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Notice of Appeal.

69—372.

In Chancery of New Jersey.

Between

CHARLES KNOPF,  
Complainant,

and

ALMA PARK, INCORPORATED, FRED-  
ERICK R. KNOPF, CHARLES S.  
HERMAN, UNITED STATES LAND  
DEVELOPMENT Co. INC., AR-  
CHIBALD ROSENBLATT, HAN-  
NAH ROSENBLATT, FLEDA WOOD-  
WARD, CHARLES G. WOODWARD,  
EXCHANGE REALTY COMPANY,  
INC., BOPAD LAND AND DEVEL-  
OPMENT Co. and LAKEHURST  
DEVELOPMENT Co.,  
Defendants.

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Notice  
of Appeal.

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To: JULIUS STEIN,  
Solicitor of Complainant.

Sir:

Please take notice that the defendant Bopad Land and Development Co. and Archibald Rosenblatt, and Hannah Rosenblatt appeal to the Court of Errors and Appeals in the last resort in all causes in New Jersey from the whole and every

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*Notice of Appeal.*

part of the final decree advised by the Honorable John H. Backes, Vice-Chancellor and made by his Honor, Edwin Robert Walker, Chancellor in the above entitled cause.

Dated: December 27, 1929.

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ABRAM I. BLUESTEIN and  
HELLER & BOSS,  
Solicitors of Defendants.

We can see that there is good cause for appeal in the above entitled cause.

ABRAM I. BLUESTEIN &  
AARON HELLER,  
Of Counsel for Defendants.

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**Petition of Appeal.**

IN CHANCERY OF NEW JERSEY.

<p>Between                    CHARLES KNOFF,                                    Complainant,                                      and    ALMA PARK INCORPORATED <i>et als</i>,                                    Defendants.</p>	}	<p>Petition of Appeal.</p>	<p>10</p>
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*To the Honorable Court of Errors & Appeals in  
the last resort in all causes:*

The Petition of Archibald Rosenblatt, Hannah Rosenblatt, and Bopad Land & Development Co. the appellants in the above entitled cause respectfully show that: 20

1. Petitioners find themselves aggrieved by the Final Decree made in the Court of Chancery of New Jersey by his Honor Edwin Robert Walker, Chancellor of the State of New Jersey, bearing date the 20th day of December, 1929, in a certain cause in said Court of Chancery, wherein the said Charles Knopf, is complainant, and the said Archibald Rosenblatt, Hannah Rosenblatt and Bopad Land & Development Co. et als were defendants, in this, to wit: 30

a. That the said decree adjudges that in a certain deed bearing date July 20, 1925, and recorded on August 11, 1925, in the Office of the Clerk of Ocean County in book 657 of deeds for said county on page 46, purported to be made by the Alma Park Incorporated and conveying lands to the 40

*Petition of Appeal.*

United States Land Development Co. Inc. was executed without the authority of the Board of Directors or stockholders of the Alma Park Incorporated.

10        b. That the said decree adjudges that neither the stockholders nor the Board of Directors of the said Alma Park Incorporated ratified the execution of the said deed aforementioned.

      c. That the said decree adjudged that the said deed was executed by Frederick R. Knopf, president, and Charles S. Herman, alleged secretary of the Alma Park Incorporated, fraudulently.

      d. That the said decree adjudges and decrees that said deed is null and void.

20        e. That the said decree adjudges that subsequently to wit: January 3, 1927, the United States Land Development Co., Inc. a deed purporting to convey a large portion of the land described in the deed from Alma Park Incorporated to the United States Land Development Co. Inc., to the Bopad Land and Development Co. which said deed was on January 6, 1927 recorded in the Office of the Clerk of Ocean County in book 728 of deeds for  
30        said county on page 37, but that said conveyance passed no title since the conveyance to the United States Land Development Co. Inc. passed no title to that company.

      f. That the said decree adjudges that the United States Land Development Co. Inc. received no title by virtue of the deed received from Alma Park Incorporated and that consequently the defendants Archibald Rosenblatt and Hannah Rosenblatt received no title from the deed purporting  
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*Petition of Appeal.*

to convey title to them, which said deed was made and executed by the United States Land Development Co. Inc. to the said defendants Archibald Rosenblatt and Hannah Rosenblatt, and which said deed was recorded on February 16, 1927 in the office of the Clerk of Ocean County in book 733 of deeds on page 44.

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g. That the said decree adjudges that on September 8, 1927 the said Bopad Land and Development Co. executed a deed purporting to convey a large portion of the land described in the deed from Alma Park Incorporated to the United States Land Development Co. Inc. to the Lakehurst Development Co. which said deed was on November 26, 1927 recorded in the office of the Clerk of Ocean County in book 769 of deeds for said county on page 19 but that said conveyance passed no title.

20

h. That the said decree adjudges that on January 7, 1927, the Bopad Land and Development Co. executed a deed purporting to convey a large portion of the land described in the deed from Alma Park Incorporated to the United States Land Development Co. Inc. to the Exchange Realty Company, Inc., which said deed was on January 21, 1927 recorded in the office of the Clerk of Ocean County in book 730 of deeds for said County on page 40 which said deed passed no title.

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i. That the said decree adjudges that on September 8, 1927 the Lakehurst Development Co. executed a mortgage purporting to mortgage a large portion of the land described in the deed from Alma Park Incorporated to the United States Land Development Co. Inc. to the Bopad

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*Petition of Appeal.*

Land and Development Co. to secure the sum of \$20,000.00 which mortgage was recorded on November 26, 1927 in the office of the Clerk of the County of Ocean in book 209 of mortgages for said county on page 101 but said mortgage was annul- and void and does not affect the premises in ques- tion.

10

j. That the said Final Decree adjudges that the mesne conveyances made by Alma Park Incorporated to the United States Land Development Co. Inc. from the United States Land Development Co. Inc. to the Bopad Land and Development Co., from the Bopad Land and Development Co. to Archibald Rosenblatt and Hannah Rosenblatt and other conveyances were null and void and of no affect as against the Alma Park Incorporated.

20

k. That the said Final Decree Adjudges that the deeds from the Bopad Land and Development Co. to the Lakehurst Development Co. and Exchange Realty Company Inc., and mortgage from the Lakehurst Development Co. to the Bopad Land and Development Co. are null and void and of no affect.

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2. Petitioners appeal from the final decree of the Chancellor upon the ground that the same is erroneous in that:

a. That the said decree should not have adjudged that in a certain deed bearing date July 20, 1925, and recorded on August 11, 1925, in the Office of the Clerk of Ocean County in book 657 of deeds for said county on page 46, purported to be made by the Alma Park Incorporated and conveying lands to the United States Land Develop-

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*Petition of Appeal.*

ment Co. Inc. was executed without the authority of the Board of Directors or stockholders of the Alma Park Incorporated.

b. That the said decree should not have adjudged that neither the stockholders nor the Board of Directors of the said Alma Park Incorporated ratified the execution of the said deed aforementioned. 10

c. That the said decree should not have adjudged that the said deed was executed by Frederick R. Knopf, president and Charles S. Herman, alleged secretary of the Alma Park Incorporated, fraudulently.

d. That the said decree should not have adjudged and decreed that the said deed is null and void. 20

e. That the said decree should not have adjudged that subsequently to wit: January 3, 1927, the United States Land Development Co., Inc. a deed purporting to convey a large portion of the land described in the deed from Alma Park Incorporated to the United States Land Development Co. Inc. to the Bopad Land and Development Co. which said deed was on January 6, 1927 recorded in the Office of the Clerk of Ocean County in book 728 of deeds for said county on page 37, but that said conveyance passed no title since the conveyance to the United States Land Development Co. Inc. passed no title to that company. 30

f. That the said decree should not have adjudged that the United States Land Development Co. Inc. received no title by virtue of the deed received from Alma Park Incorporated and that consequently the defendant Archibald Rosenblatt 40

*Petition of Appeal.*

and Hannah Rosenblatt received no title from the deed purporting to convey title to them, which said deed was made and executed by the United States Development Co. Inc. to the said defendants Archibald Rosenblatt and Hannah Rosenblatt, and which said deed was recorded in book 733 of deeds for Ocean County on page 44 on February 16, 1927.

10 g. That the said decree should not have adjudged that on September 8, 1927 the said Bopad Land and Development Co. executed a deed purporting to convey a large portion of the land described in the deed from Alma Park Incorporated to the United States Land Development Co. Inc. to the Lakehurst Development Co. which said deed was on November 26, 1927 recorded in the office of the Clerk of Ocean County in book 769 of deeds for said county on page 19 but that said conveyance passed no title.

20 h. That the said decree should not have adjudged that on January 7, 1927, the Bopad Land and Development Co. executed a deed purporting to convey a large portion of the land described in the deed from Alma Park Incorporated to the United States Land Development Co. Inc. to the Exchange Realty Company, Inc., which said deed was on January 21, 1927 recorded in the office of the Clerk of Ocean County in book 730 of deeds for said County on page 40 which said deed passed no title.

30 i. That the said decree should not have adjudged that on September 8, 1927 the Lakehurst Development Co. executed a mortgage purporting to mortgage a large portion of the land described in the deed from Alma Park Incorporated to the

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*Petition of Appeal.*

United States Land Development Co. Inc. to the Bopad Land and Development Co. to secure the sum of \$20,000.00 which mortgage was recorded on November 26, 1927 in the office of the Clerk of the County of Ocean in book 209 of mortgages for said county on page 101 but said mortgage was null and void and does not affect the premises in question. 10

j. That the said decree should not have adjudged that the mesne conveyances made by Alma Park Incorporated to the United States Land Development Co. Inc. to the Bopad Land and Development Co., from the Bopad Land and Development Co. to Archibald Rosenblatt and Hannah Rosenblatt and other conveyances were null and void and of no affect as against the Alma Park Incorporated. 20

k. That the decree should not have adjudged that the deeds from the Bopad Land and Development Co. to the Lakehurst Development Co. and Exchange Realty Company Inc. and mortgage from the Lakehurst Development Co. to the Bopad Land and Development Co. are null and void and of no affect.

3. Petitioners appeal from the Final Decree upon the ground that the same is erroneous in that: 30

a. The decree should have denied the relief prayed for in the Bill of Complaint and should have dismissed the same.

b. The decree should have provided relief for the defendants.

c. The decree by its very terms places the title 40

*Petition of Appeal.*

to the land in question back into the Alma Park Incorporated thereby benefiting Frederick R. Knopf a large stockholder in the said Alma Park Incorporated.

10 d. That the decree should have provided for a contribution by the Alma Park Incorporated to the defendants for the amount of stock held in said corporation by the said Frederick R. Knopf the person who delivered the deed.

e. That the said decree erroneously decreed that the deed from Alma Park Incorporated to the United States Land Development Co. Inc. and mesne conveyances were nullities.

20 f. That the court erroneously decreed that the deed was not an act of the corporation.

g. That the court erroneously adjudged that the deed of Alma Park Incorporated signed by Frederick R. Knopf and Charles S. Herman, secretary passed no title.

h. That the court erroneously decreed that the deed by the Alma Park Incorporated was not an act of the corporation.

30 Petitioners further find themselves aggrieved tioned portions of the said decree by which the Petitioners find themselves aggrieved may be wholly reversed, set aside and for nothing holden, and that petitioners may have such other relief in the premises as to this court shall seem proper.

Petitnoners further find themselves aggrieved because the court erred in refusing to grant to your petitioners a rehearing and a new trial, ap-

*Petition of Appeal.*

plication of which was made before the signing of the final decree.

ABRAM I. BLUESTEIN and  
HELLER & BOSS,  
Solicitors of Appellants.

AARON HELLER and      10  
ABRAM I. BLUESTEIN,  
Of Counsel with Appellants.

**Answer to Petition of Appeal.**

## COURT OF ERRORS AND APPEALS.

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Between

CHARLES KNOPF,  
Complainant-Appellee,

and

ALMA PARK, INC., *et als.*,  
Defendants-Appellants.

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On Appeal  
from the  
Court of  
Chancery.

Answer to  
Petition  
of Appeal.

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The answer of Charles Knopf, the above named appellee to the petition of appeal of Archibald Rosenblatt, Hannah Rosenblatt and Bopad Land and Development Co., the above named appellants, says that:

This appellee, not admitting the truth of all or any of the matters in said petition of appeal contained, for answer thereto admits nevertheless, that a decree was on December 20, 1929 made and

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*Answer to Petition of Appeal.*

entered in the Court of Chancery of New Jersey in the above entitled cause, for the purposes in said petition mentioned and as therein set forth, but as to the substance and form of said decree this appellee begs leave to refer thereto when the same shall be produced.

10 This appellee is advised and believes that the said decree is agreeable to equity; and he prays that the same may be affirmed with costs to be taxed in favor of the appellee.

JULIUS STEIN,  
Solicitor for and Of Coun-  
sel with Appellee.

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20 **Bill of Complaint.**

IN CHANCERY OF NEW JERSEY.

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

The complainant, Charles Knopf, residing in the City of Newark, County of Essex and State of New Jersey, respectfully shows that:

30 1. The Alma Park, Incorporated, is a corporation of New Jersey, duly organized on January 25th, 1912 under an act of the Legislature of the State of New Jersey, entitled "An Act Concerning Corporations (Revision of 1896).

40 2. The complainant was an incorporator of said Alma Park, Incorporated and originally owned 25 shares of the capital stock. The said complainant has continued to own and still is the owner of said 25 shares of stock. On February 16th,

*Bill of Complaint.*

1928, one Richard Knopf, assigned and transferred to the complainant, 30 shares of the capital stock of Alma Park, Incorporated. The said complainant is now the owner of 55 shares of said stock.

3. At the first meeting of the incorporators of the said Alma Park, Incorporated, held on January 27th, 1912, the complainant was elected a director of said company and has continued to be such director to this day. On March 26th, 1926 this complainant was elected Secretary of said company and has continued to be such Secretary to this day. 10

4. The present directors of said company are: Frederick R. Knopf and Charles Knopf. Richard Knopf was a director until February 16th, 1928 when he transferred all his stock in said company to this complainant. 20

5. The present officers of the Alma Park, Incorporated, are as follows:

President, Frederick R. Knopf,  
Vice-President, Richard Knopf,  
Secretary, Charles Knopf, this complainant.

6. On March 5th, 1912, Frederick R. Knopf and Caroline Knopf, his wife, conveyed to Alma Park, Incorporated, by Deed recorded in the Office of the Clerk of Ocean County, in Book 391 of Deeds at page 225, a large tract of land. The land so conveyed is more particularly described as follows: 30

All those certain tracts or parcels of land and premises hereinafter particularly described, situate, lying and being in the Township of Jackson, County of Ocean and State of New Jersey. 40

*Bill of Complaint.*

## No. 1:

Beginning at a stone planted where a white oak tree formerly stood thence as the needle pointed in 1805 1st., south thirteen degrees west sixteen chains thence 2nd, north seventy seven degrees west eighteen chains and seventy links thence 3rd, 10 north three degrees and thirty minutes west twenty three chains and ninety links thence 4th south seventy seven degrees east twenty four chains thence 5th south seven chains and ten links to the place of Beginning. Containing fifty acres returned to John DeBow December 4th, 1805, recorded at Perth Amboy in Book (3) K-3 page 395.

## No. 2:

20 Beginning at the same place as number one thence as the needle pointed in the year 1813 1st., north nine chains thence 2nd north forty four degrees west twenty eight chains and fifty links thence 3rd, south seventeen degrees west forty five chains and forty links thence 4th, south seventy seven degrees east twenty nine chains thence 5th, 30 north thirteen degrees east twenty one chains to the place of beginning. Containing one hundred and one acres and sixty eight hundredths of an acre. Deducting No. 1, then there remains fifty one and sixty eight hundredths of an acre returned to Thomas DeBow October 12 A. D. 1813 and recorded at Perth Amboy in Book S-16 page 240.

## No. 3:

40 Beginning at the third corner of the last above described tract number two thence as the needle pointed in 1819 1st., south seventeen degrees west

*Bill of Complaint.*

forty five chains forty links thence 2nd, south seventy seven degrees east twenty nine chains 3rd, south thirteen degrees west ten chains thence 4th, north seventy seven degrees west thirty seven chains forty links thence 5th, north eleven degrees west forty one chains thence 6th, north seven degrees east thirty two chains and thence seventh north eighty seven degrees east one chain and fifty links to the place of beginning. Containing one hundred and seventeen and seventy seven one hundredths acres returned to Thomas DeBow, August 27th, 1819, recorded at Perth Amboy in Book S-18 page 345. 10

No. 4: A lot of meadow in the Township aforesaid. 20

Beginning at a stone planted on the north side of the north branch of Toms River, below the Irish Mill in the Easterly line of Peter Perrine's meadow lot which he bought of Smith and McIntyre thence as the needle formerly pointed 1st., south thirty five degrees west eight chains along the said Peter Perrine's line thence (2) south fifty two degrees east twenty one chains and seventy links to the west line of a lot of land which John Van Hise bought of the Executors of Harvey Perrine thence 3rd, along said line north nineteen degrees east seven chains and fifteen links thence 4th, north forty eight degrees and ten minutes west nineteen chains and eighty two links to the place of beginning. Containing fifteen acres and eighteen hundredths of an acre. 30

No. 5:

Beginning at the sixth corner of a tract of thir- 40

*Bill of Complaint.*

10      teen acres and a half that John McIntyre sold to Peter Perrine thence as the needle pointed in the year 1815 1st, south sixty two degrees east thirteen chains and eighty links thence 2nd, south twenty eight degrees west six chains and fifty links thence 3rd, north sixty eight degrees west thirteen chains and eighty links thence 4th, north twenty eight degrees east six chains and fifty links to the place of beginning, Containing nine acres.

20      The five tracts above described are the same premises described in deed to the said Frederick R. Knopf dated June 1, 1911 recorded in Book 376 of Deeds for Ocean County on Pages 128 &c. A map of part of the above described tracts now known as "Alma Park Property" near Lakewood, New Jersey, was made by I. D. Demarest Surveyor and is filed in the Office of the Clerk of Ocean County and this conveyance expressly excepts certain lots known and designated on the said map as follows:

- Lots 13 to 32 both inclusive in Block No. 23.
- Lots 1 to 5 and 35 to 44 all inclusive in Block No. 18.
- Lots 1 to 10 and 40 to 44 all inclusive in Block No. 17.
- 30      Lots 15 to 22 and 23 to 30 all inclusive on Block No. 12.
- Lots 16 to 29 both inclusive on Block No. 17.
- Lots 12 to 33 both inclusive in Block No. 2.
- Lots 3-4 and 5 and 41 to 44 both inclusive on Block No. 53.
- Lots 41 to 44 both inclusive on Block No. 54.
- Lots 23 to 29 both inclusive on Block No. 54.
- Lots 4 and 5 and 40 and 41 on Block No. 43.

*Bill of Complaint.*

An amended map of the above described tracts and known as "Amended Map of Alma Park" Jackson Township, Ocean County, Lakewood, New Jersey was drawn on December 1, 1926 by Harry C. Schinn, Civil Engineer, Municipal Building, Lakewood, New Jersey.

7. This large tract of land comprised the sole assets of the said Alma Park, Incorporated. 10

8. On July 20th, 1925 the Alma Park, Incorporated, executed a Deed purporting to convey a large portion of the lands above described in paragraph 6 herein to the United States Land Development Co. Inc., a corporation of New Jersey, for the stated consideration of \$1.00 which said Deed was on August 11th, 1925 recorded in the Office of the Clerk of Ocean County in Book 657 of Deeds for said County at Page 46. 20

9. The said conveyance aforementioned was signed, sealed and delivered by Frederick R. Knopf as president and one C. S. Herman as secretary for the Alma Park, Incorporated.

10. Neither the said Frederick R. Knopf nor the said C. S. Herman were authorized by the Board of Directors or any officer of the Alma Park, Incorporated, to execute and deliver the said Deed aforementioned in paragraph 8 herein. The said conveyance was not authorized by the Board of Directors of the Alma Park, Incorporated. The said C. S. Herman was in fact, not the Secretary of the Alma Park, Incorporated, and the said C. S. Herman was not authorized to execute and deliver the said Deed either by the said complainant or by the said Alma Park, Incorporated or by the 30  
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*Bill of Complaint.*

Board of Directors of the said Alma Park, Incorporated. The said complainant did not consent to the execution and delivery of the said conveyance and had no knowledge whatsoever of the said conveyance until a short time prior to the filing of this bill.

10     11. The said United States Land Development Co. Inc. and its officers, agents and servants had knowledge that the said conveyance was fraudulent, that the said conveyance was made without the authority of the Board of Directors of the Alma Park, Incorporated and without the authority of the officers of the said company and that the said C. S. Herman was not the Secretary of the Alma Park, Incorporated and had no authority to  
20     execute and deliver the said Deed to the United States Land Development Co. Inc.

12. The said conveyance aforementioned in paragraph 8 herein was voluntary and without the support of adequate valuable consideration and was fraudulent as against this complainant and as against the Alma Park, Incorporated. The said conveyance was null and void and therefore did not pass title to any property to the United States  
30     Land Development Co. Inc.

13. Neither the said complainant nor the said Alma Park, Incorporated, have received or accepted any benefits from the said conveyance aforementioned in paragraph 8 herein. The Board of Directors of the said Alma Park, Incorporated have never ratified the said conveyance aforementioned in paragraph 8 herein.

40     14. On January 3rd, 1927, the said United States Land Development Co. Inc. executed a Deed

*Bill of Complaint.*

purporting to convey a large portion of the lands above described in paragraph 6 herein, to the Bopad Land and Development Co. a corporation of the State of New Jersey, for the stated consideration of \$1.00 which said Deed was on January 6th, 1927 recorded in the Office of the Clerk of Ocean County in Book 728 of Deeds at page 37.

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15. On February 8th, 1927 the said United States Land Development Co. Inc. executed a Deed purporting to convey a large portion of the lands described in paragraph 6 herein to Archibald Rosenblatt and Hannah Rosenblatt, his wife, of the County of Passaic, and State of New Jersey, for the stated consideration of \$1.00 which said Deed was on February 16th, 1927 recorded in the Office of the Clerk of Ocean County in Book 733 of Deeds at page 84.

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16. On February 1st, 1927 the said United States Land Development Co. Inc. executed a Deed purporting to convey a large portion of the lands above described in paragraph 6 herein, to Fleda Woodward of the City of Newark, County of Essex and State of New Jersey, for the stated consideration of \$1.00 which said Deed was on January 24th, 1928 recorded in the Office of the Clerk of Ocean County in Book 773 of Deeds at page 347.

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17. On February 1st, 1927, the said United States Land Development Co. Inc. executed a Deed purporting to convey a large portion of the lands above described in paragraph 6 herein, to Charles G. Woodward of the City of Newark, County of Essex and State of New Jersey, for the stated consideration of \$1.00 which said Deed was on January 24th, 1926 recorded in the Office of

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*Bill of Complaint.*

the Clerk of Ocean County in Book 775 of Deeds at page 85.

10 18. By reason of the fact that the conveyance by the Alma Park, Incorporated, to the United States Land Development Co. Inc. aforementioned in paragraph 8 herein, was fraudulent and null and void and passed no title or rights to the said United States Land Development Co. Inc. the said United States Land Development Co. Inc. could pass no title and had no power or right to pass title to any one to the property purported to be conveyed to it by the deed from the Alma Park, Incorporated.

20 19. The said Bopad Land and Development Co. and its officers, agents, servants and employees, the said Archibald Rosenblatt and Hannah Rosenblatt, his wife, their agents, servants and employees, the said Fleda Woodward, her agents, servants and employees and the said Charles G. Woodward his agents, servants and employees, paid no valuable consideration for the purported conveyance to them by the United States Land Development Co. Inc. aforementioned in paragraphs 14, 15, 16 and 17 herein and had knowledge of all the facts mentioned in the bill of complaint herein, by  
30 reason of which the said United States Land Development Co. Inc. could pass no good and legal title to them on the said property. By reason of these facts and by reason of the fact that the alleged deed from the Alma Park, Incorporated, to the United States Land Development Co. Inc. was fraudulent and null and void, the deeds aforementioned in paragraphs 14, 15, 16 and 17 herein were  
40 fraudulent as against this complainant and were absolutely null and void and passed no good and

*Bill of Complaint.*

legal title to the Bopad Land and Development Co., Archibald Rosenblatt and Hannah Rosenblatt, his wife, Fleda Woodward and Charles G. Woodward.

20. On January 7th, 1927 the Bopad Land and Development Co. executed a deed purporting to convey a large portion of the lands above described in paragraph 6 herein to the Exchange Realty Company, Inc. a corporation of the State of New Jersey, for the stated consideration of \$1.00 which said deed was on January 21st, 1927 recorded in the Office of the Clerk of Ocean County in Book 730 of Deeds at page 40. 10

21. On September 8th, 1927, the said Bopad Land and Development Co. executed a deed purporting to convey a large portion of the lands above described in paragraph 6 herein, to the Lakehurst Development Co. a corporation of the State of New Jersey, for the stated consideration of \$1.00 which said deed was on November 26th, 1927 recorded in the Office of the Clerk of Ocean County, in Book 769 of Deeds at page 19. The said Exchange Realty Company, Inc. and its officers, agents, servants and employees and the said Lakehurst Development Co. and its officers, agents, servants and employees paid no valuable consideration for the purported conveyance to them by the Bopad Land and Development Co. aforementioned in paragraphs 20 and 21 herein, and had knowledge of all the facts mentioned in the bill of complaint herein by reason of which the said United States Land Development could pass no good and legal title to the Bopad Land and Development Co. their grantors. By reason of these facts and by reason of the facts that the deeds from the 20 30 40

*Bill of Complaint.*

Alma Park, Incorporated to the United States Land Development Co. Inc. and from the United States Land Development Co. Inc. to the Bopad Land and Development Co. were fraudulent and null and void, the deeds aforementioned in paragraphs 20 and 21 herein were fraudulent as against this complainant and as against the Alma Park, Incorporated, and were absolutely null and void and passed no good and legal title to the said Exchange Realty Company, Inc. and to the said Lakehurst Development Co.

22. The said C. S. Herman aforementioned in paragraph 10 herein is neither a stockholder nor a director of the said Alma Park, Incorporated, and was never such stockholder or director.

20 23. The books of the said Alma Park, Incorporated, have always been in the possession of the said complainant, Charles Knopf.

24. By reason of the fact that Frederick R. Knopf and Charles Knopf are the only stockholders and directors of the said Alma Park, Incorporated, by reason of the fact that the said complainant and the said Frederick R. Knopf have conflicting interests in this matter, and by reason of the fact that the said Frederick R. Knopf is a party to the fraudulent acts herein alleged, no meeting of the Board of Directors of the said Alma Park, Incorporated, could be held prior to the commencement of this suit and the said Alma Park, Incorporated, could therefore not be made a party complainant to this bill.

Complainant is without adequate remedy in the Courts of Law and therefore prays:

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*Bill of Complaint.*

1. That the said Alma Park, Incorporated, Frederick R. Knopf, Charles S. Herman, United States Land Development Co. Inc. Archibald Rosenblatt and Hannah Rosenblatt, his wife, Fleda Woodward, Charles G. Woodward, Exchange Realty Company, Inc., Bopad Land and Development Co. and Lakehurst Development Co. who are the defendants to this suit, may answer this bill and each statement therein made. 10

2. That the Court may order the said Frederick R. Knopf, Charles S. Herman, United States Land Development Co. Inc. Archibald Rosenblatt and Hannah Rosenblatt, his wife, Fleda Woodward, Charles G. Woodward, Exchange Realty Company, Inc., Bopad Land and Development Co. and Lakehurst Development Co. to make discovery of all property or things in action belonging to the said Alma Park, Incorporated, and of any property, or things in action due the said Alma Park, Incorporated or held in trust for the said Alma Park, Incorporated. 20

3. That the said defendants, Alma Park, Incorporated, Frederick R. Knopf, Charles S. Herman, United States Land Development Co. Inc., Archibald Rosenblatt and Hannah Rosenblatt, his wife, Fleda Woodward, Charles G. Woodward, Exchange Realty Company, Inc., Bopad Land and Development Co. and Lakehurst Development Co. may make discovery of who has possession and occupied said lands and premises described in paragraph 6 herein and received the rents, issues and profits thereof since the said pretended conveyances hereinbefore set forth were made. 30

4. That the said fraudulent conveyances from Alma Park, Incorporated, to the United States 40

*Bill of Complaint.*

Land Development Co. Inc., from United States Land Development Co. Inc., to the Bopad Land and Development Co. from United States Land Development Co. Inc., to Archibald Rosenblatt and Hannah Rosenblatt, his wife, from United States Land Development Co. Inc., to Fleda Woodward, from United States Land Development Co. Inc. to Charles G. Woodward, from Bopad Land and Development Co. to Exchange Realty Company, Inc., and from Bopad Land and Development Co. Inc. to Lakehurst Development Co., may be set aside and held to be fraudulent and declared null and void and of no effect.

5. That the said Frederick R. Knopf and C. S. Herman, may be ordered and decreed to make a full and true discovery and disclosure of the profits and moneys derived, if any, from the various conveyances aforementioned in this bill of complaint, of the lands and premises described in paragraph 8 herein.

6. That a writ of subpoena may issue commanding the said defendants, Alma Park, Incorporated, Frederick R. Knopf, Charles S. Herman, United States Land Development Co. Inc., Archibald Rosenblatt and Hannah Rosenblatt, his wife, Fleda Woodward, Charles G. Woodward, Exchange Realty Company, Inc., Bopad Land and Development Co. and Lakehurst Development Co., to answer this bill of complaint and to abide by such decree as this Court may make in the premises.

JULIUS STEIN,  
Solicitor of Complainant.

SAMUEL DANIELS  
Of Counsel with Complainant.

**Amendments to Bill of Complaint.**

69-372

IN CHANCERY OF NEW JERSEY.

<p>Between</p> <p style="padding-left: 40px;">CHARLES KNOPF, Complainant,</p> <p style="padding-left: 80px;">and</p> <p>ALMA PARK INCORPORATED <i>et als</i>, Defendants.</p>	}	<p>On Bill, Etc.      10</p> <p>Amendments to Bill of Complaint.</p>
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The complainant, Charles Knopf, in pursuance to an order issued out of this Court on the 8th day of January, 1929 hereby amends the bill of complaint herein by adding the following paragraphs to the bill of complaint: 20

Paragraph 21-a: On September 8, 1927 the said Lakehurst Development Co. executed a mortgage purporting to mortgage a large portion of the land described in paragraph six of the bill of complaint, to the Bopad Land and Development Co., to secure the sum of \$20,000.00. This said mortgage was recorded on November 26, 1927 in the office of the County Clerk of Ocean County in Book 209 of Mortgages for said County, at page 101. 30

Paragraph 21-b: The said mortgage so executed as hereinbefore set forth in paragraph 21-a is fraudulent and null and void as against this complainant and as against the Alma Park, Incorporated, inasmuch as the said Lakehurst Develop- 40

*Amendments to Bill of Complaint.*

ment Co. had no title in law or equity to the said premises, upon which the said mortgage was a lien, for the reason set forth in paragraph 21 of the bill of complaint.

10 The complainant, in further pursuance to the said order, hereby amends the prayers of said bill of complaint herein by adding the following paragraph to said prayers:

Paragraph 4-a: That the said fraudulent mortgage from Lakehurst Development Co. to the Bopad Land and Development Co. may be set aside and held to be fraudulent and declared null and void and of no effect.

JULIUS STEIN,  
Solicitor for Complainant.

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**Order Amending Bill of Complaint.**  
IN CHANCERY OF NEW JERSEY.

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Between

CHARLES KNOPF,  
Complainant,

and

ALMA PARK INCORPORATED *et als*,  
Defendants.

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On Bill, Etc.

Order Amend-  
ing Bill of  
Complaint.

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This matter coming on to be heard at a final hearing on the 24th day of April, 1929; and a motion having been made by the complainant for an order to amend the bill of complaint; and good cause of hearing therefor;

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It is on this 20 day of May, 1929, ORDERED that the bill of complaint filed herein be amended to the effect that the following paragraph be added to the said bill of complaint:

Paragraph 1-a:

Complainant files this bill and brings this suit for his benefit, for the benefit of the Alma Park, Incorporated, and for the benefit of all the stockholders and creditors of the Alma Park, Incorporated.

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It is further Ordered that a copy of the bill as amended be served upon the solicitors of the defendants, Bopad Land and Development Co., and upon the solicitors for the defendants Archibald Rosenblatt and Hannah Rosenblatt.

E. R. WALKER,  
C.

Respectfully advised,  
JOHN H. BACKES,  
V. C.

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**Answer of Defendants, Archibald Rosenblatt and  
Hannah Rosenblatt.**

IN CHANCERY OF NEW JERSEY.

10	Between <div style="text-align: center;">           CHARLES KNOFF,            Complainant,             and             ALMA PARK INCORPORATED <i>et als</i>,            Defendants.         </div>	} Answer of } Defendants, } Archibald } Rosenblatt and } Hannah Ros- } enblatt.
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20 Archibald Rosenblatt and Hannah Rosenblatt, defendants in the above entitled matter, answering the bill of complaint filed herein, says:

1. They neither admit nor deny paragraph 1, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law.

2. They neither admit nor deny paragraph 2, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law.

30 3. They neither admit nor deny paragraph 3, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law.

