MAURICE M. LICHTMANN, recalled for further examination on behalf of the petitioners, testified as follows:

DIRECT EXAMINATION BY MR. PLAUTT:

Q. Mr. Lichtmann, at the hearing the first time, which is indicated on page 52 of the minutes, you stated that the occasion of the talk in 1928 was "when we signed the mortgage and we had to transfer the property from Master Institute to the Roerich Museum, Mr. Moore of the American Bond & Mortgage Company insisted that the guaranty holders must be present and sign personally." Now I ask you if Mr. Moore used the word "Guaranty holders" as you recall now?

A. No, I think that word I used erroneously. Mr. Moore said that the trustees must be present to sign this legal paper.

Q. The word "guaranty holders" which appears in the minutes you say you used erroneously?

A. Yes, I did.

Q. And on page 58 of those same minutes I asked you when you learned for the first time who was purported to have been elected a trustee or trustees of Master Institute at the so-called meeting of December 18, 1935, and the answer that you gave was:
"I was invited as a trustee to the meeting. I remember it was in late spring".
Did you mean that you were invited as a trustee to the meeting of December 16, 1935?

A. No.

Q. What meeting were you invited to attend as a trustee?

A. The meeting called for June 5, 1935 -- 1936, I beg your pardon.

Q. Were you given notice of the meeting of Dec. 16, 1935?

A. No.

Q. Have you yet been able to see the books and records of the Master Institute?

A. No.

Q. Up to the present day?

A. Up to the present day.

Q. Did you institute a mandamus proceeding against Master Institute to get permission to inspect those books and records?

MR. LEVY: I object to that
THE REFEREE: Objection sustained
Exception taken by Mr. Plaut.

Mr. PLAUT: I would like to offer at this time the County Clerk's file on the mandamus petition.
MR. LEVY: If you do I will object to it
MR. PLAUT: Let me make my offer and then we can have a definite ruling on it. This is the mandamus proceeding instituted by Mr. Lichtmann in

January, 1936, the record being the petition, the return, the alternative order of mandamus, the decision and the final order.

MR. LEVY: I object to it.

THE REFEREE: How is that material?

MR. PLAUT: It bears upon his efforts to see the books.

THE REFERE: Objection sustained.

Exception taken by Mr. Plaut.

MR. LEVY: I want to offer in evidence the reverse side of stock certificates from 1 to 7, being Petitioners' Exhibits 2 to 8.

MR. PLAUT I object upon the ground that the tax law has not been complied with, in that the transfer tax has not been paid, no stamps are indicated there and there has been no foundation laid.

THE REFEREE: No foundation?

MR. PLAUT: Foundation for a statement that tax was paid by stamps appearing somewhere else other than on the certificate.

THE REFEREE: I thought you meant foundation as to the writing.

MR. PLAUT: Oh, no, I am talking about the foundation for a claim that there was tax paid. I think under the provisions of the tax law, Section 278, no proof of these transfers may be offered.

MR. LEVY: That might or might not have some bearing on the validity of the transfer, but it certainly has no bearing on whether certain people signed a particular document on a particular occasion, and it certainly has nothing to do with its admissibility.

THE REFERE: There is no denial that the signatures are the signatures of the parties of whom they purport to be the signatures?

MR. PLAUT: That is right.

THE REFEREE: That is conceded by you?

MR. PLAUT: I believe as a matter of fact that there is testimony in the record that on this occasion in 1923 they signed their names on the back and turned them over to Mr. Horch under the agreement.

THE REFEREE: I will allow them in evidence.

Exception taken by Mr. Plaut.

MR. PLAUT: Do you allow them in for the purpose of establishing a transfer?

THE REFEREE: I do not understand that they are offered for the purpose of establishing a transfer; I understand that they are offered now for the purpose of showing what the parties were doing with those pieces of paper.

MR. PLAUT: I say on the presence of absence of the stamp, that is a legal proposition that can be argued later.

THE REFEREE: On that phase I will reserve decision, but for the present I will allow them in evidence.

Exception taken by Mr. Plaut.

(Discussion off the record)

MR. PLAUT: It is not clear in my mind exactly what the ruling has been, and as long as this is an important point I should like to have it made clear.

THE REFEREE: I will receive it at the present time subject to connection, subject to a motion to strike out, and also reserve decision on the effect of it, and I will permit the parties to submit a memorandum on that subject.

