Assembly Resolution No. 1, 1965]

•



Held:
Assembly Lounge
State House
Trenton, N. J.
May 11, 1965

MEMBERS OF COMMITTEE PRESENT:

Assemblywoman Marion West Higgins [Chairman]

Assemblyman Norman Tanzman

Also:

Michael J. Ferrara, Esq. [Counsel]

Samuel A. Alito [Secretary]

* * * * *

1. 2. 3. 4. 5.

I N D E X

	<u>Page</u>
John R. Slothus	1
Frederick L. Wehran	45
Joseph Wilson	96

ASSEMBLYWOMAN MARION WEST HIGGINS (Chairman): Good afternoon. This is May 11th and we will formally open the hearing scheduled under Assembly Resolution No. 1.

We have present with us today Mr. Slothus. We do appreciate your coming and we hope we didn't cause you too much inconvenience.

MR. SLOTHUS: No, you didn't.

ASSEMBLYWOMAN HIGGINS: Mr. Slothus, just for the record, we have been customarily swearing in our witnesses. If you wouldn't mind rising we will swear you in.

J O H N R. S L O T H U S, being duly sworn, according to law, testified as follows:

ASSEMBLYWOMAN HIGGINS: First I would like to say, this is Mr. Tanzman, I am Marion Higgins, and this is Michael J. Ferrara, our Attorney; and Sam Alito, our Secretary.

Mr. Ferrara, would you like to proceed.

MR. FERRARA: Thank you, Mrs. Higgins.

BY MR. FERRARA:

Q Mr. Slothus, your full name is John R. Slothus?

A That is correct.

Q And you are an Appraiser with an office located in Paterson? A Yes, sir.

Q And in your capacity as an Appraiser you were called upon to make an appraisal of property which we can refer to as Shepard Lake Properties, Inc. in Ringwood, on or about July, 1963, July 22, 1963? A That is correct.

Q Could you briefly give the Committee some of your background on appraising, associations, etc. A Yes. I have been in the real estate appraising and building business in the State of New Jersey for 27 years. I am a licensed broker in the State of New Jersey and New York. I was the right-of-way condemnation appraiser for the New Jersey Highway Authority in the acquisition of the Garden State Parkway for a period of about 5 years. I am a member of the American Society of Appraisers. I am a charter member of the American Right-of-Way Association; a member of the National Board of Realtors; a member of the Passaic County Board of Realtors.

Q Mr. Slothus, I think attached to this appraisal is a list of those things you were just talking about, where you have made appraisals and so forth. So I think we can pass by that, it being part of the appraisal record.

I would like to direct your attention to this appraisal that you made for Shepard Lake Properties - made of Shepard Lake Properties - Thunder Mountain, you might hear me call it - and ask you, how did you come about to make that appraisal? A Well, I have been active up in the West Milford area of the northern part of Passaic County. I previously made an appraisal for the State of New Jersey involving the Greenwood Lake. I also appraised other properties for State tax purposes, inheritance tax purposes. And in making appraisals we first endeavor to obtain sales which will give us an idea of what the market is. The majority of sales in West Milford at the time did not

involve bodies of water. In other words, they were land sales.

Q Let me interrupt you a minute, Mr. Slothus, I meant here how you were first engaged or how did the engagement of you come about for this appraisal.

A Well, I received a letter from the Department of Conservation and Economic Development.

Q I see. You're on their list of authorized appraisers?

A That is correct.

Q And they indicated that they wanted something appraised up in that area and they called upon you for that purpose.

A That is correct. And before we get the assignment, of course, we have to tell them how many days we expect it to take to complete the assignment. That's to establish our fee.

Q Is there a fee arrangement worked out at that time, approximately?

A Approximately, yes.

Q What was the fee arrangement in this transaction?

A I believe it was \$1500 I was paid for this.

Q That was the total fee arrangement?

A That's correct.

Q All right. Now, how much time did it take for the making of this appraisal? How much time did you calculate?

A Well, of course, we don't work at it --

Q Approximately.

A -- completely steady but I would say a full working day it might have gone to 3 weeks, 3 or 4 weeks. I mean, that is full working days, although my appraisal wasn't completed for maybe a month or a month

and a half.

Q About 3 weeks of full -- A Full working days.

Q -- working days. Is that the idea? A Yes.

Q So that would be 15 days. Is that the approximation? A That's correct.

BY MRS. HIGGINS:

Q Mr. Slothus, when were you asked to make the appraisal, first. You made it in July, I know, the 22nd, but I mean how long before that time were you asked?

A I should have a letter here.

Q Well, approximately. I didn't know whether it was in the fall or -- A Well, if my appraisal was dated --

Q July 22nd. A I would say the early part of '63, possibly around February or March.

MRS. HIGGINS: Thank you.

BY MR. FERRARA:

Q Now, Mr. Slothus, in making an appraisal of any property, am I correct in my understanding that the objective is to take the highest and best use of the land?

A That is correct.

Q And am I correct then, in reading your report, that the highest and best use land was for lake development and resort areas? A It is lake development, as I would put it, and resort area. A good possible high use would be for a lake development with homes, like Lake Cupsaw, Lake Erskine, any lake that's developed, yes.

Q Now, in making a determination of an appraisal for the highest and best use for a lake development and resort area, did you take into consideration the subdivision of the land in question, the ability to subdivide this land?

A Yes, in making my appraisal I attributed a value to the lake frontage which I felt was the most important and most valuable part of the tract, and then I attributed a value to the rear acreage. And, by the way, I have the letter here from the State Department which was dated July 11, 1963, stipulating that I have 15 days to complete my report, which was the final authorization to proceed.

BY MR. TANZMAN:

Q You had already done your field work prior to that time?

A No. See, we are contacted by the Department to submit a bid as to what we feel the job would entail and how much it would cost, and then we hear from them at a later date if we get the job or not. The General Services Administration of the Federal Government, they do it the same way.

Q My only point in asking this question is you say you were authorized on July 11th and your appraisal was dated July 22nd, that's only 11 days.

A Well,

I must have done preliminary field work then.

Q That was my question.

A Yes.

BY MR. FERRARA:

Q Now, Mr. Slothus, in order to get the highest and best use it is necessary, as you just indicated, to determine the subdivision of the land into possible building

plots and, based upon that, you decided on the value of the lake frontage and then the remainder of the property at a separate value. Is that correct? A That is correct.

Q Now, let me ask you, so far as the subdivision of the land, it would be necessary to obtain municipal approval of that subdivision. Is that correct? A Yes, sir.

Q And in the normal course of events you would have to -- an engineer would make a preliminary layout of lots, roads, etc., and they would present it to the planning board. Is that correct? A Yes, sir.

Q Now, did you take into consideration the accessibility of this land from New Jersey? A Not --

Q By way of public right-of-way. A Not necessarily, as long as it had means of ingress and egress. Regardless of whether it was from New York or New Jersey, it had means of ingress and egress, to get in and get out.

Q Was the only means of ingress and egress to this land from New York over Shepard Lake Pond Road, or Shepard Pond Lake Road, whatever the name is? A That is correct.

Q And in your opinion, the planning board would not be concerned with whether or not the access was in their own control or without the State? It would make no difference to the planning board? A In my opinion I don't think it would matter.

Q Isn't it usual for a planning board to want to

have access for their emergency equipments, etc., for servicing - garbage equipment, fire equipment - within their own jurisdiction? A Not necessarily. They have -- I know of certain towns up in northern Bergen, etc., where they might interlock, like Mahwah, I mean, I don't think that's a major factor in valuing property.

Q In your experience, in those instances you just mentioned where access was required through another town, do you know whether those other towns had been contacted or had to render any approval toward the subdivision?

A No, I don't. I never had that experience in dealing with that situation.

Q So specifically you are not aware of what requirements would be necessary if property could only be reached and serviced through another town, as to what the requirements of the town might be in that regard.

A Well, the only service would be the means to use a road in New York State to get to the property. I mean, the services as far as fire or anything else would come from the State of New Jersey or from the Borough of Ringwood.

Q That's the point I'm making, Mr. Slothus. How far would a piece of fire equipment have to travel from Ringwood to service a lot in this development if it went through New York? A Well, I didn't figure it out in miles.

(Discussion off the record.)

Q Well, in making your determination on the lots, again, did you divide this up into the possible number of

building plots? A No, sir.

Q You did assign a front foot value, as I recall it, of --

A On the lake frontage, you are talking about?

Q The lake frontage -- A \$150.

Q -- of \$175 -- A Was it \$175?

Q \$175 a front foot. A All right.

Q Are you familiar with what the zoning -- I assume you are familiar with what the zoning was. A Yes.

Q 125 foot frontage? Is that correct.

A I believe that is it.

Q By 200 feet depth. A I gave it 200 feet depth, yes.

Q Did you make a calculation, by way of multiplication, what \$175 a front foot times 125 front feet, as to the value per lot? A Well, in establishing that figure

I checked other lakes where they are selling building plots on the lake, and what prices they were getting for building plots, and they ranged over \$200 a front foot, such as Cupsaw Lake, Erskine Lake, Greenwood Lake, and I felt that the price I put on this lake was a fair figure, it wasn't high and it wasn't low.

BY MR. TANZMAN:

Q Mr. Slothus, I looked over your comparables and I don't see any sales that would show \$200 a front foot on any lake front.

A No, I don't think I included any lake front sales in there. In fact, there weren't too many of them at that time, at the time of my inspection.

Q Could you furnish this Committee with some sales as of that date, or approximately that date, that would justify the \$175 or \$200 a front foot that you have indicated this value.

A In different lake areas, you mean, up there?

Q Well, you're an appraiser and you know what's comparable. I'm not going to try to tell you what's comparable. You know what sales are comparable.

A Yes.

Q And could you furnish us with some sales that would justify this value?

A That's correct.

BY MR. FERRARA:

Q Let me ask you this, Mr. Slothus, assuming that was your basis, as Mr. Tanzman just pointed out, in your comparables you did not indicate any such values in the comparables you used. You used something like 6 comparables - if you will refer to your report, if necessary, - and in referring to it I find nothing but per acre value assigned and, in fact, they are all per acre. There is no per lot frontage. You say there was some basis. Let me put it this way, why did you use a per front foot basis on this land if comparable land was sold by the acre?

A Well, these comparable land sales did not involve water. There was no water involved there. And where you have a good body of water, such as this lake, and I feel it is one of the finest pieces of water there, you have to put a value on the lake frontage because if it was going to be subdivided they would sell off the lake frontage at a much higher price than the back land.

Q Well, let me ask you this, Mr. Slothus. Specifically your comparable No. 3, Florida Lakes property - that's Greenwood Lake - you indicate that it has 3200 feet along the easterly shore of Greenwood Lake, and that is an acreage of \$1,753 per acre. A Now, that land had a lot of rock on it and the utility wasn't as good as Shepard Pond.

BY MR. TANZMAN:

Q Was it accessible? Was there road frontage there?

A Yes. There was road frontage in the back part of it.

Q Down along the lake? A Well, not along the lake. It was in a shallow section of Greenwood Lake. It was at the southern end of the lake.

Q In other words, what you are saying, the least desirable portion of the lake? A That's right.

Q You just mentioned that this Florida Lake Park, Inc., that this was rocky land. How was the subject property? What type of land do we have here? A When I say "rocky," I mean, it wasn't all rock land. Along the lake front it was rock, there was quite a bit. And as I said, the water - the southern portion of Greenwood Lake wasn't the best part of Greenwood Lake. It was shallow. And a lot of this land was laid out in Awosting and they have some building plots laid out, subdivision plots. The land in Shepherd Lake, in my opinion, is good land which can be utilized as long as you clear the land of the trees.

Q All of it? A Well, there's rock in there too.

Q Would you say that 80% of that land is usable, 90%, 60%? I'm not trying to set a figure, I'm just trying to get an idea from you? A I would say close to 80% or 90% could be utilized, yes.

BY MR. FERRARA:

Q How much of the lake frontage -- how much frontage did Shepherd Lake Property have? A Well, I didn't put all the lake frontage in because there is more frontage on this lake than I used, because of the depth.

Q The depth, you mean, of the water? A The depth of the land.

Q Oh. Your report indicates 8,000 lineal feet of shore frontage.

MR. TANZMAN: A total of 8,000.

MR. FERRARA: Yes, a total.

A See, up along the New York area the depth doesn't go back and it's an irregular shape and I didn't consider all of that as lake frontage for the purpose of selling it off.

BY MR. TANZMAN:

Q How much did you say was usable? A 6,000 lineal feet.

Q In other words, you felt that 6,000 of this 8,000 feet was developable. A That's right. See, I think there must be close to 8,000 to 10,000 lineal feet along the lake.

BY MR. FERRARA:

Q 8,000 to 10,000? A That's right.

Q Well then, that northern portion of the property

on the New York State line, doesn't that border the property of some religious order up there, some nuns or sisters of some sort that actually have that frontage? A Yes.

Q That is not owned by Shepherd Lake? A That's correct.

Q So that that area of lake frontage is not property which would be included in this property.

A That's correct.

Q Is that right? A That's correct.

Q So how much lake frontage would be included in the Shepherd Lake Property which was being appraised by you?

A Well, I included 6,000 lineal feet.

Q 6,000 lineal feet. A That's right.

Q All right. Now, what was the condition of the land, of this lake frontage? What is the topography of the lake frontage? A There was a gradual slope upward.

Q Would it be a type of land that could readily be used for lake front development? A Could be used, yes.

Q Let me show you two pictures, Mr. Slothus, and tell me if you feel these would be a reasonable indication of the lake type frontage that we are talking about.

A This is along the road, I believe, on the southern side, where you took this picture, and there the land sharply went up, not too sharp, it was a gradual climb. It could be utilized. Lake Hopatcong has very steep grades on the lake. A lot of your lakes have steep grades and they utilize

it for homes.

Q But would this be an indication of the type of lake frontage we have, other than in the area in front of the bathing area, as you would run around for lake development.

A No. This has about a 3 to 4 foot rise there, or maybe a 5 foot rise. Back further along the lake it slopes down to the lake. It isn't all the way it is here.

Q How far back from the road, then, would be the front of the other areas, the lake frontage would be different from this. A Well, it's hard to pinpoint it but I would say the great portion of this lake could be utilized for homes and subdivided, or as a lake development.

Q All right. Now, let's get that specific lot frontage. We indicated \$175 per front foot and 125 foot is the zoning. Is that correct? A I believe that's so. I used a 200 foot depth.

Q All right. My calculation, if my mathematics is correct, would indicate that per lot cost would be over \$21,000. Would that be correct? A I didn't figure this out.

Q Well, I made a calculation, and Mr. Tanzman indicates my mathematics is not bad, that it is in excess of \$21,000 for a building plot. A \$21,000 for a building plot?

Q That's right.

MR. TANZMAN: That's a raw lot.

Q A raw lot. Is that correct, Mr. Slothus?

A Did you compute it? I didn't compute it.

MR. TANZMAN: \$175 times 125 is \$21,875
as I multiply it.

MR. FERRARA: That's the same calculation
I received.

Q Now, is that your estimate of a building plot
on this lake? A No. \$21,000 for - did you say
125 - how wide did you say?

Q 125 by 200, which is the zoning as I understand
the zoning.

BY MR. TANZMAN:

Q The question is, in your experience could you sell
a lot of 125 by 200 for \$21,875 raw?

BY MRS. HIGGINS:

Q Or do you know of any place where such a sale
could be made in that area of a comparable lot?

A They are getting as high as \$200 and \$300 a front
foot for lake lots in certain lake areas.

BY MR. FERRARA:

Q Mr. Slothus, you indicated that before and, as
Mr. Tanzman said, possibly you were going to be able to show
us at some other date - send in to us that information.

A And if my valuation of \$175 per front foot, which I
felt was the fair value for a running foot of this lake
with 200 foot depth, amounts to that money, then that's the
value of the building plot.

Q All right. That's the value of a building plot,
\$21,875 for a raw lot before any improvements are made.

A Well, there would be no improvements except possibly

roads to get in and out. You would have to have ingress and egress.

Q Well, how about the cost of roads, did you take that into consideration? A You have roads running through there now.

Q The roads that are there would be adequate, in your opinion? A Well, I don't know. I didn't trespass and go across the entire tract to determine as a subdivision whether you have sufficient roads for these lots fronting on the lake. In other words, if you are selling off lake frontage your road usually is in back of your building plot so you walk down to your plot.

Q Well, I would assume the road itself could be either way, it could be in front of the house or your house could be on the lake front and gradually go down to the lake, but you did not take into consideration the improvements necessary to this land at all to make it of residential use, the lake frontage? A Well, I am valuing the property as it sits there and as stated on my appraisal. I'm not taking into consideration improvements. That's an additional cost.

Q Well, isn't that the basis for the highest and best use, that a developer would make this a residential lake front - isn't that what you call it? A Lake development.

Q Lake development. Wouldn't that have to be taken into consideration, the cost of the improvements? A Not so far as my evaluation was concerned.

BY MR. TANZMAN:

Q Wouldn't, actually, the criterion be, what could a man sell it for, and in order to sell it for a figure he would have to know what the total cost would be. Now, we don't expect that you would have to the penny, but it would seem to me that in order to try to place a value you would have to have some idea of what these improvements would cost because that would reflect in the value as is. In other words, if these lots are worth \$30,000 with the improvements and it takes \$9,000 to improve them, - and I'm only using hypothetical figures, - then we have a value, as is, of \$21,000; but if the same \$30,000 prevails and it takes \$15,000 to improve them we only have a value of \$15,000. So it would seem to me that, of necessity, you would have to have some idea of what the cost would be. You can't just pull a figure out, I don't think.