4. They neither admit nor deny paragraph 4, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law.

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*Answer of Defendants, Archibald Rosenblatt and  
Hannah Rosenblatt.*

5. They neither admit nor deny paragraph 5, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law.

6. They neither admit nor deny paragraph 6, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law. 10

7. They neither admit nor deny paragraph 7, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law.

8. These defendants admit that the Alma Park, Incorporated, conveyed a large portion of land to the United States Land Development Co., Inc., a corporation of the State of New Jersey, and was recorded as mentioned in said paragraph, but denies that said Alma Park, Incorporated, executed a deed purporting to convey, but states that the paper writing was a deed in fact. 20

9. They neither admit nor deny paragraph 9, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law. 30

10. These defendants deny the allegations contained in paragraph 10 and state that the Alma Park, Incorporated, was authorized through its proper officers to execute a deed by Frederick R. Knopf, President, and C. S. Herman, as Secretary to the United States Land Development Co., Inc. That said company consented to the execution and delivery of the said conveyance and that said company had knowledge at the time of the convey- 40

*Answer of Defendants, Archibald Rosenblatt and  
Hannah Rosenblatt.*

ance or shortly thereafter of said conveyance and that said company received the consideration and payment in accordance with the terms and conditions of said contract.

10 11. These defendants deny the allegations contained in paragraph 11, but to the contrary, say, that they purchased said property for a valuable consideration and had no knowledge whatsoever of any defects in the deed mentioned in paragraphs 10 and 11, or in the title to said premises. That they had said title searched by a reputable attorney of the State of New Jersey, upon whose advice, they accepted the title.

20 12. Defendants deny the allegations contained in paragraph 12 and say, that upon information and belief the sale to the United States Land Development Co., Inc., was for a valuable consideration without intent of any fraud and that said conveyance was a good and valid conveyance in law and in equity.

30 13. These defendants deny the allegations contained in paragraph 13, and states that the Alma Park, Inc. received the benefits of the sale and therefore was ratified by said corporation and said sale was had with the consent and authority of the Board of Directors.

14. They neither admit nor deny paragraph 14, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law.

40 15. They admit paragraph 15, but state that said conveyance was made for a valuable consideration.

*Answer of Defendants, Archibald Rosenblatt and  
Hannah Rosenblatt.*

16. They neither admit nor deny paragraph 16, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves plaintiff to make proof in accordance with law.

17. They neither admit nor deny paragraph 17, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves the plaintiff to make proof in accordance with law. 10

18. They neither admit nor deny paragraph 18, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves the plaintiff to make proof in accordance with law. 20

19. These defendants, answering so much of paragraph 19 as may apply to Archibald Rosenblatt and Hannah Rosenblatt, deny that they paid no valuable consideration for the conveyance to them by the United States Land Development Co., Inc. and deny that they had knowledge of the facts mentioned in the bill of complaint herein and deny that they had any knowledge that the United States Land Development Co., Inc. could pass no good and legal title to them, and upon information and belief they deny that the deed from Alma Park, Incorporated, to the United States Land Development Co., Inc., in so far as they know was fraudulent, null and void and that the deeds mentioned in paragraphs 14, 15, 16 and 17, were fraudulent as against the complainant and therefore were absolutely null and void and passed no good and legal title, but to the contrary, 30 40

*Answer of Defendants, Archibald Rosenblatt and  
Hannah Rosenblatt.*

10 say that they were bona fide purchasers for value from the United States Land Development Co., Inc. That they were advised by their attorney that the search disclosed clear title, that a valuable consideration was paid by them without any knowledge of any fraud and that upon the advice of their attorney, they accepted the title believing same to be free and clear without any defects whatsoever.

20 20. They neither admit nor deny the allegations contained in paragraph 20, having no knowledge sufficient to form a belief, and leaves plaintiff to make proof in accordance with law.

20 21. They neither admit nor deny paragraph 21, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves the plaintiff to make proof in accordance with law.

22. Defendants deny the allegations contained in paragraph 22.

30 23. They neither admit nor deny paragraph 23, having no knowledge sufficient to form a belief as to the allegations contained therein, and leaves the plaintiff to make proof in accordance with law.

24. Defendants deny the allegations contained in paragraph 24.

FIRST SPECIAL DEFENSE.

40 These defendants allege that they were bona fide purchasers for value of so much of that tract of land described in the bill of complaint as they

*Answer of Defendants, Archibald Rosenblatt and  
Hannah Rosenblatt.*

may now own, and for which they received a deed from United States Land Development Co., Inc. That they purchased the said property from the United States Land Development Co., Inc. for a good and valuable consideration. That the property in fact was exchanged for other property. That the defendants had the title searched by a reputable attorney to ascertain the validity of the title and that the report received by them was that the said title was good in all respects and as a matter of fact, said title is good in all respects. That the said defendants had no notice or any knowledge of any defects in said title or any difficulties which existed at the time between the stockholders and officers of the Alma Park, Incorporated. That these defendants had no dealing with Alma Park, Incorporated, and are not acquainted with it; that its dealings were with the United States Land Development Co., Inc.

SECOND SPECIAL DEFENSE.

That the complainant herein is guilty of laches in not instituting this suit as of a sooner date, having knowledge of the conveyances and having received a consideration.

ABRAM I. BLUESTEIN,  
Solicitor of Defendants, Archibald Rosen-  
blatt and Hannah Rosenblatt.

**Answer of Defendant Bopad Land & Development Co.**

IN CHANCERY OF NEW JERSEY.

10	Between CHARLES KNOPE, Complainant, and ALMA PARK INCORPORATED <i>et als</i> , Defendants.	} Answer of } Defendant } Bopad Land } & Develop- } ment Co.
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20 Said defendant, Bopad Land & Development Co. answering the Bill of Complaint filed in the above matter, says:

1. Said defendant has no knowledge sufficient to form a belief as to the allegations contained in paragraph one and leaves plaintiff to make proof in accordance with law.

2. Said defendant has no knowledge sufficient to form a belief as to the allegations contained in paragraph two and leaves complainant to make proof in accordance with law.

30 3. Said defendant has no knowledge or information as to the allegation contained in paragraph three.

4. Said defendant has no knowledge or information as to the allegation contained in paragraph four.

40 5. Said defendant has no knowledge or information as to the allegation contained in paragraph five.

*Answer of Defendant, Bopad Land & Development Co.*

6. Said defendant neither admits or denies the allegation contained in paragraph six but leaves complainant to his proof according to law.

7. Said defendant neither admits or denies the allegation contained in paragraph seven but leaves complainant to his proof according to law. 10

8. This defendant admits that the Alma Park, Incorporated conveyed a large portion of land to the United States Land Development Co., Inc., but as to the date of the same, said defendant leaves proof thereof in accordance with law.

9. This defendant has no knowledge or information as to the allegation contained in paragraph nine.

10. This defendant denies allegation contained in paragraph ten and avers that the said Alma Park, Incorporated was authorized through its proper officers to execute a deed by Frederick R. Knopf, president and C. S. Herman as secretary to the United States Land Development Co. Inc. 20

11. This defendant denies the allegations contained in paragraph eleven.

12. This defendant denies the allegations contained in paragraph twelve and avers from information and belief, the sale to the United States Land Development Co. Inc. was for a valuable consideration. 30

13. This defendant denies the allegations contained in paragraph thirteen and avers that the Alma Park, Incorporated, received the benefit of the sale and that the sale was had with the consent and authority of the Board of Directors. 40

*Answer of Defendant, Bopad Land & Development Co.*

14. This defendant admits the allegations contained in paragraph fourteen.

15. This defendant has no knowledge or information as to the allegations contained in paragraph fifteen.

10 16. This defendant has no knowledge or information as to the allegations contained in paragraph sixteen.

17. This defendant has no knowledge or information as to the allegations contained in paragraph seventeen.

20 18. This defendant denies the allegations contained in paragraph eighteen and alleges that the same mentioned in said paragraph was bona fide and passed a good and sufficient title.

30 19. This defendant answering so much of paragraph nineteen which has reference to the Bopad Land & Development Co. denies that it paid no valuable consideration for the conveyance to them by the United States Land Development Co. Inc., but on the contrary avers that the said conveyance was made for a good and valuable consideration. This defendant further states that it is a bona fide purchaser for value from the United States Land Development Co. Inc. whose chain of title was regular in all respects by reason of which legal title was conveyed to the Bopad Land & Development Co.

20. This defendant admits the allegations contained in paragraph twenty.

*Answer of Defendant, Bopad Land & Development Co.*

21. This defendant admits that part of paragraph twenty-one with allegations that it sold part of the property to the Lakehurst Development Co. and part to the Exchange Realty Company, but avers that the said transfers were made by a good and valuable consideration and had no knowledge of the transactions between the Alma Park, Incorporated and United States Land Development Co. Inc. This defendant asserts that the record title was in the United States Land Development Co. Inc. at the time it purchased the property from them and had no knowledge of a fraud if there was a fraud, and this defendant denies any fraudulent conduct on the part of it and its grantees. 10

22. This defendant denies the allegations contained in paragraph twenty-two and alleges that the said C. S. Herman was the secretary of the Alma Park Incorporated at the time of the transfer to the United States Land Development Co. Inc. 20

23. This defendant has no knowledge or information as to the allegations contained in paragraph twenty-three. 30

24. This defendant denies the allegations contained in paragraph 24.

FIRST SPECIAL DEFENSE.

This defendant alleges that it is a bona fide purchaser for value of the tract of land described in the Bill of Complaint; that it purchased the said property from the United States Land Development Co. Inc. for a good and valuable considera- 40

*Answer of Defendant, Bopad Land & Development Co.*

10 tion; that the property in fact, was exchanged for three properties owned by the said Bopad Land & Development Co.; that the said defendant taking title to the property in question engaged counsel to search the property to ascertain the validity of the title; that the said title was in fact good in all respects and that said defendant had no notice of any inherent difficulties which existed at the time between the officers of the Alma Park, Incorporated; that this defendant had no dealings with the Alma Park, Incorporated and is not acquainted with it; that its dealings were with the United States Land Development Co. Inc.

20 SECOND SPECIAL DEFENSE.

This defendant alleges that it had in good faith sold the property described in the Bill of Complaint and said sales were bona fide.

This defendant therefore prays that the Bill of Complaint filed herein be dismissed with costs to be taxed against the complainant.

Solicitors for defendant Bopad  
Land & Development Co.

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**Replication.**

IN CHANCERY OF NEW JERSEY.

<p>Between</p> <p style="text-align: center;">CHARLES KNOFF, Complainant,</p> <p style="text-align: center;">and</p> <p style="text-align: center;">ALMA PARK INCORPORATED <i>et als</i>, Defendants.</p>	}	<p>On Bill, Etc.</p> <p>Replication.</p>	10
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The complainant, Charles Knopf, replying to the answer of the defendant, Bopad Land and Development Co. and Archibald and Hannah Rosenblatt, says that: 20

1. He denies each and every allegation contained in the First Special Defense and Second Special Defense, and joins issue on the rest of said answer.

JULIUS STEIN,  
Solicitor of Complainant.

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*Petition for Rehearing.*

2. The Petitioners answered the said Bill of Complaint denying the facts as stated to which answers replications were filed and the cause was duly referred to the Honorable John H. Backes, one of the Vice Chancellors of this court, answers were affirmed and proofs disclosed and at the trial of said cause it appeared that, and the complainant charged that one Frederick Knopf the brother of the complainant was the person who perpetrated the fraud in giving a deed unauthorized, and the said Charles Knopf swore that he did not know the whereabouts of the said Frederick Knopf and that the said Frederick Knopf was never authorized to sign the deed in question. 10

3. At the close of the hearing the court reserved decision and thereafter rendered a decree in favor of the defendants and thereafter the defendants were noticed for a day to fix the final decree which said date was adjourned to Tuesday, November 26, 1929. 20

4. After the final decree and prior to the filing of this Petition, Petitioners have located Frederick Knopf whose testimony is material to the issue of this cause and who could not have been known and found by your Petitioners by the exercise of ordinary diligence prior to the closing of this case. 30

5. Petitioners further show that the said Frederick Knopf will testify that he was the sole owner of the Alma Park Inc. in that all the stock of said company belonged to him and that he was properly authorized to make the conveyance which was attacked in this cause; and that the said com- 40

*Petition for Rehearing.*

plainant always knew the whereabouts of the said Frederick Knopf, and that the said complainant perpetrated a fraud on this court in concealing the whereabouts of said Frederick Knopf.

10 6. Before the date of final hearing, in this cause, Petitioners have attempted to locate said Frederick Knopf and have made inquiry from the complainant or his solicitor, have attempted to find the said Frederick Knopf in the telephone directory in Essex County but was unsuccessful.

20 Petitioners therefore pray that the said decree may be opened, vacated and set aside to the end that a re-hearing of this cause may be had for the purpose of enabling your Petitioners to produce testimony of the said witness Frederick Knopf, and that no further proceedings be had towards the fixing of a final decree pending the further Order of this court.

ABRAM I. BLUESTEIN and  
HELLER & BOSS,  
Solicitors of Petitioners.

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**Affidavit of Barnet Boss.**

State of New Jersey, }  
County of Passaic, } ss.:

Barnet Boss, of full age, being duly sworn according to law upon his oath deposes and says:

1. That he is an officer of the Bopad Land & Development Co. and one of the Petitioners in this cause:

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*Affidavit of Barnet Boss.*

2. That the Petitioners to the foregoing Petition are the defendants to the Bill of Complaint herein, which was filed to set aside a series of deeds as a result of which these defendants obtained title to certain lands and premises in a certain Bill of Complaint particularly described on the ground that the original conveyances affecting the property in question which purported to be a deed from the Alma Park, Inc. was not properly authorized by the Board of Directors nor was it signed by the secretary of said company; the complainant therefore claims that the defendants have no title to the respective properties for which they have a deed since their title comes out of the deed aforementioned and that therefore their deed is a nullity. 10

3. That the Petitioners in the foregoing Petition answered the said Bill of Complaint denying the facts as stated to which answers replications were filed and the cause was duly referred to the Honorable John H. Backes, one of the Vice Chancellors of this court, answers were affirmed, and proofs disclosed and at the trial of said cause it appeared that, and the complainant charged that one Frederick Knopf the brother of the complainant was the person who perpetrated the fraud in giving a deed unauthorized, and the said Charles Knopf swore that he did not know the whereabouts of the said Frederick Knopf and that the said Frederick Knopf was never authorized to sign the deed in question. 20 30

4. That at the close of the hearing the court reserved decision and thereafter rendered a decree in favor of the defendants and thereafter the defendants were noticed for a day to fix the final 40

*Affidavit of Barnet Boss.*

decree which said date was adjourned to Tuesday, November 26, 1929.

10 5. That after the final decree and prior to the filing of this petition, Petitioners have located Frederick Knopf, whose testimony is material to the issue of this cause and who could not have been known and found by your Petitioners by the exercise of ordinary diligence prior to the closing of this case.

20 6. That the Petitioners in the foregoing Petition further say that the said Frederick Knopf will testify that he was the sole owner of the Alma Park Inc. in that all the stock of said company belonged to him and that he was properly authorized to make the conveyance which was attacked in this cause; and that the said complainant always knew the whereabouts of the said Frederick Knopf, and that the said complainant perpetrated a fraud on this court in concealing the whereabouts of said Frederick Knopf.

30 7. That before the final hearing, in this cause, Petitioner in the foregoing Petition have attempted to locate said Frederick Knopf and have made inquiry from the complainant or his solicitors, have attempted to find the said Frederick Knopf in the telephone directory of Essex County but was unsuccessful.

BARNET BOSS.

Sworn and subscribed to before me this  
25th day of November, 1929.

Bertha Bauthy,  
Notary Public of N. J.

### Affidavit of Frederick R. Knopf.

State of New Jersey, }  
 County of Essex, } ss.:

Frederick R. Knopf, of full age, being duly sworn on his oath according to law, deposes and says:

I am the Petitioner in the foregoing petition and the facts therein contained are true. On or about the        day of        , 1928 Charles Knopf filed a bill in the Court of Chancery against Alma Park Incorporated and others, including myself, praying that certain conveyances be set aside on the ground that the officers signing the corporate deeds in question had no authority so to do and that the sale was not authorized either by the stockholders or the directors but was engineered by me for my own benefit and profit. The said suit was carried through and tried before his Honor, Vice Chancellor John H. Backes, and the Court filed an opinion holding that the conveyances objected to had been executed without authority and in fraud of the stockholders and that as a result a decree should be entered setting aside such conveyances, but no decree has as yet been entered.

The subpoena dated the sixth day of September, 1928 was returned as to me indicating that I could not be served, whereas in fact I am now and for some thirty five years last past have been a resident of Essex County engaged in business here with an office presently in the Kinney Building, 790 Broad St., Newark, N. J. and with an office in August and September, 1928, at 210 Market St., Newark, N. J. with his name on the door. I was living in August and September, 1928, at the same address at which I am now living, 22 Nassau Place, East Orange, N. J. and complainant in the

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*Affidavit of Frederick R. Knopf.*

10 above entitled Chancery proceeding knew that I was a resident of Essex County and knew that I was engaged in business in Newark and Essex County and met me at various times in the years past and particularly in and about August and September, 1928 and was also aware of the fact that I was at my mother's home, 136 Myrtle Avenue, Irvington, N. J. five or six nights out of every seven during the past year. I have repeatedly met my brother in the year last past but at no time has he mentioned this suit or referred to it directly or indirectly.

20 I had absolutely no knowledge of this suit until after the opinion had been rendered by the Court and the filing of the opinion had been reported in the newspapers. I was then shown by a lawyer named Sisselman, the attorney who took the acknowledgment on the original deed, a newspaper report of the opinion of the Vice Chancellor. I was shown this one day last week. Thereupon I promptly wrote a letter to his Honor Vice Chancellor John H. Backes informing the Court that I had not been served with process and knew nothing about the action.

30 I have a good and valid defense to the complaint of the complainant in that the corporation in question, Alma Park, Inc., was wholly owned by me, that is all the stock in fact belonged to me and any legal ownership of the stock by the complainant was in fact as collateral security for an endorsement of the complainant of a note of mine, which note has long since been paid and the interest of the complainant in the said Alma Park, Inc. ceased and the stock reverted back to me,, and the complainant had knowledge of this reverter of

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*Affidavit of Frederick R. Knopf.*

the stock ownership, and to the knowledge of the complainant since the payment of the said note and the reverter of the said stock I have been running, managing and operating said corporation as the principal and only stockholder thereof, paying the taxes to the State of New Jersey, causing the corporation to be reinstated when taxes had not been paid and taking title to personal property in the name of the corporation. The note endorsed by the complainant was paid and the stock reverter took place prior to the giving of the deed by Alma Park Inc. to the United States Land Development Co. Inc. on the 20th day of July, 1925 and thereafter the complainant had nothing to do with this corporation and was neither a director or an officer therein. 10

I further charge that the complainant, Charles Knopf knew late in the year 1926 or early in the year 1927 that the conveyance in question had been made and at no time after that has he ever charged me with any fraudulent conveyance. I respectfully contend that I have a good and valid defense and that I have had an opportunity to present this defense to this Honorable Court, although ready and willing and anxious so to do and my inability to present such defense is to no fault or neglect of my own. 20 30

FREDERICK R. KNOPE.

Sworn and subscribed to before me  
this 18th day of November, 1929.

Charles M. Grosman,  
A Master in Chancery of N. J.

### Affidavit of Frederick R. Knopf.

State of New Jersey, )  
 County of Essex,     ) ss.:

Frederick R. Knopf, of full age, being duly sworn on his oath according to law, deposes and says:

10 Since giving the facts contained in the foregoing affidavit I have gone through my files and find four copies of letters written to Charles Knopf, the complainant on the following dates: July 5, 1927, July 14, 1927, March 12, 1928 and August 28, 1928. Each of these letters were written on letterheads of mine indicating the office which I then had at 222 Market St. Newark, N. J. and also giving my telephone number. These letters related to rents which he owned to my mother and to an attitude of criticism of my mother which  
 20 had seriously disturbed her. He had threatened to make trouble for my mother by charging me with various things and had so aroused my mother that I had written these letters from time to time. The feeling during this period was most bitter toward me and appears to have arisen from the time early in 1926 when my mother being in Europe a fire occurred in her property and my brother and I and one of my sisters straightened  
 30 the matter out. My brother and I supervised the rebuilding of the house and rebuilt it for less than the insurance we received and I delivered the balance of the money over to my sister for delivery to my mother. My brother seemed to think that he should have had some portion of the money because he is an architect and had supervised the making of the repairs and always blamed me for having done him out of that money or some part of it. He claimed that he should have had that  
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*Affidavit of Frederick R. Knopf.*

money instead of it being turned over to my mother.

He also charged in a letter to my mother dated June 25, 1927, that he had material to bring me before the Prosecutor and this also occasioned one of the letters, at least, which I have above spoken of.

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FREDERICK R. KNOPF.

Sworn and subscribed to before me  
this 18th day of November, 1929.

Charles M. Grosman,  
A Master in Chancery of N. J.

**Affidavit of Alma Knopf.**

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State of New Jersey, )  
County of Essex,        ) ss.:

Alma Knopf, of full age, being duly sworn on her oath according to law, deposes and says:

I am the mother of Charles Knopf and Frederick Knopf. I went to Germany in 1925 and returned from Germany in July 1926. Shortly after my return from Germany, my son Charles Knopf, began to come to my home and to complain about my son Frederick Knopf. He claimed that my son, Frederick Knopf, had taken money that had been secured from the sale of the Alma Park Property and that he, Charles Knopf, wanted his money out of it but he had not gotten it and he was entitled to have it. I would say to him "Well, what have I got to do with that? I haven't anything to do with that." But he kept on talking about it every time he came to the

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*Affidavit of Alma Knopf.*

house late in 1926 and early in 1927. He said he was going to go after my son and make trouble for him. I do not know why he talked to me about this Alma Park Corporation property but he was constantly coming to the home and making trouble for me and working me up about this matter. My son Charles in complaining to me about what he claimed my son Frederick had done referred to this property as the Lakewood property and sometimes as the property of the Alma Park Corporation.

ALMA KNOFF.

Sworn and subscribed to before me  
this 18th day of November, 1929.

Charles M. Grosman,  
20 A Master in Chancery of N. J.

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**Rule to Show Cause.**

IN CHANCERY OF NEW JERSEY.

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Between

CHARLES KNOPF,  
Complainant,

and

ALMA PARK, INC., *et als.*,  
Defendants.

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} Rule to  
} Show Cause.

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Petition duly verified having been duly presented herein by the defendants Bopad Land & Development Co. and Jacob Rosenblatt and Hannah Rosenblatt, praying for a re-hearing in this cause for the purpose of taking newly discovered evidence which at the hearing was unknown to said Petitioners and which could not have been known to them by the exercise of ordinary diligence prior to the closing of the case;

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It is on this 25th day of November, 1929, Ordered that the complainant show cause before the Honorable John H. Backes, the Vice Chancellor to whom this cause was referred on the 2nd day of December, 1929 at the hour of 10 o'clock in the forenoon, or as soon thereafter as the court can attend to the same in the Chancery Chambers in the City of Newark why a decree if any, made in this cause should not be opened, vacated and set aside and why a re-hearing should not be had in this cause for the purpose of taking a newly discovered evidence which in the hearing was unknown to said Petitioners and which could not

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*Rule to Show Cause.*

be known to them by the exercise of ordinary diligence prior to the closing of the case.

10 It is further Ordered that no further proceedings be had towards fixing the final decree pending the further Order of this court, and that true but uncertified copies of this Order which may be marked a true copy by the Solicitors of the defendants and of the Petition and affidavits upon which the same is founded be served on the said complainant or his solicitors within 3 days after the date hereof.

E. R. WALKER,  
C.

Respectfully Advised,  
VIVIAN M. LEWIS,  
V. C.

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**Testimony.**

IN CHANCERY OF NEW JERSEY.

April 24, 1929.

Between

CHARLES KNOPF,  
Complainant,

and

ALMA PARK, INC., *et als.*,  
Defendants.

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Transcript of shorthand notes of testimony taken in the above matter before his Honor JOHN H. BACKES, Vice Chancellor, at the Chancery Chambers, in the City of Newark, New Jersey, in the presence of MR. JULIUS STEIN, for complainant, MESSRS. HELLER & BOSS and ABRAM I. BLUESTEIN for defendants.

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CHARLES KNOPF, sworn for complainant.

*Direct-examination by Mr. Stein:*

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Q. Mr. Kopf, you are the complainant in this case? A. Yes, sir.

Q. Are you a stockholder of Alma Park, Inc.? A. Yes, sir.

Q. How many shares of stock do you hold? A. 55.

Q. When did you acquire these shares? A. 25 in 1912 and 30 about a year and a half ago.

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*Charles Knopf—Direct.*

Q. Who did you acquire those thirty from? A. My father.

Q. Is this the instrument by which he assigned his shares to you? A. Yes, sir.

Mr. Stein: I offer it in evidence.  
Paper marked Exhibit C-1.

10 Q. Was there any certificate of stock issued to you? A. No.

Q. Do you know whether any were issued to anybody else? A. No, sir.

Q. How many shares of stock were issued? A. 100.

Q. Is that all that is outstanding at the present time to your knowledge? A. To my knowledge.

20 Q. And how is that stock—how was the stock in 1912 divided, when the corporation was formed or immediately after? A. Originally it was 25 shares to Frederick R. Knopf and 25 shares to a party by the name of Sarah Maloney and 25 shares to a party named \_\_\_\_\_ and 25 shares by myself. Then there was a change made and some of the stock was transferred and my brother got 45, my father got 30 and I got 25.

30 Q. Is that how the stock situation remained after the last meeting in 1912? A. That is the way it remained until my father, about a year and a half ago, transferred his stock to me.

Q. Now, do you hold any office in the Alma Park, Inc.? A. I am secretary.

Q. Did you attend the first meeting of the corporation? A. Yes, sir.

Q. When was that held? A. 1912.

Q. And in what capacity did you attend at such meeting? A. I was temporary secretary.

40 Q. When were you regularly elected secretary?

*Charles Knopf—Direct.*

A. About a month or two later. The minute book shows it. In April, I think.

Q. Is this the minute book of the corporation?

A. Yes, sir.

Mr. Stein: I offer it.

Book marked Exhibit C-2.

The Court: Was that kept by you? 10

Witness: Yes, sir.

The Court: Did you enter all of the minutes in that book?

Witness: I did, your Honor.

Q. Now when was that book turned over to you?

A. Right then and there, around 1912. I kept it all the while.

Q. Has that book been in your possession since 1912? A. Yes, sir. 20

Q. What meeting in 1912 was it when you were elected secretary? A. Second or third meeting.

Q. Have you continued to be such secretary up to the present time? A. Yes, sir.

Q. Have you filed a resignation with the board of directors? A. No, sir.

Q. Was your resignation ever requested? A. No, sir.

Q. Where are the by-laws of the company? A. 30  
In the minute book.

Q. Who were the members of the board of directors as constituted in 1912, after the last meeting in 1912? A. Frederick R. Knopf, president.

Q. I mean members of the board of directors? A. Yes, sir.

Q. Who were they? A. Frederick R. Knopf, Richard Knopf and Charles Knopf.

Q. And who was Frederick R. Knopf? A. 40

*Charles Knopf—Direct.*

Frederick R. Knopf is president of the corporation.

Q. And what relation is he to you? A. He is my brother.

Q. Who is Richard Knopf? A. My father.

10 Q. Have you continued to act as director since your election to office? A. Yes, sir.

Q. Did you at any time ever delegate your powers as secretary to anybody? A. I never did.

Q. Now when was this Alma Park tract conveyed to the Alma Park, Inc.?

The Court: The papers will show that.

20 Mr. Stein: The bill of complaint sets forth these conveyances and Mr. Heller told me he would not require me to prove the conveyances.

The Court: You have a record of them?

Mr. Stein: I have a record in the bill and also have an abstract search.

The Court: You may state it on the record.

30 Mr. Stein: By deed dated March 5, 1912, Frederick R. Knopf and Caroline his wife conveyed to the Alma Park, Inc., a corporation of New Jersey all that land which is described in the bill of complaint. The conveyance is recorded in the office of the Clerk of Ocean County in Book 391 of deeds at page 225.

Q. Who had charge of this property of the Alma Park, Inc.? A. Directors.

40 Q. And does the certificate of incorporation indicate anything with reference to the powers—(interrupted)

*Charles Knopf—Direct.*

Mr. Heller: I object. The certificate is the best evidence.

Mr. Stein: I offer in evidence the certificate of incorporation.

Paper marked Exhibit C-3.

Q. Was there any conveyance made by the Alma Park, Inc. after you purchased this property from Frederick R. Knopf. 10

The Court: The record will show that.

Mr. Stein: I just wanted to show how the conveyance was made instead of introducing the complicated search.

The Court: Ask him whether he signed this.

Witness: Yes, sir; I signed this. 20

Q. In what capacity did you sign this? A. As secretary.

Q. Did the board of directors authorize any other method of conveyancing that Alma Park tract? A. No, sir.

Mr. Heller: I object.

Q. I call your attention to a deed—

The Court: Do you want to show there were many conveyances? 30

Q. How many conveyances were made, say between 1912 and 1925 in which you joined as secretary? A. To my knowledge only a few—very little. Hundred or two hundred dollars worth of land we sold. Two hundred dollars worth of land we sold to my knowledge.

*Charles Knopf—Direct.*

Q. How many lots? A. About twenty lots. Ten dollars a piece, \$15. apiece.

Q. There were about ten or twenty conveyances made by the Alma Park, Inc? A. Yes, sir; roughly.

The Court: And you signed them?

Witness: Yes, sir.

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Q. Now I call your attention to a conveyance in 1925 by the Alma Park, Inc. to the U. S. Land Development Company, Inc. which conveyance is recorded in the office of the Clerk of Ocean County in book 657 of deeds, page 46. Are you familiar with this alleged conveyance? A. No, sir.

Q. Did the Board of Directors of the Alma Park Inc. authorize the execution of this deed?

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Mr. Heller: I object. The minutes are the best evidence.

A. No, sir.

The Court: Objection overruled. The minutes are in and they disclose no authority.

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Q. I also call your attention to the fact that that deed is signed by one C. S. Herman as secretary. Do you know Mr. Herman? A. I do not.

Q. Was Mr. Herman actually secretary of this company?

The Court: He does not know.

Q. Did you authorize any one to sign that deed?

The Court: No use saying that. He cannot authorize anybody, so why ask him.

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Mr. Stein: In view of the fact that the minutes do not disclose authority does your

*Charles Knopf—Direct.*

honor want me to stop asking questions as to authority to execute this particular deed?

The Court: The law says how these conveyances should be executed. This man, as secretary says he did not sign it and he says there is no authority by the board of directors to execute it in the minutes.

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Q. Did you ever receive any benefit from the sale of this land to the U. S. Land Development Co. Inc.?

Mr. Heller: I object as immaterial.

Q. Did Alma Park, Inc. receive any benefit from the sale to the U. S. Land Development Co. Inc.?

The Court: Objection sustained.

Mr. Stein: I think that is material. I think the Alma Park, Inc. would be barred if they received some benefit.

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The Court: Why do you bring that in. That is the other man's case.

Mr. Bluestein: We withdraw the objection.

A. No; I didn't receive any benefits.

Q. Did the Alma Park, Inc. receive any benefits? A. No, sir.

Q. When did you first learn of this conveyance to the U. S. Land Development Co. Inc. A. A little over a year ago.

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Q. How did you find out about it? A. The draftsman working in my office, Mr. Laskowitz—I talked to him about being interested in some land down in South Jersey and I explained how it was, whereabouts it was, called it Alma Park and he told me he had bought lots there, there was a company, United States Land—I don't know—

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*Charles Knopf—Direct.*

he told me he had a deed for a lot of—I think if I ain't mistaken of the United States Land Company—a corporation like that.

Q. Is this the deed that Laskowitz showed you?

Mr. Bluestein: I don't think it is material conversation with a third party.

10 A. That is the deed.

Mr. Stein: I offer it in evidence.  
Paper marked Exhibit C-4.

Q. And after he turned this deed over to you what did you do? A. Why, I came to you, Mr. Stein, and asked you—brought you the books and told you if I couldn't do anything in order not to be robbed out of my interest, and you thought you would look it over.

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The Court: And you filed a bill.

Q. Do you know anything about the conveyances by the United States Land Development Co. Inc. to the other defendants? A. I do not.

*Cross-examination by Mr. Bluestein:*

Q. Your original office at the first meeting of the corporation was what? A. I was temporary secretary.

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Q. Are you sure of it? A. Pretty sure of it, yes, sir.

Q. These minutes are in your handwriting? A. No; oh no.

Q. Whose handwriting? A. We had a stenographer; we had somebody there that wrote it.

The Court: Under your supervision?

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*Charles Knopf—Cross.*

Witness: Yes, sir. It isn't my handwriting. My name is signed to it.

Q. I show you the minutes of the meeting held on the 27th of January, 1912, and call your attention to the notation there "Secretary Frederick R. Knopf". A. I will have to read that all over again. 10

Q. Just look at that notation there. Down here? (Indicating)

Q. Is that so? A. Whatever it says on there is so, yes, sir.

Q. So that you weren't secretary? A. This is the second meeting. We had an original meeting before this where I acted. What I mean—

The Court: Acted as secretary? 20

Witness: Yes, sir. Right after that we had the second meeting.

Q. So that you were not the secretary of this company? A. I was temporary secretary of the first meeting, and you showed me the minutes of the second meeting there.

Q. Thereafter you resigned, or Mr. Frederick R. Knopf resigned? A. You will find it in the minutes. 30

Q. I am asking you. Don't you remember? A. You have it in front of you. I probably—

The Court: Answer the question.

Witness: I think Frederick was elected secretary.

Q. Do you remember? A. Yes, sir; I am pretty sure of it. 40

*Charles Knopf—Cross.*

Q. Now I call your attention to the minute book in which an attempt is made, over a lot of erasures to show the resignation of Frederick R. Knopf, and ask you who made those erasures in the minute book? A. Probably we did, the directors, for some reason there has been changes made right there and then, in the meeting; if anything is made it was made right then and there. This is fourteen, fifteen years ago. I can't recollect.

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Q. You are sure that change hasn't been made lately? A. Absolutely.

Q. Now, your brother had full charge of this corporation, didn't he? A. No; the directors did.

Q. I mean insofar as president of the company? A. As president, yes, sir.

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Q. He was the president, wasn't he? A. Where is he now? A. I don't know.

Q. How long is it you haven't seen him? A. I have seen him off and on this last year, but very seldom.

Q. Where is he? Do you know where he lives? A. No; I don't know where he lives.

Q. How long is it since you last saw him? A. Three or four months.

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Q. Did you inquire of him about this property? A. No; it was in my attorneys hands then.

Q. Didn't you ask him anything at all about it? A. No; I didn't think there was any need doing so. I heard in the meantime my brother was implicated in a lot of other frauds and other things where he was under \$10,000 bail and I found out it is no use.

Q. You made no inquiry of him whatsoever about this whole transaction? A. Pardon me?

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Q. You made no inquiry of him about this trana-

*Charles Knopf—Cross.*

saction? A. No. I handed it over to Mr. Stein and asked him to protect me and see what he could do.

Q. Can you give us your brother's address so that we can subpoena him here? A. No; it seems others can't find him either.

Q. Where did you see him last? A. On the street. 10

Q. Where on the street? A. On Broad Street.

Q. Newark? A. Yes, sir. I didn't talk to him. He just passed by, that is all.

Q. Just passed by? A. Yes, sir.

Q. Aren't you on talking terms? A. No.

Q. Since when? A. Since that time when I found this here.

The Court: When did you last see him? 20

Witness: About three months ago.

Q. You know that Alma Park, Inc. when they sold this property to the U. S. Land Development Co. got the mortgage back, don't you? A. I don't know anything about it.

Q. You know they got back a \$7500 mortgage? A. I don't know anything about the transaction; absolutely nothing.

Q. Don't you know that they also sold this mortgage of \$7500. and got a check in the name of Alma Park, Inc. A. No, sir; don't know anything about it. 30

Q. Did the Alma Park have a bank account? A. No, sir.

Q. They had no bank account? A. No.

Q. Where did you keep the seal of the company? A. It is in my brother's possession.

Q. Not in your possession? A. No. 40

*Charles Knopf—Cross.*

Q. It was never in your possession? A. It has been in my possession, yes, sir.

Q. But you let it go out of your possession? A. My brother handled it; yes, sir. We were brothers then and we were very close together.

10 Q. And in other words whatever your brother did you were satisfied, is that right, at that time? A. Once upon a time I would have trusted—entrusted everything to my brother.

Q. And you also trusted him around this time, in 1925. A. Absolutely—well I trusted him then yet.

Q. You had the utmost confidence in him? A. I had a lot of confidence in my brother.

Q. And he was president of this company? A. He was president of the company.

20 Q. When was the last time that you were visiting this property? A. I have been out recently, about two weeks ago.

Q. Before that? A. Oh, for many years I haven't been.

Q. How many years? A. Since 1912, I think—thirteen; twelve or thirteen.

30 Q. You didn't visit the property? A. No; I haven't been out there. Did you ever inquire whether the taxes were paid on this property? A. My brother took care of that, of the taxes, and we talked about it.

Q. Your brother ran the whole thing, didn't he, from 1912 on? You left everything up to him, didn't you? A. Not exactly, your honor; I wouldn't say that.

Q. Did he have an office? Did the company have an office? A. I had an office.

40 Q. Did the company have an office? A. The company didn't have an office.

*Charles Knopf—Cross.*

Q. Where was its headquarters? A. Well, it was in 523 up to a certain time, to probably 1915, and there was nothing going on, no sales.

Q. Will you please answer my question? A. 1925 Springfield Avenue.

Q. Whose place was that? A. That was my office then.

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Q. Who was the agent in charge of the office of this company? A. There was no special agent there, your Honor.

Q. Who had charge of the handling of the property? A. All of us; actually; the board of directors did.

Q. Isn't it a fact that your brother had full charge of the handling of this property? A. Not full charge.

Q. Who made the sales of the property? A. There was no sales made.

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Q. There were eventually sales made, weren't there? A. Very few.

Q. Who made those sales? A. Few sales.

Q. Yes? A. I think my brother made some, and my brother made a few—few that we made.

Q. Don't you know that this fellow Herman who signed this deed was in the employ of your brother? A. Absolutely not.

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Q. (Stand up) Do you mean to tell us you never saw this man? A. Now I know him—I have seen the man before.

Q. Where did you see him before? A. Oh, probably some five, six, eight years ago.

Q. Don't you know that he was— A. I know the face—I know the man somehow slightly; that is all I know. Probably I know you; I have seen you once before.

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*Charles Knopf—Cross.*

Q. Don't you know you saw him in the employ of your brother? A. No; I never saw him.

Q. What was your brother's business? A. He is in the insurance business.

Q. Real estate business? A. Real estate, somewhat, yes, sir.

10 Q. And this corporation was formed for the purpose of buying and selling real estate? A. No; it was formed for the purpose of selling that land.

Q. And buying this land? A. It was bought when we formed it.

Q. The land was originally bought in your brother's name, wasn't it? A. Originally he bought, yes, sir.

Q. Then the corporation was formed, isn't that right? A. Yes, sir.

20 Q. And he took full charge of it insofar as disposing of it for you? A. Well, I don't know what you mean by full charge.

Q. What is your business? A. I am an architect.

Q. Your full time is taken up in your business, am I right? A. It is.

30 Q. You didn't pay any particular attention to this corporation, did you? A. I positively did; I paid attention to it.

Q. All right. Why didn't you inquire whether the taxes were paid or not? A. The taxes have been paid.

Q. By whom? A. By my brother.

Q. How do you know? A. He told me so.

Q. Who paid it since 1925? A. Since 1925 I don't know who paid it.

40 Q. Did you inquire? A. No, I didn't receive any notice. My brother took care of it. There

*Charles Knopf—Cross.*

was an agreement between us that he was supposed to take care of it.

Q. Take care of what? A. Of the taxes, your Honor.

Q. Did you know there was no income from this property? A. Absolutely not.

Q. So that you knew there was no means of paying these taxes, am I right? A. There was no income, that is right. 10

Q. Why didn't you inquire as to how much your share, or the respective shares of the stockholders would be to pay the taxes? A. Well, I explained to you, that is between my brother and myself; he was to stand the taxes and all the expenses on it.

Q. Did you expect your brother to pay the taxes out of his own pocket? A. Yes, sir.

Q. Out of his own pocket? A. If you will allow me I'll tell you why. He received enough benefit before—(interrupted) 20

The Court: What?

Witness: He received enough benefits. When this corporation was formed naturally it cost me a lot of money to get my 25 shares and my brother had all the benefit and made a lot of sales on this stuff, and I never got a cent out of it; never. I got this only for money advanced to him for services rendered; that was all security, like that, that he couldn't pay some bills. That is the honest truth—it was sort of security. 30

Q. Let me understand? The shares of stock you were merely holding in security for money that he owed you? A. He received cash money for it.

Q. Please answer the question. You say the 40

*Charles Knopf—Cross.*

shares of stock you held were only given to you as security? A. Oh, no.

10 Q. Didn't you just say that; that he owed you money? A. I held that in my own name, and the same with the money because he thinks Alma Park—because he thought finally there would be sales and I could get some money for what I put in there originally. I held this and thought some day I can make a couple of dollars out of it when it would be sold. My brother was in the real estate game and was trying to sell it and I entrusted him. I would have handed the book of minutes over to him at any time; I would have entrusted him to sell it and pay me out from it. Sure I trusted my brother, as far as that goes.

20 Q. But at the time when the company was formed there was a lot of money owing to you; am I right? A. Yes, sir.

Q. From your brother? A. Yes, sir.

Q. And you took these shares of stock as security for the money that he owed you? A. Well, as payment for the money.

Q. As payment? A. Yes, sir.

Q. And have you the shares of stock here? A. Pardon me?

30 Q. Have you the shares of stock here? A. There was none issued. There was never any issued to my knowledge.

Q. None issued? A. No stock certificate, if you mean that.

Q. Do you know Mr. Eisler? A. I know one Mr. Eisler, in the office with me at the present time.

40 Q. He is an engineer? A. No; maybe another Eisler. Engineer Eisler?

*Charles Knopf—Cross.*

Q. Yes. Fellow by the name of Charles Eisler.

A. Maybe the same way. If you confront me with him I may know the man—may have seen him.

Q. Don't you know that Charles Eisler is the man who bought the \$7500 mortgage from the Alma Park, Inc? A. No; absolutely no.

Q. Is that the same man who had the adjoining office with you or near you? A. No; that is a different man. 10

*Cross-examination by Mr. Boss:*

Q. In 1912 when the corporation took over this property it took it by a deed from your brother and his wife? That is correct? A. In 1912 is right.

Q. In other words the property of this corporation was acquired from your brother? That is right, isn't it? And you actually gave no cash to your brother when that conveyance was made, did you? A. Not actually right there and then, but he owed me money. 20

Q. You didn't give him any cash then? A. No; I didn't give him cash in hand then, no.

Q. He owed you money at that time? That is right? And he had these lots? That is correct too, isn't it? And then he formed this corporation? Isn't that right? And then it was you asked for some security for your money? A. Yes, sir. 30

Q. And then you got the shares? A. Yes, sir.

Q. What is your address? A. My address is now 530 Springfield Avenue.

Q. Newark? A. Newark.

Q. That your home or business address? A. Business address. 40

*Charles Knopf—Cross.**By the Court:*

Q. How long did your brother own this property before he conveyed it to the company? A. I judge about two or three years.

Q. And had he laid it out into building lots and sold off building lots during his ownership? A. Yes, sir.

Q. Had he previously formed a company? A. No.

Q. It was his scheme to form the Alma Company? How did your father acquire his shares? A. Also for money advanced to my brother.

Q. How much had he advanced to your brother? A. I don't know; it was very much.

Q. Was the money advanced in the promotion of this scheme or was it money generally? A. This scheme and others.

Q. How much had you advanced? A. Oh, I don't know any more. It was in the thousands. I endorsed notes.

Q. Please. How much had you advanced before the corporation was formed? A. Couple thousand dollars.

Q. And for the promotion of this company—I mean for the promotion of this scheme? A. No; generally.

Q. And he suggested—your brother suggested the formation of the company to you? A. No; I did, your Honor.

Q. So that you could have— A. More security.

Q. So that you could have 25 shares as security for your debt, was it? A. Yes, sir.

Q. So that you could have that as security for your debt; and your father came in in the same way. And then your brother was permitted to

*Charles Knopf—Cross.*

carry on the promotion in the same way that he had before—the efforts to sell lots? A. Well, your Honor, to tell the truth, it was almost at a standstill then.

Q. The thing had been left over to carry on as he had previously carried on in the selling of lots, wasn't it? A. Well, probably so, yes, but we knew from the start, if you will allow me to tell you, that there was nothing going to be done any more. It was just that that land—that probably some day I could get a couple of dollars out of it. That is all. I never promoted—

Q. Whatever was to be done in the promotion of the scheme was left to him still, as he had been doing his private ownership by way of developing? A. Yes, sir; he could sell—sell off lots there.

Q. Where was he at that time located? A. He had different addresses, your Honor.

Q. What? A. He had different addresses.

Q. No. At that time? A. At that time he had an office in the Kinney Building.

Q. Had an office in Newark? A. In Newark. He has always been in Newark.

Q. Was this property laid out into building lots on maps? A. Yes, sir.

Q. Before the company was formed? A. Not at that time, when formed.

Q. He had been selling lots for two years, I understood you to say? Had he laid it out into building lots on the maps? A. He had it laid out—surveyed.

Q. And that same survey continued after the corporation was formed? A. To my knowledge.

Q. What was the place called? A. Alma Park.

Q. Under the new management? Under his

*Charles Knopf—Cross.*

ownership the same thing? A. The same thing.

Q. And at that time did the Alma Park Company have its office where your brother's office was?

A. Yes, sir.

Q. Have a sign on the door? A. It did have.

10 Q. And how long did that continue? You say your brother moved from place to place. The office of this company moved from place to place, then, didn't it? A. Yes, sir.

Q. Until when? A. Until I took it over. It was in my office.

Q. When was that? A. I will say 1915.

Q. And then it was advertised from your office? A. We didn't do any advertising.

Q. I mean sign on the door at your office? A. Yes, sir.

20 Q. How long did that last? A. Until I changed offices there—I changed in about—I was there eight years, I guess—about 1917 or 1918.

Q. Then did your brother take it back? A. No.

Q. Then what? A. It wasn't doing—didn't sell a dollar's worth of lots—I wasn't interested.

Q. Where was your brother's office at the time this deed was made to the United States Land Development Co? A. This here deed?

30 Q. Yes. A. The way I heard since—

Q. In 1925 that was? A. I couldn't tell you. The way I hear he had desk room at 222 Market Street for certain length of time.

Q. Did the company have an office there then? A. No.

Q. Advertised by a sign there? A. No.

Q. No? A. Not to my knowledge.

40 Q. All that you can recall then is that there was no other place than your office after you took it

*Charles Knopf—Cross.*

over? A. In fact it got so, your Honor—

Q. I say there was no other place than your office after you took it over? A. No other place.

Q. The company had no other headquarters after 1918? A. No sir.

Q. You say there was nothing done after what time? A. Oh, I should say after 1913-1914. 10

Q. Did you ever talk to your brother about it afterwards? A. We did, yes. I asked him about the taxes; he says he was a little bit behind with the taxes at times, and I suppose struggled to hold the thing the way it was.

Q. After that did you speak to him about it? A. I met him once possibly some time—year or two—we spoke of it.

Q. When did you last speak to him about it—about the lots? A. Four years ago. 20

Q. Four years ago? A. Four years ago.

Q. What did you have to say then? A. I didn't expect—

Q. What did you have to say to him, do you know? A. Just talking about the taxes.

Q. Nothing else? A. No.

Q. The land was there? A. Yes, sir.

Q. Sales not moving? A. I had no expectation as far as that goes. 30

Q. All you spoke to him about was the taxes? A. Yes, sir.

Q. When had you spoken to him about the promotion before that? At any time at all after 1918? A. No.

*Further cross-examination by Mr. Bluestein:*

Q. Was this the seal of your company? A. It is attached to my name. 40

*Charles Knopf—Cross.*

Q. I am asking you if that seal is the seal of the company?

The Court: What are you showing him?

Q. I am showing you an assignment of a mortgage.

10 The Court: Of the \$7500 mortgage spoken of?

Mr. Bluestein: Yes, sir.

The Court: Is that the corporate seal?

Witness: It is hard to tell. We had a seal there that was about that size, but I couldn't without glasses on—if it was attached to my name I would say yes in a minute—if it was attached to my name.

The Court: Let it be marked.

20 Paper marked Exhibit D-1.

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W. EUGENE TURTON, sworn for defendant.

*Direct-examination by Mr. Bluestein:*

Q. You are a practicing attorney of the State of New Jersey? A. Yes, sir.

30 Q. And Master in Chancery of New Jersey? A. I am.

Q. Have been for how long? A. Twenty-eight years.

Q. I show you a mortgage given by the United States Land Development Co., Inc. to the Alma Park, Inc., dated the 20th of July, 1925, and ask you if you ever saw this paper before? A. Yes, sir. I saw this several times.

40 Mr. Bluestein: I offer it in evidence.  
Paper marked Exhibit D-2.

*W. Eugene Turton—Direct.*

Q. I show you a paper dated the 27th day of October, 1925, by Alma Park, Inc. assignee, for one dollar and other good and valuable consideration, to Charles Eisler, mortgage bearing date the 20th of July, 1925, made by the U. S. Land Development Co., a New Jersey corporation, Exhibit D-2, and ask you whether this assignment was drawn by you? A. Yes, sir; I drew that assignment. 10

Q. At the time of the assignment of the mortgage who was present in your office? A. Who was present?

Q. Yes. A. Why Frederick C. Knopf, and I don't know of any other. I know that Knopf was present, that is all I can say, and Mr. Eisler.

Q. I call your attention to the acknowledgment, where Mr. Herman acknowledged it before you. Was he present there? A. He must have been because I would not have taken his acknowledgment unless he was. 20

Q. Did you inquire of Mr. Knopf and Mr. Herman as to their respective offices? A. Yes, sir. I think, if I am not mistaken, I had an affidavit—I don't know where it is, but I have an affidavit showing that Mr. Herman was secretary.

Q. Signed by whom? A. Signed by Mr. Sisslemann; Mr. Sisslemann having something to do with them. 30

Q. Is that an attorney from Trenton? A. Mr. Sisslemann I think is an attorney from Newark.

Q. Was there any check or cash passed at the time of the assignment? A. Yes, sir.

Q. To whom was it given? A. Why Mr. Knopf.

Q. In whose name? A. Well, now, I am not positive of that. Mr. Eisler did all of his transac- 40

*W. Eugene Turton—Direct.*

tions with Mr. Knopf personally and I think—I wouldn't want to say because I may not be right—I know Mr. Eisler made his terms with Mr. Knopf and turned over I know around \$6,000., or something like that. That is all I know.

10 Q. You wouldn't take this assignment and draw it unless you saw consideration pass? A. Absolutely not. I know the money was paid. I know the money was paid.

Q. Was it in check or cash? A. Check.

Q. Check? A. Yes, sir.

Q. Can you say the check was made payable to the Alma Park Inc? A. Can I say that it was?

20 Q. Yes. A. I wouldn't want to say that and to be pinned down to it. I don't know. I imagine it was. Mr. Knopf was there I know and took the check. Now I don't know whether it was or whether it wasn't made to Mr. Knopf.

Q. Was it your check or Mr. Eisler's check? A. It was my check.

Q. Can't you look that up? A. I can look that up.

Q. Will you send it up with your clerk this afternoon? A. I don't know that I can find the check. I can find the stub.

30 Q. Can you send the stub up here? A. Yes, sir.

Mr. Bluestein: I would like to see the indorsement on the back of that check.

Mr. Boss: Bring the affidavit along with it.

Witness: If I can find it. I don't know that I have the affidavit.

*Albin Smith—Direct.*

ALBIN SMITH, sworn for defendant.

*Direct-examination by Mr. Bluestein:*

Q. What is your occupation? A. Lawyer.

Q. Have been for how long? A. Twenty-six years.

Q. Former senator of this state? A. Yes, sir.

Q. Did you represent Archibald Rosenblatt and Hannah Rosenblatt in the purchase and exchange of property in Ocean County? A. I did.

Q. And were you present at the drawing of the agreement? A. I do not recall that. No. My signature isn't on there. I had nothing to do with it.

Q. Did you make a search? A. No; I did not.

Q. Were you present at the closing? A. I was.

Q. Who was at the closing? A. Mr. Rosenblatt and several men—I can't recall their names—I think there were three men representing the United States Land Development Co.

Q. Was Mr. Boss there? A. He was. He represented them at the time.

Q. In this closing was the usual procedure gone through of adjusting? A. Yes, sir.

Q. And was there consideration actually passed? A. Actually.

Q. Have you a statement of the closing? A. I have the original statement that I made on the back of a sheet of paper.

Mr. Bluestein: I offer it in evidence.

Paper marked Exhibit D-5.

Q. Have you any other papers? A. There is a postal card from the County Clerk of Toms River where we recorded the deed to Mr. Rosenblatt.

*Albin Smith—Direct.*

Mr. Bluestein: I offer it.

Paper marked Exhibit D-6.

Witness: I think there is a paper of insurance that was on some Paterson property that was transferred.

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Mr. Bluestein: I offer it.

Paper marked Exhibit D-7.

Recess.

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Mr. Bluestein: I offer deed from the U. S. Land Development Co. to the Bopaz Land & Development Co., dated January 3, 1927, recorded in Ocean County January 6, 1927, Book 728, p. 37.

Paper marked Exhibit D-8.

Mr. Bluestein: I offer in evidence contract of exchange made by the U. S. Land Development Co. to Boss, Celie Boss and Mike Palvosky.

Paper marked Exhibit D-9.

30

THEODORE H. BOSS, sworn for defendant.

*Direct-examination by Mr. Bluestein:*

Q. You are a member of the bar of the State of New Jersey? A. I am.

Q. Have been for how long? A. Twenty-five.

40 Q. Did you represent the Bopaz Land & Improvement Co. at the time the purchase was made

*Theodore H. Boss—Direct.*

from the United States Land Development Co? A. I did.

Q. At that time what did your business mostly consist of? A. Entirely of real estate work.

Q. Are you a title searcher also? A. I am.

Q. How long have you been a title searcher? A. Since 1922.

Q. Now after the contract—by the way, were you present when the contract was made between the United States and Barnard Boss, Celia Boss and Mike Palvosky? A. I was.

Q. After the signing of that contract, which is now marked Exhibit D-9, did you make a search of the premises in question? A. Search of the premises owned by the United States Land Development Co. in the Township of Jackson.

Q. From your search did you learn from whom the United States Land Development Co. got title? A. I did.

Q. From whom? A. From the Alma Park Inc.

Q. From your experience as a title searcher will you say that the title after your examination of it was clear? A. Was clear, yes, sir, except as to an outstanding mortgage that was later cancelled, I believe.

Q. As to the execution of the deed by the Alma Park Inc. to the U. S. Land Development Co., Inc. and other deeds in the chain, as a title searcher, would you say the title was clear? A. I would say it was.

Q. Now in pursuance of that contract and after having made the search did you attend at the office of Mr. W. Eugene Turton for the purpose of closing the title? A. Yes, sir; Judge Turton represented the United States Land Development Co.

*Theodore H. Boss—Direct.*

Q. At that time was the title closed? A. It was.

Q. What was the consideration passed by the deed by the Bopaz Land & Development Co. A. The Bopaz conveyed three four-family houses located at 445-7-51 Palenson Avenue, Passaic, N. J.

10 Q. Was there a broker in this transaction? A. Yes, sir, Mr. Hamonton, I believe.

Q. Did he receive a commission from Bopaz? A. Yes, sir; paid in my presence.

Q. How much commission was paid to him? A. \$500 in cash and also, I think, 36 lots that was passed to Bopaz by the United States Land Development Co.

20 Q. This contract that has been referred to as Exhibit D-9 was made to Barnard Boss and Palvosky—who are they? A. The reason for that is this.

Q. Who are they with reference to the Bopaz? A. They are the officers of the Bopaz.

Q. And after the signing of that contract the title was taken in the name of— A. In the name of Bopaz.

Q. Did you report the title to the U. S. Land Co? A. Yes, sir; I did.

30 Q. What did you report? A. I reported free and clear marketable title.

Q. Who did you report it to? A. Who did I report to? I reported at the time of the closing.

Q. Yes. To whom? A. The officers of the Bopaz Land & Development Co.

Q. Who were they? A. The Bosses and Palvosky.

Q. Were you also present at the drawing and signing of the contract between the Rosenblatts and the Land Development Co? A. I was.

*Theodore H. Boss—Direct.*

Q. Is this a certified copy of the agreement? A. Yes, sir; it is.

Q. And this is an exchange agreement? A. It was.

Q. Entered into between Archibald Rosenblatt and wife and the U. S. Land Development Co. Inc. for the exchange of the property in question for a property located in the City of Paterson, County of Passaic, State of New Jersey on Bridge Street? A. That is right. 10

Mr. Bluestein: I offer it in evidence.  
Paper marked Exhibit D-10.

Q. And are these the deeds that were received? A. Those were the two deeds exchanged, yes, sir.

Q. Those were the two deeds exchanged for the property in question? A. That is right. 20

Mr. Bluestein: I offer them.  
Papers marked Exhibits D-11 and D-12.

Q. I show you a mortgage that was given by the United States Land Development Co. to Archibald Rosenblatt covering the Bridge Street property for which the exchange was consummated and ask you if that is it? A. I remember this mortgage.

Mr. Bluestein: I also offer in evidence a certified copy of the assignment of this mortgage to Silran Fox Realty Co. 30

Paper marked Exhibit D-13.

Mr. Bluestein: I offer certified copy of deed showing that the Bridge Street property for which the exchange was made is now in the hands of Sidonia Breitenbach, conveyed to her by the United States Co. 40

*Theodore H. Boss—Direct.*

Paper marked Exhibit D-14.

Q. You were present also at the closing with Mr. Rosenblatt? A. Yes, sir.

10 Q. And the same information was conveyed to them, that the title was clear? A. I told him I searched this for Bopaz—I was not representing Mr. Rosenblutt, Senator Smith was representing them—that I had searched the property for Bopaz and found it clear—free and clear, marketable title.

20 Q. This property that was exchanged and given by Bopaz Land & Development Co. to the United States Land Development Co. do you know who owns that property now? A. Yes, sir. I know that two of the houses are owned by a man by the name of Eisler who got it from the United States Land Development Co.—sold that, I believe to Judge Turton and Judge Turton later sold that to Eisler.

Q. Judge Turton is a lawyer in Newark? A. Yes, sir.

No cross-examination.

30 Mr. Stein: I admit that value was paid by Rosenblatt.

The Court: And that none of the defendants knew of the complaint that you make?

Mr. Stein: Had no actual knowledge.

The Court: That they were innocent purchasers for value. That is all.

40 Mr. Stein: I offer in evidence deed from Alma Park, Inc. to the U. S. Land Development Co. dated July 20, 1925, recorded in Ocean County Clerk's office in Book 657, page 46.

*Theodore H. Boss—Direct.*

Paper marked Exhibit C-5.

Mr. Stein: I offer deed from Bopaz Land & Development Co. to Lakehurst Development Co., dated September 8, 1927, recorded November 26, 1927 in Ocean County Clerk's office in Book 769 of deeds page 19.

Paper marked Exhibit C-6.

10

Mr. Stein: I offer deed from Bopaz Land & Development Co. to Exchange Realty Co. Inc., dated January 7, 1927, recorded January 21, 1927, in Ocean County Clerk's office in Book 730, page 40.

Paper marked Exhibit C-7.

Mr. Stein: I offer deed from U. S. Land Development Co. to Freda Woodward, dated February 1, 1927, recorded January 24, 1928 in Book 773 page 347.

20

Paper marked Exhibit C-8.

Mr. Stein: I offer deed from U. S. Land Development Co. to Charles G. Woodward, dated February 1, 1927, recorded January 24, 1928, in book 775, page 85.

Paper marked Exhibit C-9.

30

Mr. Stein: I offer mortgage by Lakehurst Development Co. to Bopaz Land & Development Co. for \$20,000., dated February 8, 1927, and recorded November 26, 1927 in Book 209 of Mortgages at page 101.

Paper marked Exhibit C-10.

Testimony Closed.

40



*Affidavit of Charles Knopf.*

money which I did advance. At various times before 1912 my brother Frederick R. Knopf became financially embarrassed. I had to advance money to various creditors of him including some of the banks in Newark in order to meet principal and interest payments on notes which were signed by him and which had become due.

4. On various occasions I endorsed notes for my brother which were given for obligations due and owing from him and on various occasions I was forced to pay the principal and interest of these notes. I advanced money to my brother Frederick R. Knopf which he used toward the development and financing of the Alma Park tract before the same was conveyed to Alma Park, Inc. On various occasions I hired automobiles to take prospective purchasers to the tract at Lakewood, New Jersey.

5. At one time I advanced funds to redeem the Alma Park property after the same had been sold for taxes. I paid attorneys fees for my brother when the same became due. I advanced money at various times to his wife when he failed to provide sufficient funds for her support. The money so advanced amounted to thousands of dollars.

6. I am attaching to this affidavit copies of two memorandums, one of which was signed by Frederick R. Knopf and one by his wife, Carrie, which are indicative of the relationship between my brother and me. One memorandum is marked Schedule A and one is marked Schedule B. One memorandum was given to me by my brother and one by his wife.

7. Alma Park, Inc. was formed on the 25th day of January, 1912. My brother, Frederick R.

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*Affidavit of Charles Knopf.*

Knopf and I were two of the incorporators. In the certificate of incorporation it was set forth that the company would commence business with one hundred shares of stock of the par value of \$100.00 each. The first meeting of the incorporators was held January 27, 1912. At this meeting I was appointed secretary. At this meeting the Board of Directors of Alma Park, Inc. was authorized to purchase from Frederick R. Knopf the Alma Park tract for \$10,000.00 to be paid by the issuance of seventy-five shares of stock to Frederick R. Knopf and by the payment of \$2500.00 in cash. It was understood at that time between Frederick R. Knopf and me that the said cash payment of \$2500.00 represented approximately the amount of money that I had advanced to him including the value of services that I performed for him at various times.

8. It was also understood that instead of a cash payment being made to Frederick R. Knopf for the purchase of Alma Park tract there would be issued to me twenty-five shares of stock in the Alma Park, Inc. I was to accept these twenty-five shares in satisfaction for my claims against Frederick R. Knopf and he was to transfer to the Alma Park, Inc., all his interest in the Alma Park tract and take seventy-five shares in the corporation.

9. On the said 27th day of January, 1912 a meeting of the Board of Directors consisting of Julius Szeremanyi, Frederick R. Knopf, Charles Knopf and Henry Kruesheld was held, at which meeting the Board of Directors accepted the offer of Frederick R. Knopf to buy the Alma Park property. At that meeting Frederick R. Knopf was elected secretary and I was elected treasurer.

*Affidavit of Charles Knopf.*

10. On March 26, 1912 a special meeting of the Board of Directors was held and was attended by Frederick R. Knopf, Julius Szeremanyi and myself. At that meeting Henry Kruesheld and Julius Szeremanyi resigned as directors and officers and Richard Knopf, our father, was elected as a director and as Vice President. Frederick R. Knopf resigned as secretary and was elected as president. I was elected to the office of secretary. 10

11. As is set forth in the stockholders ledger on March 26, 1912 there was issued to Frederick R. Knopf stock certificate #2 for twenty-five shares of stock, stock certificate #3 for five shares of stock and stock certificate #4 for forty-five shares. There was issued to me stock certificate #5 for twenty-five shares. On April 1, 1912 Frederick R. Knopf assigned to Richard Knopf stock certificates 2 and 3 for thirty shares. This transfer record is found in the minute book at page 235, which transfer record is signed by Frederick R. Knopf. A copy of the transfer record is attached hereto, made a part hereof and marked Schedule C. 20

12. On February 16, 1928 and prior to the filing of the bill of complaint herein Richard Knopf assigned his thirty shares of stock to me. A copy of this assignment is attached hereto, made a part hereof and marked Schedule D. My father became interested in the corporation in the following manner. Just as I had done, my father had assisted my brother financially at many times and for large sums of money. When Frederick R. Knopf owned the Alma Park tract in his own name he sold many lots of said tract to poor workingmen and gave them full warranty deeds when as a matter of fact he knew that said land was encumbered 30 40

*Affidavit of Charles Knopf.*

by a mortgage and could not be conveyed free of encumbrances. As a result of these fraudulent transactions the arrest of Frederick R. Knopf was threatened. To save my brother from arrest my father agreed to mortgage his homestead which home was in my mother's name, in order to raise sufficient funds to clear off the mortgage on the Alma Park tract.

10  
20  
13. Thirty shares of stock were then transferred to my father in consideration for the moneys which he had already advanced and in consideration for raising sufficient funds to pay off the mortgage on the Alma Park tract. My brother, Frederick R. Knopf was actually arrested for these fraudulent sales on June 6, 1912. My father then raised a mortgage on my mother's property to the extent of about \$2500.00, cleared the mortgage on the Alma Park tract and forestalled the prosecution of my brother for obtaining money under false pretenses. It was through my efforts that my father agreed to raise the money to pay off this mortgage.

30  
14. I am still the owner of the twenty-five shares of stock issued to me originally and am still the owner of the thirty shares of stock which were transferred to me by my father in 1928. Frederick R. Knopf has no claim whatsoever to these fifty-five shares of stock.

40  
15. It is not true that I knew that my brother resided at 22 Nassau Place, East Orange, New Jersey. I did not know where he resided during the last three or four years because I did not see him frequently. Many inquiries were made of me as to the whereabouts of my brother but I was unable to advise of his place of residence. About the

*Affidavit of Charles Knopf.*

time when this suit was commenced I passed my brother on the street two or three times but never spoke to him.

16. In order to effect service upon Frederick R. Knopf I advised my attorney that my brother had an office at 206 Market Street, Newark, New Jersey. About the time when the suit was commenced, I had received a letter from my brother on which the address 206 Market Street, Newark, New Jersey was given. 10

17. I deny that I knew that "late in the year 1926 or early in the year 1927" a conveyance had been made to the United States Land Development Company of all of the property of the Alma Park, Inc.

CHAS. KNOPF. 20

Subscribed and sworn to before me  
this 30th day of November, 1929.

Samuel Milgrom,  
An Attorney at Law of  
New Jersey.

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**Schedule A.**

30

Should you refuse to sign my note so same is not in Bank before 3 o'clock today I will close up and have creditors put my family and myself on the street. If this is your wish which seems to be the case, and as this is my last hope to save me from the worst, which favor is less than I would do for you why then I will have to thank you for what is sure to happen.

F. R. K. 40

*Affidavit of Charles Knopf.***Schedule B.**

Carl,

Could you give Frederick three dollars till tomorrow as I have moved over to 7th Street and I have no money in the house. I want to get something for dinner. When I am settled I will be over to see you. Kindest regards,

10

CARRIE.

**Schedule C.**

I hereby surrender stock certificate No. 2 of Alma Park, Inc., for twenty-five shares, and certify that I have transferred twenty-five shares thereof to Richard Knopf to whom I authorize new certificate to be issued.