A Well, in establishing value as of a certain date, we try to arrive at the fair market value, which is what a willing buyer would pay a willing seller, after this property has been put on the market for a reasonable length of time and knowing what it can be used for and a knowledge of all its uses. Now, when I'm asked to value this property by the State, I value it as I see it there. Now, I feel in valuing this piece of property - I felt that the lake frontage had a prime value. The rear acreage I put at a lower value and it makes an over-all, as a unit, a certain price.

BY MR. FERRARA:

Q But, Mr. Slothus, --

A Let me finish,

please.

Q All right. A Now, anyone buying this property as a developer, he's going to be willing to pay the price I put on as the market price, if he thinks it's a proper price, and then he goes into the development as to the cost of streets, etc., which is an additional cost.

Q Mr. Slothus, let me assure you that the members of the Committee, certainly Mr. Tanzman is a long time man in real estate appraisal, and so forth. My experience has been reasonably extensive, and Mrs. Higgins has had her experience in real estate, maybe not to the extent of Mr. Tanzman. So I understand generally what has to happen but by your words you would calculate the cost - in one instance you indicate the cost a man would pay for this land and then he would have to take into consideration the cost of developing it or improving it. And that, of course, is what we are talking about. So when he would estimate this land it would be \$21,000 for a raw lot and he would have to then add on to that the values of the improvements. Now, what you are trying to arrive at is the highest and best use value, for its residential purpose. Now, you would have to arrive at a value in its completed state, take away the improvements that are lacking and come up with the present day value. A That's one way to do it, yes, if I wanted to go into that phase of it but, you see, I'm taking the total valuation which I put on of \$1,600,000. I only put, I think, \$800 an acre for back land.

Q \$850 an acre. A Land is selling for over \$1,000 an acre, \$1200, and they are even paying \$2,000 an acre right near this property now for land without lake frontage. So, if the rear land should be worth \$1,000 or more, that takes off the frontage value. So the over-all value is the main thing that I'm interested in.

BY MR. TANZMAN:

Q Well, now, let me ask you this. There are two methods that you use in making an appraisal. I want to be fair with you. I am an MAI and an SRA. I mean, I'm not trying to trick you or anything else, but I just want to say that you use 3 methods, either you use reproduction or you use market data or you use income. Right? A Yes.

Q Now in this appraisal you are using the market data approach, a comparable approach. A That is correct.

Q So that in order to justify a comparable approach there must be comparables. A That is correct.

Q Which you have failed to show us as of this appraisal. A That is, comparables with lake properties.

Q Well, the crux of your appraisal is the value of the lake front, not the interior land, and you have shown us nothing as of this appraisal to justify the value of this lake. You testify now that there are sales between \$200 and \$300 but we haven't seen any. There is nothing in here that would justify your coming up with this value. And I think that's what Counsel is trying to arrive at, that if you are going to use a comparable approach then you must

have comparables. And that was the reason for my earlier question. If you feel that you can give us sales that will justify this, that's fine, that's all we are asking for. Nobody is trying to badger you. All we want to do is have something that will justify this appraisal that you have made.

A Well, I'll endeavor to get those sales for you.

BY MRS. HIGGINS:

Q I wanted to correct something in my mind. You made some statement that you didn't feel you should trespass and check further on the roads --

A No, I didn't say that.

Q Excuse me. I must have misunderstood you.

A I said I didn't walk along all these roads to see what the condition was and how it would be subdivided or laid out in conjunction with the subdivision of the lake front. In other words, if I am going to develop the frontage of the lake, you usually have a road which backs up to the lake front lots so you can get down to your property, or have roads running off from that main road. That's up to the subdivision. I wouldn't know how the town would require it. I didn't go into that phase.

BY MR. TANZMAN:

Q The crux of this whole appraisal, as I said before, is the value of the lake front. That's where the basic value that you have attributed to this property lies, in the lake front, and you are going to give us comparable sales to justify this. When you sell or when you value a tract of land such as this,

and you're taking 6,000 front feet of value - now, this is a wholesale lot, so to speak, - the lot sales that you were talking about before, were they wholesale or were they individual sales?

My question, basically, is this, can you attribute the same value to 6,000 front feet of lake front that you would attribute to a single lot sale? A No, I would say a single lot sale would be a higher range.

Q So that you are going to give us sales that would allow for a diminution of value and still come up with \$175 a front foot for the lake frontage. A Well, that's my opinion of its worth. Now the sales I'll get and see how they'll range. In discussing these sales with different people on different lakes they are ranging from \$200 to \$300 a foot.

Q That was back in 1963. A That's right.
BY MR. FERRARA:

Q Mr. Slothus, if this were the case, why were they not used in your comparables that you submitted to the State for support of your appraisal? A Well, my breakdown of this tract by lake frontage and rear acreage was the method of valuing, although I treat it as a whole on an over-all acreage basis. See? So that my over-all acreage, the lake included, was roughly over \$2,000 per acre.

Q Well, you indicate in your comparables, as long as we are talking about acreage for a minute, your first item of a land sale comparable was at \$560 an acre, you say, without any lake facilities. Did it have road facilities to

balance out against lake facilities? In other words, would an improved road balance out lake frontage?

A No. It's only a small tract, 82 acres of land, and it didn't have too much road frontage.

Q All right, how about your second -- you had some lake frontage on number one? A No lake frontage at all.

Q I mean road frontage. A Yes, it had some road frontage.

Q How much road frontage, do you recall? A No.

Q Sale number 2 of your comparables. You indicate a figure of approximately \$517 per acre. Now, you say no lake facilities and yet it had a trout stream and frontage on an improved road. A That's correct.

Q Would that balance the lake frontage? If you have an improved road would that be a balancing factor, would you think, for lake frontage? A No, sir.

Q It would not. A No, sir.

Q So that frontage on a lake would be worth many times more or much more than frontage on an improved road?

A Well, any body of water that can be used for a lake resort or subdivision purposes attributes to the value of the land.

Q My question, Mr. Slothus, was this: Suppose I have 100 feet of improved road and Mr. Tanzman has 100 feet on a lake but no improved road - do you follow my example?

A They are two different examples, two different problems.

Q They would have no relationship to each other.

A No.

Q All right. Your fourth, fifth and sixth comparable sales also indicate per acre values of \$817 per acre --

A The fourth one is \$2,000 --

Q Right. The fourth one is \$2,127 per acre. That's only 2.82 acres of land.

A That's right.

Q Well that would be in Mr. Tanzman questions, before, that a small parcel of land might not or should not carry the same price as a large wholesale purchase would.

A That is correct.

Q That wouldn't really be a fair comparable to this sort of acreage where you are talking 540 acres of land, would it?

A No, it's not comparable as

to size.

Q Would the same thing apply to sale number 5, which is a 10 acre piece having a frontage on a paved road, with electricity, etc., at \$1180 per acre. That wouldn't be a comparable either.

A No, not in comparison

to over 500 acres.

Q All right. And the same certainly would apply to item number 6, which is a 25 acre plot and you have \$817 per acre. That's not really a comparable against --

A The best comparable is if you have a lake the size of our lake with acreage around it. I mean, that would be the best comparable we could get, but there were no such sales that I could find.

Q All right. The only one, apparently, that you have indicated is the Florida Lakes Property which is item number 3, or Greenwood Lakes. That was the closest one. You

say: "This sale is very comparable as to being a large tract with frontage on a large lake." So that would be the closest to a comparable and that was \$1753 per acre. Is that correct?

A That is correct.

BY MR. TANZMAN:

Q You said before that you merely used this lake frontage as an approach and then used an over-all acreage value. I may have misunderstood you but I thought you said that, yet I fail to find that in the appraisal.

A No. In determining the value of this tract, I took the stand that the lake frontage was the prime value. So I established a value for certain lineal feet of frontage on the lake. The rear acreage, I established a value of so much per acre for that. I put a value on the improvements. And, in my opinion, when I got finished I felt that this tract was worth the price I set.

Q We are not disputing your opinion. The only thing we are asking you to do is justify your opinion, which the appraisal does not do because there is nothing in here that would justify any value so far as lake front is concerned. You have used the market data approach and you must have a comparable or comparables to justify this value. So that we would again ask that you give us some supporting data which will justify this value.

BY MRS. HIGGINS:

Q Mr. Slothus, where did you get the figure \$175 per front foot?

A Well, that was my own value which I placed on this piece of property.

Q Based on what? A Based on discussions of lake sales of other lake areas. But they were individual lots and not a wholesale tract such as this is. In other words, Cupsaw Lake or Lake Erskine or Greenwood Lake.

Q In other words, you didn't use comparables to arrive at this. A Well, I analyzed in my mind what these lots were selling for and, of course, as they were single lots they demand a higher price.

Q Then you achieved your estimate of the value of the front foot on the basis of the higher price of the single lot. A Yes. That's my opinion of what I felt this land was worth as it sat there.

Q On the basis of a single lot. A That's right.

BY MR. TANZMAN:

Q Did you discount the value of the single lot --

A Yes.

Q -- in arriving at this? A That's right.

BY MR. FERRARA:

Q Mr. Slothus, I made a division here and, again, I would like to check it out. Taking 541 acres of land and I divided it into the total of \$1,600,000 and I get a \$3,000 per acre value. I probably should eliminate the improvements.

A \$2700 is the figure.

Q \$2700 an acre without the improvements?

A Yes.

Q And in your opinion that's a comparable, reasonable

value for this land, notwithstanding that your comparables even on an acreage basis are nowhere near that figure?

A For this tract of land and this lake, I felt that this was the proper figure, yes, sir.

Q What made this different than the other land? What was the difference?
A What other land? These sales?

Q Well, any of your comparables.
A Well, they have no lake.

Q Greenwood Lake has a lake, a very large one.
A As I said, it was a different type of land. It was at the lower end of the lake where the water was shallow. It didn't have the utility that this lake has as a unit.

Q What do you mean by utility?
A To make it into a resort or to make it into a lake development.

Q Well, let me ask you this question, Mr. Slothus. Isn't it so that in some instances a gradual sloping of the water, depth of the water from the shore is more preferable than a sharp decline?
A Well, no. In Greenwood Lake, that water, you couldn't even bring boats up to the water, see, it was that shallow.

Q Could you swim around Florida Lake property there? Isn't it very deep except for the one area?

A No.

Q You could not swim?
A It was poor, very poor.

Q Which?
A Florida Lake

Q How about in Shepherd Lake?
A Shepherd

Lake is very good.

Q Around the -- A It dropped off.
It wasn't beached out like the swimming area.

Q Only the swimming area is beached out, isn't that correct, and that's relatively a few hundred feet?

A Lake Hopatcong and --

Q No, stay with me on Shepherd Lake for a minute. At Shepherd Lake, there's a few hundred feet in front of the building, the clubhouse, that has been graded off for the purpose of -- sanded and gradually made a beach area. Is that correct? A That's true.

Q The remainder of it has not been touched, it's in its natural state. A That's correct.

Q And do you have any knowledge of the depth of the water in and around that shore area, or is it usable for swimming? A I think the deepest part is about 80 feet.

Q How about right along the shore line?

A It might range from 4 to 5 or 6 feet.

Q Does it drop off pretty fast? A Yes.

Q It drops off quite fast. So it's not really conducive to swimming. It might be for boating.

A Or diving off a dock. That's a major factor in lake properties where you can build a dock and dive off.

BY MRS, HIGGINS:

Q I'm back on the roads again, Mr. Slothus. You said you didn't walk over or examine the roads as part of your estimate of the value of the land. And I notice in

your appraisal you mention 5 miles of paved road.

A Yes, there are 5 miles of paved road.

Q By paved roads you mean what?

A Macadamized and stone.

Q There was 5 miles of macadam road on the property when you appraised it?

A That's correct.

Now, I didn't measure the 5 miles. Those are figures I got from Mr. Wilson and other people I talked to at the time.

Q Oh, you talked to Mr. Wilson when you made the appraisal.

A Yes. He happened to be up there at the time I was there. I made inspections during the winter months and also the early part of 1963.

Q The early part of '63 you made inspections?

A Yes.

BY MR. FERRARA:

Q Actually the appraisal was made, as I understand it, sometime in July of '63.

A That's when it was completed.

Q But you got the final approval to go ahead on July 11 of '63, Mr. Slothus, didn't you?

A Well, see, I did preliminary work. I was up there and checked out a lot of things because before we submit our final bid we have to see what's involved and this I did.

Q But you submitted your bid in February or March of '63, as I understood you to say before. Is that right?

A That's correct.

Q In February or March you submitted a bid of \$1500?

A Sometime in that area, yes.

Q But your appraisal was made, according to the information I have, that you have given us here, in July of '63.

A July 23, 1963 is the date of my appraisal.

BY MRS. HIGGINS:

Q You went over some of these - not far over the roads but over some of the roads with Mr. Wilson.

A No, I went over them myself. He didn't go with me. I drove up the road to the skeet shoot, I drove around the roads past the - on the righthand side where that picture is that you showed me, and some of the roads going up on the left. I don't know if I covered all of them but he claimed there was 5 miles of roads. Now that could include roads coming in from Stroudsburg Road, too, because I believe he put that in.

BY MR. FERRARA:

Q Oh, this includes the road, the public road that comes in from Shepherd Lake, Shepherd Lake Pond Road.

A That's right.

Q How about part of the New York State Road?

A Well, coming in from Stroudsburg.

Q Yes, that comes in. Is that including the off-site or is this 5 miles on the tract? A No, off-site too. I believe it's part of his roads coming in, 5 miles.

Q Let me ask you this, in your conversation with Mr. Wilson did you discuss the value of this property with him?

A Well, first we checked - I checked the record of this sale - I usually do that in all appraisals.

Q Did you know that when you talked to Mr. Wilson

that he was the owner, the then owner of the property?

A I didn't know before I got up there and he told me who he was. So, according to the record it shows a certain price paid, certain first and second mortgages.

BY MR. FERRARA:

Q Do you know what that figure was offhand? Do you recall? A The information I received, he paid over a million dollars which included \$200,000 for the ski run, cutting trees, stocking the lake, putting heat in the clubhouse, roads, game preserves, --

BY MRS. HIGGINS:

Q These were improvements on the property. We are talking about the purchase price. A The purchase price I believe was -- there was a second mortgage of \$225,000, there was a third mortgage of \$80,000 - it was after purchase he put that on - and I believe the stamps showed about \$800,000.

Q The stamps showed \$800,000? A Yes.

BY MR. FERRARA:

Q Mr. Slothus, was there a first mortgage on this? You've given us the second and third. A There was a first mortgage of \$400,000.

Q All right. I didn't get that. A There was a second mortgage of \$225,000.

BY MRS. HIGGINS:

Q This is what Mr. Wilson told you? A Well, according to the record, too. We checked the records.

Q And then you checked the records. A No, we

checked the records first.

Q Oh, first, before you spoke to Mr. Wilson. And then there was \$800,000 in stamps, you said? A No, the stamps didn't reflect \$800,000, they reflected, according to this, about \$550,000, I believe, was the revenue stamps.

BY MR. TANZMAN:

Q How could that be if there's a first mortgage of \$400,000 and a second mortgage of \$225,000 and a third mortgage of \$80,000? As I calculate that, that's \$705,000. How could the revenue stamps show \$500,000? A This is a little confusing on my figures but I think somewhere around \$800,000 or \$825,000 was the total value that he paid including the mortgages.

BY MR. FERRARA:

Q I don't understand you, Mr. Slothus, when you say the total value he paid. You indicated you thought the price was over \$1 million -- A Well, that included what he spent after he purchased the property.

Q That was not his purchase price. A No.

Q Now you indicate that his price was possibly \$850,000? A \$825,000.

Q \$825,000. And what was that supposed to include?

A Well, that was the price he paid for the property. And part of that was a first mortgage, which I understand was \$400,000 and reduced to \$370,000; then there was a second mortgage which was \$225,000 reduced to \$200,000; then there was a third mortgage, which was after purchase, of \$80,000, so that wasn't part of the purchase price. But his purchase

price, including mortgages, ran somewhere around \$825,000, that's based upon the information that I received. And then he spent \$200,000 --

Q Received from -- A Mr. Wilson.

Q Oh, received from Mr. Wilson. A Yes.

Q What did you determine from the records?

A Well, all the record showed, according to this, was stamps for \$550,000.

Q Which would indicate a purchase price of \$500,000. Isn't that right? A Not including mortgages.

Q Why? Let me understand that. A Well, the mortgages were assumed so the stamps wouldn't reflect the mortgages.

Q The mortgages were assumed? A That's right.

Q I was under the impression, from what you said here, there was a first mortgage of \$400,000 and a second mortgage put on of \$225,000. A That's right.

Q They were put on at the time of purchase. They were purchase money mortgages, according to my understanding, they were not assumed mortgages. A No. The Ringwood Country Club, I believe, had the mortgage on there of \$400,000.

Q Well, if I were to tell you that the \$225,000 was taken by the Country Club at the time of closing, and the \$400,000 mortgage was taken at the time of closing by Mr. Wehran -- A Well, you could be correct.

Q All right. They wouldn't be considered assumed mortgages, then, would they? A No.

Q Then shouldn't the revenue stamps represent the full purchase price? A If they are purchase money mortgages they should be reflected in the stamps.

Q Right. So that they shouldn't be in addition to. A But he bought that property, from my information, for around \$825,000.

BY MRS. HIGGINS:

Q Is that what he told you? A Yes. That's correct. And then he put in \$200,000 after he purchased it for these other improvements.

Q So you discussed the purchase price, what he paid for it, with him, and he told you that he paid around a million because he put in about \$200,000 in improvements.