20

Dated at Newark, N. J. this first day of April, 1912.

(Sgd) FREDERICK R. KNOPF,  
(seal)

Witness:

JOHN W. MCGEEHAN, JR.

I hereby surrender stock certificate No. 8 of Alma Park, Inc., for five shares, and certify that I have transferred five shares thereof to Richard Knopf to whom I authorize new certificate to be issued.

30

Dated at Newark, N. J. this first day of April, 1912.

(Sgd) FREDERICK R. KNOPF,  
(seal)

Witness:

JOHN W. MCGEEHAN, JR.

40

*Affidavit of Charles Knopf.***Schedule D.**

For value received, I the undersigned Richard Knopf hereby assign, transfer, set over and sell unto Charles Knopf, all my right, title and interest in and to the certain thirty shares of the capital stock of Alma Park, Inc., standing in my name on the books of said corporation. 10

And I hereby authorize the officers of said corporation to make the necessary entries on the books of said corporation.

Dated: February 16, 1928.

(sgd) RICHARD KNOPF.

Witness:

Fred Scherer.

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## Affidavit of Albert H. Freeman.

IN CHANCERY OF NEW JERSEY.

10	Between CHARLES KNOFF, Complainant,  and  ALMA PARK, INC., <i>et als.</i> , Defendants.	}	On Bill, Etc. Affidavit.
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State of New Jersey, }  
 County of Essex,       } ss.:

20     Albert H. Freeman, being duly sworn according to law upon his oath deposes and says:

1. I am a Special Deputy Sheriff of the County of Essex.

2. On September 4, 1928 there was delivered to me a subpoena in the above entitled cause to be served upon the defendant, Frederick R. Knopf at the given address of 206 Market Street, Newark, N. J.

30     3. Between September 4, 1928 and September 17, 1928 I made a bona fide effort to locate the said Frederick R. Knopf in this county, particularly to locate him at 206 Market Street, Newark, N. J.

4. I was unable to locate him and returned the subpoena with an affidavit showing that I was unable to serve the said defendant.

ALBERT H. FREEMAN.

40     Subscribed and sworn to before me  
           this 30th day of November, 1929.  
                                   Harvey W. Keough.

**Affidavit of Harry Stein.**

IN CHANCERY OF NEW JERSEY.

Between

CHARLES KNOPF,  
Complainant,

and

ALMA PARK, INC., *et als.*,  
Defendants.

On Bill, Etc.

Affidavit.

10

State of New Jersey, }  
County of Essex, } ss.:

Harry Stein, being duly sworn according to law upon his oath deposes and says:

1. I am a clerk in the Office of Julius Stein, solicitor of complainant. 20

2. At the request of Julius Stein, I examined the issues of the Newark Star (morning) a newspaper published in the City of Newark, County of Essex and State of New Jersey of Friday, June 7, 1912 and Saturday, June 8, 1912.

3. Schedule A is an exact copy of the article in the Newark Star of Friday, June 7, 1912 with reference to the arrest of Frederick R. Knopf. 30

4. Schedule B is an exact copy of the newspaper article in the Newark Star on Saturday, June 8, 1912 with reference to the arrest of Frederick R. Knopf.

HARRY STEIN.

Subscribed and sworn to before me  
this 30th day of November, 1929.

Samuel Milgrom,  
An Attorney at Law  
of New Jersey.

40

*Affidavit of Harry Stein.*

## SCHEDULE A.

Clipping from the Newark Star (morning) on the first page of the issue of Friday, June 7, 1912.

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## ARRESTED FOR LAND SWINDLE.

10

Real Estate Dealer Said to Have Given Titles Without Right.

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Mortgage on the Tract.

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Workingmen and Women Who Invested with Promoter Get Unpleasant Surprise.

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What is alleged to be a land swindle in which poor workingmen and women have invested and lost their money was uncovered yesterday by the arrest of Frederick R. Knopf, a real estate dealer of 322 Belleville Avenue, with offices at 45 Clinton Street, on a charge of obtaining money under false pretenses. The arrest was made by Lieutenant Meehan and Donovan, of the detective bureau, on complaint of Paul Koehnke, of 96 Orange Street.

30

According to the police Knopf had purchased a tract of land near Lakewood containing 2,800 building lots and carrying a large mortgage and had been selling the land in small parcels on the instalment plan to wage-earners, giving them a clear deed when the payments were completed.

40

It is claimed that there are more than sixty people who have either purchased lots for cash or who are now paying instalments on them to Knopf. Of these the majority are employees of the Westinghouse factory, at Orange and Plane streets.

*Affidavit of Harry Stein.*

Mr. Koehnke said last night that Knopf would come to his place of business and there meet the workmen, get them interested in the lots and make appointments for them to see him in his office. He further claims that Knopf would take several automobile parties to Lakewood each Sunday with the idea of selling the land and would represent that he was the full owner. 10

*Say Tract is Now Clear of the Mortgage.*

The fact that the land was sold and a clear title given despite the mortgage was admitted last night by Louis J. Beers, counsel for Knopf, but he claimed that the mortgage had been paid off two days ago. The Alma Park Company, composed of Richard Knopf, father of the man under arrest, and his other son Charles, which had recently been formed to relieve the son and brother from his embarrassing position and also to protect the organizers for the money they are said to have advanced him. 20

Koehnke, who purchased four lots for \$110. received a letter about six weeks ago notifying him that the mortgagee, William Peck, was going to foreclose the mortgage on the property and summoning him to appear to the Court of Chancery in Trenton on May 6. This was the first intimation he had that the property he had bought was not free and clear. On the summons also appeared the names of Irving G. Demarest, George A. Meyer, who Koehnke claims paid \$200 to Knopf, Daniel Frelinghaus, Oscar Feibich, Richard Franke, John Dempey of 142 Central Avenue, who was said to have invested \$150.00 for Mrs. Pauline Heir, an aged woman of 114 - 19th Avenue, who Mr. Koehnke said had paid \$175. out of money 30 40

*Affidavit of Harry Stein.*

that she had made by going out washing. All of these had received clear titles from Knopf and were made defendants in the foreclosure action.

## Lot Owners Amazed at the Question of Titles.

10 A notification to the people, who were more or less unfamiliar with the legal courts and had bought the land with the idea that they were providing a home for themselves in the future came like a bolt of lightning, blasting their hopes and tumbling down their air castles. One of them hired counsel and was told that it would do no good to go to Trenton at the specified time unless they could raise the amount of the mortgage, which is said to be about \$1800. That, of course, they could not do and Koehnke then appealed to the  
20 police.

Before swearing out the warrant and charges after receiving the summons Mr. Koehnke brought the case to the attention of Knopf and asked him what it meant and what he was going to do about it. He alleges that Knopf replied that it would be all right and told him and the others to wait. This he did but heard no more from the real estate man until he met him about two weeks ago by accident, when he received the same reply to his questions.  
30

He then said that he was told to go to the office of Louis J. Beers and did so 3 times but could learn nothing there.

After the arrest yesterday the police say that they investigated the statement of Knopf that the mortgage had been paid but claimed that they found it had not been cancelled. Knopf will be arraigned in the Second Precinct Court today  
40

*Affidavit of Harry Stein.*

when it is expected the others he is alleged to have given clear titles to, will appear against him.

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SCHEDULE B.

Clipping from the Newark Star (morning) on the last page of the issue of Saturday, June 8, 1912. 10

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SAYS TITLES ARE CLEAR NOW.

Real Estate Dealer who Sold Lots on Instalment Plan Paroled.

That the purchase of lots in the Alma Park tract are fully protected and their titles now clear was the declaration of Frederick R. Knopf yesterday following his being paroled in custody of his counsel to await the action of the Grand Jury on the charge of obtaining money under false pretenses. The complaint was made by Paul Koehnke of 96 Orange Street who was given a clear deed for five lots he purchased and later found there was a mortgage on them when the mortgagee started foreclosure proceedings a month ago. 20 30

Eight others were given deeds by Knopf who admitted yesterday that he had neglected to attach a release clause to them. More than a hundred lots have been sold among employees of the Westinghouse Electric and Manufacturing Co. who are now paying for them on the instalment plan.

Mr. Knopf said yesterday that all the liabilities, assets and contracts made by him had been taken over by the Alma Park Company, a \$20,000 cor- 40

*Affidavit of Harry Stein.*

poration recently formed, consisting of Frederick Knopf, President, his brother Charles Vice President and Treasurer and their father, Richard Knopf, principal stockholder, and that the company had cleared the mortgage.

10 The cancelled paper was shown Prosecutor Mott yesterday by Louis J. Beers, his counsel. Mr. Knopf said, when the charge against him was sent to the Grand Jury. The delay in cancelling the mortgage before it was foreclosed, which caused the trouble, was due to the new corporation having trouble in raising the necessary funds, he said.

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## Final Decree.

69-372

## IN CHANCERY OF NEW JERSEY.

Between

CHARLES KNOPF,  
Complainant,

and

ALMA PARK, INCORPORATED, FRED  
ERICK R. KNOPF, CHARLES S.  
HERMAN, UNITED STATES LAND  
DEVELOPMENT CO. INC., AR-  
CHIBALD ROSENBLATT, HAN-  
NAH ROSENBLATT, FLEDA WOOD-  
WARD, CHARLES G. WOODWARD,  
EXCHANGE REALTY COMPANY,  
INC., BOPAD LAND AND DEVEL-  
OPMENT Co. and LAKEHURST  
DEVELOPMENT Co.,

Defendants.

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On Bill, Etc.  
Final Decree.

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This cause coming on to be heard in the pres-  
ence of Julius Stein, solicitor for the complain-  
ant, Heller & Boss, solicitors of the defendants,  
Bopad Land and Development Co., a corporation  
of New Jersey, and Lakehurst Development Co.,  
a corporation of New Jersey, and Abram I Blue-  
stein, solicitor of the defendants, Archibald Ros-  
enblatt and Hannah Rosenblatt; and the defend-  
ants, Alma Park, Incorporated, Charles S. Her-  
man, United States Land Development Co. Inc.,  
Fleda Woodward, Charles G. Woodward, Ex-

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*Final Decree.*

change Realty Company, Inc., and Lakehurst Development Co., having failed to file an answer to the bill of complaint and having failed to take any other steps with reference to the complaint; a decree pro confesso having been entered against the said defendants, Alma Park, Incorporated, 10 Charles S. Herman, United States Land Development Co., Inc., Fleda Woodward, Charles G. Woodward, Exchange Realty Company, Inc., and Lakehurst Development Co.; and the Court having examined the pleadings and taken proofs orally and in open court; and having heard and considered the arguments of counsel thereon,

And the Court being satisfied that on July 20, 1925 by a deed in the name of the Alma Park, Incorporated, recorded on August 11, 1925 in the office of the Clerk of Ocean County in Book 657 of Deeds for said County, at page 46, the land hereinafter described was purported to be conveyed to the defendant, United States Land Development Co., Inc.; that the said deed was signed by the defendant, Frederick R. Knopf as president and by the defendant, Charles S. Herman as secretary, who was in fact, not secretary; that the said deed was executed by the said Frederick R. 20 Knopf and Charles S. Herman without the authority of the Board of Directors or stockholders of the Alma Park, Incorporated, and without the knowledge or acquiescence of the said Board of Directors or stockholders, that neither the said Alma Park, Incorporated nor the Board of Directors of the Alma Park, Incorporated, nor the stockholders of the Alma Park, Incorporated, received any benefit from said conveyance; that neither the stockholders nor the Board of Directors 30

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*Final Decree.*

of the said Alma Park, Incorporated ratified the execution of the said deed aforementioned; that the said deed was executed by the said Frederick R. Knopf and Charles S. Herman fraudulently; that the said deed is null and void; that on January 3, 1927 the United States Land Development Co., Inc., executed a deed purporting to convey a large portion of the land hereinafter described to the defendant, Bopad Land and Development Co., which said deed was, on January 6, 1927 recorded in the office of the Clerk of Ocean County in Book 728 of Deeds for said County at page 37; that on February 8, 1927 the said United States Land Development Co., Inc., executed a deed purporting to convey a large portion of the land hereinafter described to the defendants, Archibald Rosenblatt and Hannah Rosenblatt which said deed was on February 16, 1927 recorded in the office of the Clerk of Ocean County in Book 733 of Deeds at page 84; that on February 1, 1927 the said United States Land Development Co., Inc., executed a deed purporting to convey a large portion of the land hereinafter described to the defendant, Flelda Woodward, which said deed was on January 24, 1928, recorded in the office of the Clerk of Ocean County in Book 773 of Deeds at page 347; that on February 1, 1927 the said United States Land Development Co. Inc. exercised a deed purporting to convey a large portion of the land hereinafter described to the defendant, Charles G. Woodward, which said deed was on January 24, 1928 recorded in the office of the Clerk of Ocean County in Book 775 of Deeds at page 85; that said United States Land Develop-

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*Final Decree.*

ment Co. Inc., acquired no title from the conveyance to it as afore-mentioned and had no title and could pass no title to the premises which they purported to convey to said Bopad Land and Development Co., Archibald Rosenblatt and Hannah Rosenblatt, Fleda Woodward and Charles G. Woodward; that on September 8, 1927 the said Bopad Land and Development Co. executed a deed purporting to convey a large portion of the land hereinafter described to the defendant, Lakehurst Development Co. which said deed was, on November 26, 1927 recorded in the office of the Clerk of Ocean County in Book 769 of Deeds for said County, at page 19; that on January 7, 1927 the said Bopad Land and Development Co. executed a deed purporting to convey a large portion of the land hereinafter described to the defendant, Exchange Realty Company, Inc. which said deed was, on January 21, 1927 recorded in the office of the Clerk of Ocean County in Book 730 of Deeds for said County, at page 40; that on September 8, 1927 the Lakehurst Development Co. executed a mortgage purporting to mortgage a large portion of the land hereinafter described to the Bopad Land and Development Co., to secure the sum of \$20,000.00, which mortgage was recorded on November 26, 1927 in the office of the Clerk of the County of Ocean in Book 209 of Mortgages for said County, at page 101;

It is, on this 20th day of December, 1929, ORDERED, ADJUDGED AND DECREED that the said deed which was executed on July 20, 1925 to the defendant, United States Land Development Co. Inc., and which was recorded on August 11, 1925 in the office of the Clerk of Ocean County in Book 657 of Deeds for said County at

*Final Decree.*

page 46, for all these certain tracts or parcels of land and premises hereinafter particularly described, situate, lying and being in the Township of Jackson, County of Ocean and State of New Jersey, and more particularly described as follows:

No. 1: 10

BEGINNING at a stone planted where a white oak tree formerly stood thence as the needle pointed in 1805 1st., south thirteen degrees west sixteen chains thence 2nd, north seventy-seven degrees west eighteen chains and seventy links thence third, north three degrees and thirty minutes west twenty-three chains and ninety links thence 4th, south seventy-seven degrees east twenty-four chains thence 5th, south seven chains and ten links to the place of BEGINNING. Containing fifty acres returned to John DeBow December 4th, 1805, recorded at Perth Amboy in Book (3) K-3 page 395. 20

No. 2:

BEGINNING at the same place as number one thence as the needle pointed in the year 1813 1st, north nine chains thence 2nd, north forty-four degrees west twenty-eight chains and fifty links thence 3rd, south seventeen degrees west forty-five chains and forty links thence 4th, south seventy seven degrees east twenty-nine chains thence 5th, north thirteen degrees east twenty-one chains to the place of BEGINNING. Containing one hundred and one acres and sixty-eight hun- 30 40

*Final Decree.*

dredths of an acre. Deducting No. 1, then there remains fifty-one and sixty-eight hundredths of an acre returned to Thomas DeBow October 12, A. D. 1813 and recorded at Perth Amboy in Book S-16 page 240.

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No. 3:

BEGINNING at the third corner of the last above described tract number two thence as the needle pointed in 1819 1st, south seventeen degrees west forty-five chains forty links thence 2nd, south seventy-seven degrees east twenty-nine chains 3rd, south thirteen degrees west ten chains thence 4th, north seventy-seven degrees west thirty-seven chains forty links thence 5th, north eleven degrees west forty-one chains thence 6th, north seven degrees east thirty-two chains and thence seventh north eighty-seven degrees east one chain and fifty links to the place of BEGINNING. Containing one hundred and seventeen and seventy-seven one-hundredths acres returned to Thomas DeBow August 27, 1819, recorded at Perth Amboy in Book S-18 page 345.

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No. 4: A lot of meadow in the Township aforesaid.

BEGINNING at a stone planted on the north side of the north branch of Toms River, below the Irish Mill in the easterly line of Peter Perrine's meadow lot which he bought of Smith and McIntyre thence as the needle formerly pointed 1st, south thirty-five de

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*Final Decree.*

grees west eight chains along the said Peter Perrine's line thence (2) south fifty-two degrees east twenty-one chains and seventy links to the west line of a lot of land which John Van Hise bought of the Executors of Harvey Perrine thence 3rd, along said line north nineteen degrees east seven chains and fifteen links thence 4th north forty-eight degrees and ten minutes west nineteen chains and eighty-two links to the place of BEGINNING. Containing fifteen acres and eighteen hundredths of an acre. 10

## No. 5:

BEGINNING at the sixth corner of a tract of thirteen acres and a half that John McIntyre sold to Peter Perrine thence as the needle pointed in the year 1815 1st, south sixty-two degrees east thirteen chains and eighty links thence 2nd, south twenty-eight degrees west six chains and fifty links thence 3rd, north sixty-eight degrees west thirteen chains and eighty links thence 4th, north twenty-eight degrees, east six chains and fifty links to the place of BEGINNING. Containing nine acres. 20 30

Being the same premises conveyed to the said party of the first part by Frederick H. Knopf and wife by deed dated March 5th, 1912 and recorded in the Register's Office of Ocean County in Book 392 of Deeds, pages 102, etc.

Excepting from the above described premises all those tracts described in deeds re-

*Final Decree.*

corded in the Ocean County Register's Office as follows:

10 Book 378, page 79; Book 379, page 120; Book 381, page 92; Book 383, page 30; Book 383, page 180; Book 383, page 317; Book 384, page 86; Book 384, page 284; Book 389, page 191; Book 392, page 102; Book 402, page 14; Book 396, page 185; Book 398, page 89, Book 399, page 209; Book 400, page 328; Book 402, page 233; Book 405, page 441, Book 406, page 370; Book 407, page 70; Book 407, page 100; Book 407, page 272; Book 408, page 147; Book 408, page 315; Book 409, page 153; Book 410, page 161; Book 412, page 29; Book 414, page 403; Book 418, page 364; Book 426, page 220; Book 432, page 416; Book 435, page 218; Book 438, page 345; Book 443, page 97, Book 444, page 441; Book 445, page 20; Book 449, page 48; Book 450, page 151; Book 451, page 127; Book 456, page 355; Book 457, page 391; Book 475, page 178; Book 486, page 263; Book 578, page 164; Book 578, page 197.

20  
30 Being part of the property set forth in a map of property known as Alma Park property, near Lakewood, New Jersey, which said map was made by I. D. Demarest as filed in the Office of the Clerk of Ocean County and being part of the property on "Amended Map of Alma Park, Jackson Township, Ocean County, Lakewood, New Jersey", drawn on December 1, 1926 by Harry C. Schinn, Civil Engineer, Lakewood, N. J.

40 be and the same is hereby set aside and declared to be fraudulent, null and void.

*Final Decree.*

It is further ORDERED, ADJUDGED AND DECREED that the deeds executed by the United States Land Development Co., Inc., to Bopad Land & Development Co., Archibald Rosenblatt, Hannah Rosenblatt, Fleda Woodward, Charles G. Woodward, which said deeds are more particularly hereinabove set forth, the deeds from the Bopad Land & Development Co. to Lakehurst Development Co. and Exchange Realty Company, Inc., which said deeds are more particularly hereinabove set forth, and the mortgage from the Lakehurst Development Co. to the Bopad Land & Development Co., which said mortgage is more particularly hereinabove set forth, be and the same are all hereby set aside and declared to be null and void and of no effect as against the Alma Park, Incorporated.

E. R. WALKER,  
C.

Respectfully Advised,  
JOHN H. BACKES,  
V. C.

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## Opinion.

## IN CHANCERY OF NEW JERSEY.

10	Between CHARLES KNOFF, Complainant,  and  ALMA PARK, INC., <i>et als.</i> , Defendants.	}	Opinion.
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*On final hearing.*

20           1. The management of corporate affairs is committed by law to the directors assembled in board meeting, and it is established that the president of a corporation has no more authority over its property than any other director.

30           2. The special equity of innocent purchaser for value, cannot prevail against the legal title of the company. The innocence and good faith of a subsequent purchaser of an invalid title can not supplant the legal title.

For Complainant: MR. JULIUS STEIN.  
 For Defendants: MR. ABRAM I. BLUE-  
 STEIN and Messres. HELLER & BOSS.

BACKES, Vice Chancellor.

The bill is by a stockholder in behalf of Alma Park, Inc. to set aside a conveyance executed in  
 40 the name of the company, under its corporate

*Opinion.*

seal, by its president and a fictitious secretary, without the authority of the board of directors, its knowledge or acquiescence. The company was formed in 1912 to take over five parcels forming a tract of 244 acres of pine land in Ocean County, then owned by Frederick R. Knopf. At the time of the execution of the disputed deed, Frederick R. Knopf owned 45, his father, Richard Knopf, 30, and his brother, Charles, the complainant, 25 of the outstanding shares of the company, and the three constituted the board of directors from 1915 on. Frederick R. Knopf was president, the complainant, secretary. The company's only quarters since then were in the complainant's office in Newark. Part of the tract of land had been laid out in streets, blocks and lots, on paper, by Frederick R. Knopf before he conveyed to the company, and he had sold 124 of the lots per the map of record. After the company took title he sold a few more, and then the enterprise collapsed. In 1925 Frederick R. Knopf as president, with the aid of one Herman, as secretary, a stranger to the company and the office, executed in the name of the company a deed for the five tracts to the U. S. Land and Development Company, Inc. Knopf took back a purchase money mortgage for \$7,500 in the name of the company, and shortly afterwards sold and assigned it, pocketing the proceeds. The bill was filed promptly upon the discovery of the fraud in 1928. The U. S. Land & Development Company conveyed the lands in parcels severally to five of the defendants, two of whom, the Bopad Land & Development Co. and Rosenblatt, answered the bill. Their conveyances were in exchange for real estate. The Bopad

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*Opinion.*

Company conveyed to two additional defendants, who have defaulted. There is nothing in the case of acquiescence or ratification by the board of directors, nor of conduct to estop the company. There are no equities in favor of the defendants to which the company is called upon to respond. The execution of the deed was a simple case of fraud by the president, in which the board of directors and stockholders had no part.

The management of corporate affairs is committed by law to the directors assembled in board meeting, and it is established that the president of a corporation has no more authority over its property than any other director. *Titus v. Cairo Ry. Co.*, 37 N. J. L. 98; *Stokes v. N. J. Pottery Co.*, 46 N. J. L. 237; *Thompson v. Central Pass. Ry. Co.*, 80 N. J. L. 328; *Holcombe v. Trenton White City Co.*, 80 N. J. Eq. 122; *Economy Auto Co. v. Fidelity Union Trust Co.*, 7 Adv. Rep. 24. If he is put in charge of the company's affairs, he may bind it by contract in the usual course of business, as any other agent may, acting within the scope of his authority; and so the president of a company engaged in a real estate development may be deemed to be clothed with authority to sell lots, for that is its business, but not the tract as a unit; that is not company business. It is debatable whether the directors could convey the tract as a unit without the consent of the stockholders, if it would result in terminating the company's activities. *Meyerhoff v. Bankers Security, Inc.*, 7 Adv. Rep. 76.

Corporations are sometimes deemed to have ratified unauthorized acts and to be estopped if they retain the proceeds, and the doctrine is invoked by the defendants because the grantee in the dis-

*Opinion.*

puted deed executed a purchase money mortgage for \$7,500 to the company. This was without the authority or knowledge of the board of directors, as was the cashing and assigning of the mortgage and appropriating of the proceeds by the president, and in no way implicates the company. There cannot be ratification without knowledge.

10

The deed is a nullity. The rule of *caveat emptor* obtains. The first taker under the disputed deed took with notice that it was dealing with an agent and was bound to verify his authority at its peril. 27 R. C. L. 668, et seq. It was also put on notice by the sale of the tract as a unit, the tract having been previously laid out in building lots by a recorded map. Subsequent purchasers were likewise put upon inquiry by the record.

The special equity of innocent purchaser for value, set up by the defendants, can not prevail against the legal title of the company, 27 R. C. L. 673. The innocence and good faith of a subsequent purchaser of an invalid title can not supplant the legal title. *Vattier v. Hinde*, 7 Pet. 252; *Lindblom v. Rocks*, 146 Fed. 660.

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Complainant is entitled to a decree.

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**Opinion on Motion for Rehearing.**

*Re: Knopf vs. Alma Park, Inc., et als.*

Motion for re-hearing (new trial) on newly discovered evidence.

The effort is to dislodge Charles Knopf as a bona fide complainant and stockholder of the Alma Park. Assuming it to be true as the affidavit of Frederick Knopf would have it appear, that

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*Opinion.*

Charles held his stock by assignment from Frederick R. as collateral security and that the debt has been satisfied, it does not meet Charles standing as stockholder in right of assignment from his father. The father's stockholding is unimpeached.

10 That Frederick was served by publication when he could have been found is immaterial. Frederick was a good party to the suit for discovery but not a necessary party for relief.

The newly discovered evidence, if admitted on a re-hearing would not change the findings, and the motion is denied.

BACKES,  
Vice Chancellor.

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## Exhibit C-1.

## ABSTRACT OF LIS PENDENS

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## IN CHANCERY OF NEW JERSEY.

CHARLES KNOPF,  
Complainant,

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and

ALMA PARK, INCORPORATED, FRED-  
ERICK R. KNOPF, CHARLES S.  
HERMAN, UNITED STATES LAND  
DEVELOPMENT CO. INC., AR-  
CHIBALD ROSENBLATT and HAN-  
NAH ROSENBLATT, his wife,  
FLEDA WOODWARD, CHARLES G.  
WOODWARD, EXCHANGE REALTY  
COMPANY, INC., BOPAD LAND  
AND DEVELOPMENT CO., LAKE-  
HURST DEVELOPMENT CO.,  
Defendants.

On Bill, Etc.

Lis Pendens.  
Julius Stein,  
Sol'r. of  
Complainant.

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Aug. 14, 1928. Lis Pendens filed effecting Five  
Tracts of Land situate in Jackson Town- 30  
ship. For further description see Lis Pen-  
dens book No. 3, page 53.

Book 9, page 349.

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**Exhibit C-2.**

Minutes of a Stockholders' Meeting of Alma Park Incorporated of the City of Newark, Essex County, New Jersey, held at 45 Clinton Street at 12:30 o'clock P. M. on the twenty seventh day of January, 1912.

10 The first meeting of the corporation was held on the Twenty-seventh day of January, 1912 at 12:30 P. M. at the office of the Company (designated in the certificate of incorporation as the registered office of the company) pursuant to a written waiver of notice, signed by all the incorporators, fixing said time and place.

The following incorporators were present or represented:

20 Julius Szeremanyi; 25 shares present in person.  
Frederick R. Knopf: 25 shares, present in person.

Charles Knopf, 25 shares, present in person.

Henry Kruesheld, 25 shares, present in person.

On motion, Mr. Henry Kruesheld was elected chairman, and Mr. Charles Knopf was appointed secretary of the meeting.

30 The chairman reported that the certificate of incorporation of the company was recorded in the office of the Clerk of Essex County on the Twenty-fifth day of January, 1912 and was filed on the twenty seventh day of January, A. D. 1912, in the office of the Secretary of State, and presented a certified copy of said certificate of incorporation.

The secretary presented and read the waiver of notice of the meeting.

The secretary presented a form of by-laws for the regulation of the affairs of the company, which were read article by article and unanimously adopted.

40

*Exhibit C-2.*

Miss Elsie Eichelberg was appointed inspector of election and the oath was duly administered to her.

Messrs. Kruesheld, Szeremanyi, Charles Knopf, and Frederick R. Knopf were nominated for directors of the company to hold office for the ensuing year. No other nominations having been made, the polls were duly opened, and ballot having been duly had, and all the stockholders having voted, the polls were declared closed and the inspectors presented their certificate showing that the aforesaid gentlemen had been elected directors of the company.

10

Upon motion, duly made and seconded, and by the affirmative vote of all present, the following resolution was adopted:

Ordered that in compliance with the laws of New Jersey and the charter of the company the principal and registered office of the company be established and maintained at 45 Clinton Street, Newark.

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That a sign with the company's there on be conspicuously displayed at the entrance of said office.

That a transfer book, in which transfers of stock may be registered, and a stock book, containing the names and addresses of the stockholders and the number of shares held by each, be kept at said office, open to inspection of any stockholder during business hours.

30

That any stockholder of the company shall be entitled to a list of the stockholders with their addresses and the number of shares held by each, upon pre-payment to the registered agent of a reasonable fee to be fixed by it for making the same.

That Frederick R. Knopf be and hereby is ap-

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*Exhibit C-2.*

pointed the agent of this company in charge of said office and books, and that process against this company may be served upon said Frederick R. Knopf.

That said Frederick R. Knopf be and hereby is authorized to register transfers of stock.

10 The secretary was ordered to send a copy of the foregoing resolution, duly certified by him under the corporate seal to Frederick R. Knopf.

The board of directors were authorized to assess the stock subscribed by the said incorporators one hundred per cent payable as and when called for by the board of directors.

Upon motion duly made and seconded, and by the affirmative vote of all present, it was

20 Resolved, that the Board of Directors be and they hereby are authorized to issue shares of the capital stock of this company to the full amount authorized by the certificate of incorporation, in such amounts from time to time as shall be determined by the board, and as may be permitted by law, and in their discretion to accept in full or part of any share or shares such property as the board may determine shall be necessary for the business of the company.

30 Upon motion duly made and seconded, and by the affirmative vote of all present, the following preambles and resolutions were adopted:

Whereas, Frederick R. Knopf has offered to sell to this company property as follows:

40 The property known as Alma Park, situated in the Township of Jackson, Ocean County, New Jersey, said property to be subject to the encumbrances now thereon and exception to be made of lots already disposed of; said purchase to include the transfer of all contracts outstanding for the

*Exhibit C-2.*

purchase of lots on installments; for the consideration of Ten Thousand Dollars, in consideration of the issue of stock of this company to the amount of Seventy-five hundred dollars (\$7500) par value, and Twenty-five hundred dollars in cash.

Whereas, it appears to the stockholders that such property is necessary for the business of this company, and that the same is of the value of Ten Thousand Dollars, 10

Resolved, that the board of directors of this company be and they are hereby authorized in their discretion, to purchase the property above mentioned for and pay the sum of Twenty-five hundred dollars, the said price and to issue said stock in payment therefore.

On motion the meeting adjourned. 20

A true copy of each of the following papers referred to herein is appended to the minutes of this meeting.

Certificate of incorporation and certificate of Secretary of State as to filing same.

By laws.

Waiver of notice of this meeting.

Oath and report of inspector.

CHAS. KNOFF,  
Secretary of the Meeting. 30

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Minutes of a Directors' Meeting of the Alma Park Incorporated of the City of Newark, Essex County New Jersey held at 45 Clinton Street at 1:00 o'clock P. M. on the twenty-seventh day of January, 1912.

The first meeting of the board of directors was 40

*Exhibit C-2.*

held at 45 Clinton Street, Newark, N. J. on the twenty-seventh day of January, 1912 at One P. M.

Present, Messrs. Henry Kruesheld, Julius Szeremanyi, Frederick R. Knopf, and Charles Knopf, constituting a quorum of the board.

10 Mr. Henry Kruesheld was chosen temporary chairman, and Mr. Frederick Knopf was appointed secretary of the meeting.

The secretary presented and read a waiver of notice of the meeting, signed by all the directors, and the same was ordered filed.

The minutes of the first meeting of incorporators were read and approved.

20 The following gentlemen were duly elected officers of the company to serve for one year and until their successors are elected and qualify.

President: Henry Kruesheld.

Vice President: Julius Szeremanyi.

Secretary: Frederick R. Knopf.

Treasurer: Charles Knopf.

The president thereupon took the chair.

30 It was ordered that the secretary take the oath of office and subscribe the written oath in the form presented at this meeting. The secretary thereupon took and subscribed the oath and entered upon the discharge of his duties.

It was ordered that the treasurer give a bond in the sum of One Thousand Dollars in the form presented at this meeting which was approved by the board, and submit said bond to the board for approval as to the sufficiency of the surety.

40 The treasurer thereupon presented his bond, signed by himself as principal and by Richard Knopf as surety, and the same was approved, and ordered filed.

*Exhibit C-2.*

Upon motion duly seconded, it was

Resolved, that the seal presented at this meeting, an impression of which is directed to be made in the margin of the minute book, be and the same hereby is adopted as the seal of this corporation.

Resolved that the president and treasurer be and they hereby are authorized to issue certificates of stock in the form submitted to this meeting.

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Resolved, that the stock book and transfer book presented at this meeting be and the same hereby are adopted as the stock book and transfer book, and the secretary is hereby directed to send the same to the registered office, to be kept there as required by law.

Upon motion duly made and seconded, it was

Resolved, that the treasurer be, and he is hereby authorized to open a bank account in behalf of the company with the Broad and Market National Bank of Newark.

20

Further Resolved, that until otherwise ordered said bank be, and hereby is authorized to make payments from the funds of this company on deposit with it, upon and according to the check of this company, signed by its President and Treasurer.