A That's correct.

BY MR. FERRARA:

Q But the best you could determine from the record was \$550 worth of stamps which would reflect \$500,000 of purchase price. And then the question would really be whether the mortgages were purchase money or assumed.

A That's correct.

Q Would it make any difference in your appraisal if he had paid only \$600,000 for the property?

A No, sir.

Q Or \$700,000. A No, sir.

BY MR. TANZMAN:

Q Or \$2 million dollars for it? A No, sir.

BY MRS. HIGGINS:

Q In other words, you didn't consider purchase

price. A It's something we have to consider. I mean, it's something you just can't disregard, I mean in any transaction, but the purchase price doesn't always establish value.

BY MR. FERRARA:

Q But certainly it's an indication, Mr. Slothus, of a willing buyer and a willing seller, if that be the case.

A Well, in this case, I understand, the Ringwood Country Club was in very bad financial condition. Their members, I believe, only got 40¢ on the dollar, if they got that, and they weren't what you would call a willing seller.

BY MRS. HIGGINS:

Q So you might not have a willing buyer.

A A willing seller.

BY MR. FERRARA:

Q One last question in this area. Did you include -- as I understand it from your report, the 75 acres of the lake itself was included in what portion of your appraisal? You have 6,000 lineal feet, then you have rear acreage. What did you do, if anything, with the 75 acres of the lake?

A Well, the lake is part of the whole so when you pay for it you pay \$1,600,000 for the whole. But I'm quite sure that the lake was not included in the land values because you can't build houses on lakes.

Q You reflected the lake in the value of the surrounding land, is that the idea? A Of the whole, that's right.

Q So that in the 6,000 lineal feet by 200, I

calculate that to be approximately 30 acres of land, and then the rear acreage of 440 acres would give you a total of 470 acres, plus the lake of 75 would give you approximately 545 acres of land. A That's right.

Q The materiality of this is somewhat limited when we are talking millions, but I also made the multiplication of 440.16 acres at \$850 per acre, and you indicate a value of \$418,142. My calculation indicates that that's off by \$44,000, and it should be \$374,136. A Well, if that's an error, then my calculator is wrong, it's not working right.

Q Or the man who puts the things into the machine, as we find it so often happens. I make the point, Mr. Slothus, that, of course, when we start to talk of a \$1,600,000 we don't consider \$44,000 very many dollars but I do consider it quite important that this error in calculation was not apparently caught, although it doesn't affect the final purchase price. A Well, it's an important item. You don't leave \$44,000 floating around anywhere.

Q Well, I recalculated that a few times and the \$44,000 is an error. A Then that's my error.

Q Let me ask you one question on improvements to the building. You indicated \$20.00 per square foot for the clubhouse building. A Yes, sir.

Q And you, I assume, consider that a fair price per foot for that type of building? A Yes. I checked building cost surveys which I use, the Beck Service,

the Dow Service.

Q Is that what you did on the -- A I checked with the owner as to the cost to him. He can tell me any figure but I just like to listen to him. And based upon my experience and knowledge in the field, I thought that \$20.00 a foot was a fair figure.

Q This is an open structured building, as I understand it. A It has a full basement, a cinder block basement. No doubt you've been through the building and seen it.

Q Somewhat. A I have a description of it here. It's all part of my report.

Q Yes, I've seen your report. Between your description and what I saw too, it appeared to me that \$20.00 might be too high, but you used figures from Dow Service and other building services. Is that right? A I've been in the business for 20 years.

Q I'll accept your figures and your opinion in that regard. This other improvement, building B, what is that? Is that the little old building that's set off to the side before the ski slope, at the bottom of the ski slope, that little old brick building. A It's a church. There's a picture of it.

Q I was trying to orient it with the actual -- your pictures are probably better than what we have here. May I look at that. A That's a church. I don't know what they use it for, maybe some meetings, boy scouts, or something like that.

Q When they photostat it doesn't come through with pictures like that. A It has a use. It's not being used as a church.

Q What did you do so far as the ski slope or the skeet shoot? Did you take those into consideration?

A They are all in my appraisal, other improvements. I considered the snack bar, I considered the benches and tables.

Q I don't see the ski slope. I see the skeet shoot.

A The skeet shoot and macadam.

Q Yes, but where is the ski slope. The ski slope is just land. I can't very well put a value on land, it's just land.

Q And may I just show you the picture again and see if I have the right area. Is this a picture of the area - would this depict the area that's supposed to be known as the ski slope? A It runs down into the lake. I believe that's it, yes.

Q This picture of the church - in this picture here it stands off to the right side of that? A Yes.

Q And this is a picture of the same area taken from the parking lot? A That's correct.

Q So this would be a reasonable description of what the ski slope is all about? A Yes, I believe so. It's a ski slope when you have snow.

BY MR. TANZMAN:

Q It's a rope tow? A I don't believe there's a tow there.

MR. FERRARA: There's a lift of some sort on the left side. I don't know much about skiing but --

MR. TANZMAN: It looks like a rope tow.

BY MR. FERRARA:

Q This large paving area that you indicate as part of the improvements, was that there at the time you made the appraisal or was that done afterward? A It was there. I have pictures of it. I took pictures of it, buses unloading people.

Q Would the assessed valuation have any effect on your appraisal? A No, sir.

Q Even if it were purported to be 100% evaluation? A It wouldn't have any effect.

Q Should it be taken into consideration at all? A No, sir.

Q You are aware of what the appraised value of the land was? A As of that date?

Q Yes. A In 1963?

Q Yes. In 1962 you indicate in your report approximately \$40,000. A Is that in my report?

Q Yes, \$39,875. Do you know what ratio they were assessing at at that time? A Do I have that in there?

Q I don't think so. That's why I'm asking you, but I think it was a 25% ratio, the ratio of assessed valuation to true.

A I always analyze the assessed valuation, mainly when it's supposed to be 100%, but I find that it is still not 100% most of the time.

Q No where near 100% even if you were to multiply this - if I were to say 25% was the ratio, as I believe someone indicated,

if you multiply that \$40,000 by 4 it would only give you \$160,000 of true value. But could it possibly be ten times that assessed valuation?

A Yes. I definitely don't --

Q There's no relationship at all? A No.

Q Then under the re-evaluation that was done in 1963, as a result of the Supreme Court Decision, do those appraisals made by appraisal firms have any relevancy to values?

A They're supposed to but many times you will find that they are out of line.

Q How far out of line do you think they might be?

A Well, let's take the Borough of East Paterson. I represent the Borough of East Paterson on State Tax Appeals and they just had a reassessment in 1964, and the values that this reassessment company put on were lower than the values which I established.

Q But you did establish some values there. A In my own opinion of value based upon the market, but they were lower.

Q And these appraisal firms are made up of persons with similar background to yours. A Yes, but they come from Philadelphia, Cleveland. They come from areas where they don't know the section. Of course, they analyze sales but they still don't seem to do the job as it should be at 100%.

Q Well, I realize that they usually cannot do the job that you would do, certainly, in this sort of a place, but you indicate that there is no value to their figures.

A Well, let's say I don't consider them in my evaluation.

BY MR. TANZMAN:

Q Just one question, the skeet shoot and the ski run, were they concessions? A I understand they were under lease.

Q Did you reflect any value to these leases in making your appraisal? A No.

Q You did not. A No. I understood they were leased. I included them in my valuation because they were on the land so anybody buying it would have to pay the price subject to leases if they existed.

MR. TANZMAN: All right. I just wanted to get your analysis.

BY MR. FERRARA:

Q Is there any basis in using as one of your comparables this Greenwood Lake property that was bought by the State of New Jersey? Would that be good appraising practice to use the sale of property bought by the State in order to determine value as to what the State should pay for the land?

A Well, it's a sale. I mean, there was no condemnation involved. It was a negotiated sale.

Q To your knowledge, it was negotiated. A I'm quite sure it was.

Q Did you analyze that sale to any extent? A Well, I happened to have appraised the property.

Q You did appraise the Florida Lake Property? A That's right.

MR. FERRARA: This opens up a little area, here, that I wanted to go into, Madam Chairman. Mr. Slothus

indicates to me that he was the appraiser on this Greenwood Lake. I couldn't tie it in. I wasn't quite sure whether it was the same one - this Florida Lakes Property. The appraisal was made by Mr. Slothus and this particular land sale is one that's used as a comparable by Mr. Slothus, as well as, I believe, one used by Mr. Stanley. Now, I realize our time is limited but I would like the opportunity to go into a little questioning on that Florida Lakes Property because it is a basis for our appraisals here.

MRS. HIGGINS: It is one of the few comparables that he has used, of lake property. It is the only one, isn't it?

THE WITNESS: Well, it's the only sale of land with a lake or lake facilities. There weren't too many sales in West Milford at that time, but there have been some more now. This is a matter of record. The Borough of Ringwood has just issued a referendum to purchase 16 acres of the Sheldon College which adjoins Shepherd Lake, and they are paying well over or close to \$2300 or \$2400 an acre for 16 acres of land just for the purpose of building a school. There's no lake facilities. That's the way the land values are going up in West Milford.

BY MR. FERRARA:

Q Do you think, Mr. Slothus, the fact that these other appraisals and figures have been set up would affect the value of the Sheldon College property? Every time a transaction takes place, or a sale, doesn't that affect the next sale that

which was paid off at the time of the sale to the State of New Jersey. A He was not one of the principals of the Florida Land Company.

BY MR. TANZMAN:

Q How much was your appraisal on Florida Lakes when you made the appraisal? A You mean the price?

Q You made an appraisal on Florida Lakes? A Yes.

Q Prior to this sale? Right? A That's correct.

Q How much was your appraisal? A I don't remember.

BY MRS. HIGGINS:

Q Could you get us that figure? A Sure. It's in my office.

MR. FERRARA: Would you make a note, Sam, of two items here that I have in my mind - one would be the appraisal on Florida Lakes Property, which Mr. Slothus is going to give us, and also the possibility of some comparables at the time of the appraisal, at or about the time of the appraisal.

MRS. HIGGINS: Not since purchased by the State.

BY MR. FERRARA:

Q This Mr. Wehran, is this the same gentleman who was involved in the Shepherd Lakes Property originally, before Mr. Wilson? A I believe Mr. Wehran owns it, owns a great deal of Ringwood Borough. I think he was.

Q Well, unfortunately, if you do not have your supporting data on this Florida Lakes, and I don't want to be unfair in asking you some questions on it, but I am interested in some of the details of that transaction because of the effect.

MR. TANZMAN: We can get a copy of the appraisal.

MRS. HIGGINS: I think that's an excellent suggestion, Mr. Tanzman, that we have a copy. You wouldn't mind sending us a copy of that appraisal.

THE WITNESS: Well you have a copy. Don't you get a copy from the State.

MR. FERRARA: Florida Lakes?

THE WITNESS: Yes.

MR. FERRARA: I do not have a copy of the appraisal on Florida Lakes.

THE WITNESS: You can get one.

MR. FERRARA: I'm sure we can. Well, I would like also, while you have that and your mind is fully acclimated to it to go into some of the details on that property, as to how you arrived at the value of that because this forms a basis, it appears anyway, for surrounding values.

THE WITNESS: Well, the value was arrived at based on lake frontage and rear lots, I believe the same as this.

MR. FERRARA: Yes, but you indicated quite a bit of difference here so far as the values go, and the types of lakes, Greenwood Lake and Shepherd Lake, you indicated there were differences in the type of lake, one was rocky and what the values were and so forth.

I think, Madam Chairman, that we just ought to hold that until we get it and, if necessary, possibly

request Mr. Slothus to come back.

MRS. HIGGINS: All right. That's all your questions?

MR. FERRARA: I don't have any further questions.

MRS. HIGGINS: Thank you very much, Mr. Slothus.

* * * * *

FREDERICK L. WEHRAN, called as a witness.

MRS. HIGGINS: How do you do, Mr. Wehran. I want to introduce the members that are present. This is Mr. Norman Tanzman, an Assemblyman, and Michael J. Ferrara, who is our counsel for this Commission. I want to apologize that the other members of the Commission weren't able to attend. Mr. Bateman is attending a funeral. Mr. Mandelbaum had a pressing business engagement. Mr. Keith is a lawyer and couldn't get out of a court case. So consequently we are rather reduced in our numbers today. We customarily swear our witnesses as a matter of procedure. So if you wouldn't mind - it is a simple oath - will you kindly stand and raise your right hand.

F R E D E R I C K L. W E H R A N, being duly sworn,
according to law, testified as follows:

MRS. HIGGINS: Mr. Ferrara will explain to you a little about the purpose of our hearing for your own clarification.

MR. FERRARA: Mr. Wehran, just so that the record is clear, this is a legislative commission that has been set up to look into the acquisition of lands, public lands, by the State of New Jersey, all over the State of New Jersey. In this particular instance, we are concerned at this time in and around the Ringwood area, the land up in the Ringwood area, the Ringwood Country Club and a few other parcels of land. The object of the Commission is to try to determine what improvements, if any, can be made in the practices

of the State in the purchase of lands for their various purposes.

MRS. HIGGINS: This particular inquiry is done at the specific request of Mr. Roe.

BY MR. FERRARA:

Q Now, Mr. Wehran, I would like to direct your attention at this point to the property which we will refer to as the Shepherd Lake property or the Ringwood Country Club property and go into that a little bit. You were the owner of that property at one time. Is that correct? A Yes. Now, Mr. Ferrara, before I start answering your questions, do you mind if I ask something?

MRS. HIGGINS: Of course not.

MR. WEHRAN: In the first instance, the subpoena was served on me late Friday afternoon and I had some closings yesterday so it was very difficult to assemble all the information you want. I think it would take about another week or two. However, I think my memory will serve me well if you give me the opportunity to express myself more or less freely. I'll have to just recite it.

MRS. HIGGINS: Of course.

MR. WEHRAN: Then I wanted to ask you because I feel that what you want here is just as unbiased and impartial a statement as you can have, and I didn't think it necessary to be represented by counsel - and I wanted to ask you, if need be, could I have a transcript of the testimony that I will give to you

freely?

MR. FERRARA: At the moment, Mr. Wehran, these are executive sessions. We didn't go into public session for the benefit of the witnesses actually, so that the transcripts are not public at the moment. They are only available to the Commission members and the Department. Certainly I recognize that your daughter is here and if she wants to take any notes she feels necessary, certainly not with the speed that we are taking it down at this point, I am sure, it would be perfectly in order. But I don't think at the moment any of the transcript could be made available.

Further, as far as your right to counsel, of course, certainly if you have any hesitation, you have a right to counsel, Mr. Wehran, because this is a legislative hearing and this is a hearing which involves you and to the extent it does, whatever extent it does, you are entitled to counsel if you want.

MRS. HIGGINS: Certainly, Mr. Wehran, at any time if there is any question that you feel you would rather not answer until you do consult, I am sure it wouldn't be any problem whatsoever, nor would it prejudice you in any way. If you want to take notes --

MR. WEHRAN: No. At this particular time I have no fear or trepidation of anything I may say. I don't see any particular reason for taking notes

and no particular reason to be represented by counsel. If it should become involved where I would hesitate to answer, that might be something else. I think if we proceed, if we reach such a point, I will say so and otherwise we will just continue in the normal way and I will try and give you the story, even though it may not be by direct questioning, but by a recitation that will cover all the questions you have in mind.

MR. FERRARA: Except this, Mr. Wehran, I want to be able to - and I want to be completely fair as we have been with all of our witnesses - I want to be able to carry this on in a reasonable question and answer way rather than a narrative because of the difficulty in time, which is one of the things we are all faced with, and also the difficulty in accomplishing something during that period of time, and I know you were waiting. I am sure that you will have no problem. The other witnesses have had none up to this point.

MRS. HIGGINS: Now as far as the transcript is concerned, none of the other witnesses have had a copy at this point because we are trying to achieve our facts first for the benefit actually of you witnesses.

MR. FERRARA: I think this will work out, Madam Chairman. It has up to this point and I don't see why

it should be much different at this time.

Q First, directing ourselves to the subpoena, do you have any of those records with you - closing statements, mortgages, deeds, leases, agreements - any of these items that I requested in regard to the several transactions, one of which was the Ringwood Country Club, one with Greenwood Lake Shores and the other with Mr. Levine? Do you have any of those records with you?

A I have some and I think any statements I make in any direct answers to your questions - I want to feel that I have enough to verify them.

Q Fine. Let's go on from there. Let's direct ourselves to the Country Club property. Can you tell us what the arrangements were with the Ringwood Country Club as to the sale and lease of this land or option to purchase?

A Do you want it from the beginning?

Q Well, all right. Don't go back too far, but go ahead.

A Well, all right. I think - and I will verify it by reference to my notes --

Q If you have to.

A Around 1958 the Ringwood Company entered into a lease with one Irvin Shane who subsequently assigned the lease to the Ringwood Country Club. The lease ran for a period of, I believe, 25 years - in any event between 21 and 25 years. The rental - I can check - I have a copy of the lease - started at \$15,000, \$18,000, \$21,000. It ran up to \$30,000 a year, the ground rental. The lease contained the usual clauses for protection of the property and what they could do and what not do and also set forth the type of building they proposed to erect and

the various improvements they promised to install.

BY MR. TANZMAN:

Q Was this on the entire tract, Mr. Wehran?

A This was on the entire tract. At that time I think it consisted of roughly 500 to 550 acres. I think it finally finalized down to around 546 acres.

BY MR. FERRARA:

Q Was there an option to purchase in that lease?

A Yes, there was an option to purchase.

Q What was the option? A It was spelled out very clearly.

Q Do you have a copy of that lease with you?

A Oh, yes. I believe I have.

Q Could you make a copy of that available to the Commission? A Oh, yes. Any of these things you'll get copies of.

Q Could we make a note to your daughter? Maybe she could send a copy of the country club lease. A She will. They had an option to buy it at a price of \$500,000, if I recall correctly, with a 20 per cent down payment. And if it were exercised within a given period of time, some credit would have been allowed for rentals.

Q Was that option ever exercised by the country club? A No.

Q No? A No. The option was never exercised. They went ahead and they fulfilled their part of it as to the improvements they installed on the property. They put a club house there which I calculated cost them around \$150,000, a

very extensive sanitary system, and quite a few other improvements. And as far as I could learn from them and what they submitted to me, they must have spent \$250,000 to \$300,000. It reached a point where the Ringwood Country Club, at least the group that comprised that setup, started to run a little short of cash and it finally reached a point where they defaulted in the lease. They were unable to continue to pay. Well, I have sold a lot of property in my life. By the grace of God, I never was compelled to take it back. And to me, through the simple procedure of writing a letter of cancellation, I could have acquired the property back with all these wonderful improvements on it. I just didn't want to do it. I had friends of mine that belonged to that Ringwood Country Club. I know Sam Brain put a lot of money in for a road. I know Carl Kemm Loven, the architect, had guaranteed many of the subcontractors to the tune of about \$150,000 and if it had been ---

Q Mr. Loven's son was the building contractor there, wasn't he? A This was Carl Loven himself. He is an architect.

Q Yes, I know. His son was the building contractor. A Oh, I don't know whether he was the contractor. I don't know who was the contractor.

Q He was the contractor. A But I know there were a lot of people involved.

Q Let me ask you this: Then was the option picked up by Mr. Wilson? A No, I'll reach that in a moment.

ASSEMBLYMAN TANZMAN: Let him go on.

[Witness continuing.] I will give it to you in chronological order, but we'll step it up. Well, it reached the point where I was confronted with cancellation of the lease or playing along with them. As I told you, I didn't want to feel - I just couldn't get myself to think of taking the property over and all their labors and moneys. So about that time, Carl Loven came over and he said he had a prospective purchaser, Mr. Wilson. I said, "All right. I'll sit down with Mr. Wilson and see if I can make a deal." And I told Wilson - I said, "As far as I am concerned, I'll still work under the supposition that these people have an equity in the property and if you will work out a deal with them so that you in effect will give them something for their equity, then I'll give you what I consider a very good deal on the property itself, on the land, and you will have to do it jointly if you want me to convey the property to you." I told him, "I don't think you can carry on the lease the way they have it, under the terms of the original lease, and pay them off besides." I said, "You really have to get a good, solid deal with easy terms and conditions so you can make the grade because I don't want to come back and ask you what you are going to do if you are in default." The net result was that he finally agreed to give back to Ringwood Country Club a mortgage, a second mortgage. I think it came to roughly \$230,000 plus maybe \$20,000 or thereabouts in cash. And I think he assumed other obligations that they may have had and maybe paid them some extra for a liquor license and so on. But as far as I was concerned, in order to make

the deal, it was the only thing I saw at the time where Loven and his group and the rest could come out with something. I said, "I'll sell you the property for \$500,000, the amount in the option. But if you can make a reasonable down payment, I'll even shave that a little bit." Mr. Wilson happened to be a little short of cash at the time. So we finally finalized the deal. I cut the price to \$475,000 and I took back - I guess it must have been a third or fourth mortgage on some property he owned in Lyndhurst known as the Copper Hood Restaurant. But I knew I was taking a gamble so at least I checked into the property and looked it over and ascertained the amount of the other mortgages that were on it that would be ahead of me.

Q Do you recall how much they were? A Yes.

Q How much? A I think at that time there were three mortgages. One of them was around \$1500 or \$1600, a very small one, and the others were around - oh, they must have totalled - they could have easily totalled \$80,000. Now that is a rough approximation. It could have been \$90,000 or it could have been \$70,000.

Q Were they the balances at the time or the face amount? A The balances. I think I have a record of that. I checked it.

Q All right. Would you make a note? I would like that information. A I think I can give you that pretty accurately. But in any event, I also checked any taxes that he owed on the property and there was just enough behind taxes that I told him, "Well, I'd like to have the taxes on that

cleared up to date in any event." And also I wanted him to clear the taxes up to date on the Shepherd Lake property, which in effect, by the time we figured it up, came to around \$5,000 - maybe \$4800. He said, "Well, that's more cash I have to lay out, which I don't have available at the moment." I said, "Well, don't worry about it. We'll make that mortgage \$80,000. So you in effect will cover me for these tax items," which we paid out ourselves, the Ringwood Company, and have a record of. And that was the way he made his down payment on the property. Now the mortgage - again I gave him the mortgage from Ringwood Company - I gave him a very good break in this respect. I said, "You're giving the Ringwood Country Club this second mortgage back and you are assuming other obligations, which you will have to shell out and maybe it will cost you something for a couple of years. I'll make our mortgage without interest, this \$475,000 mortgage. We'll make it without interest." I think it was for 10 years. It was nothing to get excited about in effect because I have made a number of large mortgages without interest. The Ringwood Company is recognized as being in the real estate business since they sold out the iron mines and we pay ordinary income tax. So most of it goes out anyway. If we get a few dollars more or less, it don't bother me any more. To carry on, we concluded the deal on that basis and up to that date I have a record to substantiate all that I have told you.

BY MR. TANZMAN:

Q May I just ask one question: You said that the

purchase price was \$475,000. A That's right.

Q Well, was that the mortgage? How much mortgage did you give Mr. Wilson? A \$475,000. Now, wait a minute - oh, --

Q That is why I am confused. A The purchase price was \$475,000 and I accepted this mortgage on the Copper Hood Restaurant really for \$75,000 and the reason you see it \$80,000 is because we paid the taxes. So that reduced it to \$400,000 and the mortgage that he gave us back was for \$400,000. It ran about 10 years and, I believe, it was noninterest bearing.

Q It was really \$480,000 less the \$80,000. A That's right.

Q And it was a \$400,000 purchase money mortgage. A That's right. So in effect it cost him \$475,000.

BY MR. FERRARA:

Q You received no cash from Mr. Wilson in the transaction. A No, none at all.

Q In fact, you advanced 5,000 approximate dollars in cash. A That's true.

Q And the transaction with the country club at the same time was in the area - I believe we understand it to have been \$235,000 with a \$220,000 mortgage or something of that sort. A In that area, which is on the record. Then, of course, simultaneously they terminated the lease which was in default and they accepted these mortgages from Wilson. Then a little time went by and he made his payments to the second mortgagee people. He made some on account. Some period within a year or a little more or less, he sold a

property that he had in West New York - he sold an apartment house - Wilson. And in closing that deal, he took back a third mortgage in the amount of \$27,000 and he took back a fourth mortgage in the amount of \$42,000. Mrs. Higgins, I am referring to a deal that happened in the interval here after Wilson had acquired title.

MRS. HIGGINS: After the original purchase.

[Witness continuing] Maybe a year or so went by and he is paying some on account to keep the second mortgage people alive. He didn't pay much attention to me because he didn't feel I'd bother him and, frankly, I didn't.

BY MR. FERRARA:

Q You said it was a third mortgage, you believed, at \$27,000 and a fourth mortgage -- A Yes, I am pretty sure.

Q -- and a fourth mortgage at \$42,000? A Yes. He sold this apartment house in West New York for maybe \$175,000 or thereabouts and he did get as part of the purchase price one mortgage in the amount of \$27,000 and one mortgage in the amount of \$42,000, a fourth mortgage.

BY MR. TANZMAN:

Q Well, what did he do with those? A Well, I'll tell you. He told me about it and I said, "Now, Bill, I'll make a suggestion to you." I said, "Now you are getting quite a lot of money in this property and you don't seem to feel timid about me, that I am going to take advantage of it, whether you pay me on time or not. But you should keep up the payments to these other people. I know Carl Loven

would never bother you and some of the others, but I can't account for all of them. I would suggest that you take that \$27,000 mortgage and assign that to them as a payment on account. That will pay about a year's payment in one shot if they will accept it." "Well," he said, "go ahead." I said, "And I don't know when I'm going to get any money from you, but if you want to, I'll take that fourth mortgage. You would owe me \$30,000, payment on account of the \$400,000 mortgage." "Well," he said, "yeah." I said, "I'm not going to allow you more than \$30,000 even though it is \$42,000. It is a fourth mortgage of uncertain quality." He said, "All right." So Ringwood Country Club agreed to take the \$27,000 mortgage for \$25,000 and the assignment was duly made and then he assigned the \$42,000 fourth mortgage to Ringwood Company for credit for a \$30,000 payment and I gave him the right for one year in a written form, of which I have a copy, to buy it back for \$30,000 if he could produce the cash. Follow me?

BY MR. FERRARA:

Q This \$30,000 was to be applied as part of your payments on your mortgage? A That was right.

Q To the extent of \$30,000. A To the extent of \$30,000. That's about what would have covered it.

Q And the \$27,000 to the country club was to apply towards the payments he was to make to them on their mortgage. A That's right - to the extent of \$25,000.

Q Very good. O.K. A I did give him a letter, of which I have a copy, that any time within a year

or maybe a little longer, if he could produce the \$30,000 in cash, I'd be glad to give him back his \$42,000 mortgage, which by the grace of God they all seem to be working out all right. Now from that point on - that about covers the way he acquired it. I can't tell you folks how much he expended on the property. He spent quite a lot of money.

BY MR. TANZMAN:

Q Take a guess. A I don't want to tell you anything that I don't have an intimate knowledge of and can show you in writing, see. So I won't go into how much he expended on this Thunder Mountain or Shepherd Pond property, except I have a personal knowledge of it. Up to the time that I have recited, it come to around, maybe \$800,000. Now what he spent in the interval since he had it, I don't know. I had no personal interest whatsoever. Everything that I have told you is right on the records.

BY MR. FERRARA:

Q Let me ask you a question regarding this. Now at the time of the closing to Wilson, Mr. Wilson - if I refer to him as Wilson without the "Mr.", I am sure you will excuse me - it was necessary as a normal real estate transaction to put revenue stamps on the deed. Is that correct? A Yes.

Q And I am sure you are familiar with all your transactions with revenue stamps. A That's right.

Q What is your understanding as to the basis for putting revenue stamps on a deed? A If I am correct in my knowledge of it, we usually put one dollar and ten cents a

thousand.

Q To the extent of the selling price? A Yes.

Q Do you recall what revenue stamps were placed on the deed from you to Mr. Wilson? A Well, there was some amount - it was a little less, but it was done inadvertently because I went to Houman - Slingman, Houman and Bernstein - who represented me and brought it to their attention.

Q It is a matter of \$75,000. A But there was no ulterior motive. It was that and it was corrected. There was no reason for putting more or less in that transaction because we gave them the stamps and I have got the letters. I checked it afterwards.

Q From the information we have, the total stamps put on altogether - it looks like \$550 worth of revenue stamps. A Well, it was \$46 or \$47 difference, which our attorneys were supposed to give and wrote us that they had neglected to. They didn't have them at the closing and then it came up and I said, "Well, for God's sake, see that they receive that so there is no question about it."

Q But there is no question, Mr. Wehran, that the revenue stamps should in effect reflect the total purchase price? A They should unless some little item like this comes up, which I assure you, it just happened. It wasn't done with any purpose in mind.

Q I am sure not. In this transaction, Mr. Wehran, there were \$550 worth of revenue stamps, which would indicate a selling price of approximately \$500,000. Now whether it was \$475,000 -- A -- \$475,000.

Q It was in that area, around \$500,000. And the mortgage transaction with the Country Club, which was a simultaneous transaction, was in the area of \$230,000 or \$235,000. A That's right.

Q And that would be, as far as you know, the total consideration paid to the Country Club. A Well, he paid some cash. He paid them cash.

Q Well, the mortgage was actually \$220,000, Mr. Wehran. A Oh!

Q And there was the total purchase price of \$235,000. A It could be.

Q So there was some area of \$10,000 or \$15,000 in cash, which included a liquor license, as you indicated before - it was included in the transaction along with all other personalty. A Well, you understand that I wasn't part of that deal. So I wouldn't tell you to a nickel what I don't know.

Q So to your knowledge, revenue stamps would reflect the purchase price, except for these minor things that may occur. A The purchase price was \$475,000 whether the stamps were correct at the time or not. We have our income tax statement to show that and we have closing statements and that is the way it is and nothing can change it.

Q Mr. Wehran, how did you handle the \$75,000 mortgage on your tax return? A Well, when we first put it in I told the accountant and he said, "Why did you ever take such a mortgage? You can't get fifty cents on the dollar." So

maybe he put it in at \$40,000 or \$50,000. But now that they are starting to pay it off, he said, "We'll have to pay the full tax as they pay us."

Q Do you still have that mortgage? A Yes, we still have it. As a matter of fact, here only recently we bought the \$27,000 mortgage. The Ringwood Country Club people, after they received the money, after this deal was closed with the State, and they decided to pay off the different members of their syndicate, they decided to sell that mortgage and I figured, "Well, I've got the fourth mortgage on a place that I don't know what it's worth. I might as well cover it with the third." So I bought it and I don't know yet how it will come through. But I think it will be all right. You have to take a gamble once in a while.

Q Mr. Wehran, on that \$75,000 or \$80,000 mortgage on the Copper Hood Inn, you indicated that at the time that you were putting it on, that was a third or fourth mortgage.

A It was really a fourth mortgage.

Q And according to the terms of that mortgage, it was also subordinated to an additional mortgage that would be put on the property. Was that your understanding?

A No. What I told him was that, "During the life of this mortgage that you are giving me," - and I spelled it out in the mortgage - "I will agree to subordinate our mortgage to any new first mortgage you obtain up to \$75,000. That is provided all other mortgages are paid off and the taxes and everything else is right up to snuff."

Q Do you know what the status of your mortgage is

at the present time? What is its priority at the present time?

A Yes. I think the third mortgage is paid off and the first and second mortgages have been reduced to around \$50,000 or \$60,000, maybe less.

Q You think the first and second mortgages --

A -- have been reduced to about \$50,000 or \$60,000. That's what Wilson told me.

Q You haven't checked this out? A No, but I looked up some of the old closing statements. I am sure it must be around that.

Q And your status is what now? Is it a third mortgage or fourth? A No, I think it is a third now. The third mortgage was a mortgage of about \$1500 or \$1600.

Q \$1700. Let me just refresh your recollection so I can get this in order. It appears there was a \$60,000 mortgage on the property. There was a \$1700 mortgage. There was a \$56,500 mortgage and then this \$80,000 mortgage was put on the property and assigned to you at the same time and was subordinated to any new self-amortizing mortgage in the amount of \$75,000. A That's right.

Q At that point in actuality you were a fourth mortgage with a possibility of being a fifth by the language, but not in your intention. Is that correct?

MR. TANZMAN: It wouldn't be a fifth. He would have to pay off the others.

A No. They would have had to pay off all the other mortgages before I would have subordinated.

Q The language as it appears in the mortgage, at least

as I have it, is that by its terms it was already subordinated to another \$75,000 mortgage rather than an agreement to subordinate.

A No. Who was my attorney there?
I think I'll fire him.

Q I don't really know at the moment. A Incidental-ly, he never took advantage of that to obtain that new first mortgage.

Q Yes, he did, Mr. Wehran. That is the point I am coming to now. He placed a first mortgage on this property in December 1963 with the National Community Bank of Rutherford for \$75,000.

A You mean to tell me that he placed a new \$75,000 mortgage that has been recorded?

Q Yes, sir. That is the reason why I say, Mr. Wehran, according to the language of the mortgage you took an assignment of, it doesn't appear that you had to agree in the future to give a subordination. It appears that it was subordinated already to a possible another \$75,000 mortgage.

MR. TANZMAN: Did he pay off any of the existing mortgages when he placed the \$75,000 --

MR. FERRARA: Two months later, it appears from the record, that one of the intervening \$56,000 mortgages was paid off. But the record still indicates that the \$60,000 mortgage, face amount, is still open, the \$1700 mortgage is still open and your mortgage is still open.

MR. WEHRAN: Well, that is very interesting to me. I usually am alert enough not to be taken over the hurdles.

Q Do you have a copy of that mortgage with you?
Could you make a note to check it? A Yes. But I made
a transaction with Phillip Paul.

Q Yes, from Lawyers-Clinton in Hackensack. A The
escrow agreement I have that he signed - now he represents
Lawyers-Clinton --

Q That's correct. I know. A [Continuing] --
spelled out the subordination, provided the first and second
mortgages were paid off and all real estate taxes paid up to
date. And if it isn't so, I am sure Mr. Paul will hear from
me tomorrow.

Q Please don't go after Mr. Paul so hastily because
I am merely trying to find out what happened, that this is
the indication I have gotten so far, that as of two days ago,
the \$60,000 mortgage was still open. I have to tie it back
with my books and pages. Well, the \$1700 mortgage is still
open and your mortgage is still open and a tax sale certificate
is still open, although that might merely have been that
no one took the trouble to send it to the County Clerk to
cancel. There was a tax sale certificate against that
property of \$3300, which apparently you must have paid from
what you have indicated today. A When? How long ago?

Q I don't know when you paid it. It was open in
February 1963. A When did this sale take place?

Q To the State? A Yes.

Q February of 1964, I think. A Because he told
me at that time - and I checked with the tax collector in
Lyndhurst - that he paid all the taxes up to date. But I

can't quite swallow that one where they would subordinate that mortgage without having the others paid off. I think I'll have to start an investigation of my own.