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Upon motion, duly made and seconded it was

Resolved, that this company accept the offer of Frederick R. Knopf to sell to this company, the property described in the draft agreement presented at this meeting, and the board of directors do hereby adjudge and declare that said property is of the fair value of Ten Thousand dollars, and that the same is necessary for the business of the company.

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*Exhibit C-2.*

Further resolved, that the draft agreement for the sale of said property presented at this meeting be, and the same is approved and the president and secretary of the company are hereby authorized and directed to execute said agreement in the name and on behalf of this company, and to affix the corporate seal thereto.

10

Further resolved, that the president and treasurer be, and they hereby are authorized and directed to issue certificates of the full paid capital stock of this company to the aggregate amount of seventy-five hundred dollars, and to pay to the said Frederick R. Knopf twenty-five hundred dollars in cash, as provided in said agreement.

Upon motion, duly made and seconded, it was

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Resolved, that an assessment of one hundred per cent be levied upon the shares of stock subscribed by the incorporators, as evidenced by the certificate of incorporation.

Upon motion duly made and seconded, it was

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Resolved that the proper officers of this company be, and they hereby are authorized and directed in behalf of the company, and under its corporate seal, or otherwise, to make and file the certificate or statement required by law to be filed in any state in which the officers of the company shall find it necessary to file the same to authorize the company to transact business in such state.

The secretary was ordered to prepare, have executed by the proper officers, and cause to be filed in the office of the Secretary of State of New Jersey the report of officers, directors, etc. required by section 43 (as amended) of "An Act Concerning Corporations (Revision of 1896)" of New Jersey.

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On motion the meeting adjourned.

*Exhibit C-2.*

A true copy of each of the following papers referred to herein is appended to the minutes of this meeting.

Waiver of notice of this meeting.

Secretary's oath.

Treasurer's bond.

Form of stock certificate.

10

Report of Secretary of State.

Agreement.

FREDERICK R. KNOPF,  
Secretary.

Minutes of a Special Directors' Meeting of Alma Park Incorporated of the City of Newark, Essex County, New Jersey held at 45 Clinton Street at 3:00 o'clock P. M. on the twenty-sixth day of March, 1912.

20

A special meeting of the company was held at the office of the company on the Twenty-sixth day of March 1912 at 3 o'clock P. M. pursuant to personal notice given by the president to all the directors.

The meeting was called to order by Mr. Frederick R. Knopf.

Present: Frederick R. Knopf, Charles Knopf and Julius Szeremanyi.

30

The resignation of Henry Kruesheld was presented, and upon motion duly made and seconded, was accepted.

Upon motion duly made and seconded Richard Knopf was elected a director to fill the vacancy caused by the resignation of Henry Kruesheld. Richard Knopf entered the meeting room.

The resignation of Julius Szeremanyi was presented, and upon motion duly made and seconded, was accepted.

40

*Exhibit C-2.*

Upon motion duly made and seconded Mr. Frederick R. Knopf was elected to the office of president of the company in the place of Henry Kru-sheld, resigned.

10 Upon motion duly made and seconded Mr. Richard Knopf was elected to the office of vice-president of the company in the place of Julius Szere-manyi, resigned.

The resignation of Mr. Frederick R. Knopf as Secretary was presented, and upon motion duly made and seconded, was accepted.

Upon motion duly made and seconded, Mr. Charles Knopf was elected to the office of secretary of the company in the place of Frederick R. Knopf, resigned.

FREDERICK R. KNOPF,  
Secretary.

20

Minutes of a Special Directors' Meeting of Alma Park Incorporated of the City of Newark, Essex County, New Jersey held at 523 Springfield Avenue at 7:00 o'clock P. M. on the sixteenth day of April, 1912.

30 A special meeting of the company was held 523 Springfield Avenue on the 16th day of April, 1912 at 7:00 o'clock P. M. pursuant to personal notice given by the Vice President to all of the directors.

The meeting was called to order by Richard Knopf. Present, Charles Knopf and Richard Knopf.

Upon motion, duly made and seconded it was

40 Resolved that Charles Knopf, for his services as secretary and treasurer of this company, be paid an annual salary of Fifteen Hundred Dollars, beginning with the date of this meeting.

10

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187

## STOCK-HOLDERS LEDGER

*Frederick R. Knopf*

123	Exhibit C-2.	Cert.	Shares	Regis.	Total Par Value	Amt. pd.	No.	Surrendered cert.	
		No.	No.	Page	of stock	for stock		No. shares	No. Trans. record
		4	45	156	4500	4500	2 & 3	30	2 and 3
		2 & 3	30	156	3000	3000			

*Charles Knopf*

		5	25	156	2500	2500			
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188

*Richard Knopf*

		2 & 3	30	156	3000	3000	2 & 3	30	235
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*Exhibit C-2.*

235

## TRANSFER RECORD

Entered Regis.	Stock page	Trans. No.	Surrend'd No. of cert.	No. of shares
156		2	2	25
10		<p>I hereby surrender stock certificate No. Two of Alma Park, Inc., for twenty-five shares, and certify that I have transferred twenty five shares thereof to Richard Knopf to whom I authorize new certificate to be issued.</p> <p>Dated at Newark, N. J. this first day of April, 1912.</p> <p>(Signed) Frederick R. Knopf (seal)</p>		
20		<p>Witness: John W. McGeehan, Jr.</p>		
156		2	3	5
30		<p>I hereby surrender stock certificate No. 3 of Alma Park, Inc., for five shares and certify that I have transferred five shares thereof to Richard Knopf to whom I authorize new certificate to be issued.</p> <p>Dated at Newark, N. J. this first day of April, 1912.</p> <p>(Signed) Frederick R. Knopf (seal)</p>		
40		<p>Witness: John W. McGeehan, Jr.</p>		

**Exhibit C-3.**

*This is to Certify:*

That the undersigned do hereby associate themselves into a corporation, under and by virtue of the provisions of an act of the Legislature of the State of New Jersey, entitled "An Act Concerning Corporations (Revision of 1896)" and the several supplements thereto and acts amendatory thereof, and do severally agree to take the number of shares of capital stock set opposite their respective names. 10

First: The names of the corporation is Alma Park Incorporated.

Second: The location of the principal office in this State is at No. 45 Clinton Street, in the City of Newark, in the County of Essex.

The name of the statutory agent therein and in charge thereof, upon whom process against this corporation may be served is Frederick R. Knopf. 20

Third: The objects for which this corporation is formed is to acquire by purchase, lease, exchange, hire or otherwise, lands or any interest therein; to erect and construct houses, buildings or works of every description on any lands of the company or upon any other lands, and to rebuild, enlarge, alter and improve existing houses, buildings, or works thereon; to convert and appropriate any such land into and for roads, streets and other conveniences, and generally to deal with and improve the property of the company; to sell, lease, let, mortgage, or otherwise dispose of the lands, houses, buildings, hereditaments and other property of the company; to undertake or direct the management and sale of property, buildings and lands; to transact on commission the general business of a real estate agent. To construct, carry 30 40

*Exhibit C-3.*

10 out, maintain, improve, operate, manage, work, control and superintend any roads, ways, railroads, boats, ships, means of navigation; means of transportation, bridges, reservoirs, water courses, aqueducts, wharves, furnaces, mills, crushing work, hydraulic works, warehouses, stables, graneries, wagon houses, wagon works, repair shops, forges, smithshops, tool houses, hoisting and dredging machinery; dwelling houses, office and business structures, and any works, factories, machinery, structures, implements, materials and conveniences whatsoever which may seem directly or indirectly conducive to any of the objects of the company, and to contribute to, subsidize, aid, contract in relation to, or in any way take part in any such operations.

20 To take, acquire, buy, hold, own, hire, lease, mortgage, pledge and otherwise deal in and dispose of all kinds of personal property, chattels and chattels real and choses in action. To purchase or otherwise acquire, issue, re-issue, sell, pledge and deal in shares, stocks bonds, debentures and securities of all kinds, and to give any guaranty or security for the payment of dividends and interest thereon, or otherwise in relation thereto. To

30 hold shares, stocks, bonds, debentures and securities of all kinds and of either corporations, partnerships or individuals. To exercise in respect of all shares, stocks, bonds, debentures and securities held by the corporation any and all the rights, powers and privileges of individual owners thereof.

40 And in general to engage in, conduct and carry on manufacturing, mining, mercantile, mechanical and commercial businesses in all their branches and to engage in any and all lawful businesses

*Exhibit C-3.*

whatsoever other than that of a savings bank, a building and loan association, an insurance company, a surety company, a railroad company, a telegraph company, a telephone company, (but not including in the last three exceptions the businesses of constructing, maintaining and operating railroads, telegraphs or telephone lines outside of the State of New Jersey, which businesses it is intended to include in the objects of this corporation), a canal company, a turnpike company, or other company which shall need to possess the right of taking and condemning lands in the State of New Jersey, or other than a corporation provided for by "An Act Concerning banks and banking (Revision of 1899)", or by "An Act concerning trust companies (Revision of 1899)", or by "An Act concerning safe deposit companies (Revision of 1899)".

This corporation shall have power to conduct its business in all its branches and have one or more offices and unlimitedly to hold, purchase, mortgage and convey real and personal property outside of the State of New Jersey in any or all of the several states and territories of the United States in the District of Columbia in all the outlying and insular dependencies or possessions of the United States and in any and all foreign countries.

Fourth: The total amount of the capital stock of this corporation is to be one hundred thousand dollars, divided into one thousand shares of the par value of one hundred dollars.

Fifth: The names and post office addresses of the incorporators and the number of shares subscribed for by each the aggregate of such subscription being the amount of capital stock with which

*Exhibit C-3.*

the company will commence business, are as follows:

Julius Szeremanyi, 46 So. Orange Ave., Newark, New Jersey—twenty-five shares,

Frederick R. Knopf, 45 Clinton Street, Newark, New Jersey—twenty-five shares,

10 Charles Knopf, 902 So. 17th Street, Newark, New Jersey—twenty-five shares,

Henry Kruesheld, 424 Warren Street, Newark, New Jersey—twenty-five shares.

Sixth: This corporation shall have power to use and apply its surplus earnings or accumulated profits, authorized by law to be reserved, to the purchase and acquisition of property and to the purchase and acquisition of its own capital stock from time to time, to such extent, in such manner and upon such terms as its Board of Directors shall determine.

20

The Board of Directors shall have power to fix the amount to be reserved as working capital, as they may deem best for the objects of the corporation. They shall have power in their discretion to issue bonds and to secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property of the corporation and to sell or pledge such bonds for proper corporate purposes. They shall have power to acquire for and in the name of the corporation the good will, rights, property and assets of all kinds, and to undertake the whole or any part of the liabilities of any firms, person, association, or corporation, and to pay for the same in cash, stock, bonds, debentures or other securities of this corporation or otherwise.

30

The property and business of the corporation shall be managed by a Board of Four Directors.

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*Exhibit C-3.*

who shall at all times be stockholders; they shall hold office for one year and until others are elected and qualified in their stead. Vacancies in the Board of Directors however occasioned, shall be filled for the unexpired term by the remaining Directors, without delay.

A majority in amount of interest of the stock issued and outstanding shall constitute a quorum for the transaction of any business at any stockholders meeting. 10

IN WITNESS WHEREOF, we have hereunto set our hands and seals this twenty second day of January Nineteen hundred and twelve.

JULIUS SZEREMANYI	L.S.	
FREDERICK R. KNOFF	L.S.	
CHARLES KNOFF	L.S.	
HENRY KRUESHELD	L.S.	20

Signed, sealed and delivered

in the presence of:

HARRY H. POOLE

State of New Jersey, }  
County of Essex, } ss.:

BE IT REMEMBERED that on this twenty second day of January Nineteen hundred and twelve, before me the subscriber, An Attorney at Law of New Jersey personally appeared Julius Szeremanyi, Frederick R. Knopf, Charles Knopf and Henry Kruesheld, who, I am satisfied, are the persons named in and who executed the foregoing certificate, and I having first made known to them the contents thereof, they did each acknowledge that they signed, sealed and delivered the same as their voluntary act and deed. 30

HARRY H. POOLE,  
Attorney at law of New Jersey. 40

## Exhibit C-5.

## ABSTRACT OF DEED

10	ALMA PARK,, INC., A Corporation of New Jersey  to  UNITED STATES LAND DEVELOP- MENT Co., INC., Corporation of the State of New Jersey.	}	Warranty Deed Dated July 20, 1925 Recd Aug. 11, 1925 Book 657, page 46 Cons. \$1.00 &c.
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## CONVEYS

20 All those certain tracts or parcels of land and premises hereinafter particularly described situate lying, and being in the Township of Jackson, in the County of Ocean and State of New Jersey.

No. 1:

30 Beginning at a stone planted where a white oak tree formerly stood thence as the needle pointed in 1805 1st., south thirteen degrees west sixteen chains thence 2nd, north seventy seven degrees west eighteen chains and seventy links thence 3rd, north three degrees and thirty minutes west twenty three chains and ninety links thence 4th south seventy seven degrees east twenty four chains thence 5th south seven chains and ten links to the place of beginning. Containing fifty acres returned to John DeBow December 4th, 1805, recorded at Perth Amboy in Book (3) K-3-page 395.

No. 2:

40 Beginning at the same place as number one thence as the needle pointed in the year 1813 1st.,

*Exhibit C-5.*

north nine chains thence 2nd north forty four degrees west twenty eight chains and fifty links thence 3rd, south seventeen degrees west forty five chains and forty links thence 4th, south seventy seven degrees east twenty nine chains thence 5th, north thirteen degrees east twenty one chains to the place of beginning. Containing one hundred and one acres and sixty eight hundredths of an acre. Deducting No. 1 then there remains fifty one and sixty eight hundredths of an acre returned to Thomas DeBow October 12 A. D. 1813 and recorded at Perth Amboy in Book S-16 page 240. 10

## No. 3:

Beginning at the third corner of the last above described tract number two thence as the needle pointed in 1819 1st., south seventeen degrees west forty five chains forty links thence 2nd, south seventy seven degrees east twenty nine chains 3rd, south thirteen degrees west ten chains thence 4th, north seventy seven degrees west thirty seven chains forty links thence 5th north eleven degrees west forty one chains thence 6th north seven degrees east thirty two chains and thence seventh north eighty seven degrees east one chain and fifty links to the place of beginning. Containing one hundred and seventeen and seventy seven one hundredths acres returned to Thomas DeBow August 27, 1819, recorded at Perth Amboy in Book S-18 page 345. 20 30

No. 4: A lot of meadow in the Township aforesaid. Beginning at a stone planted on the north side of the north branch of Toms River, below the Irish Mill in the easterly line of Peter Perrine's 40

*Exhibit C-5.*

meadow lot which he bought of Smith and McIntyre thence as the needle formerly pointed 1st., south thirty five degrees west eight chains along the said Peter Perrine's line thence (2) south fifty two degrees east twenty one chains and seventy links to the west line of a lot of land which John Van Hise bought of the Executors of Harvey Perrine thence 3rd, along said line north nineteen degrees east seven chains and fifteen links thence 4th north forty eight degrees and ten minutes west nineteen chains and eighty two links to the place of beginning. Containing fifteen acres and eighteen hundredths of an acre.

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## No. 5:

20

Beginning at the sixth corner of a tract of thirteen acres and a half that John McIntyre sold to Peter Perrine thence as the needle pointed in the year 1815 1st., south sixty two degrees east thirteen chains and eighty links thence 2nd, south twenty eight degrees west six chains and fifty links thence 3rd, north sixty eight degrees west thirteen chains and eighty links thence 4th, north twenty eight degrees, east six chains and fifty links to the place of beginning, containing nine acres.

30

Being the same premises conveyed to the said party of the first part by Frederick H. Knopf and wife by deed dated March 5th, 1912 and recorded in the Register's Office of Ocean County in Book 392 of Deeds, pages 102 &c.

Excepting from the above described premises all those tracts described in deeds recorded in the Ocean County Register's Office as follows:

40

Book 378, page 79; Book 379, page 120; Book 381, page 92; Book 383, page 30; Book 383, page

*Exhibit C-5.*

180; Book 383, page 317; Book 384, page 86; Book 384, page 284; Book 389, page 191; Book 392, page 102; Book 402, page 14; Book 396, page 185; Book 398, page 89; Book 399, page 209; Book 400, page 328; Book 402, page 233; Book 405, page 441; Book 406, page 370; Book 407, page 70; Book 407, page 100; Book 407, page 272; Book 408, page 147; Book 408, page 315; Book 409, page 153; Book 410, page 161; Book 412, page 29; Book 414, page 403; Book 418, page 364; Book 426; page 220; Book 432, page 416; Book 435, page 218; Book 438, page 345; Book 443, page 97; Book 444, page 441; Book 445, page 20; Book 449, page 48; Book 450, page 151; Book 451, page 127; Book 456, page 355; Book 457, page 391; Book 475, page 178; Book 486, page 263; Book 578, page 164; Book 578, page 197. 10

Together &c.,

Habendum in fee.

Signed and sealed. 20

ALMA PARK INC.,

By

FREDERICK R. KNOPF,

President.

Attest:

C. S. HERMAN,

Sec. 30

Proved July 20, 1925 by C. S. Herman, Secretary of Alma Park Inc., before

ISADORE C. SISSELMAN,

An Attorney at Law of N. J.

**Exhibit C-6.**

## ABSTRACT OF DEED

BOPAD LAND & DEVELOPMENT  
A corporation of New Jersey

10

to

LAKEHURST DEVELOPMENT Co.,  
A corporation of N. J.

Warranty Deed  
Dated Sept. 8, 1927  
Red'd Nov. 26, 1927  
Book 769 page 19  
Cons. \$1.00 &c.

## CONVEYS

20 All those certain tract or parcel of land and premises hereinafter particularly described, situate, lying and being in the Township of Jackson in the County of Ocean, and State of New Jersey, which lots are on the Amended Map of Alma Park, Jackson Township, Ocean County, New Jersey, near Lakewood, New Jersey, Harry C. Shinn, Civil Engineer.

30

Said lots are known as follows: Lots 9 and 8 in Block 1; lot three and lots 34-42 inclusive in Block 2; lots 6, 9, 14, 17, 23, 25, 27, 29, 30, 32-35 inclusive, 37-40 inclusive 42 and 44 in Block 3; lots 1, 8, 9, 11-15 inclusive 20, 23-25 inclusive, 27-42 inclusive and 44 in Block 4; lots 6-17 inclusive, 18-43 inclusive in Block 5; lot 1-17 inclusive 59-79 inclusive Block 6; lots 1, 3-42 inclusive in Block 7; lots 1-11, 13-15 inclusive, 17-20 inclusive, 22, 23, 25-28 inclusive, 30-32 inclusive, 34-35 39-42 inclusive 44 in Block 8; lots 11-12 14-16 inclusive 19, 20, 26-30 inclusive 32 and 33, 35-37 inclusive, 39-42 inclusive in Block 9; lots 6, 8, 9, 12, 14, 16-

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*Exhibit C-6.*

18 inclusive 27-37 inclusive Block 11; 12-14 inclusive, 31-33 inclusive, Block 12; lots 12-34 inclusive in Block 14; lots 1-12 inclusive, 62-73 inclusive, Block 16; lots 35-30 inclusive Block 17; lots 11-19 inclusive, 25-33 inclusive Block 18; lots 1, 3-5 inclusive, 34-37 inclusive 39-42 inclusive, 44 Block 19; lots 9, 10, 12, 14 Block 20; lots 10-14 inclusive 16, 21, 23, 24, 27, 28 Block 21; lots 5-7 inclusive 10-12 inclusive 14-17 inclusive 28-34 inclusive 36-37, 39-42 inclusive in Block 22; lots 11-12 inclusive 29-34 inclusive in Block 24; lots 1-33 inclusive Block 25; lots 12-49 inclusive Block 26; lots 7-44 inclusive in Block 22; lots 11-22 inclusive, 29-34 inclusive in Block 24; lots 1-33 inclusive Block 25; lots 12-49 inclusive Block 26; lots 7-44 inclusive Block 27; lots 1, 4-12 inclusive, 14-16 inclusive, 18, 19 and 44 in Block 28; lots 3, 11-20 inclusive and 22 in Block 30; lots 8, 11-26 inclusive, 32-35 inclusive 39, and 45 in Block 31, lots 1, 3, 4, 6, 7, 9-12 inclusive 33-38 inclusive Block 32; lots 1-7 inclusive 9-11 inclusive, 13-44 inclusive Block 34; lots 1-3 inclusive 6-38 inclusive, in Block 35; 1-26 inclusive in Block 36; lot 1-10 inclusive, 12, 33-41 inclusive 43 and 44 Block 37; lots 1, 5, 7, 9, 11, 13, 18-20 inclusive, 22, 23, 26, 27, 29, 31-33 inclusive, 35-37 inclusive, 41-44 inclusive in Block 38; lots 2, 3, 6, 42 and 44 in Block 43; lots 1, 2, 4, 5, 7, 8, 10, 11, 23-29 inclusive, 42-44 inclusive in Block 44; lots 1-19 inclusive Block 45; lots 1, 3-11 inclusive 18-23 inclusive, 31, 33-35 inclusive, 37, 38, 43, 44, in Block 47; lots 1, 4-11 inclusive, 34-42 inclusive 44 in Block 48; lots 5-17 inclusive 19; 33-64 inclusive, Block 49; lots 31-49 inclusive 52, 54 55 in Block 50; lots 27-41 inclusive Block 51; lots 6-17 inclusive, 19-24 inclusive 32-

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*Exhibit C-6.*

34 inclusive, 36 and 37 in Block 53; lots 14-22 inclusive lots 45-53 inclusive in Block 54; lots 1-24 inclusive 27-44 inclusive Block 64; lots 25-39 inclusive, in Block 65; lots 31 in Block 70.

Habendum in fee.

10 Signed and sealed: Bopad Land and Development Co.

By BERNET BOSS,  
President.

Attest:

MAX PADLOVSKY,  
Secretary.

Proved Sept 8, 1927 by Max Padlovsky Sec't of Bopad Land and Development Co., before

20 THEODORE H. BOSS,  
An Atty at law of N. J.

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**Exhibit C-7.****ABSTRACT OF DEED**


---

BOPAD LAND & DEVELOPMENT  
COMPANY, A corporation of  
New Jersey.

to

EXCHANGE REALTY COMPANY,  
INC., A corporation of New  
Jersey

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Warranty Deed  
Dated Jan. 7, 1927  
Rec'd Jan. 21, 1927  
Book 730, page 40  
Cons. \$1.00 &c.

10

**CONVEYS**

All those certain tracts or parcels of land and premises hereinafter particularly described, situate, lying and being in the Township of Jackson, in the County of Ocean and State of New Jersey known as lots 1, 3-8 inclusive, 12-33 inclusive, 37-42 inclusive and 44 in Block 13 on map of Alma Park, Lakewood, New Jersey.

20

Together &c.

Habendum in fee.

Signed and sealed.

BOPAD LAND & DEVELOPMENT CO.

By

BARNET BOSS,

President.

30

Attest:

MAX PADLOVSKY,

Sec.

Proved January 7, 1927 by Max Padlovsky, Secretary of the Bopad Land & Development Co., before

THEODORE H. BOSS,

An Attorney at Law of N. J. 40

**Exhibit C-8.**

UNITED STATES LAND DEVELOPMENT Co., INC., A corporation of New Jersey

to

10 FLEDA WOODWARD, City of Newark, County of Essex and State of New Jersey.

Warranty Deed  
Dated Feb. 1, 1927  
Rec'd Jan. 24, 1928  
Book 773 page 347  
Cons. \$1.00 &c.

**CONVEYS**

All that certain tract or parcel of land and premises hereinafter particularly described, situate, lying and being in the Township of Jackson, in the County of Ocean, and State of New Jersey.

20 Known as lots Numbers thirteen (13), fourteen (14), fifteen (15), sixteen (16), seventeen (17), eighteen (18), nineteen (19) twenty (20), twenty one (21), twenty two (22), in Block forty four and also lot number 3, 4, 5, 6, in Block number sixty five, described on a map entitled, "Map of Alma Park" Lakewood, N. J.

Together &c.

Habendum in fee.

30 Signed and sealed: United States Land Development Co., Inc.,

C. M. WEBER,  
President.

Attest:

SANDS CALHOUN,  
Secretary.

Proved Feb. 1, 1927 by Sands Calhoun, Secretary of United States Land Development Co., Inc., before

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MICHAEL J. BROWN,  
Notary Public.

**Exhibit C-9.**

UNITED STATES LAND DEVELOPMENT Co., INC., Corporation of the State of N. J.

to

CHARLES G. WOODWARD,  
Newark, N. J.

Warranty Deed  
Dated Feb. 1, 1927  
Rec'd Jan. 24, 1928  
Book 775 page 85  
Cons. \$1.00 &c.

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**CONVEYS**

All that certain tract or parcel of land and premises, hereinafter particularly described situate, lying and being in the Township of Jackson in the County of Ocean and State of New Jersey.

Known by Lot numbers, thirteen (13) fourteen (14) fifteen (15) sixteen (16) seventeen (17) eighteen (18) nineteen (19) twenty (20) twenty-one (21) twenty-two (22) twenty-three (23) twenty-four (24) twenty-five (25) twenty-six (26) twenty-seven (27) twenty-eight (28) twenty-nine (29) thirty (30) thirty-one (31) thirty-two (32) in Block number thirty-seven (37), on "Map of Alma Park," Lakewood, N. J.

20

Together etc.

Habendum in fee.

30

Signed and Sealed:

UNITED STATES LAND DEVELOPMENT Co. INC.,  
C. M. WEBER, President.

Attested:

SANDS CALHOUN, Secretary.

Proved Feb. 1, 1927 by Sands Calhoun, Secretary of the United States Land Development Co. Inc., before

MICHAEL J. BROWN,  
Notary Public.

40

**Exhibit C-10.****ABSTRACT OF MORTGAGE**

10	LAKEHURST DEVELOPMENT Co., Corporation of New Jersey,  to  BOPAD LAND & DEVELOPMENT Co., Corp. of New Jersey.	Mortgage for \$20,000.00 Dated Sept. 8, 1927 Rec'd Nov. 26, 1927 Book 209 page 101 Int.
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**COVERS**

20 All those certain tracts or parcels of land and premises hereinafter particularly described, situate lying and being in the Township of Jackson in the County of Ocean and State of New Jersey which lots are on the Amended Map of Alma Park, Jackson Township, Ocean County, New Jersey near Lakewood, New Jersey, Harry C. Schim, civil engineer.

30 Said lots are known as follows: Lots 9 and 8 in clock 1; lot 3 and lots 34-42 inclusive in Block 2; lots 6-9-14-17-23-25-27-29-30-32-35 inclusive 37-40 inclusive 42- and 44 in block 3; lot 1-8-9-11-15 inclusive 20-23-25 inclusive 27-42 inclusive and 44 in Block 4; lots 6-17 inclusive 18-43 inclusive in block 5; lots 1-17 inclusive 59-79 inclusive block 6; lots 1-3-42 inclusive in block 7; lots 1-11; 13-15 inclusive 17-20 inclusive 22-23-25-28 inclusive 30-32 inclusive 34-35-39-42 inclusive 44 in block 8; lots 11- 12-14-16 inclusive 19-20 26-39- inclusive, 32 and 33-35-37 inclusive 39-42 inclusive 39-42 in  
 40 clusive in block 9; lots 6-8-9-12-14-16-18 inclusive

*Exhibit C-10.*

27-37 inclusive block 11; 12-14 inclusive lots 31-33 inclusive block 12; lots 12-34 inclusive in block 14; lots 1-16 inclusive 56-84 inclusive block 15; lots 1-12 inclusive 62-73 inclusive in block 16; lots 35-39 inclusive in block 17; lots 11-19 inclusive 25-33- inclusive Block 18; lots 1-3-5- inclusive 34-37 inclusive 39-42 inclusive 44 block 19; lots 9-10-12-14 block 20; lots 10-14 inclusive 16-21-23-24-27-28 block 21; lots 5-7 inclusive 10-12 inclusive 14-17 inclusive 28-34 inclusive 36-37-39-42 inclusive in block 22; lots 11-22 inclusive 29-34 inclusive block 24; lots 1-33 inclusive block 25; lots 12-49 inclusive block 26; lots 7-44 inclusive block 27; lots 1-4-12-14-16-18-19 and 44 in block 28; lots 3, 11-20 inclusive and 22 in block 30; lot 8-11-26 inclusive 32-35 inclusive 39 and 45 in block 31; lot 1-3-4-6-7-9-12- inclusive 33-38 inclusive block 32; lots 1-7 inclusive 9-11 inclusive; 13-44 inclusive in block 34; lots 1-3 inclusive 6-38 inclusive in block 35; 1-26 inclusive in block 36; lot 1-10 inclusive; 12 33-41 inclusive 43-44 block 37; lots 1-5-7-9-11-13-18-20 inclusive 22-23-26-27-29-31-33 inclusive 35-37 inclusive 41-44 inclusive in block 38; lots 2-3-6-42 and 44 in block 43; lots 1-2-4-5-7-8-10-11-23-29 inclusive 31-32-37-39 inclusive 42-44 inclusive in block 44; lots 1-19 inclusive block 45; lots 1-3-11 inclusive 18-23 inclusive; 31-33-35 inclusive 37-38-43-44 block 47; lots 1-4-11 inclusive 34-42 inclusive 44 block 48; lots 6-17 inclusive 19-33-64 inclusive block 48; lots 31-49 inclusive 52-54-55- block 50; lots 27-41 inclusive block 51; lots 6-17 inclusive 19-24 inclusive 32-34 inclusive 36-37 block 53; lots 14-22 inclusive lots 45-53 inclusive in block 54;

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*Exhibit C-10.*

lots 1-8 inclusive block 55; lots 1-24 inclusive 27-44 inclusive block 64; lots 25-39 inclusive in block 65; lots 31 in block 70.

Party of the first part agrees to release any one of the lots herein mentioned for the sum of \$20.00 per lot.

- 10 It is understood and agreed that when the sum of eighteen thousand dollars \$18,000.00 is paid down upon this mortgage that all the lots covered by this mortgage will be released and the mortgage cancelled.

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**Exhibit D-1.**

ALMA PARK INC.

to

CHARLES EISLER.

Assignment of  
Mortgage  
Dated October  
27, 1925  
Rec. November  
4, 1925  
Book 20 of assign-  
ments, page 299 &c.

10

This assignment assigns a mortgage in the sum of Seventy-five hundred (\$7500.00) Dollars which was made by the United States Land Development Company and which recites that the sum of Seventy-five hundred (\$7500.00) Dollars is due on said mortgage.

The assignment of mortgage on behalf of Alma Park Inc. is signed as follows:

ALMA PARK INC.

20

By Frederick C. Knopf,  
President.

Attest:

Charles S. Herman,  
Secretary.

Seal Affixed

Proved October 27, 1929, by Charles S. Herman  
Secretary before W. Eugene Turton, a Master in  
Chancery of New Jersey.

30

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**Exhibit D-2.**

## ABSTRACT OF MORTGAGE

10	UNITED STATES LAND DEVELOPMENT Co., INC.	}	Purchase Money Mortgage
	to		Dated July 20, 1925
	ALMA PARK INC.		Rec. August 10, 1925 Book 179 of Mortgages page 413 Cons. \$7500.00

20 This mortgage was cancelled of record on January 6, 1927. Mortgage conveys large tract of land located in the Township of Jackson, County of Ocean and bears the same description as in the Bill of Complaint.

**Exhibit D-3.**

Know All Men by these Presents:

30 That on this twenty seventh day of October 1925 Alma Park, Incorporated a Corporation of the State of New Jersey party of the first part, in consideration of the sum of One dollar and other good and valuable consideration lawful money of the United States of America to it in hand paid by Charles Eisler party of the second part, at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold, assigned, transferred, and set over, and by these presents does grant, bargain, sell, assign, transfer, and set over unto

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*Exhibit D-3.*

the said party of the second part, his heirs, executors, administrators or assigns, a certain Indenture of Mortgage, bearing date the 20th day of July One Thousand Nine Hundred twenty-five, made by United States Land Development Co. Inc. a New Jersey corporation, which mortgage is recorded in the Clerk's Office of the County Ocean in Book 179 of Mortgages, page 413 &c. Together with the bond or obligation therein described, and the money due and to grow due thereon, with the interest. To Have and to Hold the same, unto the said party of the second part, his heirs, executors, administrators or assigns, forever subject only to the proviso in the said Indenture of Mortgage mentioned: And it does hereby make, constitute, and appoint the said Charles Eisler party of the second part, its true and lawful attorney irrevocable, in its name or otherwise, but at his proper costs and charges, to have, use and take all lawful ways and means for the recovery of all the said money and interest; and in case of payment to discharge the same as fully as it might or could do if these presents were not made: And it does hereby covenant, promise and agree, to and with the said party of the second part, that there is now due and owing upon the said Bond and Mortgage

In Witness Whereof, the said party of the first part hath caused its corporate Seal to be hereto affixed and attested by its secretary, and these

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*Exhibit D-3.*

presents to be signed by its President, the day and year first above written.

ALMA PARK, INCORPORATED,

By Frederick R. Knopf,

President.

Signed, Sealed Delivered

in the Presence of

10

Attest:

Charles S. Herman,

Secretary.

(SEAL)

State of New Jersey, }  
County of Essex, } ss.:

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Be it remembered, That on this twenty seventh day of October, Nineteen hundred and twenty-five before me the subscriber, a Master in Chancery of New Jersey personally appeared Charles S. Herman and made proof to my satisfaction that he is the secretary of Alma Park, Incorporated, the Assignor named in the foregoing Assignment; that he well knows the corporate seal of said corporation; that the seal affixed to said Instrument is the corporate seal of said corporation; that the said seal was so affixed and the said Instrument signed and delivered by Frederick C. Knopf who was at the date thereof the President of said corporation, in the presence of this deponent, and said President, at the same time acknowledged that he signed, sealed and delivered the same as his voluntary act and deed, and as the voluntary act and deed of said corporation, and that deponent, at the same time, subscribed his name to said

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*Exhibit D-3.*

Instrument as an attesting witness to the execution thereof.