Q Well, Mr. Wehran, would you do this for us, would you --

A I'll get on that phone and call him up for you if you want me to.

Q I would like to know what the status of that mortgage is. Well, at this point you don't know because of what has just been raised here - there is some question anyway - the status of your \$80,000 mortgage on that Lyndhurst property. What is the balance at this time? Could you tell us that?

A Full amount.

Q Full amount. No money has been paid on that mortgage.

A No.

BY MR. TANZMAN:

Q What is the value of the property? Do you have equity?

A I always figured it was worth around - maybe \$200,000.

BY MR. FERRARA:

Q How much?

A Around \$200,000 - \$175,000 to \$200,000.

BY MR. TANZMAN:

Q In other words, you think you have some equity there then?

A Well, I did unless somebody twisted my ankle.

BY MR. FERRARA:

Q The value of the property in question you think is what? - between \$150,000 and \$200,000?

MRS. HIGGINS: \$175,000.

A I'd say that roughly.

Q Well, of course, that being so, at the time if there was a \$60,000 first, a \$1700 second, a \$56,500 third, and you were placing an \$80,000 mortgage on it, you were subordinated at that time to face amount of mortgages anyway of about \$118,000 or \$120,000. A Yes.

Q But you indicate that that was not the balance due and owing according to your knowledge at that time?

A Well, he had paid some off. I think it was maybe around \$100,000. I think the balances at the time that I made the deal on all the mortgages might have been around \$100,000 and I thought it all over and I figured in view of everything - and when I say "everything," one of the important things was that when he decided he'd go ahead with the Shepherd Pond property, he would assume the obligations of these other people - I figured, well, it's worth a gamble, even if I lose a little on it.

Q You weren't too concerned about the \$75,000 mortgage? A Well, I wasn't too concerned. I figured I could always help myself. I could protect myself and I thought the equity was substantially so.

Q Now let me direct your attention, Mr. Wehran -- as I understand it you own extensive property or you did own extensive property, that is, your company, up in this area, in the Ringwood area. A That's right.

Q And there was another piece of property that was owned by you and ultimately sold to a Florida Lakes Corporation.

Is that correct? A Yes.

Q And that property also was ultimately sold to the State of New Jersey. Is that correct? A Yes.

Q It is presently owned by the State of New Jersey?
A That's right.

Q I believe that property was originally owned by yourself and then a Greenwood Lakes Company or something of that kind - Greenwood Lakes Property. Was that one of your corporations? A No. That was always owned by the Ringwood Company -- that was part of the original Ringwood holdings -- the 225 acres you referred to in West Milford.

Q Yes. The property that ultimately was bought by Florida Lakes and the State of New Jersey. A Yes. That's right.

Q I saw some references in some of these appraisals to that. That is what I was concerned with. A Yes.

Q That was always owned by the Ringwood Company?
A As far as I can remember.

Q I understand that you had held a mortgage. There was a mortgage held by the Ringwood Company on that property sometime in 1960. A That's right.

Q Could you tell me when your company, if it was the Ringwood Company that owned it, when they purchased it and how much they paid for it? A No. It was part of the holdings. We might have had it for a hundred years. The Ringwood Company is 225 years old.

Q So I understand. A Of course, I feel that

way myself once in a while. But I'm all right today.

Q You don't have any recollection -- A No, I can't tell you unless I would look up the chain of title. But they held it for many years. It would be very hard to determine what the Ringwood Company paid for it, the same with Shepherd Pond. I happen to have a little knowledge of that, what it cost, and some of these others. I may have some information that you'd like to have as to the original cost. We'll look that up in a little while.

Q Well, I think some of it would be of interest, without trying to go back into history. Let me stay with this Florida Lakes piece if I may or else we will be jumping a little too much. This property was owned by the Ringwood Company and sold to a Greenwood Lake Shores Company?

A No.

Q Or was that the same company? A No. It was sold to a Charles Ford who operated under the name of, I think, Bloomingdale Center. You must have that in the records?

Q No, I don't have a complete record, Mr. Wehran. I have part of it. A All right. We have all of this. Bloomingdale Center is a New Jersey corporation and this fellow, Charles Ford, was the principal and we sold it to him. We sold him 225 acres for \$225,000.

Q How much was that - 225 acres? A -- for \$225,000. We got \$25,000 down and subsequently he released a few lots that reduced the mortgage to \$193,000. About that time and thereafter over a period of time, he failed to pay his taxes and interest and we told him he'd have to do

something about it or we might have to foreclose it. So he made some kind of a deal with the company known as Greenwood Lake Shores and this Florida development, wherein and whereby they come to us and said, "Mr. Wehran, we will pay the back real estate taxes and we will pay your interest up to date," which they did.

Q This 225 acres, is that the total size of this piece that ultimately went to the State? A No. I think they released some. Let's see, how much did they release? Not very much. I don't know what the deed to the State calls for and I wouldn't say. It was very close --

Q 227 acres is an indication I have. A You mean the original conveyance?

Q No - to the State of New Jersey - appears to be 227 acres. A All they released was two or three building lots that I know of.

Q O.K. So that 225 acres or thereabouts was the parcel in question. A That's right.

Q And that was sold to this Bloomingdale Center Corporation for \$225,000. A \$225,000. We got \$25,000 cash and I told you what happened to the mortgage.

BY MR. TANZMAN:

Q When was that sale roughly? When did they sell it to Bloomingdale Center? A It could have been in '58 or around there. I have a record of that for you.

BY MR. FERRARA:

Q It looks like '57. A I can get all that information for you. That's all of record anyway.

BY MR. TANZMAN:

Q In other words, after 1957 you had no connection with that property except as a mortgage holder? A That's right.

BY MR. FERRARA:

Q How much was the amount of the mortgage?

A \$200,000. Then they reduced it to \$193,000 through releasing a few lots here and there.

Q I see. What were the terms of that mortgage? I don't have them. A Oh, it probably ran 10 years and the interest probably was around 4 per cent and with usual release clauses in it.

Q The total consideration received by you at the time of the sale -- well, the total purchase price was \$225,000, but you received \$25,000 in cash plus a mortgage for \$200,000. A That's right.

Q -- with release clauses. Then that property was sold by the Bloomingdale Center Company to Greenwood Lake Shores? A Yes, he transferred it to -- I think he transferred it to Greenwood Lake Shores and then Greenwood Lake Shores made some sort of a deal with this Florida development company, I have the names here.

Q Florida Lake Property. A Of course, they had agreed to pay the defaulted interest and the arrearage in real estate taxes so we wouldn't foreclose it.

BY MR. TANZMAN:

Q Was there any other consideration as far as you know? A Beg pardon.

Q Was there any additional consideration in any of these transactions as far as you know? A Well, not a nickel as far as we were concerned. We never took a bonus or anything.

Q I don't mean that. I mean, do you know whether these people in the subsequent transactions paid more money for the property? A Oh, you mean like Florida Lake?

Q Yes. Did they pay the same \$200,000 or did they pay \$400,000 or \$600,000? A Oh, I see. You mean when they acquired it from Ford.

Q Yes. A Well, there was a group of them got in there and they probably dished out some of their stock here and there. I never became familiar with just how they divided - those that put up the money. Incidentally, I think they paid out Ford a pretty substantial sum for his equity besides ---

Q That's what I mean. A Yes, they paid him quite a substantial sum.

BY MRS. HIGGINS:

Q Paid whom? A -- and stock. Ford was the principal in this Greenwood Lake Shores.

BY MR. FERRARA:

Q Do you know this to be a fact, Mr. Wehran or are you guessing? A I wouldn't say anything is a fact unless I was right there.

Q So that you don't know whether or not -- A Well, from what I could gather and knowing Ford, he wouldn't give something up for nothing.

Q Could it have been that he took back stock interest in the Florida Lakes Corporation or the Greenwood Lakes Corporation rather than money? A No. I think he got some money too, but I won't swear to it.

BY MR. TANZMAN:

Q You are knowledgeable about lands up in this area, as knowledgeable as anybody is, I gather. A That's right.

Q Between 1957 and all these transactions a great deal of time had taken place. A That's right.

Q And values change as time passes. Sometimes they go up; sometimes they go down. Had the land enhanced in value during this period of time? A Tremendously.

MR. FERRARA: Which period of time are you talking about?

MR. TANZMAN: Well, from 1957. These transactions are all subsequent. Some, I gather, are pretty recent. We are talking about \$225,000, but that is back in 1957. I want to bring it up to date and find out what Mr. Wehran knows about these transactions. Was there additional consideration during these transactions?

MR. WEHRAN: Well, you see, everything I tell you, I am trying to verify it one way or the other, which I feel I can. Now I don't know what Ford received in cash and stock and some of his associates. I couldn't tell you; I wasn't there. But I do know from hearsay and what I could gather,

that's what took place. They paid him a certain amount of cash and stock.

Q Let me ask you this: What was this 225 acres worth in 1963 in your opinion as an expert on real estate up in that area?

A Well, I'll give you an example, a concrete example. Now you asked me about '63. Now in '64 -- this particular property has some wonderful lake frontage, 1300 or 1400 feet. It is a beautiful piece of property, even in the interior, unusual for that part of the country where we have a lot of rocky terrain and one thing or another.

BY MR. FERRARA:

Q This was not rocky then at this point? A Well, this particular 225 acres, I always thought it was a wonderful piece of property. I still do.

Q That's the southern part of Greenwood Lake? A Yes. It has 1300 or 1400 feet on the lake. We just sold 7,000 feet this past year for \$150 a front foot.

Q On Greenwood Lake? A On Greenwood Lake practically adjoining it. Then it has a lot of frontage on the Greenwood Lake Turnpike, this particular tract. It has frontage on other roads and it is just an exceptionally good tract of land. I'd say today -- gee, I don't think if I had it today and I never get the top dollar - I don't think I'd take less than \$3,000 a acre.

MRS. HIGGINS: And this is for the Florida Lakes property.

BY MR. TANZMAN:

Q Let me ask you one other question. A I don't

know whether I'd even sell it for that.

Q It is worth at least \$3,000 an acre today then?

A I think it's worth it. It's a beautiful property.

Q Now then, how does this Florida Lakes property compare with this Shepherd Pond property? A Well, you know, sometimes the longer you are in this business, the more confused you get. What bothers me - and I am a pretty careful person - from what Mr. Ferrara tells me, if that dog-gone mortgage of ours - if that subordination was carried through without paying those two mortgages off - I want to find that out. That is going to bother me until I find out because I only do business one way. I don't like anyone to pull any fast ones.

MR. FERRARA: Well, I am hoping it works out the way you feel it is supposed to be.

MR. WEHRAN: Well, it had better or I'll start an investigation.

MR. FERRARA: Let's stay with this a minute, this question of Mr. Tanzman.

[Witness continuing] We'll get back to Shepherd Pond. You know, I recommended to Green Acres - I wrote them a letter after I had sold it. This was a couple of years ago. I have copies of the letter.

BY MR. FERRARA:

Q After you sold? A After I closed the deal with Wilson on Shepherd Pond, I sent them a letter and recommended that they should look at it. I thought it was an outstanding piece of property.

Q About when was that? A Oh, I've got the letter here. I'll dig it out for you. It was sometime ago. It was before any sale had been contemplated.

Q After you sold it to Wilson? A Yes. I didn't know how he'd make out. I thought it was terrific for the public and I still do. You asked me for a value on Shepherd Pond and the property that surrounds it. To me, it's like a Mona Lisa or a Rembrandt. It becomes priceless. You may say, "Well, there is no such thing as something priceless. There is always comparison." That may be true. But then where are you going to find another Shepherd Pond, a natural lake with water 65 feet deep in places, water you can drink? See, I look at it - maybe I'm getting a little fluey with all my properties that I create and build up. But you get a certain flare and you look at things a little differently than just the commercial value. To me, I feel that Shepherd Pond is outstanding.

BY MR. TANZMAN:

Q Is it better than the Florida Lakes property, superior to it? A Well, that's another dog-gone good property and I'll tell you why. It has all that frontage on Greenwood Lake and 500 feet of it or more is a beautiful sandy beach. You can't buy nothing in that part of the country. You just can't duplicate it. I don't care how much you pay. For instance, right now I'd say that Shepherd Pond property, if I had it and had to sell it over again - I don't think I'd have any trouble getting, say, a million

and a half. Now I had a very substantial offer about the time that Wilson was negotiating with the State. But he didn't want to go into anything.

BY MRS. HIGGINS:

Q On the comparison of the two pieces, you mentioned the Florida Lakes land was very beautiful land, even the back part that wasn't on the lake. A That's right.

Q Now in comparison, we understood that the Shepherd Lake land was not very good in the back? A Well, Mrs. Higgins, some of it is rugged. You see, there is so little lakefront property around where you can create property around a lake and give the people the facilities. For instance, Cupsaw Lake, which is a short distance away - they are selling some of that frontage as high as \$200 a front foot. Well, you have five or six thousand feet on Shepherd Pond frontage there that I wouldn't be surprised would bring \$150 a front foot.

Q Today? A Oh, yes, and maybe more. It just happens to be that kind of a property and the surrounding land - it isn't too rugged. You see I have carved many miles of roads out through that type of land and to me it is not too tough and people - they just buy it as high as ten to twenty thousand dollars a lot. It is way beyond what I ever dreamt property values would go to. Now you can use that on your Shepherd Pond property and then in another area and of another different type, you can take your Greenwood Lake property, the 220 acres. Then by the same token I can lead you by the hand back to 1500 acres

that I sold to the State a few years ago.

BY MR. FERRARA:

Q -- for \$125 an acre. A Well, I'll tell you that was Underhill - is that right?

Q I don't remember. A Underhill - he was very friendly and a good friend of mine. He said, "Fred, why don't you donate it?" "Well," I said, "we ought to at least get some of the book value." The Ringwood Company had given the State of New Jersey over a period of years five or six thousand acres, just given it to them, including eight hundred and some odd acres ---

Q Was the stock of the Ringwood Company owned by Columbia University at one time, part of a trust arrangement?

A That was just part of a trust arrangement. It was turned over to me.

Q Let me ask you this, Mr. Wehran, because we have one more witness and I want to go into a few more things here. Are you satisfied at the moment on the Florida Lakes Property, Mr. Tanzman?

MR. TANZMAN: I just wanted to ask him just one other question.

BY MR. TANZMAN:

Q There was testimony - and I am not trying to lead you on - but there was testimony that the Florida Lakes property was inferior to the Shepherd Pond property. That is what I was driving at. I might as well ask you the question point-blank. A I don't think so. They both -- If I could take you folks up - and I have nothing to sell - and

show you both of them - you would see what I see. I'm trying to look at it - all of this land we are speaking of - I'm looking at land that tomorrow it may be gone to a developer and it is gone forever as far as the public is concerned. That Florida Lake property, that one on Greenwood Lake, it's beautiful. It is worth everything I have told you and then some. You can't find no more because we own property surrounding the whole lake and we don't have no more at any price. Now that is my considered opinion on that and also as far as Shepherd is concerned, with the improvements that have been made and the way it is - it is something again that you can't replace. You see, I'm looking at it -- for instance, from your Green Acres Program, you are operating under certain limitations. You have to pay reasonable prices so that you are beyond criticism. But let's take this Shepherd Pond, now you are dealing with a man like Bill Wilson, a very rugged, old, grizzly bear to try and peel his hide off, hard, tough to do business with. He's not going to give anything more than he has to. He's going to bargain right up to the last nickel. He had some pretty good offers just before this deal was materialized. I happen to know that - good offers. So I think the people who represented the State at the time - I think they did as good as they could. If they hadn't, it would just have been gone.

BY MR. FERRARA:

Q Mr. Wehran, we all agree that people who are close to the soil, maybe not as close as you; know that land is

something that you cannot duplicate some place else.

A No.

Q Land is there and land is in a location and you can't duplicate it if you want it in that area. But, of course, we still must be very realistic about values as you have indicated.

Let me direct your attention to another piece of land which you owned and conveyed to Mr. Levine and which, as I understand it, the State is interested in making some purchase of now. Can you tell me what the total consideration or total purchase of that property was? A Right to the nickel.

Q Please do. A It consisted of about 800 acres. We sold it to Mr. Levine for \$600,000. He paid us 10 per cent cash and has been paying it off ever since.

Q Ten per cent cash means \$60,000 of cash and a \$540,000 mortgage. A That's right.

Q Now can you also indicate to me if the revenue stamps on that reflect \$600,000? A Well, you know some of these lawyers - especially if you get some from New York - they have peculiar ideas. So I make sure when we hand them over the deed that we also hand them the full amount of revenue stamps and get a receipt for them.

Q And you did that in this transaction? A Yes, and I have got the receipt. And if they elect not to put them all on, maybe not wanting the public to know just what they paid, I know very well they put them on when they get their deeds back and I don't know if there is a Federal law

against it as long as the stamps are cancelled. But I know what some of them are thinking. But I don't say nothing. After all, if I give you the deed, that is your business. Maybe you are going to tear it up. I say, "Here are the stamps, but give me a receipt."

Q You have a receipt for stamps for \$600,000.

A That's right.

Q That was the total consideration for that property.

A That was the total consideration and nothing else.

MR. TANZMAN: When did that sale take place?

MR. FERRARA: April 29, 1963.

MR. TANZMAN: Oh, not long ago.

MR. WEHRAN: And he loves it.

[Witness continuing] Now the price there, you want to take into consideration - you may say, "You sold 800 acres for \$750 an acre and you are telling us in the same breath that the property across the road is worth \$3,000 an acre," which in effect is what I have just said. On the other hand, the property on the so-called Florida development property is more amenable for development and it has this terrific Greenwood Lake frontage. The other property has a lake on it, but it don't have no frontage on Greenwood Lake. Although the terrain would make a wonderful park for recreational purposes, nevertheless I wouldn't put it in the same classification for building. So when you want realistic values from me, you'll say, "Well now, Fred, we are going to buy that. How about building on it? What can we do? What is it going to cost us for improvements?"

What are the township requirements and the different ordinances in water and this and that?" So I must be prepared to answer. And when I tell you the value on the Florida Lakes, I know how the terrain is and how suitable it is. Also on this particular tract to Mr. Levine, in my opinion at the present time it is worth \$1500 an acre and I run across someone or other in this State and I said, "You should buy that if you can within reason. Look, I don't even get a cigar out of it. But you should have it because you own this 200 acres and the 1500 acres I practically gave you for \$125 an acre." In fact, I wrote Mr. Underwood the only reason I did it, I think I had a temporary hardening of the arteries that day, but I recovered.

Q You say you suggested to the State they should buy this property? A I didn't suggest it to them. I don't know who I run across and they were talking about some other properties that I have up there. They still dicker occasionally. I still have a couple of properties I think they should have. And in the conversation I said, "This still is a good property for the State," and I'm telling you folks that. You have 200 acres on the lake. You have this 800 acres in the middle and right across the road you have 1500 acres. Now where in the State of New Jersey in a populous area that is covering Passaic and Bergen Counties can you get 2500 acres in one assemblage? That is going to be impossible in a little while. And by the same token, when I urged them to buy the Ringwood Country Club property, I told them - I said, "One of the reasons is that this property has been developed to the point that the public

can use it. Now you just floated a bond issue and why don't you let some of the present decade get the benefit of that instead of looking for a green pasture over the hill 20 years from now?" And I think maybe they thought a little of that. I followed through and I made the same suggestion on the Darlington Country Club. I said, "You have acquired a beautiful property for the residents of Passaic and the others." The Darlington Country Club is also usable now.

Q Did you own that too at one time, Mr. Wehran?

A Yes, and I just closed the deal. I recommended that.

Q You sold that property to whom? A Oh, I sold that to a chap by the name of Montracell and his partner Russell.

Q Was that a group from Paterson or was it a group from Paterson that came into that transaction after?

A Montracell lived in Riverdale and Russell did, very nice people - paid me a million bucks. Montracell passed away. He was of age.

Q Is that the piece of property that the State has just acquired, I think, or the county has acquired for Green Acres?

A Yes, the county. Then from Montracell it was sold to some other people by the name of Lindholm. They made extensive improvements. Again I suggested - I said, "Look --" It don't always work out for people. For instance, they had a couple of sons they thought would tear it apart, but they didn't care about it. I told Mr. Lindholm, I said, "The best bet is to let the

county have it."

Q Lindholm? A Lindholm, L-I-N-D-H-O-L-M.
So the deal finally worked out and with the help of Green Acres, which was really wonderful, the County of Bergen is now the proud owner of Darlington Country Club and it is a beautiful place.

Q Let me ask you this, Mr. Wehran: You indicated, and I know you do, have lots of other land around. Is there another piece of land that you are negotiating with the State on for purchase or are they negotiating with you for the purchase of, adjoining this Shepherd Pond or one of these other parcels? A That's right.

Q How big is that piece? A 100 acres.

Q I was just wondering. What is the status of that negotiation now? A Well, I am assuming and hoping they will take title one of these days.

Q Have you a contract on it? A I have an agreement on it, yes.

Q You have an agreement? A Yes.

Q For how much? A There were two parcels involved: that particular parcel of about 105 acres, plus or minus, and 10 acres in West Millford adjoining State-owned property there.

Q How much was the total? A \$132,000.

Q That is your agreed price? A Yes, sir.

BY MR. TANZMAN:

Q Is that comparable to the Shepherd Lake property? Is there any water, any lake? A You can figure it out.

Yes, it has the Shepherd Pond Brook through it and we made a few ponds and all. But the price - I am trying to figure out what the price is per acre. Let's see - well, \$1,000, \$1,200, I guess - \$1,200 or \$1,300. Whatever it is, it is way below par. For instance, on that 105 acres I turned down \$1,600 two years ago and the reason I think they are acquiring it is that it gives them a direct ingress and egress road, right into the Shepherd Pond property. We have a road through that where you don't have to go through the Shelton College property.

Q I am glad you mentioned that. As long as you are talking about development --

BY MR. TANZMAN:

Q Let me just ask him one further question, if you don't mind. In other words, you feel that you are selling this 105 acres for less than market value to the State?

A Well, I think so. I think I am selling it for a very fair price. It should be beyond any possible criticism because I told you before in my opinion that with Shepherd Lake and the property surrounding it, it should bring maybe a million and a half, which would be \$2500 or \$3000. In fact, the way the prices are going up there, it frightens me. But go ahead.

BY MR. FERRARA:

Q As far as the development goes, is there any question in arriving at these values - you as a developer or a man who would develop, although I don't know whether you have done housing developments as much as the other type - you

must take into consideration all the improvement costs that go into it? A Yes, indeed I do. Indeed, I do.

Q No question about that. A That is the reason I made a comparison quickly between the property I sold Levine and the property that you own on Greenwood Lake.

Q So if in the Shepherd Lake situation we had a raw lot of 125 by 200 of \$15,000, we will say, would that be a saleable price for a lot on Shepherd Pond -- A I think so.

Q -- for a man who would develop it? A I think that would be a fair price. At the price lots are selling for, for instance, in Cupsaw --

Q Well, Cupsaw -- A Cupsaw and Erskine Lake are pretty well developed. But even when you make a comparison there, I think that would be very modest because Shepherd Pond is an unusually beautiful place and if it is properly developed, it would bring very high prices per lot.

Q So what would you think, just offhand - what would you think for a developer a lot would be worth improved?

BY MR. TANZMAN:

Q Let's take it the other way. Supposing that land were for sale, as is, without the improvements, what is the value per front foot of that lake frontage?

MR. TANZMAN: Isn't that what we are trying to find out?

MR. FERRARA: Yes.

A Well, you know when you don't sell anything you are suppositioning things and I don't like to do that too much. However, if you compare it with Cupsaw Lake, which does not compare with Shepherd Lake, prices have been --

BY MR. FERRARA:

Q Cupsaw is better? A I wouldn't say it is as good. I couldn't compare Cupsaw Lake with the natural beauty and depth and clarity that Shepherd has. I am sure they have no trouble getting \$150 or more per front foot on any available property in Cupsaw. So I am assuming that we would get \$150 per lineal foot or more on Shepherd because I just sold 7,000 feet frontage on Greenwood Lake at \$150 a front foot and that was considered a very fair price.

Q But Greenwood Lake is better than Shepherd Lake, isn't it? A That's a matter of taste.

Q Well, of course, it is only a matter of opinion. A I could show you two paintings. They are both wonderful pieces of property. I am glad you people have them. I hope you get the rest of it up there.

Q Let me say this: I think we must recognize that there are esthetic values and there are values to land, but we must reduce this thing down to material things. There are certain things that you say you couldn't buy at any price whether you wanted it or not. Then there is the other statement that is always made that everything has a price. We must look at this thing here not in the nature of the green grass and the green buyers that the real estate men always refer to in the Spring - when the grass is green, the buyers are green. We must look at this in a businesslike

way and I am sure that is what you are doing. But is Greenwood Lake in your opinion at this point, the size of it, the facilities available there, and this piece of property that was sold to the State prior to that time - would you say that that area or that lake is better lake frontage, etc., than Shepherd Lake? That's all. Your opinion would certainly not necessarily agree with anyone else's opinion.

A Well, you know, you look at it from two points of view. Greenwood Lake - yes, you'd say, "Well, it's nine miles long. It couldn't compare to Shepherd." On the other hand, Greenwood Lake for the public - they have a lot of boats on it - it might reach a point where it is noisy at times and other things. While if you lived at Shepherd Pond, it would be very quiet and peaceful and you might enjoy that much more than going on a lake like Greenwood Lake. So that's the way you find people. Some of them wouldn't want to live on Greenwood Lake. They'd much rather pay the same price for an inland lake like Shepherd and then vice versa; others with young people would say, "We want to get on Greenwood Lake where all the action is." So that would be a hard job to pin someone down on. All I know is that if the State keeps on the way they have -- See, I look at it in maybe a different light than other people. I go by the law of averages; that is to say, I average up my deals. Over a period of five years I have bought and sold so much property, I want to know where I come out net on balance. Now I don't know what the State has bought outside of that particular area. But

if I take the 1500 acres and I take this property on Greenwood Lake and Shepherd Pond and all and average it up, they got it for a bargain. They really did. They couldn't possibly duplicate it today and I think some day it will be worth two and three times what they paid, besides accomplishing the most important mission of all, getting it while you can get it. It is for the people of this State and operators like Wilson wouldn't wait for the devil if he could get the top dollar. They are not interested in the public. I don't say that he isn't exactly interested to that extent. But I have met a lot of people and meet a lot who couldn't care less. All they want is the last dollar in the deal. That's the fact, see. Now I don't know - I am no politician. Walter Jones is a great friend of mine up in Bergen County and Tony in Passaic County. I only met Commissioner Roe once in my life. I thought he was a very nice man and I don't think there is enough money in the State of New Jersey to buy or sale anyone you have had on your programs. I have met some of them. Some are very keen and alert and others could learn a little bit more about real estate. But generally speaking, I'd vote again for it.

Q All right. Mr. Wehran, I think we all agree that Green Acres is a great program. So you haven't sold us anything we are not aware of. In fact, that is the purpose of this Commission - really to implement Green Acres to its fullest extent and that is why we are concerned.

MR. FERRARA: I don't think, Madam Chairman, I have any more questions.

MR. TANZMAN: You wanted Mr. Wehran to send you several documents.

MR. FERRARA: Yes. I think there were some notes made of those.

MR. WEHRAN: Anything you want or anything that I said or stated on figures, I think I should give to you. Suppose I look through it and you toss at me what you want.

MR. FERRARA: Well, the Country Club lease - I'd like to be able to make a copy of.

MRS. HIGGINS: I am interested in the purchase price that Wilson paid for the Shepherd Lake property.

MR. WEHRAN: Mrs. Higgins, you have got that pretty accurate. \$475,000, of which - of course, the down payment doesn't interest you, but it does me right now after what Mr. Ferrara told me - you know, on that mortgage that I took.

MRS. HIGGINS: A \$75,000 mortgage plus \$5,000 that you paid for taxes, correct?

MR. WEHRAN: I paid it. Then I was sure it was paid.

BY MR. TANZMAN:

Q I show you these two closing statements, Mr. Wehran. One is the closing statement of the Ringwood Company - Shepherd Lakes and the other one is Ringwood Country Club to Shepherd Lakes. You can tell me if those are the correct statements.

A Well, as I told you, I didn't see this one.

BY MR. FERRARA:

Q That is the Country Club one? A I wasn't in on that. But this looks like the statement I brought down with me for you to look at. I'd say this is correct.

Q And that represents -- A That's a correct statement and I have one here, I think, a duplicate.

Q So for the sake of the typewritten record, the witness was referring to the closing statement that we had previously, showing the sale of Ringwood Company to Shepherd Lake Properties, and he has indicated that that is the closing statement. It carries your signature anyway, Mr. Wehran, on it also, and that is the total consideration that was paid by Wilson to you. A That's right. I didn't

get no more directly or indirectly. In fact, I am wondering where I'm coming off right now with that \$80,000 mortgage. I came down here on a nice day and a nice interview and you go and upset my mind.

MR. WEHRAN: By the way, I have a letter which clears up that revenue stamp business if you want it. Remember you asked me about the difference in the revenue stamps on the deed.

MR. FERRARA: The one from Shepherd Lake or Florida Lakes?

MR. WEHRAN: No. This is from Mr. Wilson. There was a difference in the stamps that were affixed to our deed. You asked me about that.

MR. FERRARA: Yes, I did. We looked at the closing statement.

MR. WEHRAN: There is an explanation. [Mr. Wehran hands paper to Mr. Ferrara.]

BY MR. FERRARA:

Q The indication on the closing statement then is correct that the total revenue stamps were \$275 - \$200 and then there was a \$75 amount of stamps. A Yes, but there was no fenagling there or anything.

MR. FERRARA: No.

MR. WEHRAN: Did you want to see anything else on Shepherd as to the mortgage?

MR. FERRARA: The lease, if you have it, with the Country Club. It is not of record and I would like to have a copy of that for the Commission if possible.

MR. WEHRAN: There is the same statement I was going to give you that you just showed me, exactly the same.

MR. TANZMAN: Maybe the young lady could photostat it and send it.

MR. FERRARA: If your daughter would make a note of the lease from the Country Club --

MR. WEHRAN: Anything you want, we will see that you get it.

MR. FERRARA: I am trying to think what other items we have asked for. Mr. Alito, what was the other item?

MR. ALITO: A copy of the Country Club lease and the mortgages on the Copper Hood Inn or Restaurant.

You wanted some data on the mortgages, the balance due.

MR. FERRARA: The balance due on the mortgages at the time you placed your mortgage.

MR. WEHRAN: Oh, I think I even have that here some place.

MR. FERRARA: I think if you send that up to us it will be fine, Mr. Wehran.

MR. WEHRAN: I have that because I asked this fellow to check it before I took the mortgage, also a copy of the mortgage itself which you can have.

MR. FERRARA: All right.

MR. WEHRAN: In fact, any of the papers that you call for that you tell me that you want, I can give them to you either before I leave if they are in our files or we will send them to you.

MR. FERRARA: We have one more witness and that was the only reason why I wanted to get on with this. I don't think there is anything else, Madam Chairman.

MR. WEHRAN: I will see that you get a copy of the lease and incidentally, while I am here, if you want to look at it - I don't know whether legally you can make me give it to you - not that I give a hoot - but if you find anything extra in here, I'll split with you. This is the internal revenue statement. But there it is. I made a copy of it. There is your price on Shepherd Pond - see it - \$475,000.

MR. FERRARA: Let me just for the record, read that. Then we don't have to bother you.

MR. WEHRAN: Oh, I am going to send that to you. But you send it back to me.

MR. FERRARA: Fine.

MR. WEHRAN: I don't usually hand my income tax papers out. But they roll us in and out of the barrel. So I am used to that.

MR. FERRARA: The record would indicate on a tax return for Mr. Wehran - for the Ringwood Company in the calendar year 1961 that the Shepherd Pond selling price was set up at \$475,000, with a cost of \$91,000 plus and a gross profit of \$383,000.

MR. WEHRAN: We didn't do bad at that, did we? Of course, the government got most of it. You know, by the time we pay the taxes on these - we regard them as ordinary income --- Here you are, Mr. Ferrara. You can look at this one while you are at it. Here is your income tax on that Greenwood Lake Shores. See if I can find it for you. Here it is. There is the price [indicating]. You look it over.

MR. FERRARA: I am also referring to a corporation tax return for the year 1957 of the Ringwood Company, in which one of the schedules attached thereto indicates a selling price for a certain property, which we refer to as the Florida Lakes Property, of \$225,000, a cost of \$24,800 and a gross profit of \$200,200, with current year collections, which

would apparently indicate the down payment, of \$25,000. It would appear that the installment sale method of accounting was probably going to be used in reporting on this transaction.

MR. WEHRAN: That's correct. Now here is the other one on Levine, the 800 acres. I think you will find what we sold that for and I assure you I took this right out of the broiler up there and copied it for you.

MR. FERRARA: I am looking at another tax return for Ringwood Company for the year 1963, wherein a sale of certain property, which we refer to as the Levine property, is set forth. It indicates a selling price of \$600,000, with a cost of \$75,000 plus and a gross profit of \$524,000 plus.

MR. WEHRAN: Gee, I'm worse than Wilson. But still it is cheap against what they've been bringing.

MRS. HIGGINS: Well, thank you very much, Mr. Wehran, for coming. We hope you won't have too warm a ride back.

MR. WEHRAN: Well, I hope I didn't bore you or annoy you.

MR. TANZMAN: You were very helpful.

MRS. HIGGINS: We appreciate your openness and your descriptive analysis of the transactions.

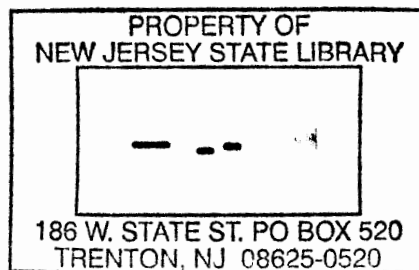
MR. WEHRAN: Well, I'm not going to have anyone -- I'm not going to perjure myself for any of the deals.

MR. TANZMAN: I am sure of that.

MR. WEHRAN: And I have everything you want. Anything you want, you can have it. So it is up to you to let us know. My daughter will see that they are delivered personally or we'll send it to you.

MR. FERRARA: Fine, Mr. Wehran. Thank you very much again.

- - - -



AFTER RECESS.

MRS. HIGGINS: Good afternoon, Mr. Wilson. For the purpose of this hearing, we have asked our witnesses if they would follow the customary procedure and stand and raise their right hand. Will you do that, please.

J O S E P H W I L S O N, being duly sworn according to law, testified as follows:

MRS. HIGGINS: This is Mr. Norman Tanzman, Assemblyman, and Mr. Michael Ferrara, our counsel.

I am sorry that you had to wait a while but, unfortunately, we had other witnesses before you.