CHARLES S. HERMAN.

Sworn and subscribed before me at  
Newark, N. J. the date aforesaid.

W. Eugene Turton,  
Master in Chancery  
of New Jersey. 10

(Endorsement)

ASSIGNMENT OF MORTGAGE

8285

Alma Park, Incorporated  
to  
Charles Eisler.

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Dated, October 27th, 1925.

Received in the Clerk's Office of the County of Ocean on the 4 day of Nov. A. D., 1925, at 10 o'clock, in the forenoon, and Recorded in Book 20 of Assignments of Mortgages for said County, on page 299 &c.

JOHN A. ERNST,  
Clerk. 30

## Exhibit D-5.

## STATEMENT OF ADJUSTMENT

Rosenblatt v. U. S. Land Dev. Co.

	\$63500.	Price Rosenblatt Property	
	24650	Aggregate mtgs now on property	
	<hr/>		
10	38850		
	10750.	Price of U. S. Land Dev. Co. property	
	<hr/>		
	28100		
	280000	Mtg U. S. L. D. Co. to Rosenblatt	
	<hr/>		
	\$100.		
			U. S. Land Dev. Co.
			\$342.86 Ins. premiums
			100. P. M. Mtg.
20			<hr/>
			442.86
		Rosenblatt	
	129.53	taxes	
	356.25	Feby Rent	
	6.32	Water	
	132.24	Int on Mtg.	
	180.00	Security on Leases	
	<hr/>		
30	\$804.34		
	442.86		
	<hr/>		
	\$361.48	Check Rosenblatt to U S L D Co.	

## Exhibit D-7.

Ernest Sturm  
Chairman of the Board

Paul L. Haid  
President

Organized 1860  
FARMERS INSURANCE COMPANY  
of IOWA

"America Fore"

Address all mail to  
Eighty Maiden Lane, New York City

10

Simon H. Glass, Agent  
15 Hamilton St., Paterson, N. J.

58 Hamilton Avenue

No.	Company	Amount	Premium	Unearn- ed	Expira- tion	
577347	Allemannia	\$3,000	29.25	16.25	9/29/28	20
573319	Allemannia	1,000	9.75	1.22	6/13/27	
64½ Bridge Street						
87525	Philadelphia	5,000	120.00	40.00	2/1/28	30
935785	Old Colony	12,000	288.00	140.00	7/12/28	
470594	Superior	13,000	312.00	104.00	2/1/28	
167087	Com. Cas.		21.60	17.70	7/12/29	
				319.17		
				4.00		
				12.00		
				7.69		
				342.86		

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**Exhibit D-8.**

## ABSTRACT OF DEED

10	UNITED STATES LAND DEVELOPMENT Co., INC. to BOPAD LAND & DEVELOPMENT Co.	Dated January 3, 1927 Rec. January 6, 1927 Book 728 of Deeds page 37 Cons. \$1.00 &c.
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Conveys 1251 lots of those described in the bill of complaint.

Abendum in fee.

20 Signed and sealed as follows:

United States Land Development Co. Inc.

By C. W. WEBER,  
President.

Attest:

Sands Calhoun,  
Secretary.

Corporation seal affixed.

30 Proved January 3, 1927 by Sand Calhoun, Secretary before W. Eugene Turton, Master in Chancery of New Jersey.

**Exhibit D-9.**

Agreement, made this thirtieth day of November nineteen hundred and twenty-six between United States Land Development Company, Inc., a corporation of the State of New Jersey having its principal office in the City of East Orange, County of Essex and State of New Jersey, party of the first part, and Barnet Boss, and Celia Boss his wife and Max Padlovsky, single, party of the second part

Witnesseth, as follows: The party of the first part, in consideration of One Dollar, paid by the party of the second part, the receipt of which by the party of the first part is hereby acknowledged, and also in consideration of the conveyance by the party of the second part of the real property hereinafter mentioned, hereby agree to grant and convey to the party of the second part, at a valuation for the purpose of this contract of           Dollars.

All of the tracts, and parcels of land lying, being and situate in the Township of Jackson, County of Ocean and State of New Jersey.

Being twelve hundred and fifty (1250) lots as the same are laid down on Map entitled "Alma Park, Lakewood, N. J." I. D. Demarest, C. E. Lakewood, N. J. August 1911, Scale 100'-1" which on said map are known and designated as set forth on attached sheets attached to this contract of exchange and made part hereof, and on which, party of first part covenants, there is 1250 lots.

Block No. 1—

Block No. 2—Lot No. 3, 34 to 42 inc.—Total 10.

Block No. 3—Lot No. 6, 9, 14, 17, 23, 25, 27, 29, 30, 32, 33, 34, 35, 37, 38, 39, 40, 42, 44—Total 19.

Block No. 4—Lot No. 1, 8, 9, 11 to 15 inc, 20, 23, 24, 25, 27 to 42 inc. 44—Total 29.

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*Exhibit D-9.*

Block No. 5—Lot No. 6 to 43 inc.—Total 38.

Block No. 6—Lot No. 1 to 17 inc. 59 to 75 inc.—  
Total 34.

Block No. 7—Lot No. 1, 3 to 42 inc.—Total 41.

Block No. 8—Lot No. 1 to 11, 13, 14, 15, 17, 18,  
19, 20, 22, 23, 25, 26, 27, 28, 30, 31, 32, 34, 35, 39,  
40, 41, 42, 44.—Total 34.

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Block No. 9—Lot No. 1, 11, 12, 14, 15, 16, 19,  
20, 26, 27, 28, 29, 30, 32, 33, 35, 36, 37, 39, 40, 41,  
42, 44—Total 23.

Block No. 10—

Block No. 11—Lot No. 5, 6, 8, 9, 12, 14, 16,  
17, 18, 24, 26, 27 to 38 inc.—Total 23.

Block No. 12—Lot No. 12, 13, 14, 31, 32, 33—  
Total 6.

Block No. 13—Lot No. 1, 3, 4, 5, 6, 7, 8, 12 to 33  
20 inc. 37 to 42, 44—Total 36.

Block No. 14—Lot No. 12 to 34 inc.—Total 23.

Block No. 15—Lot No. 1 to 16 inc. 56 to 84 inc.—  
Total 45.

Block No. 16—Lot No. 1 to 12 inc. 62 to 75  
inc.—Total 24.

Block No. 17—Lot No. 35, 36, 37, 38, 39—Total  
5.

Block No. 18—Lot No. 11 to 19 inc. 25 to 33  
30 inc.—Total 18.

Block No. 19—Lot No. 1, 3, 4, 5, 34, 35, 36, 37,  
39, 40, 41, 42, 33—Total 13.

Block No. 20—Lot No. 1, 3, 5, 6, 8, 9, 10, 12,  
14 to 22 inc.—Total 17.

Block No. 21—Lot No. 9 to 16 inc. 21, 23, 24,  
26, 27, 28, 29—Total 15.

Block No. 22—Lot No. 5, 6, 7, 10, 11, 12, 14,  
15, 16, 17, 28 to 34 inc. 36, 37, 39 to 42 inc.—Total  
40 23.

*Exhibit D-9.*

- Block No. 23—Lot No. 34—Total 1.
- Block No. 24—Lot No. 11 to 22 inc. 29 to 34 inc.—Total 18.
- Block No. 25—Lot No. 1 to 61 inc.—Total 61.
- Block No. 26—Lot No. 21 to 49 inc.—Total 29.
- Block No. 27—Lot No. 1 to 5 inc. 7 to 44 inc.—  
Total 43. 10
- Block No. 28—Lot No. 1, 4, to 12 inc. 14, 15, 16, 18, 19, 26 to 42 inc. 44—Total 33.
- Block No. 29—
- Block No. 30—Lot No. 1, 3, 4, 9, 11 to 20 inc. 22, to 31 inc.—Total 24.
- Block No. 31—Lot No. 1 to 4 inc. 8 to 30 inc. 32 to 35 inc. 39, 45, 46—Total 34.
- Block No. 32—Lot No. 1, 3, 4, 6, 7, 9, 10, 11, 12, 33 to 38 inc.—Total 15.
- Block No. 33— 20
- Block No. 34—Lot No. 1 to 7 inc. 9, 10, 11, 13 to 44 inc.—Total 42.
- Block No. 35—Lot No. 1 to 3 inc. 6 to 38 inc.—  
Total 36.
- Block No. 36—Lot No. 1 to 26—Total 26.
- Block No. 37—Lot No. 1 to 10 inc. 12, 33 to 41 inc. 43, 44—Total 22.
- Block No. 38—Lot No. 1, 5, 7, 9, 11, 13, 18, 19, 20, 22, 23, 26, 27, 29, 31 to 37 inc. 41, 42, 43, 44—  
Total 25. 30
- Block No. 39—
- Block No. 40—
- Block No. 41—
- Block No. 42—
- Block No. 43—Lot No. 2, 3, 6, 42, 44—Total 5.
- Block No. 44—Lot No. 1, 2, 4, 5, 7, 8, 10, 11, 23 to 29 inc. 31, 32, 37, 38, 39, 42, 43, 44—Total  
23. 40

*Exhibit D-9.*

- Block No. 45—Lot No. 1 to 19 inc.—Total 19.  
 Block No. 46—  
 Block No. 47—  
 Block No. 48—Lot No. 1, 4 to 11 inc. 34, 35, 36,  
 38 to 42 inc. 44—Total 18.  
 Block No. 49—Lot No. 1 to 17 inc. 33 to 64 inc.  
 10 Total 49.  
 Block No. 50—Lot No. 1 to 49 inc. 52, 54, 55—  
 Total 52.  
 Block No. 51—Lot No. 1 to 30 inc.—Total 30.  
 Block No. 52—  
 Block No. 53—  
 Block No. 54—Lot No. 1 to 22 inc. 33 to 36 inc.  
 —Total 26.  
 Block No. 55—Lot No. 1 to 8 inc.—Total 8.  
 Block No. 56—Out C.M.W.  
 20 Block No. 57—Lot No. 1 to 22—Total 22.  
 Block No. 58—Lot No. 1 to 43—Total 43.  
 Block No. 59—Lot No. 3 to 21, 23 to 27 inc.—  
 Total 24.  
 Block No. 60—Lot No. 4, 5, 6, 8, to 14 inc. 17,  
 23, to 31 inc.—Total 20.  
 Block No. 61—Lot No. 6 to 10 inc. 13 to 21 inc.  
 —Total 14.  
 Block No. 62—Lot No. 3, 4, 5, 6, 7, 9, 11, 12, 13,  
 30 14, 15, 16—Total 12.  
 Block No. 63—

And the party of the second part, in considera-  
 tion of One Dollar paid by the party of the first  
 part, the receipt of which by the party of the sec-  
 ond part is hereby acknowledged, and also in con-  
 sideration of the conveyance by the party of the  
 first part of the real property hereinbefore men-  
 tioned, agrees to grant and convey to the party  
 of the first part, at a valuation for the purposes  
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*Exhibit D-9.*

first part to said party of second part, (T.H.B.) and also a warranty deed from party of second part to party of first part, excepting as to the mortgage incumbrances hereinbefore set forth.

10 Said premises which are to be conveyed by the party of the second part are to be conveyed subject to the following incumbrances:

Subject to mortgages aggregating the sum of \$53,100.00 according to its terms. Party of second part covenants that the amortization clauses on the second mortgages does not provide for any greater payment on the principal sum than the sum of \$150.00 every three months.

20 There are, on premises to be conveyed by party of second part, three four-family brick buildings, and the mortgages encumbrances are made up in the following manner: A first mortgage of \$15,000.00 on each house and a second mortgage on each house in the sum of \$2700.

The difference between the values of the respective premises, over and above incumbrances shall be deemed for the purposes of this contract to be \_\_\_\_\_Dollars in favor of the party of the part, and the said party of the part agree to pay the same as follows:

30 All of the agents or brokers connected with this transaction, have been taken care of by separate private agreements with thier respective principals.

40 Each of the parties to these presents hereby agrees to convey the property above described, as sold by that party, free from all incumbrances, except as above specified, and to execute, acknowledge and deliver or cause to be executed, acknowledged and delivered to the other party, or to the

*Exhibit D-9.*

assigns of the other party (the deed to be drawn in each case at the cost of the vendor) a proper warranty deed containing full covenants, duly executed and acknowledge to convey and assure to the grantees an absolute fee of said premises.

Said deeds shall be delivered and exchanged on the third day of January at 10 o'clock A. M., at the office of C. M. Weber, Inc. No. 405 Main Street in the City of East Orange, N. J. 10

Each of the parties hereto assumes the risk of loss or damages by fire prior to the completion of this contract on the premises owned by them respectively. The rents of the said premises, insurance premiums and interest on mortgage, water rates, if any, shall be adjusted, apportioned and allowed up to the day of taking title.

All personal property appurtenant to or used in the operation of said premises is represented to be owned by the respective sellers and is included in this exchange. 20

This contract covers all right, title and interest of the respective sellers, of, in and to any lands lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the premises to be conveyed to the center line thereof, or all right, title, and interest of the respective sellers in and to any awards made or to be made in lieu thereof, and the sellers will execute and deliver to the purchasers, on closing of title or thereafter, on demand, all proper instruments for the conveyance of such title and the assignment and collection of such awards. 30

Any buildings on the land hereby agreed to be conveyed are represented to be wholly within the lines of said land. 40

*Exhibit D-9.*

The Seller is to pay all assessments for public improvements completed or under construction at date of this agreement.

10 And It Is Understood, that the stipulations aforesaid are to apply to and bind the heirs, executors, administrators and assigns of the respective parties and also the successors of party of first part. is hereby recognized as the Broker negotiating this exchange and each of the said owner or owners agree to pay said Broker, for services rendered in the Oranges and Maplewood, a commission of on private residence property, all other properties 5%, on each of their respective properties herein exchanged.

20 Party of second part agrees to produce, at time of closing, releases from material men and journeymen, for work done in connection with buildings on premises hereinbefore described.

Parties of first and second part covenant that neither of their titles were derived from any Martin Act or Tax proceeding.

Parties of first and second part agree to pay for all assessments for improvements now upon premises whether the same be confirmed or unconfirmed.

30 In Witness Whereof, the parties to these presents have hereunto set their hands and seals, the day and year first above written.

United States Land Development Co., Inc.,

by Charles M. Weber,  
C. M. WEBER,  
President (SEAL)

*Exhibit D-9.*

Attest  
Sands Calhoun,  
Sec.

BARNET BOSS (L.S.)  
CELIA BOSS (L.S.)  
MAX PADLOVSKY (L.S.)

Witnessed  
Theodore H. Boss. 10

State of New Jersey, }  
County of Essex, } ss.:

Be it Remembered, That on this 30th day of November, in the year of our Lord One Thousand Nine Hundred twenty-six personally appeared Sands Calhoun who being by me duly sworn doth depose and make proof to my satisfaction that he is the Secretary of, and well knows the Corporate Seal of United States Land Development Co., Inc. the Grantor named in the foregoing Deed, that the seal affixed is the proper Corporate Seal of the said Corporation, and that the same was so affixed thereto, and the said Deed signed and delivered by Charles M. Weber who was at the date and execution thereof, President of said Corporation, in the presence of said Deponent, as the voluntary act and deed of the said Corporation, and that the said Deponent thereupon signed the same as subscribing witness. 20 30

SANDS CALHOUN.

Sworn and Subscribed before me  
this 30th day of November, one  
thousand nine hundred and twenty-six.

Theodore H. Boss,  
An Attorney at Law  
(Seal) of N. J.

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*Exhibit D-9.*

State of New Jersey, }  
 County of Essex, } *ss.* :

10 Be it Remembered, That on this thirtieth day of November, in the year of our Lord one thousand nine hundred and twenty-six before me, the subscriber, An Attorney at Law of New Jersey personally appeared Barnet Boss and Celia Boss, his wife, and Max Padlovsky, single, who, I am satisfied, are the grantors mentioned in the within Instrument, to whom I first made known the contents thereof, and thereupon they acknowledged that, they signed, sealed and delivered the same as their voluntary act and deed, for the uses and purposes therein expressed.

THEODORE H. BOSS,

20 An Attorney at Law of  
 New Jersey.

(Endorsements)

No. 15178

United States Land Development Co. Inc.  
 to

Barnet Boss *et ux et al.*

CONTRACT OF EXCHANGE

Date Nov. 30 1926.

30 Title to Pass Jan. 3 1927.

6 Dec. 1926

9 A. M.

723

377

JOHN A. ERNST.

**Exhibit D-10.**

Agreement, made this nineteenth day of January, nineteen hundred and twenty-seven Between Archibald Rosenblatt and Hannah Rosenblatt, his wife, parties of the first part, and United States Land Development Co., Inc. a corporation of the state of N. J., party of the second part:

Witnesseth, as follows: The parties of the first part, in consideration of One Dollar, paid by the party of the second part, the receipt of which by the parties of the first part is hereby acknowledged, and also in consideration of the conveyance by the party of the second part of the real property hereinafter mentioned, hereby agree to grant and convey to the party of the second part, at a valuation for the purpose of this contract of Sixty three thousand five hundred Dollars, ALL those certain tracts and parcels of land, lying and being situate in the City of Paterson, in the County of Passaic and State of New Jersey.

Beginning at a point in the westerly line of Bridge Street at the distance of 28.16 feet southerly from the corner formed by the intersection of the said westerly line of Bridge Street with southerly line of Hamilton Avenue and running thence (1) southerly along the said westerly line of Bridge Street, 57.673 feet to the southerly outside line of the whole tract; thence (2) westerly parallel with Hamilton Avenue, 50 feet to the westerly outside line of the whole tract; thence (3) northerly along the same parallel with Bridge Street 57.718 feet to a point that is distant 28.115 feet southerly from the southerly line of Hamilton Avenue, measured on a line parallel with Bridge Street and thence (4) easterly fifty feet to the westerly line of Bridge Street and place of begin-

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*Exhibit D-10.*

ning, as the same is shown according to a survey made December 29th, 1921, by Wm. Ferguson's Son

10 Being the same premises conveyed to Hannah Rosenblatt by deed from Marcus Sheft et ux et als, bearing date June 30, 1922 and recorded in Book V-29 of Deeds for Passaic County on page 201.  
*Second tract:*

20 Beginning in the southerly line of Hamilton Avenue at the distance of 50 feet westerly from the westerly line of Bridge Street and running thence (1) southerly and parallel with Bridge Street, 88 feet and 10 inches; thence (2) westerly parallel with Hamilton Avenue 25 feet; thence (3) Northerly and parallel with the first course 88 feet and 10 inches to Hamilton Avenue and thence (4) easterly along Hamilton Avenue 25 feet to the place of beginning.

Being the same premises conveyed to Hannah Rosenblatt by deed from George Miller et ux bearing date Sept. 25, 1922 and recorded in Book B-30 of Deeds for Passaic Co. on page 73, less 3 inches of easement granted by agreement dated Sept. 14, 1926.

30 And the party of the second part, in consideration of One Dollar paid by the party of the first part, the receipt of which by the party of the second part is hereby acknowledged, and also in consideration of the conveyance by the parties of the first part of the real property hereinbefore mentioned, agrees to grant and convey to the parties of the first part, at a valuation for the purposes of this contract of Ten thousand seven hundred and fifty Dollars,

40 All that certain tract and parcel of land situat-

*Exhibit D-10.*

ed in the township of Jackson, County of Ocean and State of N. J. as the same are laid down on map on Amended map of Alma Park, dated Dec. 1, 1926, Harry C. Shinn, C. E. and being all the unsold lots appearing on said map consisting of 215 lots and more particularly described as follows:

10

And party of first and second part respectively agree that neither of their titles to the premises aforesaid were derived thru any Martin Act or Tax proceedings.

It is further understood and agreed that in the event the said party of second part re-finances the present mortgage loans necessitating the reduction of the said purchase money mortgage to be given back by them, as herein provided, that the said P. M. Mtg in its reduced form, shall be renewed by the said parties of the first part, executors or assigns for a period of 3 years from the date of such reduction of principal sum. Party of first part further agrees to subrogate the said purchase money bond and mortgage to a second mortgage on the first tract, not exceeding the sum of \$3,000.00

20

Said premises which are to be conveyed by the parties of the first part are to be conveyed subject to the following incumbrances:

30

First mortgage in the sum of \$17,900.00 covering both tracts and which parties of first part represents is held by the U. S. Trust co of the City of Paterson, N. J.

On first tract, a second mortgage in the sum of \$5250.00 which has about 1½ years to run to date of maturity. On second tract, a second mortgage

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*Exhibit D-10.*

in the sum of \$1500.00 which has about 1½ years to run.

Subject to existing tenancies.

10 Party of first part shall have the right of vacating said premises now occupied by him, on 30 days notice in writing, anything in statute to the contrary notwithstanding.

Said premises which are to be conveyed by the parties of the second part are to be conveyed subject to the following incumbrances:

None.

20 Party of first covenants that the buildings are all within the boundary lines and the buildings have no board of Tenement or Board of Health violations and in all other ways comply with the Tenement Act of N. J. as enforced by said Bd. of Tenement.

The difference between the values of the respective premises, over and above incumbrances shall be deemed for the purposes of this contract to be \$28,100.00 Dollars in favor of the parties of the first part, and the said parties of the second part agree to pay the same as follows:

30 By giving back to the party of the first part a purchase money bond and mortgage in the above sum, the same to run for a period of 3 years and to bear interest at the rate of 6% per annum payable quarter-annually and to contain the privilege of being paid off at any time before maturity, interest to be computed to the date of such payment. Said mortgage is to contain a subrogation clause allowing the said party of the second part to increase the amount of the present first mortgage to any amount, but all sums of money obtained  
40 on an increased first mortgage loan, over the sum

*Exhibit D-10.*

of \$4,000.00 and expenses incurred in obtaining said loan, over the present first and second mortgage incumbrances, shall be turned over to the said parties of the first part and said sum so turned over shall be in reduction of the purchase money mortgage to be given back by said party of the second part.

Each of the parties to these presents hereby agrees to convey the property above described, as sold by that party, free from all incumbrances, except as above specified, and to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered to the other party, or to the assigns of the other party (the deed to be drawn in each case at the cost of the vendor), a proper warranty deed containing full covenants, duly executed and acknowledged to convey and assure to the grantees an absolute fee of said premises.

Said deeds shall be delivered and exchanged on 15th the day of February at 9 o'clock P. M., at the office of Albin Smith No. 152 Market St in the City of Paterson, N. J.

The party of first part agrees to pay the Exchange Realty Co. his authorized agents the sum of \$1,000.00 as commission for consummating the within contract.

\*Commission Paid Feby 8, 1925

500 cash 250 note 3 mo & 250 note 6 mo.

EXCHANGE REALTY Co.,

Henry Stein, Pres.

Each of the parties hereto assumes the risk of loss or damages by fire prior to the completion of this contract on the premises owned by them respectively. The rents of the said premises, insurance premiums and interest on mortgage, if any,

*Exhibit D-10.*

shall be adjusted, apportioned and allowed up to the day of taking title.

10 If there be water meters on the premises, the respective sellers shall furnish readings to dates not more than thirty days prior to the time herein set for closing title and the unfixed meter charges for the intervening time shall be apportioned on the basis of such last readings.

All personal property appurtenant to or used in the operation of said premises is represented to be owned by the respective sellers and is included in this exchange.

20 This contract covers all right, title and interest of the respective sellers, of, in and to any lands lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the premises to be conveyed to the centre line thereof, or all right, title, and interest of the respective sellers in and to any awards made or to be made in lieu thereof, and the sellers will execute and deliver to the purchasers, on closing of title or thereafter, on demand, all proper instruments for the conveyance of such title and the assignment and collection of such awards.

30 And It Is Understood, that the stipulations aforesaid are to apply to and bind the heirs, executors, administrators and assigns of the respective parties.

In Witness Whereof, the parties to these pres-

*Exhibit D-10.*

ents have hereunto set their hands and seals, the day and year first above written.

ARCHIBALD ROSENBLATT (Seal)

HANNAH ROSENBLATT (Seal)

Witness

Theodore H. Boss.

United States Land Development Co. Inc.

by C. M. WEBER,

President (Seal)

10

Attest

Sands Calhoun

Secretary

State of New Jersey, }  
County of Passaic, } ss.:

Be it Remembered, That on this nineteenth day of January in the year of our Lord One Thousand and Nine Hundred and twenty-seven, before me, the subscriber an Attorney at Law of N. J. personally appeared Hannah Rosenblatt and Archibald Rosenblatt, her husband who, I am satisfied, are the grantors mentioned in the within Instrument, to whom I first made known the contents thereof, and thereupon they acknowledged that, they signed, sealed and delivered the same as their voluntary act and deed, for the uses and purposes therein expressed;

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30

THEODORE H. BOSS,  
An Attorney at Law of New Jersey.

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## Exhibit D-11.

<p style="text-align: center;">HANNAH ROSENBLATT <i>et al</i></p> <p style="text-align: center;">to</p> <p style="text-align: center;">UNITED STATES LAND DEVELOPMENT Co., INC.</p>	<p>Warranty Deed Dated February 8, 1927 Rec. February 9, 1927 Book M-33 of Deeds page 216 Cons. \$1.00 &amp;c.</p>
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Conveys property located in the City of Paterson, County of Passaic, State of New Jersey.

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Being known and designated as lot #58 Hamilton Avenue on the official map of Paterson and being the same premises conveyed to the said Hannah Rosenblatt by George Miller and Margaret Miller, his wife by deed of Warranty dated September 25, 1922 and recorded in the Register's Office of Passaic County in Book 30 page 73.

Abendum in fee.

Signed and sealed by Hannah Rosenblatt and Archibald Rosenblatt in the presence of Albion Smith.

The above instrument acknowledged by Albion Smith, a Master in Chancery of New Jersey on February 8, 1927.

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## Exhibit D-12.

UNITED STATES LAND DEVELOP-  
MENT Co., INC.

to

ARCHIBALD ROSENBLATT *et ux*

Mortgage  
Dated February  
8, 1927  
Rec. February  
10, 1927  
Book P-15 of  
Mortgages page  
45 &c.  
Cons. \$28,000.00

10

This mortgage is a purchase money mortgage being given to secure part of the purchase price of premises which were exchanged with the United States Land Development Co. Inc.

This mortgage was paid and cancelled of record June 26, 1928 by Silranfox Realty Co. Inc. the then holder thereof.

Signed and sealed as follows:

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United States Land Development Co. Inc.

By CHARLES W. WEBER,

President.

Attest:

Sand Calhoun,

Secretary.

Corporation seal affixed

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## Exhibit D-13.

ARCHIBALD ROSENBLATT <i>et ux</i>	Assignment of Mortgage Dated March 23, 1927
to	
SILRANFOX REALTY Co., INC.	
	Rec. March 23, 1927 Cons. \$28,000.00 Book R-4 of As- signments page 71

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This assignment assigns the mortgage referred to in Exhibit D-12 and which was subsequently paid.

The same was properly signed, sealed and acknowledged.

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**Exhibit D-14.**

UNITED STATES LAND DEVELOP-  
MENT Co., INC.

to

SIDONIA BREITENBACH.

Warranty Deed  
Dated March  
28, 1927  
Rec. March 28,  
1927  
Book M-33  
page 543

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Conveys the property which was purchased by the United States Land Development Co. Inc. from Hannah Rosenblatt et al and has the same subject matter as Exhibit D-11.

This deed was properly signed and sealed and delivered by the proper officers of the United States Land Development Co. Inc. 20

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IN CHANCERY OF NEW JERSEY

BETWEEN )  
CHARLES KNOFF :  
Complainant )  
and : ON BILL, ETC.  
ALMA PARK, Incorporated : AMENDMENT TO BILL OF  
et als : COMPLAINT  
Defendants )  
:

This complainant, Charles Knopf, in pursuance to an order issuing out of this court on the 20th day of May, 1929 hereby amends the bill of complaint herein by adding the following paragraph to the said bill of complaint:

Paragraph I-a: Complainant files this bill and brings this suit for his benefit, for the benefit of the Alma Park, Inc., and for the benefit of all the stockholders and creditors of the Alma Park, Incorporated.

Julius Stein  

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Solicitor for complainant

Ri  
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sa  
bo

DA

WI  
Fr

Telephone Terrace 6058

CHARLES KNOFF

Architect

587 So. Tenth St.

Newark, N. J.

For value received, I the undersigned Richard Knopf hereby assign, transfer, set over and sell unto Charles Knopf, all my right, title and interest in and to the certain thirty shares of the capital stock of ALMA PARK, Inc., standing in my name on the books of said corporation.

And I hereby authorize the officers of said corporation to make the necessary entries on the books of said corporation.

DATED: February 16, 1928

Richard Knopf

WITNESS:

Fred Scherer



## New Jersey Court of Errors and Appeals

Between

CHARLES KNOFF,  
Complainant-Respondent,

and

ALMA PARK, INCORPORATED, FRED-  
ERICK R. KNOFF, CHARLES S.  
HERMAN, UNITED STATES LAND  
DEVELOPMENT CO. INC., AR-  
CHIBALD ROSENBLATT, HAN-  
NAH ROSENBLATT, FLEDA WOOD-  
WARD, CHARLES G. WOODWARD,  
EXCHANGE REALTY COMPANY,  
INC., BOPAD LAND AND DEVEL-  
OPMENT Co. and LAKEHURST  
DEVELOPMENT Co.,

Defendants-Appellants.

On Bill, Etc.

On Appeal  
from the  
Court of  
Chancery.

### BRIEF FOR DEFENDANTS-APPELLANTS, BOPAD LAND AND DEVELOPMENT CO., AND ARCHIBALD ROSENBLATT AND HANNAH ROSENBLATT.

#### Facts.

This is an appeal from a decree of the Court of Chancery, advised by Vice Chancellor John H. Backes and involves questions affecting thousands of titles in the State.

Frederick R. Knopf, in the year 1912, was the owner of a large tract of land in Ocean County, New Jersey, near Lakewood. Being in financial

difficulties, it was decided to form a corporation to take over the land, and the Alma Park, Incorporated came into being; See p. 66, lines 10 to 20.

Originally, the stockholders were the complainant-respondent, Charles Knopf, his brother, Frederick R. Knopf, and two other people; See, Exhibit C-2; and Frederick R. Knopf was secretary, Charles Knopf, treasurer, and the other two stockholders held the positions of president and vice-president, respectively; See, Exhibit C-2, p. 118.

The stockholders and directors approved the purchase of the lands of Frederick R. Knopf, known as Alma Park, the company to pay Seventy-five Hundred (\$7500.00) Dollars by the issuance of its stock, and Twenty-five Hundred (\$2500.00) Dollars in cash; See, Exhibit C-2, pages 116-117.

At a special directors' meeting, held March 26, 1912, the two outsiders resigned, and the father of Frederick R. Knopf and Charles Knopf was elected as a director; and Frederick R. Knopf was made President, Richard Knopf, the father, Vice-President, and Charles Knopf, complainant-respondent, the Secretary; See, Exhibit C-2, pages 121-122.

The stockholders, directors and officers were thus, Richard Knopf, father, and Frederick R. Knopf and Charles Knopf, sons. Frederick was entitled to forty-five (45) shares, Richard to thirty (30) shares, and Charles to twenty-five (25) shares. Richard obtained his stock from his son, Frederick, on April 1, 1912; See, Exhibit C-2, p. 124. No stock, however, was actually issued to anyone; See, p. 68, lines 28-34. Charles Knopf got his stock for alleged money loaned to Frederick R. Knopf, as a sort of security; See, p. 67, lines 22-40, p. 68, lines 1-29, and p. 69, lines 20-35. Richard Knopf, his father, is also said to have acquired his stock because of advances to his

son, Frederick R. Knopf; See, p. 70, lines 13-40.

Prior to the incorporation, the brother, Frederick R. Knopf had owned this property for some two or three years, and had laid it out into building lots, and sold his lots during that time; See p. 71, lines 1-10. After the incorporation and the issuance of the stock to his father and brother, as security for advances, Frederick R. Knopf was permitted to operate the company, whose only asset was the land which Frederick R. Knopf had conveyed to it, and for which all he got was the stock of the corporation, just as he had when he had owned it individually; See, p. 70, lines 38-40, and p. 71, lines 1-19.

The survey which Frederick R. Knopf had had made of the lots, or rather map, was used by the corporation; See, p. 71, lines 25-40.

The office of the company was in the office of said Frederick R. Knopf, with a sign on the door; See, p. 72, lines 1-15. Frederick R. Knopf was the agent in charge of the office of the company, according to the certificate of incorporation; See, Exhibit C-3; also, p. 65, lines 8-12.

Such sales as were made of the property, were made by and thru said Frederick R. Knopf, the President; See, p. 65, lines 20-27. The said Frederick R. Knopf, the President, took care of the taxes on the property, and his brother, Charles Knopf, the complainant-respondent, looked to him to take care of the taxes; See, p. 64, lines 28-32; and the complainant talked to him about the taxes, and the said Frederick R. Knopf said he was a little behind, and the complainant supposed that he struggled to hold the property; See, p. 73, lines 10-15.

The company had no bank account; See, p. 63, line 36. The seal of the company was kept in the

possession of Frederick R. Knopf, and was permitted to go out of the possession of Charles Knopf into the hands of Frederick R. Knopf, who trusted Frederick R. Knopf and had confidence in him; See, p. 64, lines 1-20. So complete was this confidence, or disinterest in the property, that the complainant from 1912 on until about two weeks before the hearing in this cause, did not even visit the property; See, p. 64, lines 20-30; and as the complainant says, he "wasn't interested"; See, p. 72, lines 24 and 25.