BY MR. FERRARA:

Q Mr. Wilson, so that you may be aware of what is taking place, if you are not, this is a legislative committee which has been set up for the purposes of looking into the acquisition of land by the State of New Jersey in its entirety and to try to determine whether or not there is any better procedure that could be set up, any areas that could be corrected, in order to expedite the programs and carry them out as the State desires. In particular today, at the request of Commissioner Roe of the Department of Conservation, this Committee is looking into, in this regard today with you, the properties up in the Ringwood area generally referred to as the Ringwood Country Club and certain other properties that were involved and acquired by the State up in that area.

Do you have any questions in that regard, Mr. Wilson?
Do you understand the format of it? A Definitely.

Q Now, as we understand it, you have handled the sale

of some of the properties up there to the State. Is that right? A Yes, we have.

Q Directing your attention to the Country Club property, the Ringwood Country Club property, did you handle that transaction? A Yes.

Q Were you paid a commission on that transaction? A Yes, I was.

Q How much was your commission? A Well, you know what it is.

Q I don't, really. A No?

Q No, I don't. A The commission, as for the contract and the check I received which was payable to the Wilson Agency, my company, and to Shepherd Lake Park Properties, Inc., was in the sum of \$125,000.

Q Shepherd Lake Park, Inc.? A Yes.

Q Who were they? A They were the owners.

Q Shepherd Lake Properties, Inc., I think is the name. A That's right.

BY MR. TANZMAN:

Q Were they co-brokers with you in this transaction? A No. They were the owners and the check was made payable to them and to me.

Q It was in effect your commission? A It was in effect my commission, yes, me and the Wilson Agency, which is a corporation in the State.

BY MR. FERRARA:

Q Did you have any other co-brokers in that transaction? A No.

Q So that the full \$125,000 was received by your agency? A Right.

Q And is reflected in your tax returns for that particular year? A Yes.

Q Would you have your tax return with you?

A No, my tax return I don't have but I can certainly make it available. I honestly - you know, I came home on a Friday night about 11 o'clock to find out I had to be here on a Tuesday, which means that I had to spend all day Monday doing things hectically to get away for today. One of the things I will have difficulty getting, because I have to get it from my accountant's office not in the immediate area, would be that, and I thought maybe it was in error - why would you want my income tax? But I would be glad to bring it up.

Q All right. Will you make a note, please?

A Yes.

MR. FERRARA: And, Sam, if you would, please?

I would like to see how that was handled.

Q Now, can you tell us, Mr. Wilson, how you came about making contact for the sale of this property, the Country Club property? A Well, it really began about three years ago, and I want to point this out because you have asked and this is certainly your wish, to see how things can better be facilitated or how more efficiently our state organization can run, and I would like to tell you this. We received word, one of my salesmen did, through the county planning board that the State was interested ⁱⁿ some land on Greenwood Lake, which is a 9-mile long lake. Half of it is

owned by the State of New Jersey and yet the State of New Jersey had not one access to it -

Q Half of what is owned by the State of New Jersey?

A Greenwood Lake.

Q I see. A And yet they had no frontage. Somebody on the Park Commission was very interested in acquiring anything that might be available.

Q The County Park Commission or the State? A The State Park Commission, but it was through the county that one of my salesmen heard this, and the salesman had tried to place this through Green Acres on a county-state, 50-50 proposition. It was just when Green Acres was formed, practically, and we were advised it would be too hectic, would take too long, and it would be best to make it a direct state acquisition. Well, mind you, we have a piece of property here that was bought from people who were in difficulty, 325 acres, which sold for \$398,000.

Q Which piece of property was that? A Shepherd Lake Park.

Q Shepherd Lake Country Club? A No, Shepherd Lake Park. This was a quarter of a mile lakefront, 325 acres, purchased on Greenwood Lake.

Q Let me ask you something, Mr. Wilson. Did that property ultimately come to the State that you are talking about? A Yes.

Q Was this the property that ultimately was bought through the Florida Lakes Property Corporation? A What did I call that?

Q You said Shepherd Lake. A Oh, I'm sorry.

Q All right. I don't want to be confused.
This was the Florida Lakes Property? A Yes, the
Florida Lakes Property; that's right. This was three
years ago.

Q You were the broker on the Florida Lakes property
contract? A Right. It took me a year and a half,
practically living in Trenton, to get the State to acquire
something that the Park Commission was desperately after.
Now, what can be done to remedy this, I don't know, but
that's a long time to sell a piece of property as cheaply
as this was sold. I think this was purchased about 1961,
if I'm not mistaken. It's over a year and a half ago.
So this is how we became acquainted with Shepherd Lake.

Q Let me ask you something. As long as you have
mentioned the Florida Lakes property, let me just stay
with that a minute. Who was the owner of the property
that you made contact with on the Florida Lakes Property?

A Wheeler, William H. Wheeler.

Q How did you make contact with Mr. Wheeler?

A Through the salesman. Actually this property came to
us for sale as a subdivision up in West Milford. They had
it subdivided; they had great plans for it.

Q It was subdivided already? A Yes, they had
approvals on some sections of it. Florida Lakes Park
properties had preliminary approval on, well, maybe, 30 or
40 lots.

BY MR. TANZMAN:

Q How many acres would that encompass? A 25 acres.

Q How many of the acres were preliminarily approved?

A Oh, a very small percentage of them. You see, they had some road frontage there.

Q Five acres? Ten acres? I am just trying to get an idea. A I would say about 10 acres.

Q Ten acres out of 300, so it was negligible.

A That's right.

BY MRS. HIGGINS:

Q Was it frontage on the lake? A Yes, frontage on Greenwood Lake.

Q Building plots? A No, no. It had the ability to make a good beach but it had to be cultivated; sand had to be brought in; but it had the topography - it was shallow and would make an ideal park.

Q The plans weren't filed for the beach front?

A No, this was a preliminary. It doesn't mean final.

Q I understand. A It was preliminary approval.

Q Let me just say for the sake of the record that Mr. Tanzman is a real estate man of long standing, with all sorts of appraisal degrees, and Mrs. Higgins is connected with real estate indirectly through her husband, so she is familiar with it. A Right.

Q And any technical terms you use I think we will be able to handle without any problem. A All right. Fine.

Q Now you say there was some preliminary approval on a small portion of this Florida Lakes property?

A Right.

Q Now, you say you made contact with Mr. Wheeler?

A Right.

Q And where does Mr. Wheeler live? A New York.

Q How did this come about that you made contact with Mr. Wheeler? A Well, in order to procure a listing we had to get it from the secretary and the president of the corporation. He was the secretary and his wife was the president.

Q Was there a sales person in your office that got this listing? A Yes.

Q Who was that person? A Mary Moran.

Q Mary Moran is the saleswoman who got the listing for you? A That's right.

Q Did Mr. Tallia have anything to do with this property? A Yes, there was a Mr. Tallia who was a very, very small owner. He had some shares in the property. He had made them a loan and I guess they couldn't repay it so he wound up as a part owner.

Q Do you know of anyone else who was connected with that corporation, Florida Lakes Corporation? A Yes, there was a Mr. Ford and a Mr. McGoldrick.

Q Did Mr. McGoldrick live in the area, do you know? Do you know Mr. McGoldrick? A Yes, he worked for the same bank that I do business with.

Q What is the name of that bank? A First National Bank of Passaic County.

Q He works for them? A Yes.

Q And what is his position in the bank? A I don't know.

Q Is it in an officer capacity? A I think he was an officer.

Q And you say he was connected with this Florida Lakes Corporation? A That's right. He had a small interest but Mr. Wheeler, Mr. Ford; the New York attorney and his wife were the real principals. Anyone else was just minor, almost negligible.

Q So McGoldrick, Ford- A No. McGoldrick and Tallia had a very, very small interest. There were a couple of others. I think Mr. Ford's son might have been involved. The biggest shareholder was Mr. Wheeler.

Q And Mary Moran made contact, you say, with Mr. Wheeler in some fashion and obtained a listing of this property to sell to the State? A Well, she didn't obtain the listing. We obtained it together. This is how I had to get tough with Mr. Wheeler in order to obtain this listing.

Q And Mr. Wheeler, you say, lived in New York? A That's right.

Q Did you handle the negotiation with the State? A Yes. When it came out of the county -

Q Who in the county did you have contact with? A Somebody in the Parks Division connected with the Passaic County Golf Course.

Q The Planning Board? A And on the Planning Board. Mary had the contact but when it had to come out of the county in order - we waited and waited and nothing was ever accomplished and we were getting pressured by the

owners, and we were advised to bring it to Trenton, and this is when I brought it to Trenton.

Q And someone in the county said, "Look, you might just as well go down to Trenton and make contact--"

A Right.

Q And what did you do? Can you tell us when you made contact and how you made contact? A Through Howard Wolf. Howard Wolf was the one in the -

Q Wolf? A Yes.

Q What is his capacity? A He was with Green Acres - I don't know - he was in Land Acquisition.

BY MR. TANZMAN:

Q For the State or the county now? A For the State.

BY MR. FERRARA:

Q All right. He made contact with you in some fashion? A I made contact with him.

Q Oh, I see. A He came up to Passaic County to give a talk on Green Acres and this is where I met him and this was where it was decided that probably the best way to handle this would be through the State.

Q Then what did you do? Can you tell us about the time this took place? A About three years ago.

Q Now, let's see if we can put it at the beginning or the end of the year. This is 1965 - the beginning of '62?

A No. It will take me a while - no, not 1962.

Q 1962 I said - three years. A No, '62 is this latest one - Thunder Mountain.

Q No, no. I want to stay with Florida Lakes. Well,

it was closed in December of 1962 to the State of New Jersey.
Would that help you at all? A No. What was closed in '62?

Q The title . The Florida Lakes Property was sold to the State of New Jersey in December of 1962. A If it's important to you I might as well find out. [Looking at papers] I would say it was the very latter part of 1961 that we began working on the sale of Florida Lakes Park.

Q The latter part of 1961? A Right.

Q And who were you working with at that time, when you say you started to work on it? A Well, with the owners and with the county. The latter part of 1961, and in the early part of 1962 we were already in correspondence with the State of New Jersey.

Q That's what I'm talking about - the early part of '62? A Right. In January - or sooner - January 18.

Q And this negotiation in January was with whom?
A Are you talking about with the owners or the sellers?

Q The state level. A Everybody, every department imaginable.

Q Departments connected with the State?
A I went through every single, solitary department from the bottom on up. I wound up arranging on the ground while the Commissioner came out of the sky in a helicopter just to spend a few minutes talking with me up at Greenwood Lake Airport - right from the very bottom to the top. I never gave up.

Q I am sure that Sam Alito could tell you a few departments you haven't been to in the State.

MRS. HIGGINS: You wouldn't have the time to go to every department we have in the State.

THE WITNESS: No, I guess not.

BY MR. FERRARA:

Q Who were you dealing with on the ownership level at that time? A Mr. Wheeler entirely.

Q Mr. Wheeler. And your contact with him was in New York? A Right.

Q When - or did Mr. Wheeler ever make contact with the State personally, directly? A Contact with the State personally?

Q Yes. A I don't think so. I even recall a letter that he wanted sent to the Commissioner because he was becoming very impetuous, because he even mailed that through me.

Q And your recollection is that he never met actually with anyone from the State? A Oh, yes. We had them - oh, my goodness, yes. We came down here many times to negotiate.

Q O.K. A As a group - the president, the secretary - only to find out we had come down in vain, many, many times.

Q All right. And ultimately this property was sold for three hundred and - what was it sold to the State for? A \$398,000.

Q Three hundred and what? A \$398,000.

Q And what was your commission? A Less than 10 per cent - \$35,000, somewhere in there, plus or minus. That was the office commission.

Q Commission to the office - of how much?

A About \$35,000.

Q In other words, you took something less than 10 per cent? A It's right here. \$38,000 - not much less, after a year and a half.

Q \$38,000. And that was reflected in your tax return and handled by the company the same way, with no co-broker connected with that? A No, just salesmen's commissions - inter-office.

Q An inter-office setup. And your tax return would also reflect - was that the same year? What year was that? 1962 that would have been; that was the year I think just indicated - A No, that's '63.

Q It was sold to the State December 20, 1962 - A Yes.

Q - the Florida Lakes property. A I got my commission - oh, it could be. I have a letter here referring to that. Let's see - the latter part of '62 or the beginning of '63.

Q I was just concerned as to which year's tax return it would have been included in. A Oh, you want that one too?

Q Yes. I would like to have each of these. A Why?

Q One of each of these. A Why? You're not the Internal Revenue, are you?

Q Well, let me say this: I think it does become important to this Committee and I think it's up to the

Committee to determine what we need. A All right.

Q You can bring it to me; I'll look at it -

A Can I bring it to Hackensack - or do I have to come down here?

Q You sure can. A And you'll look at it and you'll give it back to me.

Q I'll give it back to you. I'll make my notations on it and I'll give it back to you.

A All right.

Q Are there any other transactions that you've had with the State of New Jersey for the purchase or sale of land? A Thunder Mountain.

Q Besides Thunder Mountain and Florida Lakes?

A No. That's the last one, Thunder Mountain - and there never will be another one.

Q All right. Coming back quickly then to Thunder Mountain, do you know what the total purchase price was of Thunder Mountain? A \$1,316,000.

Q All right. That is what you were starting to tell us before. You had known about Green Acres as a result of the Florida Lakes property and you still thought you could put up with some of this and you made contact with the Ringwood County Club. A Do you think we are finished with Shepherd Lake for a while?

Q Oh, Shepherd Lake - Tell me - A I mean, the Florida Lakes file.

Q Yes, Shepherd Lake is what I want you to tell me about. A It would be easier for me to refer to

this as Thunder Mountain.

Q Thunder Mountain is fine. Each person has their own-- A All right. Now, your question was what?

Q Well, you gave me the total selling price and the commission. A Right.

Q When did you make contact with the State of New Jersey on that transaction? A This, I think, I did get a chance - I knew you were mostly interested in Thunder Mountain and I did get a chance to summarize on a separate sheet, so this will save a lot of time. I started with Thunder Mountain in the spring of '62.

Q Who did you make contact with? A It was in the Land Acquisition Department - oh, this is parks. It was, I think, Mr. Trunser - Joseph Trunser from Parks. He has been with the Parks Commission for a long, long time, a very wonderful man.

BY MR. TANZMAN:

Q Is this the Passaic County Park Commission you are talking about? A No, this is the State. I had one direct route on this one. Incidentally, I didn't come in contact with Shepherd Lake for the purpose of selling it to the State. I was trying to convince Mr. Wilson into a sub-division, the properties there.

BY MR. FERRARA:

Q When did you try to do that? A The early part of 1962.

Q The early part of '62 you made contact with

Mr. Wilson to try to get him to sub-divide the land for the purpose of developing and sale. A Right.

Q And what happened? A Well, it turned out to involve a great deal of expense and time, and Mr. Wilson was not interested in any sub-dividing, because this man is a real nature lover. He is one of the world's foremost hunters and fish mean more to him in many cases than people. He's a real nature lover, a real huntsman, a real sportsman -

Q He wasn't interested, you say, in sub-dividing? A No. And when you really lived with this man a while and when you got his thinking, and so forth, it just clicked and it should have clicked sooner. You see, the thing we had found with Florida Lakes properties is that we had picked up a wonderful piece of land, lake front, a quarter of a mile. There is nothing left like it on the lake, nothing to even compare with it, as rocky as it was. It just was the only thing left. That's right. When you realize, or when we realized at the time that the problem was that that may lay there for 30 years, because the State Park Commission just doesn't have any money to develop anything with.- they are struggling with what improvements they have, year in and year out - and what a shame it was that maybe the next 30, 50 or 100 years nobody would be able to utilize this.

BY MR. TANZMAN:

Q You mean that nobody would be able to use Florida Lake because of the terrain, the rockiness, and

so forth? A No. Because of the money it would take to improve it, like the parking. Mr. Trunser was explaining this to me. The cost to make parking facilities was astronomical, because the State doesn't just lay macadam, they lay it like a road. I forget what it was a car - something like \$300 per car. A thousand cars is \$300,000 just for parking, and we didn't begin with club house and beaches and everything else up there.

BY MR. FERRARA:

Q Let me ask you. We have gone off a little bit, and I know why Mr. Tanzman asked the question about the condition of Florida Lakes. I want to stay with the country club. You made contact originally with Wilson -
A Right.

Q - for the purpose of trying to sell him the idea of developing this land or subdividing it and selling it for developing, and he said no or indicated that the cost was too high - A Right.

Q - the cost of developing the country club would be too high for selling purposes? A Well, it would be more time consuming than anything else, and he wasn't interested. He started to develop a very good income, and the fact that we could start here right off with a park and convincing Mr. Wilson that it could be sold as a park, very probably to the State, and it could possibly be a cash proposition and it would remain forever and ever as a park - the thing that he was trying to develop.

Q All right. So that, based upon that, in the spring of 1962, you made contact with the State of New Jersey. A Right.

Q And you contacted Mr. Trunser and you started -
A Right.

Q Now, tell us what took place from that point on, the spring of 1962. A Well, it wasn't hard to convince people in Parks that here they not only could buy land but they could buy a going park. And we worked from Mr. Trunser to his superiors, well two of his superiors, to the head of Parks, which was a Mr. Creveling, another very wonderful man. But after six months and a year go by, you find out that all the enthusiasm you have created has suddenly disappeared, and where is it laying? So you will find that maybe it's laying over in Joe Barber's office.

Q Who is Joe Barber? A Joe Barber is the Deputy Commissioner, and has been for a long time. He was also the Deputy Commissioner of Fire. So I wind up in Mr. Barber's office and there isn't much he can do outside of meetings and conferences and you wind up back over in Land Acquisition and then maybe, after a year, if you're lucky, you have somebody saying, "Well, let's go out and get some appraisals on this so that we can negotiate."