The complainant stated that he didn't exactly leave everything up to the said Frederick R. Knopf; See, p. 64, lines 34-37; but nowhere in the testimony is there any indication as to what he did, or what anybody else did about the property, other than the said Frederick R. Knopf.

In 1925, Richard Knopf, father, and Charles Knopf and Frederick R. Knopf, sons, were the sole stockholders, directors, and sole officers of the company, Frederick being the president.

On July 20, 1925, the Alma Park, Incorporated executed a deed, conveying the balance of the lands which it had acquired from Frederick R. Knopf, to the United States Land Development Co., Inc., which deed was executed by the President, Frederick R. Knopf, and by one, C. S. Herman, as Secretary; See, Exhibit C-5. No meetings of the directors or stockholders of the said corporation had apparently taken place after April 16, 1912, so that according to the minutes, Exhibit C-2, the officers at this time remained, Frederick R. Knopf, President, Charles Knopf, Secretary and Richard Knopf, Vice-President, and they also remained all the directors; so that, so far as the minutes are concerned, and so far as any evidence in the case is concerned, the said C. S. Herman was not the Secretary of the company.

The United States Land Development Co., Inc., gave to the Alma Park, Incorporated, a purchase money mortgage for Seventy-five Hundred (\$7,500.00) Dollars; See, Exhibit D-2, which was assigned by the Alma Park, Incorporated, thru the said Frederick R. Knopf; as President, and the said C. S. Herman, as Secretary, to Charles Eisler; See, Exhibit D-3; and that mortgage was cancelled January 6, 1927; See, Exhibit D-2.

The United States Land Development Co. Inc. sold various parts of the tract conveyed to it, and among others, sold a portion of it to the defendant-appellant, Bopad Land and Development Co.; See, Exhibit D-8; and to or for the defendants-appellants Rosenblatt; See, Exhibit D-10 and Exhibit D-11; and it is conceded that the defendants-appellants, and all of the defendants to the original suit, had no knowledge of the complaint that the complainant makes, and were innocent purchasers for value; See, p. 82, lines 28-40.

The defendant-appellant, Bopad Land and Development Co. in turn sold to the Lakehurst Development Co. and to the Exchange Realty Company, Inc.; See, Exhibit C-6, and Exhibit C-7, and received from the Lakehurst Development Co. a mortgage; See, Exhibit C-10. A decree pro confesso was entered against all but these defendants-appellants, these defendants-appellants, alone, defending the suit of the complainant; See, Final Decree, p. 99.

The Court held, that the deed from the Alma Park, Incorporated to the United States Land Development Co. Inc. was executed in fraud, so far as the corporation is concerned; and that the Board of Directors and stockholders had no part therein; that the President had no real or apparent authority to execute the deed; that the company had not

ratified the acts of its President; that the deed was a nullity, and as the first taker acquired no title, he could not pass any title along; and that the special equity of an innocent purchaser for value, which the defendants set up, could not prevail against the legal title of the company; See, p. 108.

Before the entry of the decree, but after the opinion, affidavits were submitted, signed by Frederick R. Knopf and by his mother, Alma Knopf, designed to show that Charles Knopf knew of the transfer prior to the time he claimed he knew of it, and consequently was in laches in bringing the suit, and also that he had no real interest in the property, and was not a real or bona fide stockholder; and based upon such affidavits, application was made for a re-hearing, so that the testimony of the President, Frederick R. Knopf and of his mother, Alma Knopf, might be made available; See, pages 40 to 52. The application for re-hearing was denied, so that the Court did not have the benefit of the testimony of the said President, Frederick R. Knopf; and the foregoing facts are consequently based almost wholly upon the cross-examination of Charles Knopf, the complainant, who in 1928 acquired the interest of his father, Richard Knopf as a stockholder in this company; See, paragraph 2 of the bill of complaint, p. 12.

## ARGUMENT.

### **The complainant is estopped from questioning the deed.**

We respectfully submit that the learned Vice Chancellor did not apply the correct principle or principles of law to the facts. We concede that under certain states of fact, the principles stated by the Vice Chancellor apply, but they do not apply to the facts in this case. The principle that should be applied is, the principle of estoppel, namely, that the complainant and the Alma Park, Incorporated, a corporation, are estopped to question the authority of Frederick R. Knopf, the President, to make the conveyance to the United States Land Development Co. Inc. that he did make on behalf of the corporation, and that the equitable doctrine that, where a loss must fall on one of two innocent persons, the one who by his neglect made possible the injury, must shoulder the loss. This principle is well established in our law, and because it undoubtedly applies to corporate activities, as well as individual activities, it may be of advantage to cite a few cases in which the principle was applied.

In the case of *Moore vs. Riddle*, 82 Equity, 197, Vice Chancellor Backes held that, where a plaintiff was induced to carry out an agreement to convey land to one, Riddle, on the promise that as soon as Riddle had sold it to a friend, he would turn the purchase price over to the plaintiff, which he afterward refused to do, that the plaintiff was not entitled to have the conveyance set aside, because by so doing, an innocent purchaser from Riddle

would be deprived of his property; in other words, the plaintiff had by her act made the fraud possible, and therefore she had to stand the loss.

Again, in the case of *Heyder vs. Excelsior Building Loan Association of Newark*, 42 Equity, 403, an officer of the building and loan procured a loan from the company on his property, and either retained possession of, or secretly got possession of the mortgage, which he cancelled, then sold the land to Heyder, free and clear of the mortgage. The building and loan sought to make the purchaser stand the loss, but the Court, applying the foregoing doctrine, found as a fact, that the building and loan had been negligent, and had made possible the loss. See, also, *Parkview Building & Loan Association vs. Rose*, 101 Atlantic, p. 287.

In the case of *Pennsylvania Railway Co.*, Appeal 86, Pennsylvania 80, the owner of certain stock in the Railway Co. entrusted the certificates with blank powers to an agent, who fraudulently transferred them. The transfer, however, was not made for thirteen years, and it was contended by the claimant, that the Railway Co. was negligent in making the transfer, and that the date of the signature of the power of attorney should have put them on notice. The Court, however, said, "Where one of two parties, who are equally innocent of actual fraud, must lose, it is the suggestion of common sense, as well as equity, that the one whose misplaced confidence in an agent or attorney has been the cause of the loss, shall not throw it back on the other," and decided against the complainant, and for the Railway Co.

So in this case, the misplaced confidence in Frederick R. Knopf which his brother, Charles Knopf, indulged in, made possible the imposition upon the United States Land Development Co. Inc., and

Charles Knopf should not be permitted to cast the burden of that misplaced confidence on the said United States Land Development Co. Inc. Here we have a closed corporation, made up of a father and two sons, three stockholders, three directors, three officers, who permitted one of their number, Frederick R. Knopf, to manage the corporation just as though it was his own. The father, so far as the testimony is concerned, appears not to have done anything after 1912; and the complainant, Charles Knopf appears to have done little less. He was so disinterested, that he didn't even visit the property, although he knew his brother was making sales from time to time, he knew his brother had the corporate seal, he knew the brother was moving around from place to place; and he was so little interested in his brother and in the property, that he didn't even know, according to the testimony, where the brother could be found; See, p. 63, lines 7-15. He was quite willing, however, that the brother should shoulder the responsibility of keeping the property free of taxes and preserving the property from loss for non-payment of taxes. The fact is, he didn't think there was anything in the property, and he just let it go.

Under these circumstances, can there be any question but that, as between the corporation and these purchasers, who gave real value, that the burden of loss should fall upon the corporation, particularly when it presently consists solely of Charles Knopf and Frederick R. Knopf, *when, as a consequence, if the Chancery decree is upheld, not only will Charles Knopf profit by his neglect and by his carelessness, but Frederick R. Knopf, the owner of the other half interest in this corporation, despite his cupidity, if that is what it was, and despite his fraud, if it was a fraud, will also*

*profit.* We respectfully submit that, in view of the way this corporation was run, without meetings either of directors or stockholders, in view of the fact that it consisted solely of these three members of a family, that the holding out of Frederick R. Knopf as authorized to manage the whole business of the corporation, must produce the same results as if it had been done by these three stockholders, directors and officers as individuals. The fact that it was corporate property can not alter the fact that all those who actually owned the property, namely, the stockholders, are guilty of neglect in the management of the corporation, and consequently that the neglect is the neglect of the corporation, no rights of creditors or anyone else having intervened.

The Vice Chancellor says that the deed is a nullity, apparently on the theory that a corporate sale of all the property of the corporation must be authorized or sanctioned by the directors, and perhaps the stockholders; and while it may be so, that such a transfer must be so authorized or ratified, it does not follow that the stockholders can not be estopped or the directors estopped from raising that question. Just as the directors might be estopped from questioning the acts of an agent who may have held forth, or allowed to hold himself forth as holding certain powers, so the stockholders may be similarly estopped.

In the case of Minnesota & Oregon Land & Timber Co. vs. Hewitt Investment Co., 201 Federal, 752, the by-laws of the Investment Co. authorized its president with the approval of two members of the Investment Committee, who were directors, to buy and sell real property without further authority from board of directors. By another article the president as general manager, was given

full power to buy and sell real property, subject to approval of the Investment Committee. The business was in control of the president and his son and wife, who held all the stock and who were directors. The Court held that, the president having conducted the business as though he were vested with full power to buy and sell real property, the corporation was estopped to deny that he had authority to bind it to a contract for the sale of real property, and with the secretary, to execute a deed.

And again, it was held in the case of *The Fifth Ward Savings Bank of Jersey City vs. The First National Bank of Jersey City*, that an officer of a corporation may by the acts of its directors or managers, be invested with capacity to bind the company by his acts, beyond those powers which are inherent in his office; as where, in the general course of the company's business, the directors or managers have permitted an officer to assume the control and direction of its affairs, and have held him out to the public as its general agent, his authority to act for the corporation in a particular transaction may be implied from the manner in which he has been permitted by the directors or managers to transact its business.

In the case of *Crossley vs. St. Philip Neri*, 74 N. J. Law, 653, promissory notes were issued by the corporation signed by the officers thereof, while the minutes of diocese required a resolution of the board for making notes. It was held that such authority may be inferred from the circumstances, or implied by the acquiescence of the corporation, or its managers, in the general course of business.

Again, assuming for the purposes of argument, that only an apparent agency exists, it nevertheless follows that where the true owner of property

holds out another, or allows him to appear the owner of, or as having full disposition of the property, and innocent third parties are led into dealing with such owners or persons having such apparent powers of disposition of the property, they will be protected. However indisputable were the intentions of the owner not to surrender his ownership, when he has surrendered the possession, and exhibited the person who has that possession to the world as one having the powers to dispose of the property, he will not be heard against an honest buyer who had acted upon confidence, imprudently reposed by the owner. In such cases, the rights of such third persons do not depend upon the actual title or authority of the party with whom they deal directly, but are derived from the act of the real owner, which precludes him disputing as against them, the existence of the title or power which, through neglect or mistaken confidence, he caused or allowed to appear to be vested in the party making the conveyance; See, *Corpus Juris*, paragraph 177, p. 1172. In this case the real owner or owners are the three stockholders, Charles Knopf, Frederick R. Knopf and Richard Knopf. Charles Knopf was neglectful, Richard Knopf was neglectful, and Frederick R. Knopf negotiated the transfer, so that all three are bound by the foregoing equitable, just rule of law.

The rule or fiction of law that a corporation is a separate entity, separate and apart from its members, does not always obtain in a court of equity, where to do so would result in enabling the shareholders of a private corporation who substantially own and control a corporation, and its officers, to perpetrate frauds upon those who deal with them.

The foregoing from the case of *So. Florida Citrus Land Co. vs. Waldin*, 61 Florida, 766, 55 So., 862 where two persons owned all the stock and were the officers and directors, is pertinent.

The Court should not be too ready to release corporations where the negligence of the directors has permitted fraud, and corporation should not be permitted to allow officers to exercise such control over corporate property and business as an individual does over his own property, and then if disaster follows, escape liability by denying the authority of the officers to do that which they had been permitted to do, and which had justifiably led the public to believe they had authority to do. These pertinent sentiments were expressed by the Court of Appeals of Maryland, in *Buchwald Delivery & Express Co. vs. Hurst*, 111 Maryland, p. 572, 75 Atlantic, p. 111, in a somewhat similar case.

See, also, 10 Cyc., p. 910, where the following statement of law is made: "If a corporation commits the entire management of its affairs to its president and secretary, and holds no meetings of its directors, except when the president sees fit to call them together, a conveyance of land made by the president and secretary without official authority from the board will be deemed valid, in favor of a bank which has made large advances upon notes secured by a vendor's lien given to the president and secretary for the purchase money, and transferred to the bank.

And in our own State this Court has clearly expressed similar sentiments, and enunciated principles that applied to the present case must result in a reversal of the decree in question. *Murphy vs. Cane* is referred to, 80 N. J. Law, p. 163, 82 Atlantic, p. 854, where Chancellor Pitney speaking

for this Court said: "The language employed by Mr. Justice Depue was that the authority of the officer to represent the corporation may be implied (we would prefer to say inferred) from the manner in which he has been permitted by the directors to transact its business." And then follows this most significant language:

"It is, of course, a necessary corollary that, where there are no directors de jure, the agency may be created in favor of third parties by the conduct of the directors de facto; and that, where the functions normally pertaining to a board of directors are in the particular instance performed by the stockholders themselves, they by common consent dispensing with the election of directors, the agency for the company may result as clearly as if action by a board of directors had intervened; for such directors would themselves be no more than agents for the body of stockholders."

True, this case was not a sale of all the corporate property, but the only difference between a case involving an ordinary exercise of authority and an extraordinary exercise of authority, like a sale of all the corporate property, arises out of the necessity in the latter case of establishing that the stockholders or actual owners are estopped in order to estop the corporation, whereas in the former case it would not be necessary to go that far back into the corporation.

A case practically on all fours with the instant case, is that of *McElroy vs. Minn. Percheron Horse Co.*, 96 Wisconsin, p. 317, 71 N. W., p. 652. According to the statement of facts by the Court, the evidence showed that Paine, the president, owned 994 shares of the stock of the defendant corporation, all but six shares of the total stock issued, the

six shares being owned by other persons principally for the purpose of having a sufficient number of officers to fill the offices and keep up the corporate organization; that Paine was substantially the only person pecuniarily interested; that he had principally transacted its business for a long time, and without objection on the part of the persons holding the six shares; that in the making of contracts it had not been customary to authorize them by action of the board of directors, but for Paine to conduct the business without previous special authority; that the farming business had been conducted at a loss for some time, and that it was desired to dispose of that property; that to that end the contract of employment made with the plaintiffs was entered into by Paine on behalf of the corporation, but that there was no action on the part of the board of directors or stockholders of the company authorizing such contract; such contract contemplated an exchange of practically all of the corporate property for Chicago real estate. After the president had entered into the agreement to exchange the corporate property for the Chicago real estate, and the other party to the contract had consented thereto, the defendant corporation refused to carry out the contract, on the ground that the president had no authority to make the contract; and the plaintiffs thereupon sued for their commissions. The Court held, that the contract made by the president was binding upon the corporation, since all the powers of the corporation vested solely in the board of directors had been conferred upon the president by implication, arising from the way the corporation had directed its affairs. The Court quoted with approval the following well established rules or principles that "a person dealing with the president of the cor-

poration may invoke for his protection, when the corporation attempts to repudiate the acts of such president:

“1. That the corporation is estopped from claiming in the particular instance that its president had not the powers which it has customarily allowed him to exercise in the face of the public.

2. That, if the corporation has received the benefit or fruits of the transaction, it is estopped from repudiating it, and is assumed to have ratified it.

3. In case the contract is evidenced by a sealed instrument, principle that that presence of the corporate seal carries with it a presumption of actual authority on the part of the president and secretary to execute the contract. Such presumption, however, is rebuttable.

4. That proof of the authority of the president may be inferred from circumstances; it need not necessarily be established by the record.”

Thompson on Corporations, Sections 4623 and 4624 \* \* \* “Such principles, continues the court, here apply to the undisputed facts”; and then it proceeds to recite the facts substantially as I have heretofore recited them, adding, however, that “No election of directors by stockholders was had during that time, and no meeting whatever held, except one a few months before the making of the contract, at which the only business transacted was to fill the places of several directors who had resigned; it was done by election by those who re-

mained." This additional fact still further makes the case parallel the instant case. In concluding, the Court says "To such statement of facts, the doctrine of estoppel, upon which all the aforesaid rules are founded, applies, to protect the plaintiffs from the injustice of allowing the corporation to repudiate the act of its president, with whom they dealt upon the faith of appearances for which the corporation was responsible." The same language might be applied to the facts in this case.

Another case much like the instant one, is that of *Quee Drug Co. vs. Plaut*, 55 N. Y. App. Div., p. 87, 67 N. Y. Supp., p. 10. Quee and his wife each owned a drug store, and both being indebted to the defendant, Quee caused the plaintiff corporation to be organized, to take over the business of both stores, issuing stock which was divided between himself and wife and a third stockholder, who received five shares without consideration. Quee promised the defendants, before the organization was formed, that it would assume the individual debts of himself and wife, and thereafter Quee, as president of the corporation, executed a note and chattel mortgage for such indebtedness, and still later a bill of sale which was executed by him for the corporation to the defendants, conveying the corporate property. Held, that where the president of the corporation was intrusted with the entire management of the corporate business, with the complete acquiescence of the other stockholders, he will be presumed to have the authority to do what Quee did in this case. The Trial Court found that, after the incorporation, Quee continued to manage and conduct the business just as he had done before the incorporation, and that neither of the stockholders restricted or questioned his right to so act. The Court said "in *Osborne vs. Montel-*

ac Park, 89 Hun, p. 167, 35 N. Y. Supp., p. 610, affirmed in 153 N. Y., p. 672, 48 N. E., p. 1106, it was held that a corporation might loan its credit to its president, or mortgage its property for his debt, if the stockholders or the equitable owners of the stock, did not object, and if no rights of creditors intervened. It is not suggested that there are any creditors in the case at bar." So in this case. No creditors are involved, and it is purely a question whether the equitable owners of the property knew or should have known what the president was doing, and whether they permitted him to manage the business as his own. This, we submit, they did do, and we further submit that there is no proof in the case but that the other stockholder, Richard Knopf did not actually assent to this sale, which would make two out of the three stockholders, approving.

In the case of First National Bank of Hailey vs. G. V. B. Min. Co., 89 Federal, p. 439, affirmed 95 Fed. Rep., 23, the defendant by its president executed two notes to plaintiff, to secure which, defendant by its president, executed its mortgage, which was assented to by one of the stockholders of defendant by affixing his signature. The defendant corporation was a New York one, owning mines in Idaho. The president was authorized by its by-laws to sign obligations of the company, and for four years he and another shareholder took complete charge of the company, there being no directors' or shareholders' meetings during that time. He and the shareholder mentioned, owned nearly all the stock. Defense of the company is, that the acts in question were not authorized. However, the successors in interest of the managers of the defendant company recognized the notes and promised to pay

them. Held: Where chief officers of a corporation are in reality its owners, and are permitted to manage the business so that the corporate entity is only a shell, the acts of the officers are binding on the corporation, which can not escape liability as to third persons dealing with it in good faith, on the pretense that such acts were *ultra vires*. The Court said, "The so-called 'directors' and 'officers' in New York, constituted simply the dumb machinery, entirely directed by these parties, and through whom they operated when it was necessary to invoke the legal status of a corporation to strengthen their hands, or advance their objects." That parties who have no personal interest in the mission of a corporation can be used as instruments of its power, to be directed by, and serve as a shield to, reckless and unconscionable operators, opens wide the door to the commission of most vexing frauds, but which, nevertheless, may not be made amenable to the law. The Court held the defendant bound by the acts of its president and shareholder.

We respectfully urge that neither the complainant nor the Alma Park, Incorporated (which is merely the complainant and the said Frederick R. Knopf) are in a position to question the transfer in question, as against these defendants-appellants—bona fide purchasers.

**But in any event, complainant has not sustained his burden of proof.**

When proof is given that an instrument was signed by the corporate officers, and that the seal attached is the corporate seal, the courts will presume that the seal was affixed by proper authority, and that the execution was duly authorized, but

this presumption may be overthrown by proof that the seal was affixed without proper authority from the board of directors, or some other duly authorized corporate agency. Cook on Corporations, Sec. 722, page 2550; Parker vs. Washoe Mfg. Co., 49 N. J. L., 465.

The appearance of the common seal of a corporation to an instrument is evidence that it was affixed by proper authority. Leggett vs. The N. J. Man. & Baking Co., 1 N. J. Equity, 541, 550. See also, Louisville, New Albany & Chicago Railway vs. Louisville Trust Co., 174 U. S., 552. "One who takes from a railway or business corporation, in good faith and without actual notice of any inherent defect, a negotiable obligation issued by order of the board of directors, signed by the president and secretary in the name and under the seal of the corporation, and disclosing upon its face no want of authority, has the right to assume its validity, if the corporation could, by any action of its officers or stockholders, or of both, have authorized the execution and issue of the obligation."

The corporate seal of Alma Park, Incorporated was affixed to the deed in question, and it therefore became the duty of the complainant to show that it had been affixed without proper authority. What proof has the complainant offered? Only that he knew nothing of what was going on, and cared less; that his brother had the seal, that such sales as had been made were made by his brother, that his brother was taking care of the taxes on the whole tract from 1912-1925, how, the complainant didn't know or apparently care. He also produces minutes of directors' meetings, the last dated some time in April, 1912, and states that although he signed, as secretary, deeds for perhaps ten or twenty sales between 1912 and 1925, p. 58, lines

1-5, that the deed in question was not authorized; p. 58, lines 10-31.

Now it should be borne in mind that of the three directors constituting the Board, Frederick, Charles and Richard, only Charles, the complainant, testified. Charles didn't know where his brother was, although he passed him on the street, and they didn't speak, and were not and are not on speaking terms; See, p. 63, lines 7-21. Evident bitterness exists between the two brothers, as appears in the testimony, and especially in the affidavits on the motion for rehearing, when the complainant went out of his way to rake up scandal about his brother. It is apparent that Charles is biased, or at least that a fair presentation of the facts could not be expected from him. Frederick offered to testify, wrote to the Vice Chancellor when he learned of the case, but the Court did not consider his testimony would have been helpful; and finally, Richard, the father, did not testify. surely, he was available to the complainant. Why was he not produced? It is not conceivable that he did not know where his father lived. Even Charles Knopf doesn't say there were no other meetings of the Directors. All he could say, had he been asked, would have been, that if there were other meetings, he did not get notice. And yet, there may have been other meetings. What is there to show that Richard and Frederick did not meet and concur in this sale? In the loose, careless, slipshod way that this corporation was managed, or perhaps mismanaged, it is entirely conceivable that such a meeting took place, or at least that the other stockholder knew of and assented to the sale in question. If so, could there be any question as to this sale? Patently not. The fact that a director or stockholder may not have been

given or received notice of a stockholders' or directors' meeting, cannot vitiate a corporate act based thereon.

The case is much like the case of *Parker vs. Washoe Mfg. Co.*, 49 N. J. Law, p. 465, 9 Atlantic, p. 682, where the Court said:

“The controlling question in the cause, therefore, is not the mere question of fact whether the president had actual authority to execute the instruments, which the Supreme Court decided against the plaintiffs, but the mixed question of law and fact whether the probative force of the corporate seal is overcome, which the Supreme Court did not consider, and which, therefore, this court must settle.

The testimony adduced against the validity of the instruments is that of a single witness, who swears in substance that he was the secretary and a director of the Washoe manufacturing Company, a New York corporation; that there were five directors, of whom three constituted a quorum; that the president, who signed the bond and warrant, owned nine hundred and ninety-five shares of the stock (consisting of one thousand shares), and the five directors owned the balance; that the president, when he was appointed, was, by resolution of the directors, made the executive officer of the company; that he managed the affairs of the company, provided the money for it, employed the men, and, so far as the witness knew, carried on the business of the corporation; that the directors were all personal friends of the president, elected by his votes, and never overruled any action which he had taken; that he, the witness, supposed he had attended all the meetings of the directors and kept their minutes; that he had never heard of such a meeting after January, 1884, and that the board had never, to his knowledge,

authorized the president or any one else, to confess this judgment, which he said he had, nor did he state where he was about the time when these instruments were executed. The statutes of New York are not put in evidence to show when regular meetings of the directors of such companies should be held, or how special meetings may be called. The president is dead, and no other director was sworn.

We think that this testimony does not countervail the presumption in favor of the validity of the sealed instruments. Consistently with the evidence it is easy to believe that a meeting of directors, stated or special, was held in October, 1884, without the knowledge of the witness, and it is certain that if at such a meeting the president asked for the sealing of these instruments the board ordered them to be sealed. *It would seriously impair just confidence in corporate deeds if the ignorance of a single corporate officer, whose duty might or might not make him cognizant of them, could set them aside. Such a circumstance should be deemed legally insufficient to rebut the presumption of due execution to which the affixing of the common seal gives rise. Manhattan Manufacturing Co. vs. N. J. Stock Yard Co., 8 C. E. Green, 161.*

The order vacating the judgment should be reversed." (The italics are ours.)

Slightly paraphrased, the language of the opinion would apply to the instant case.

The complainant has utterly failed to overcome the presumption of corporate authority arising from the affixation of the corporate seal, the decree should be reversed and bill dismissed.

**To sustain the decree of the Court of Chancery is to unsettle titles.**

The learned Vice Chancellor, in order to support the conclusion arrived at, declared that the innocent purchaser was put on notice "by the sale of the tract as a unit, the tract having been previously laid out in building lots by a recorded map. Subsequent purchasers were likewise put upon inquiry by the record." And again he says, p. 110, lines 26-31, "and so the president of a company engaged in a real estate development may be deemed to be clothed with authority to sell lots, for that is its business, but not the tract as a unit; that is not company business."

In other words, wherever corporate ownership is involved in a title, however remote, the searching agency, whether lawyer, title company or bank, must investigate to determine whether all the corporate property is being sold. And in such event, would an examination of the records of the county in which the particular land was located be sufficient, or must the records of each county in the State be examined, and if so, where could the investigation end? It may be said that a personal, as distinguished from a record inquiry, should be made to ascertain whether all of the corporate property is being sold. But of whom should such inquiry be made? If the other officers and stockholders are known, this may be possible; but what could have been done in the present case? No record is kept in any public office from which the stockholders or officers could have been ascertained, and indeed, the only public record, the certificate of incorporation, would have shown Frederick R. Knopf as the agent of the corporation.

That being so, inquiry would naturally have been made of the President, the said Knopf, and it is easy to see that he, accustomed to treating and regarding this property as his own, would have found little difficulty in supplying a certificate, certifying that the stockholders had assented, or whatever other evidence might have been desired. Certainly the Courts would not insist upon an abortive, useless, inquiry.

Nor is there any logic in the statement that the sale of the tract as a unit was not the company's business. It is common knowledge that real estate corporations are in the market to sell land in whole or in part, by lot or as a tract unit. The sale of all the real estate is its business, its design, its hope. The situation is not akin to that in which a corporation is manufacturing and selling radios, and a president presumes to sell the plant as a whole. Anyone would pause before buying the plant simply on the president's signature; but what is there about the sale of the balance of a real estate development that should put a person on notice to inquire the right of the president to sell? We submit there is absolutely nothing, and if there is, where will the line be drawn? In this case, Knopf, when he owned the tract individually, had made sales; the complainant says he participated in perhaps twenty sales after the corporation acquired title. Therefore, the tract as a whole was not sold by the deed in question, but the balance of the tract, the unsold portion. Does the Vice Chancellor's decision mean that a president can not sell without stockholders' or directors' express authorization, the unsold portion of a real estate development? If so, then if the unsold portion consisted of three lots, the same authority must be secured as if it consisted of three hundred

lots, although, the president could sell three hundred lots without such authority, provided such three hundred lots did not comprise the remainder or balance of the tract. Surely, titles in this State can not be dependent and based upon such a rule of uncertainty. The Vice Chancellor's decision casts a cloud over thousands of titles in this State, and makes it absolutely impossible for a lawyer to safely certify, or a title company to assuredly guarantee a title that within thirty years has been corporately owned, for adequate, dependable inquiry into corporation execution will not be feasible beyond the corporate deed immediately being made, and even when made, will depend upon being able to produce the necessary witnesses and testimony. Under such circumstances, would not almost any title in which corporate ownership appeared, be questionable, if not unmarketable? And with the vast amount of real estate corporately owned, and thousands of titles showing dozens of corporate owners, what a maze of uncertainty will such titles present.

If there was but one way to decide the issue in question; if but one result could be arrived at; if the law permitted of but one conclusion, the law must prevail, regardless of results; but here, another result may be arrived at, and one that will square with logic, with reason, with equity and with justice, one that will avoid the unsettlement of titles, the risk, danger and loss to public, lawyer and title company, namely, to place the responsibility for unauthorized corporate action upon those whose neglect and remissness made possible such action, to wit, the stockholders and directors who allowed the corporate official to treat the corporate property as his own.

What is the right and just thing to do should

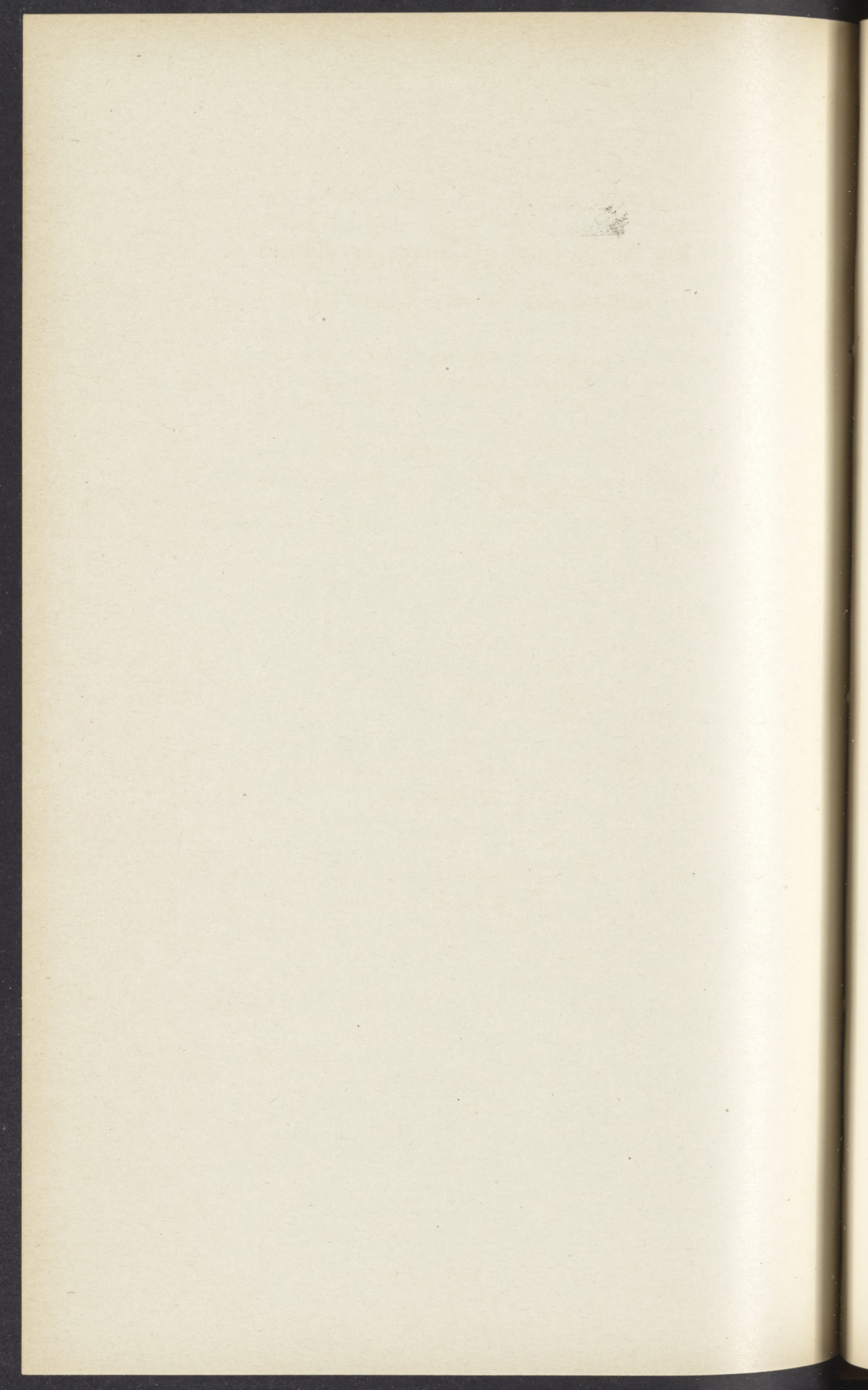
be the approach, and with that approach it is easy to find the law or doctrine that will enable the right and just thing to be done—the law that as between two innocent parties the most culpable must suffer, the doctrine of estoppel, the law that the presumption of corporate authority arising from the affixation of the corporate seal, cannot be overcome except by strong, plain, positive proof of lack of authority, a burden here resting upon the complainant and not sustained.

**We therefore urge a reversal of the Chancery decree.**

Respectfully submitted,

ABRAM I. BLUESTEIN,  
and  
HELLER & BOSS,  
Solicitors for Defendants.

FRED G. STICKEL, JR.,  
Of Counsel.