Q Well, what did happen? In the spring of 1962 you made contact with the State. Then what was the next thing? You say there was some delay - what was next? Did you have some appraisals made by the State?

A Yes. The State had to go out and make three appraisals.

Q When did these appraisals take place? A Gee, I don't know.

Q Well, in '62 what was the next thing you did? You were negotiating this transaction with the country club, as I understand it.

BY MR. TANZMAN:

Q To save us going through all these phases, when did you actually enter into a contract? A With the State of New Jersey. On the 15th day of November, 1963.

BY MR. FERRARA:

Q 11/15/63 you went into a contract? A That's right. Well, I didn't. By this time Mr. Wilson and I were not on speaking terms because he never wanted to sell for the \$1,316,000. He originally wanted \$1,500,000 and he was now beginning to look -"I could easily get a million and a half from other sources!" He discovered he had developed an income here of over \$80,000 a year by that fall, because the whole summer had gone by since the time that he was negotiating with the State. So it became strictly a matter between the State of New Jersey, people out of the Attorney General's Office, the Commissioner, and people out of Acquisition who were negotiating with Mr. Wilson in the purchase of this property, and there had to be delays, there were extensions, and it was out of my control.

Q So in November of 1963 a contract was entered into. A November of 1963, that's right.

BY MR. TANZMAN:

Q Mr. Wilson was a reluctant seller at this time?

A Yes, very much so. Very, very much so. And the same thing happened to me with Florida Lakes Park. It happens on most every deal, just about when you are ready to negotiate and you've got people interested, you always find there is somebody comes along, especially when it takes a year and a half. Things change a lot in a year and a half, Values change a lot. I'm in a community in Wayne, New Jersey, where you watch acres go up before your eyes at \$2,000 per year. Here is something at a year and a half. So it's understandable, and then you wind up in difficulty with the sellers; they're fed up with you; and it sounds like a lot of money but by the time you get through with Uncle Sam and your office expenses and you find out what you've neglected in your own office, you've got to start all over again. It has taken eight months to get where I was a year and a half ago. So you made \$30,000 in a year and a half. This is what you report, net, in your income tax, \$30,000.

BY MR. FERRARA:

Q I can understand your problems. I think you have answered any questions I had. These are the only two transactions you have had with the State? A That's right.

BY MR. TANZMAN:

Q Just let me ask you this: Do you feel that this was good value? A A fabulous value.

Q Do you think the property was worth more at the time the State bought it? A Oh, I think it was easily

worth a million and a half, and I think it's worth a heck of a lot more right now, and I'd like to tell you why.

Q Go ahead. A I'd like to tell you why.

BY MRS. HIGGINS:

Q Oh, I think we could understand one reason why is because the price was set. I want to find out before you go into that: Would you explain to us what you know as the purchase price Mr. Wilson paid this property?

A Let me give you a little before that, what I know went into this property. The Ringwood Country Club bought this property from Fred Wehran under a lease basis--

BY MR. FERRARA:

Q We understand about that. We understand the background - A For \$550,000.

Q For \$500,000 - we know all the details. A Did you know the Ringwood Country Club spent \$600,000?

Q No, but we know what the Country Club put into it to some degree. Now, if you are telling us it is \$600,000, this is in complete disagreement - A Let me tell you as a shareholder of the Ringwood Country Club, a small shareholder of the Ringwood Country Club -

Q Yes, I can agree - A The Ringwood Country Club received 40¢ on the dollar from Bill Wilson, except for a small amount of notes.

Q They were paid to the persons who were secured because of the liquor license probably. A That's right.

Q All right. Now, what I am more concerned about -

you started to indicate there were \$600,000 worth of improvements. A We gave a mortgage for \$235,000 -

Q \$220,000. A All right - \$220,000.

Q I am still concerned, Mr. Wilson, with the \$600,000 improvements which you say the Ringwood County Club put in. A That represented approximately 40¢ on a dollar. This is what the shareholders got of the Ringwood Country Club.

Q Don't give it to me in reverse fashion. You told us that, as a shareholder of the Ringwood Country Club, you know that there was over \$600,000 worth of improvements put on the country club. A That's right.

Q Can you tell us - that's what we are interested in - tell us what were the improvements that were put in that amounted to \$600,000 or in excess of that?

A There's a club house there that the architect, who built it, told me cost over \$200,000, and that is Mr. Carl Loven.

Q We know who the architect is. Go ahead.

A The beaches that were improved. This was a lake - the moving of land - it was like a miracle. They moved almost a mountain off of the lake front of this property, installed a dam, put in the beaches.

Q You are talking about the beaches in front of the club house? A There were two beaches. There was a magnificent children's beach over to one side -

Q Yes, but it's all in the area in front of the club house? A That's right, in front of the club house.

Q What did that entail? A They put in a road. I don't have it down. All I know is -

Q Oh, I thought you had some information that would indicate- A I can give you only this. We received 40¢ on a dollar, \$220,000, representing a little better than 40¢ on the dollar.

Q Mr. Wilson, just so the record is straight: The mere fact that some stockholders or creditors received 40¢ on a dollar, would that indicate necessarily the cost of improvements? It might indicate the cost -

A The majority of the people -

Q Just a minute, Mr. Wilson. It might indicate that money was spent but that doesn't necessarily mean that the money went into improvements; for example, and this may not be applicable here - a person could draw \$500 a week salary and could eat up moneys that were invested- A Men lost fortunes here.

Q Mr. Wilson, give us the \$600,000 in improvements. A That's the only way I can give it to you.

Q How? A Just like this - what we received for value spent, and no high-priced salaries. Many people worked for nothing, competent - very, very prominent men worked here day and night as chefs, like cooks, like waiters - men with big businesses who lost their-

Q Mr. Wilson, that is exactly the point I am

making. You are talking about operating expense in one instance, and I am talking about improvements now.

A The operating expenses were at a minimum. They received nothing as compensation.

Q What were the improvements? A The club house, the excavation of land.

Q What excavation took place, do you know?

A Yes, for the entire beach area.

Q How big was the beach area? A How big was the beach area?

MRS. HIGGINS: You want to know the cost, Mr. Ferrara?

MR. FERRARA: He doesn't indicate, Madam Chairman, that he has the cost, but he made a statement that it was \$600,000, which would be quite interesting to this Committee, because it doesn't tie in with anything we have had before.

MR. WILSON: Have you spoken to any members of the Ringwood Country Club?

MR. FERRARA: We have substantial information, Mr. Wilson, and I am concerned and this Committee is concerned that if there was \$600,000 -

MR. WILSON: A fortune was lost.

MR. FERRARA: That is not the answer.

MR. WILSON: On improvements, not in anything but improvements. Salaries were very minimal.

BY MR. TANZMAN:

Q Let me ask you one question: Could you - would it be possible for you to get some substantiation of this money from the records of the Ringwood Country Club? Would it be possible? This would be of extreme interest to this Committee. A I could try.

Q If you could show us that \$600,000, or close to \$600,000, was spent on physical improvements, not, as Mr. Ferrara says, on operating expenses- A Well, let me tell you something. There's a value here. I don't know whether you would consider it or not, as far as Bill Wilson is concerned, they spent money on advertising, or there was money spent on advertising that eventually brought Mr. Wilson an income like \$80,000 a year on this property. This represents value. They publicized the property.

BY MR. FERRARA:

Q Mr. Wilson, I don't want to confuse advertising costs and operating expenses with improvements. A But there is value here.

Q Just a minute, Mr. Wilson. I didn't go into appraised value or market value with you. I have done that with appraisers for a reason. Now, I will go into that with you substantially if you would like. At this moment, all I am concerned about is - when you indicate \$600,000 improvements that were made by the Country Club - A I didn't say improvements, to begin with.

Q Oh, I'm sorry. A I said that the Ringwood Country Club had lost - invested in this property - over \$600,000.

Q Oh, all right. A How much was in actual land improvements, I don't know.

Q That's what I would like to know. A When you advertise a piece of property, you help increase its value. You can't just say land improvement.

Q Mr. Wilson, I'll come to value with you in great detail- A All right.

Q On improvements, are we incorrect in the assumption we had that there was \$600,000, that you thought it was that? A Over \$600,000.

Q Of money spent - A Spent by the Ringwood Country Club, and practically no salaries for anybody.

Q But you don't understand what the improvements were; you have no knowledge of what they were. A I understand what the land improvements were, but what the actual costs were I don't know.

Q Have you any idea of what the land improvements or building improvements were -

BY MR. TANZMAN:

Q Of this \$600,000, how much would you say was spent on physical improvements? A I don't know. I think this could be given to you item for item.

Q We would like to get it. A I would like to try that, yes.

Q Would you, please? A Yes.

MR. FERRARA: Will you please make a note?

[Addressing Mr. Alito] Sam, Mr. Wilson is going

to try to give us an itemized cost of the improvements made by the Country Club.

MR. TANZMAN: I think that is very important.

MR. FERRARA: I think we probably have the information some place.

Well, let me say this: We are talking about improvements, but as to values, unless the Committee wants to go into that - do you want to go into values, appraised values, market values?

MR. TANZMAN: No, I think Mr. Wilson has expressed himself. He indicated he thought it was a good buy, he thought it was worth more money. I don't know what else -

BY MR. FERRARA:

Q If you are talking about good value, and, Mr. Wilson, I assume you would have to talk about what a buyer, a developer, would pay for the land, and how he would arrive at his cost for the land; is that correct? A That's right.

Q And in doing so, he figures out what his cost per lot or per acre is and the raw cost and he adds his improvement on it, is that right? A Right.

Q And, in this instance here, a value of \$2500 or \$2800 an acre for this land at that time in the raw state - A Raw?

Q Raw state - was a good price? A There was

nothing raw about this land, nothing whatsoever.

Q For development purposes, how much improvements were made, besides the building? A It had a road, a paved road, coming in here that had - well, I don't want to get emotional about what the Ringwood Country Club had to do to get this road. It had paved roads -

Q Are you talking about Shepherd Lake - Pond Road coming in from Sloatsburg? A Yes.

Q I am talking about on-site improvements. A I would say there were over - on-site improvements?

Q On-site. A I am talking about on the property.

BY MR. TANZMAN:

Q You are not talking about the road beyond the boundary of Shepherd Lake? A No, oh, no, - in -

Q Within the perimeter? A The roads, the excavation - the lake itself, roads coming in; it had sewers, it had water; in other words, it had utilities.

BY MR. FERRARA:

Q A sewer system, or a septic system? A A sewer system, capable of taking care of so many homes, over a hundred homes, a disposal plant.

Q There was a disposal plant? A Yes.

Q Where was this disposal plant? A Behind the club house.

Q And how many homes did that take care of? A A hundred homes. It was designed to take care of at least a hundred homes. Let me say one thing to you: I

heard a few comments from Fred about comparisons - lake-front, \$200, \$150, \$175 a front foot - Shepherd Pond - you would have to go out and find a Hope Diamond again to come up with anything comparable to Shepherd Pond. When you talk about Cupsaw Lake - now I have an office on Cupsaw Lake and I live at Cupsaw Lake - you are talking about a man-made lake that is literally a catch-all for septic tanks and improvements that were built 30 years ago and now obsolete, and, let me tell you, \$150 a front foot on this septic tank of a lake is nothing to get, and to compare it with a gem in the metropolitan area like that 80 acre Shepherd Pond - there's nothing like it. It is fantastic.

Q Your real estate enthusiasm, Mr. Wilson, as well as your stockholding interest in the country club moves me, but - A \$1500 is all that I had in the country club.

Q All right. A The only thing comparable to this lake, and I think this is important to you, is to see Stirling Lake, and you cannot buy frontage on Stirling Lake.

Q Stirling Lake where? A Just up the road at Tuxedo.

Q Tuxedo Park? A That's right - no, not Tuxedo Park, at Stirling Lake. The land is not for sale. You may lease it at two or three thousand dollars -

Q Well, let me ask you this: As long as you - A There is no comparable.

Q There is no comparable land at all - A To

Shepherd Pond.

Q Greenwood Lake is not a comparable?

A Greenwood Lake - at the turn of the century Greenwood Lake was a pleasant place to go to. Greenwood Lake is literally a slum.

Q Because of the public participation in the lake?

A Right.

Q Too much activity, and it is not a private lake?

A It is like Appalachia, Greenwood Lake. It is.

BY MR. TANZMAN:

Q You are talking now about the private homes on the lake? A The private homes, the shore-front properties. Greenwood Lake has had it. It's what the Hoboken slums on Union Avenue were 50, 60, 80 or 100 years ago. This is what has become of Greenwood Lake today. To compare Greenwood Lake with Shepherd Lake could never be done. There is no comparison - in size, maybe - but never in setting, in beauty, in location, and in the naturalness of it. It's just unheard of. It's a gem, a real gem. And to go \$200 a front foot -

MRS. HIGGINS: Do you write your own sales brochures?

THE WITNESS: Yes.

A - to sell \$200 a lake front on Greenwood Lake is ridiculous. To lease a plot, a hundred-foot plot on Greenwood Lake at \$3,000 a year, and the State should do it, is no problem whatsoever, like they are doing at Stirling Forest.

BY MR. FERRARA:

Q You say there is a ready market for some 500 lots around Shepherd Pond? A 500 at least, yes.

Q Around 500 lots. A Yes.

Q Using 6,000 feet and using 125 foot -

A There's more than that, but go ahead.

Q There is more than 6,000 usable feet around the lake? A There is about 8,000 feet all told.

Q And is it all accessible to the country club?

A Safely, 6,000.

Q Of the 6,000 feet, is this all within the control of the country club, or was it all within the control of the country club? A Of these 6,000 feet.

Q No other persons had any right - A A small portion, St. Mary's -

Q All right, a couple of thousand feet. Would the 6,000 be usable feet around there? A Oh, absolutely, because they had close to 8,000.

Q The grade of the land was such that it would all be usable? A On lake property - have you, have any of you -

Q No, let's stay with this. A Yes, all of it usable. I don't care if you found solid rock, it's usable.

Q And you don't care about the grade of it; it doesn't make any difference what the grade of the land is?

A No, for lake front they'll build on anything. They'll build up in the sky if they can on lake-front property.

Q As long as they are overlooking the lake?

A Absolutely.

Q All right, fine. So with 6,000 usable feet, in your opinion, there would be approximately 500 lots.

A Right.

Q And it would be, in your opinion, 500 buyers who would pay in the area of \$20,000 for a raw lot -

A And not for 125 feet - \$25,000 for a hundred-foot lot.

Q On raw - A In the raw, as it is right now.

Q You can find 500 buyers that would pay that?

A Absolutely. I'd like to have the exclusive listing on that for one year.

Q What do you pay in Wayne for an improved lot?

A In Wayne?

Q Yes - a hundred foot lot in Pine Lake Lodge or Packanack Lake. A I just bought a lot in Ridgewood for \$18,000 - a hundred-foot lot.

Q In Saddle River, 2 acres of land you can buy for \$22,000, in the pearl of Bergen County. A And none of them compare with Shepherd Lake. You've got to go to Switzerland to find another Shepherd Lake. Go and look at it.

Q I've been there.

BY MRS. HIGGINS:

Q I didn't get an answer to the question asked - we got into a sales talk on Shepherd Lake. I asked what your knowledge was of the purchase - A It took this kind of enthusiasm to make the sale, Mrs. Higgins.

Q I'm not criticising you for your enthusiasm. I am only thinking of the element of time and we aren't thinking of buying lots at Shepherd Lake. I did ask you what, to your knowledge, was Mr. Wilson's price of Shepherd Lake. A Well, here's the only knowledge I have, and I have this from talking with Mr. Wilson. A cost of \$960,000, and my impression was -

Q I assume in negotiating with the State to sell the property you would have to quote some purchase price figures that Mr. Wilson paid for the property.

A No, I wouldn't have to. They would make every effort to find out what he had purchased it for, but their main interest is their appraisal figure. I have here in my notes - a first mortgage of \$470 at one time, a second mortgage of \$235 - you tell me it's \$220 - a third mortgage of about \$80,000, and others of over \$175,000, which in my opinion - this was my opinion as to what Mr. Wilson had invested, approximately \$960,000.

BY MR. TANZMAN:

Q This is what he represented to you?

BY MRS. HIGGINS:

Q These are all mortgages. A Mortgages and cash investment.

Q Oh, you didn't distinguish that. A It was hard to pin Mr. Wilson down to this. First of all, it was none of my business, and it really is none of anybody's business. Its value is what counts, not what somebody paid for it. For example, Mr. Wheran has bought property

at \$40 an acre, not so long ago, sold at \$80 an acre, and attended a closing at Stirling Forest at \$10,000 for the same stuff he sold at \$80 an acre, over a period of about 7 years.

BY MR. FERRARA:

Q \$10,000 an acre - over how many years?

A It can't be over a period of more than 7 years.

Q It's about 10 years for Stirling Forest.

A So it's 10 years.

BY MRS. HIGGINS:

Q Well, that wasn't what I asked you. I asked you what your knowledge of the purchase price was. If that is what you have, that's the answer. Thank you very much. A Well, the reason it was hard for Mr. Wilson - he claimed he couldn't give me exactly this because he had second mortgages in, he had property that he owned and he turned over to the Ringwood Country Club.

BY MR. FERRARA:

Q Except for your bringing those tax returns to my office and letting me look at them, I don't think I have any other questions. A You are not going to let me show you why the property is worth \$2.7 million today?

MRS. HIGGINS: I think we've heard enough of that today, Mr. Wilson. Thank you very much.

H E A R I N G A D J O U R N E D.