## New Jersey Court of Errors and Appeals

Between

CHARLES KNOFF,  
*Complainant-Respondent,*

and

ALMA PARK, INCORPORATED, FREDERICK R.  
KNOFF, CHARLES S. HERMAN, UNITED  
STATES LAND DEVELOPMENT CO., INC.,  
ARCHIBALD ROSENBLATT, HANNAH RO-  
SENBLATT, FLEDA WOODWARD, CHARLES  
G. WOODWARD, EXCHANGE REALTY  
COMPANY, INC., BOPAD LAND AND DE-  
VELOPMENT CO. and LAKEHURST DE-  
VELOPMENT CO.,

*Defendants-Appellants.*

On Bill, etc.

On Appeal from  
the Court of  
Chancery.

### BRIEF OF COMPLAINANT-RESPONDENT, CHARLES KNOFF.

#### Statement of Facts.

Alma Park, Incorporated, was incorporated under the laws of the State of New Jersey in January, 1912, for the purposes of conducting a general real estate business. On March 5, 1912, it acquired a large tract of land in the Township of Jackson, County of Ocean, and State of New Jersey, which land is more particularly described in the bill of complaint filed in this cause. This large tract of land comprised the sole assets of the said Alma Park, Incorporated. Between the date of its incorporation and July 20, 1925, the business

of the said Alma Park, Incorporated, was confined to a few comparatively small sales of portions of the above-mentioned land. On the latter date, Frederick R. Knopf, the president of the said corporation, and a brother of the complainant, and C. S. Herman, a stranger to the corporation and to this complainant, purported to execute on behalf of the Alma Park, Incorporated, a deed purporting to convey all of the land described in the complaint, which comprised the sole assets of the Alma Park, Incorporated. This conveyance was made to the United States Land Development Co., Inc., one of the defendants herein, which corporation did not answer. The above-named Charles S. Herman purported to act as secretary of the said corporation although he was never duly elected to that office by the Board of Directors of the corporation. The execution of said deed was never authorized or ratified by the Board of Directors or stockholders of the said corporation or by this complainant; and the said corporation never received the benefits of the unauthorized transaction nor did this complainant receive any benefit.

The complainant-respondent, Charles Knopf, the duly elected secretary and now majority stockholder of the said Alma Park, Incorporated, reposed the utmost trust and confidence in the said Frederick R. Knopf, a trust and confidence very naturally arising out of their close blood relationship. Because of the deceit and concealment of the said Frederick R. Knopf the more or less frequent inquiries and discussions on the part of the complainant after July 20, 1925, revealed only the fact that the affairs and assets of the corporation were in perfect condition. Because of the inactivity in the real estate market at the time, the corporation through its Board of Directors had deemed it inadvisable to transact any considerable

business. It was not until early in 1928 that by diligent investigation this complainant learned of the fraudulent deed of July 20, 1925. At that time the father of this complainant-respondent, who owned thirty shares of the stock of Alma Park, Incorporated, transferred to this complainant all of his shares. As soon thereafter as he could make the necessarily hasty investigation and retain counsel this action was commenced by a bill filed on August 10, 1928, by the complainant for his benefit, for the benefit of the Alma Park, Incorporated, and for the benefit of all the stockholders and creditors of the said Alma Park, Incorporated.

Subsequent to the execution of the deed by the said Frederick R. Knopf and Charles S. Herman to the United States Land Development Co., Inc. (see Exhibit C-5, p. 130), various conveyances were made by the United States Land Development Co., Inc. On January 3, 1927, the United States Land Development Co., Inc., executed a deed to a portion of the premises described in the bill of complaint herein to the Bopad Land and Development Co., a corporation of New Jersey, one of the defendants-appellants (see Exhibit D-8, p. 150). On February 8, 1927, the said United States Land Development Co., Inc., executed a deed purporting to convey a large portion of the lands described in the bill of complaint herein to the defendants-appellants, Archibald Rosenblatt and Hannah Rosenblatt, his wife. On February 1, 1927, the said United States Land Development Co., Inc., executed a deed purporting to convey a large portion of the lands described in the bill of complaint to Fleda Woodward (see Exhibit C-8, p. 138), who has not filed an answer. On February 1, 1927, the said United States Land Development Co., Inc., executed a deed purporting to convey a large portion of the land described in the bill of complaint

to Charles G. Woodward (see Exhibit C-9, p. 139), who has not filed an answer. On January 7, 1927, the Bopad Land and Development Co. executed a deed purporting to convey a large portion of the land described in the bill of complaint to Exchange Realty Company, Inc., a corporation of New Jersey (see Exhibit C-7, p. 137), which said corporation has not filed an answer. On September 8, 1927, said Bopad Land and Development Co. executed a deed purporting to convey a large portion of the land described in the bill of complaint herein to the Lakehurst Development Co., a corporation of the State of New Jersey (see Exhibit C-6, p. 134), which said corporation has not filed an answer. On February 8, 1927, the Lakehurst Development Co. executed a mortgage to Bopad Land and Development Co., which said mortgage purported to mortgage to the Bopad Land and Development Co. a large portion of the land described in the bill of complaint herein (see Exhibit C-10, p. 140).

The testimony taken herein, which is included in the state of the case, contains, in the final analysis, all the essential facts. We shall, therefore, not set forth any additional facts which may be ascertainable from a reading of the testimony. We do, however, controvert certain of the facts set forth in the statement of facts contained in the brief of the defendants-appellants. The reading of the testimony will clearly show that the appellants are in error with reference to certain facts set forth in their brief.

Because of the invalidity of the deed from Alma Park, Incorporated, to the United States Land Development Co., Inc., and for other reasons set forth in the opinion of the learned Vice-Chancellor, the Court of Chancery declared null and void all of

the conveyances and mortgages which are more particularly hereinabove set forth.

The final decree of the Court of Chancery rendered herein should be affirmed for the following reasons:

1. The facts as disclosed by the evidence do not justify the application of the doctrine of equitable estoppel (or apparent authority).
2. The facts as disclosed by the evidence do not justify the application of the doctrine of implied authority.
3. The management of corporate affairs is committed by law to the Directors assembled in Board meeting and the president of a corporation, *virtute officii*, has no more authority over its property than any other director.
4. The presumption of authority created by the impression of the corporate seal has been overcome.
5. These defendants are not, in contemplation of law, *bona fide* purchasers for value.
6. Even a *bona fide* purchaser cannot be protected under a void deed.
7. The Court of Chancery did not err in denying the motion for rehearing.

#### I.

**The facts as disclosed by the evidence do not justify the application of the doctrine of equitable estoppel (or apparent authority).**

The defendants-appellants have very conveniently narrowed the issue by invoking the doc-

trine of "estoppel," which in the law of agency becomes the doctrine of apparent authority. 3 *Fletcher, Cyclopaedia Corporations*, Section 1916, page 3099. The very use of the word "estoppel" impliedly admits the absence of any actual or incidental authority, for estoppel is used to preclude a party from disputing or denying a fact which is not true, because of some misrepresentation or misconduct on his part. A definition and analysis of equitable estoppel thus becomes quite necessary.

In *Central Railroad Company of New Jersey v. MacCartney*, 68 New Jersey Law 165, PITNEY, J., at 175, says:

"The essential elements which must exist in order to create an equitable estoppel by conduct may be stated with approximate accuracy as follows:

1. That the party against whom the estoppel is urged has, on a previous occasion, by words or conduct, made a representation or concealment of material facts inconsistent with the facts forming the basis of his present claim.
2. That such party either knew the facts to be otherwise than represented; or except for gross negligence would have known; or that he pretended to know the facts when he knew that he did not know them.
3. That such representation or concealment was made either with the intent to influence the conduct of another or else was made under such circumstances that a reasonably prudent man would suppose it was intended to be acted upon as true.
4. That the party to whom it was made was ignorant of the facts and had no convenient opportunity to ascertain them.
5. That the latter party, in good faith, relied upon the representations or conduct of

the other party and thereby was led into such a course of conduct that he will now be substantially prejudiced if the other party be permitted to repudiate his former act of representation."

See also 2 *Pomeroy, Equity Jurisprudence* (3rd Ed.), Sec. 805. In Section 812 of that work it was said:

"The cases all agree that there can be no estoppel unless the party who alleges it relied upon the representation, was induced to act by it and thus relying and induced, did take some action."

In 21 *Corpus Juris*, page 1126, Section 130, a long line of New Jersey cases, including *O'Donnell v. McCann*, 77 New Jersey Equity 188, 75 Atlantic Reporter 999; *Mills v. Kelley*, 62 New Jersey Equity 213, 50 Atlantic Reporter 144; and *Mott v. Newark German Hospital*, 55 New Jersey Equity 722, 37 Atlantic 757, are cited to support the proposition that "it is an essential element of equitable estoppel that the person invoking it has been influenced by and has relied upon the representation or conduct of the person sought to be estopped."

And as to who may take advantage of an alleged estoppel, *Bigelow on Estoppel* (6th Ed.), page 708, says:

"Only the person to whom the representation was made or for whom it was designed can act and avail himself of it."

These fundamental principles which underly the doctrine of equitable estoppel or estoppel *in pais* are applicable to the instant case, in which a corporate principal is alleged to be bound by the apparent authority of its agent. In 3 *Fletcher, supra*, Section 1916, at page 3099, it is said:

"Closely related to this doctrine of apparent authority and really a part of it, is the doctrine

of estoppel under which a party who has knowingly permitted others to treat one as his agent will be estopped to deny the agency. There is little in the law relating to apparent authority which is peculiar to cases where the principal is a corporation other than an individual."

Now, going over into the more limited field of agency, the author in *1 Mechem on Agency* (2nd Edition), page 512, Section 724, says:

"Inasmuch as the whole doctrine of powers by estoppel rests upon the theory that the other party has been led to rely upon appearances to his threatened detriment, it is obvious that the doctrine can only apply in those cases in which the element of reliance was present."

And in Section 725:

"It is indispensable to keep in mind here that, as against the principal, there can be reliance only upon what the principal himself has said or done, or at least said or done through some other and authorized agent. The acts of the agent in question cannot be relied upon as alone enough to support an estoppel. If his acts are relied upon, there must also be evidence of the principal's knowledge of and acquiescence in them."

Further, in Section 726, at page 513, it is said:

"Moreover, in any case, the reliance must have been a reasonable one, consistent with the exercise of reasonable prudence, and the party who claims reliance must not have closed his eyes to warning or inconsistent circumstances. \* \* \* It is only where a person of ordinary prudence, conversant with business usages and the nature of the particular business, acting in good faith and giving heed not only to opposing inferences, but also to all restrictions which are brought to his notice, would reasonably rely, that a case is pre-

sented within the operation of the rule. If the inferences against the existence of the authority are just as reasonable as those in favor of it, there can be no reliance within this rule."

On page 12 of the brief submitted on behalf of the defendants-appellants, there appears a long quotation (from *21 Corpus Juris*, p. 1172, paragraph 177) of what are said to be pertinent remarks on this subject. It may be seen, however, that that particular paragraph contains even more pertinent remarks, as follows:

"In accordance with the general rules, no estoppel arises in favor of one whose acts were not influenced by such conduct or who has suffered no injury therefrom. It is, of course, essential that the conduct of the party against whom the estoppel is claimed should clearly amount to the clothing of another with title to or authority over the property in question."

And at page 1174:

"However, in order to create the estoppel, there should be either knowledge of his rights in the property on the part of the party estopped or else something which fairly puts him on inquiry to learn the true facts and also knowledge of the dealings in which the title to or authority over the property is involved and the existence of circumstances which impose on him the duty to make known his right to the party claiming the estoppel. There can be no estoppel in favor of persons who did not act in reliance on the acts or representations of the party whom it is intended to estop, either against the party or his privies. *And the rule has no application where the wrong was accomplished through the instrumentality of a criminal act.*"

And finally, in *1 Mechem on Agency*, 2nd Edition, Section 245, at page 177, it is said:

“Estoppel is always a matter personal to the individual asserting it and he must therefore show that he was misled by the appearances relied upon. It is not enough that he might have been or that someone else was so misled. It must also appear that he had reasonable cause to believe that the authority existed; mere belief without cause or belief in the face of facts that should have put him on his guard is not sufficient.”

From the foregoing analysis of the doctrine of estoppel, upon which the defendants-appellants seem to have rested their case, it surely requires an extraordinary and unjustified stretch of the imagination to justify the application of that doctrine to the facts in the case at bar. It is, with all respect, submitted that counsel for the defendants-appellants has drawn conclusions of fact from the evidence in the record that are entirely unjustified and without a semblance of foundation. It must be borne in mind that the question is to be decided on the facts as uncovered by the evidence which is actually in the record (plus, of course, reasonable inferences), *but only those facts*. It is argued that the sign of the Alma Park, Incorporated, appeared on the door of the office of Frederick R. Knopf, the president, and presumably, that is alleged to be evidence of a holding out of authority. Insignificant as this undoubtedly is, counsel does not reveal that that was the situation in 1912, and does not add that in 1925, at the time of the alleged unauthorized deed, the office of the Alma Park, Incorporated, was in the office of this complainant with the sign over his door (see State of Case, p. 72, lines 12-23). And it is the latter date which is important from the point of view of any estoppel.

Where is the neglect, where is the “loose slipshod way in which this corporation was managed,”

where is the disinterest, where is there any evidence of a "holding out" to these particular defendants or even to the general public about which counsel for the defendants-appellants speaks? Is it poor business policy, is it neglect, for a corporation, organized to invest in real estate, to wait for a rise in the real estate market and a possible future profit? Obviously not. Is it neglect for a corporation to dispense with the conducting of corporate meetings when corporate activity is inadvisable? Obviously not. And what is there unusual about an arrangement between two directors whereby one of them is to make the necessary tax payments? It is submitted that the conclusions of fact, arrived at by counsel for the defendants-appellants, are entirely unjustified.

But even assuming the truth of all of the said conclusions of facts, with all of their innuendoes, where is there even a single element of an estoppel, let alone all of the elements which Justice PITNEY in *Central Railroad Company of New Jersey v. MacCartney, supra*, says are "essential" and "must exist"? There is no evidence of a misrepresentation by this complainant or by one authorized to speak for the corporation; if there were, there is no evidence of knowledge of this representation by the complainant. There is no evidence of an intention to have that representation, even assuming that there is any evidence of a representation, acted upon by the person or persons who now seek to set up an estoppel, which the Chancellor in *Kuhl v. Mayor and Collector of Jersey City, supra*, says is essential. There is not the slightest evidence or even the faintest contention on the part of counsel that these particular defendants relied upon such conduct, again assuming that there was such conduct. And even assuming all of the above elements to exist, assuming

all of the "holding out" to which counsel refers, could anyone reasonably rely upon any representations and come to the conclusion that this man, Frederick R. Knopf, a *minority* stockholder, could have the authority to deed away all of the assets of his corporation and virtually put it out of existence? It has been held that neither the directors nor a majority of the stockholders are empowered to dispose of all the assets of a corporation, where such act would practically dissolve the corporation, except in the manner prescribed by statute, over the objection of any of the stockholders. *Meyerhoff v. Bankers' Securities, Inc.*, 105 New Jersey Equity 76; 147 Atlantic Reporter 105. *A fortiori* it should not be within the apparent powers of an officer and minority stockholder to execute a deed by which all the assets of a corporation are wiped out.

Waving the flag of estoppel has become an all too prevalent pastime in the profession, when there is a lack of other more substantial legal support. It must be borne in mind that the doctrine of estoppel may be used to deprive a suitor of what would otherwise be his just legal rights; it should be applied only when the facts clearly and convincingly justify its application. There can be no estoppel in the case; counsel for the defendants-appellants has misconceived and misapplied his remedy, if any there be.

## II.

**The facts as disclosed by the evidence do not justify the application of the doctrine of implied authority.**

Counsel for defendants-appellants cites cases which fall more properly under the doctrine of implied authority.

This complainant is not unfamiliar with such cases as *Blake v. Domestic Manufacturing Co.*, 64 New Jersey Equity 480; *Fifth Ward Savings Bank v. First National Bank*, 47 New Jersey Law 357, or *Murphy v. Cane*, 80 New Jersey Law 163, or *Dierkes v. Hauxhurst Land Co.*, 80 New Jersey Law 369, in which cases it is held that where, in the usual course of business of a corporation, an officer has been allowed in his official capacity to manage its affairs, an authority to represent the corporation may be implied; and a third person seeking to charge a corporation with a conveyance made by it through the agency of an officer need not show that the previous course of business was known to and relied upon by him. Such a proposition does not, of course, rest upon any theory of estoppel, as counsel for the defendants seems to think.

It is submitted, however, that in each one of those cases above mentioned there was ample evidence of continual exercise on the part of the alleged agent or officer, with the full acquiescence and knowledge of the directors or stockholders of functions which are peculiarly and usually within the powers of such officers and more particularly were acts of a more or less immaterial nature and in the regular course of business. It may thus perhaps be said that it is incidental to the actual authority of a president of a building corporation (as in *Murphy v. Cane, supra*) to perform such routine matters as to award sub-contracts on construction work for which the corporation had the main contract; or for the treasurer of a manufacturing corporation to endorse its notes (as in *Blake v. Domestic Manufacturing Co., supra*); or for a treasurer of a savings bank to pledge securities for a loan to his bank (as in *Fifth Ward Savings Bank v. First National Bank, supra*).

Again, it is submitted that not a single one of the necessary elements of an implied authority is present in the case at bar. The complainant testifies (see p. 64, lines 33-36) that he did not "leave everything up to his brother." As a matter of fact, there was nothing he might have left up to his brother; the business was not a going concern. Directly after its incorporation in 1912 the Alma Park, Incorporated, sold a few of its lots in which deeds the complainant joined as secretary. Between 1915 and 1925, absolutely no lots were sold. For a period of ten years no one managed the business. How can one be said to be "acting in the course of business" when there is no course of business? Even assuming what is absolutely untrue that Frederick R. Knopf as president executed one hundred deeds during that period; where is the necessary element of knowledge and acquiescence? To make an extreme and absurd supposition, let us suppose that the president did execute numerous deeds on behalf of the corporation and let us suppose that this was done with the full acquiescence of this complainant. Could it even then be said that a deed of all the corporate assets as a unit is in the usual course of business, when the corporation itself or a majority of its stockholders could not legally authorize such an act? Obviously not.

So in *Liggett, et al. v. New Jersey Manufacturing and Banking Co.*, 1 New Jersey Equity 541, 544, the Court says:

"If they were even general agents for the corporation by limitation from a common usage or the prescribed by-laws of the company, they would not have been authorized to sell or convey the real estate of the company without express authority."

In *Stokes v. New Jersey Pottery Co.*, 46 New Jersey Law 237, one Cook was the owner of all the

capital stock but two shares; he was the president, treasurer and active manager of the company using the money of the corporation as he saw fit and borrowing money for the company so far as its banking business was concerned. Yet the Court says, at page 243:

“A general agent of a corporation who in virtue of the authority given him has power to contract debts and even borrow money on the credit of the corporation has no power in virtue of such agency merely to make a mortgage on its property, real or personal.”

See also *England v. Dearborn*, 141 Massachusetts 590, 6 New England 837, and *Josephine Hospital Corporation v. Madoc Realty Co., et als.*, 307 Missouri 336, 27 Southwestern 638.

In the case last cited, BLAIR, J., at page 347, says:

“After a careful examination of the authorities, we have concluded that the fact that the trustees over a period of years left the entire management and control of the hospital and its property to Dr. Lutz, the president, gave him no authority to convey its real estate without express authority from the trustees.”

The doctrine of implied powers has no application to the instant case.

All of the cases cited by defendants-appellants are undoubtedly correct, but are easily distinguishable on their facts. *Moore v. Riddle*, 82 New Jersey Equity 197, is in no way in point. In that case the deed was induced by fraud; it was a good deed, subject to an equity in the vendor to rescind. It is no doubt settled law that such a deed is voidable and not void, and that the intervention of a *bona fide* purchaser for value will cut off any equities in the vendor. Gross negligence and a reasonable reliance was held to work an estoppel in *Heyder v. Excelsior Building*

and Loan Association, 42 New Jersey Equity 403. *Pennsylvania Railroad Co. Appeal*, 86 Penn. St. 80, represents the ordinary case of a delegation and abuse of an actual authority, a blank power of attorney. In *Parkview Building and Loan Association v. Rose*, 90 New Jersey Law 614; *Minnesota and Oregon Land and Timber Co. v. Hewitt Investment Co.*, 201 Federal Reporter 752; *Fifth Ward Savings Bank of Jersey City v. The First National Bank*, 47 New Jersey Law 357; *McElroy v. Minn. Percheron Horse Co.*, 96 Wisconsin 317; *Quee Drug Co. v. Plaut*, 55 New York A. D. 87; and *First National Bank of Harley v. G. V. B. Min. Co.*, 89 Federal 439, all cited by defendants-appellants, the Court makes a point of the presence of the element of reliance which is necessary to work an estoppel. In *Crossley v. St. Philip Neri*, 74 New Jersey Law 653; *So. Florida Citrus Land Co. v. Waldin*, 61 Florida 766, and *Murphy v. Cane*, 80 New Jersey Law 163, there is evidence of a prior course of dealings, acquiescence in unauthorized acts by the directors; and acts performed in the usual course of company business. Leaving out the element of an implied ratification by acceptance of benefits (which does not appear in this case) but does in most of the cases cited by the defendants, leaving out the consideration that in most of the cited cases, the alleged agent was in effect the corporation and was given broad general and practically unlimited control (which again is not this case); those cases do very properly fall within either of the above classifications, either under the doctrine of apparent authority or that of implied (or incidental) authority. The facts in the cases cited by counsel for the defendants-appellants emphasize the very point which the complainant is making. They are in no way analogous to the facts in the instant case.

We have discussed in great detail the principle of estoppel for the reason that it is on that theory that the defendants-appellants rely mainly for a reversal. From their discussion of and reliance on this theory it can be readily inferred that the defendants-appellants admit the soundness of the principles of law enunciated by the learned Vice-Chancellor in his written opinion in this matter. We shall, however, briefly discuss the principles of law upon the basis of which we contend that we are entitled to an affirmance of the decree and upon the basis of which the learned Vice-Chancellor based his opinion.

### III.

**The management of corporate affairs is committed by law to the directors assembled in board meeting and the president of a corporation, *virtute officii*, has no more authority over its property than any other director.**

The above proposition is so well settled in this State that it can hardly be controverted. That corporate affairs may be transacted only by the board of directors assembled at board meeting, see *Titus v. Cairo Railroad Company*, 37 New Jersey Law 98; *Schumm v. Seymour*, 24 New Jersey Equity 143; *Stokes v. New Jersey Pottery Co.*, 46 New Jersey Law 237; *First National Bank v. Christopher*, 40 New Jersey Law 435; *Thompson v. Central Passenger Railroad Co.*, 80 New Jersey Law 328; *Holcombe, et al. v. Trenton White City Co.*, 80 New Jersey Equity 122. As to the powers of a president, *virtute officii*, see *Mausert v. Feigenspan*, 68 New Jersey Law 238; *Aerial League v. Aircraft Corporation*, 97 New Jersey Law 530; *Denis Metal*

*Manufacturing Co. v. Fidelity Union Trust Co.*, 99 New Jersey Law 365; *Economy Auto Supply Co. v. Fidelity Union Trust Co.*, 7 Advance Reporter 24; 144 Atlantic Reporter 30.

It is not denied that the deed in question, executed in 1925 to the United States Land Development Co., Inc., was not authorized or ratified by the board of directors or stockholders of this corporation. It is not denied that the complainant himself had no knowledge of the execution of this deed at the time of its execution or at any time up to 1928, which was a short time before the complainant filed the bill of complaint herein. It is not denied that the complainant never ratified or acquiesced in the execution of the deed. It is not denied that the complainant himself received no benefits from the execution of this fraudulent deed. Nor is there any evidence of benefit received from which a ratification might be spelled out. As was said by the learned Vice-Chancellor in his opinion below, with reference to the execution of the purchase-money mortgage for \$7,500.00 to the company, "this was without the authority or knowledge of the board of directors, as was the cashing and assigning of the mortgage and appropriating of the proceeds by the president; and in no way implicates the company. There cannot be ratification without knowledge."

This particular deed was, therefore, a nullity, not, as counsel for the defendants-appellants contend, because it was a sale of all the corporate property, but because it was not the act of the corporation. In *Baldwin v. Canfield*, 26 Minn. 43, BERRY, J., at page 55, says:

"The directors took no action as a board with reference to the sale of the premises or the execution of any deed thereof. So far as in any way binding the corporation is con-

cerned, their action in executing the deed was a nullity."

The original deed in 1925 unauthorized, unratified, executed by an officer without either actual, implied, or apparent authority, surely cannot be in any way binding upon this corporation.

#### IV.

**The presumption of authority, created by the impression of the corporate seal, has been overcome.**

Counsel for defendants-appellants erroneously assumes that this presumption of authority shifts the burden of proof. In *Hall v. Passaic Water Co.*, 83 New Jersey Law 771, 775, the Court says:

"Not only does the burden of proof as to the fact of agency rest with one who seeks to charge another as principal with the acts of an alleged agent, but the burden also rests with him to prove the extent of the agency; in other words, the burden is on him to show that the act or acts of the agent were within the scope of his authority."

The presumption, if any does exist in this case, is a mere presumption. Does it, however, exist in this case? In *Manhattan Manufacturing Co. v. New Jersey Stock Yards*, 23 New Jersey Equity 161, at page 166, the Court says:

"Any deed of a corporation under its corporate seal and executed by its proper officers is presumed to have been executed by authority of the corporation until the contrary is shown."

It is admitted that C. S. Herman, the individual who purported to execute this deed as secretary,

was not the secretary of this corporation, nor was he in any way connected with the corporation. He was not a proper officer of the corporation. It surely cannot be contended that the seal in itself raises this presumption; it is only when the seal is affixed by individuals who are admittedly the officers of a corporation that this presumption is raised. But even assuming that C. S. Herman and Frederick R. Knopf were both officers of this corporation, in which case the presumption would arise, what more satisfactory evidence can be introduced to rebut that presumption than exists in this case? In *Parker v. Washoe Manufacturing Co.*, 49 New Jersey Law 465, relied upon by the defendants, the president who executed the instruments in question owned practically all of the stock (nine hundred and ninety-five shares out of a thousand), was the managing officer of the company, provided the money for it and employed the men. There was evidence that the directors were all personal friends of the president, elected by his votes, and never overruled any action which he had taken. The witness, who was the secretary, did not deny that authority was ever given to the president; he merely said that he did not know whether or not the board had ever authorized the president to confess the judgment. The Court therefore very properly held in that case that such evidence was not sufficient to rebut the presumption of authority. But that is not this case. In this case, the president, Frederick R. Knopf, was not the general agent, he did not control a majority of the stock, and could not have secured the approval of a majority of the board of directors by voting his own stock. The required authority for the execution of such a deed as this would have to come not merely from a majority of the stockholders, but from all of

them. *Meyerhoff v. Bankers' Securities, Inc., supra.* The assent of this complainant was absolutely essential and he testifies, not merely that he does not know whether or not such authority had been given, but that it actually never was given.

The presumption of authority, if any there was, has clearly been rebutted.

## V.

### **These defendants are not in contemplation of law *bona fide* purchasers for value.**

In *Bock, et al. v. Koch*, 99 New Jersey Equity 359, at 362, TRENCHARD, J., says:

“A purchaser of real property is chargeable with notice of such facts affecting the title as may be ascertained by reference to the chain of title of such property as spread forth upon the public records. *Mitchell v. D'Olier*, 68 New Jersey Law 375; *Den v. McKnight*, 11 New Jersey Law 385, 393.

“In a jurisdiction such as this where titles to real estate are of record, it is the duty of a purchaser, in the absence of any special agreement, to search the public records for himself and to make a complete examination of such records for such information as they may contain regarding the validity of the title of the real estate he would purchase.”

See also *Gosman v. Pfisner*, 80 New Jersey Equity 432, 434; *Lembeck & Betz Brewing Co. v. Barbi*, 90 New Jersey Equity 373, 376; *Pomeroy, Equity Jurisprudence* (4th Edition), Sections 597, 607, 613.

The first taker under the disputed deed took with notice that it was dealing with an agent and was bound to verify his authority at its peril.

27 Ruling Case Law, 668, *et seq.* It was also put on notice by the sale of the tract, as a unit, the tract having been previously laid out in building lots by a recorded map. It was put on notice by the fact that several prior deeds, executed by Alma Park, Incorporated, had been attested by Charles Knopf as <sup>secretary</sup> president, and not C. S. Herman. And these defendants, although subsequent purchasers, were likewise put upon inquiry by the record. In *Pomeroy, Equity Jurisprudence* (4th Ed.), Section 607, the author says:

“In general, the examination of the records by such a party is not sufficient. If the information which puts him on inquiry points to the existence of some matter *in pais*, some interest *dehors* the record, or which would not necessarily be shown by the record, then a search of the records alone is not due inquiry.”

## VI.

### Even a *bona fide* purchaser cannot be protected under a void deed.

“Where a conveyance in the chain of title purports to be made by an agent, all persons claiming under such a deed must take notice of the authority of the agent to make the conveyance and where no actual or ostensible authority existed they cannot claim protection against the rights of the principal on the ground that they are *bona fide* purchaser.”  
27 Ruling Case Law 673, Section 476.

In *Lindbloom v. Rocks*, 146 Federal 660, GILBERT, J., at page 663, says:

“In order to obtain protection on the ground that he is an innocent purchaser for value and without notice a purchaser must have acquired title to the subject-matter of his purchase. In

Vattier *v.* Hinde, 7 Pet. (U. S.) 270, 8 L. Ed. 675, Chief Justice MARSHALL said that the rules respecting purchasers without notice are framed for the protection of him who purchases a legal estate and pays the purchase money without knowledge of an outstanding equity. They do not protect the person who acquires no semblance of title. \* \* \* His good faith cannot create title. Dodge *v.* Briggs, 27 Federal 160, 166; Texas Lumber Manufacturing Co. *v.* Branch, 60 Federal 201, 8 C. C. A. 562."

See also, *Pomeroy, Equity Jurisprudence* (4th Edition), Sections 735, 737 and 739; 39 *Cyc.* 1690, 1692; *Wall v. Lubback*, 118 Southwestern 886.

The disputed deed of 1925 was not a fraudulent deed but a nullity; it was not voidable but absolutely void. The *bona fides* of a subsequent purchaser can only go to cut off outstanding equities; it can never cut off a legal estate, such as remained in the Alma Park, Incorporated, upon the execution of the said deed.

## VII.

### **The Court of Chancery did not err in denying the motion for rehearing.**

The defendants-appellants appeal from an order signed by the Vice-Chancellor denying their motion for a rehearing on the ground of newly-discovered evidence.

The affidavit of Alma Knopf, filed in support of the said motion for rehearing, contains facts which are entirely irrelevant and immaterial. The affidavits of Frederick R. Knopf, filed in support of the said application for rehearing, even assuming that the facts contained therein are true, go merely to impeach and dislodge this complainant as a *bona fide* complainant and stockholder of the

Alma Park, Incorporated. Assuming it to be true, as the affidavit of Frederick R. Knopf would have it appear, that Charles held his stock by assignment from Frederick R. Knopf as collateral security for a debt and that this debt had been satisfied, it does not meet Charles' standing as stockholder in right of assignment from his father. There is no intimation that Richard Knopf is not a *bona fide* stockholder and would not be entitled to maintain this suit; and by virtue of the assignment of Richard's stock to Charles Knopf, there is very little doubt that Charles Knopf succeeded to any and all the rights as a *bona fide* stockholder which the said Richard Knopf possessed. Furthermore, it would seem that in this suit brought on behalf of the Alma Park, Incorporated, and for the benefit of all the stockholders and creditors of the Alma Park, Incorporated, such an attempt to introduce a matter entirely collateral to the main issue is entirely unsound and unjustified.

It is respectfully submitted that the original deed of 1925 executed without any semblance of authority, ratification or acquiescence on the part of the Board of Directors or stockholders, either collectively or individually, is an absolute nullity, in no way the act of this corporation and in no manner binding upon this corporation. It has been clearly demonstrated that the said Frederick R. Knopf had neither actual (or incidental), implied or apparent authority to execute the said deed and the said deed can therefore not be chargeable against this corporation upon any grounds or principles of agency. These defendants do not deserve the protection often afforded to suitors in a court of equity as *bona fide* purchasers, and even assuming that they are such *bona fide* purchasers, the law is settled that their *bona fides* can avail them nothing as against this prior and legal right and

title of the Alma Park, Incorporated. The presumption of authority created by the presence of the corporate seal upon the original deed of 1925, even assuming that such presumption did arise, has been clearly rebutted. Under all the above circumstances it seems entirely justified by well-established legal principles to assert that the decree of the Vice-Chancellor below should be sustained.

Counsel for the defendants-appellants is greatly perturbed over the thought that to sustain the decree of the Court of Chancery is to unsettle titles. He fails to realize that this complainant has suffered a considerable pecuniary loss just as has these defendants. He fails to realize, furthermore, that those very title companies are organized for just such purposes as this. Title companies are insurance companies and derive their income, not merely from an examination of the record title such as could be made by the ordinary and average title searcher, but from their representation that it is their usual and duly performed function to look into such questions as these. It certainly is to be regretted that situations as that in the instant case do arise. But it cannot be said that the courts have ever refrained from granting a prayer for relief such as that prayed for in this suit when a justifiable situation has arisen. This is that justifiable situation.

This complainant, therefore, respectfully submits that entire good justice, supported by sound legal and equitable principles, will be done if the decree of the ~~Vice~~-Chancellor below will be affirmed in all its respects.

Respectfully submitted,

JULIUS STEIN,  
Solicitor for and of Counsel  
with Complainant-Respondent.