MR. PLAUT: I think it is incumbent upon me at this time to state that I except to your Honor's ruling.

THE REFEREE: You need never apologize for excepting.

The back only of certificates Nos. 1 to 7, inclusive, were admitted in evidence and marked Respondents' Exhibits Nos. 1 to 7 inclusive, respectively, November 20, 1936, C. B.

MR. LEVY: I now offer in evidence the stock transfer book. Mr. Plaut offered certain entries from it on the first hearing, at which I was not present, and I now offer in evidence the entire book.

MR. PLAUT: I object upon the ground that the foundation for the transfers appearing in the book has not been established, that the book purports to show transfers of the stock, without having proved that there were transfers; in other words my position is clear that before the book may be offered in evidence as evidence of the transfers you have to show that the transfers were made. And I contend that there is no legal evidence that transfers were made. Furthermore, upon the ground that these writings are in no way connected with the petitioners in this proceeding, not being either in their handwriting or so far as the record appears at this point not having been brought to their attention. They seem to be ex parte writings.

THE REFEREE: This book was regularly kept in the course of the business of the company?

MR. PLAUT: I do not think so.

THE REFEREE: On what ground did you offer it originally?

MR. PLAUT As evidence, without objection, as to the issuance of the stock.

THE REFEREE: Do you contend now that if there had been objection it would not have been admitted:

MR. PLAUT: No, I do not. I contend that that was solidly based. However, all that remains in the book is some indication that there were transfers. I say that that book may not be offered as evidence of transfers without proving the transfers. I do not think, furthermore, that that was kept in the regular course of business. My contention is that the writing in there were part of the same scheme to defraud the petitioners of their stock as the acts which took place concerning the physical handling of the certificates themselves. Furthermore I object upon the ground that this is matter of defense and not proper cross examination.

MR. LEVY: May I say this in addition -- it seems to me we are wasting a lot of time on something unnecessarily -- the petition alleges these transfers, questions the validity of them, and sets them forth in detail, the dates and number of shares. And the transfers were admitted in the respondetns' answer, and this is the book of account.
There is no dispute I assume as to the authenticity, that it is the transfer book of the Master Institute of Art, Inc., and it is merely evidence of something that is admitted on both sides in the pleadings.

MT. PLAUT: The pleadings do indicate an allegation on our part, paragraph 9-D:

"That on information and belief on or about February 25, 1935, the said Louis L. Horch secretly and without notice to the petitioners, and without their knowledge or consent, in breach and violation of the agreement aforesaid and the plaintiffs' rights in and to the certificates of stock and the shares represented thereby, turned in and delivered for cancellation to the said Master Institute of United Arts, Inc., the five certificates for 1 share each of the capital stock of the said Master Institute of United Arts, Inc., originally made out in the names of the petitioners respectively, and which they respectively had endorsed and delivered to him to be held by him in escrow pursuant to the terms and conditions of the agreement, and for the reissue to him and in his name for one certificate of five shares of the capital stock, and without offering any of such certificates of stock to the petitioners or any of them."
That paragraph is admitted in part and is denied in part.

THE REFEREE: I will receive it at this time subject to a motion to strike out.

EXception taken by Mr. Plaut.

The book was admitted in evidence and marked Respondents' Exhibit No. 8, Nov. 20, 1936, C.B.

MR. PLAUT:May I understand, Mr. Levy, whether you are offering the entire rest of the book? Because I know that in that book besides the e entries concerning Mr. and Mrs. Lichtmann and Miss Grant there are entries concerning the stock of Professor Roerich and Madam Roerich. Now as to them there is a different issue which I do not want the pleadings

to be understood to mean that I have conceded by pleading the facts stated in that book as to Professor and Madam Roerich. To be very explicit, that book indicates that Professor Roerich's stock was turned over to some party outside of this proceeding, either Mrs. Schafran or Miss Lichtmann, and brought back to Mr. Horch. Now that phase of the matter, Professor Roerich and Madam Roerich's stock, of course is not focused in the pleadings. The book states something different about two of the five shares, and as to that there is absolutely no evidence even if the reverse side of the certificates were marked in evidence and allowed to be the evidence which would support that act as a foundation for those entries. Do I make my position clear?

THE REFEREE: Are you adding an objection or rearguing the proposition with reference to the two certificates of stock?

MR. PLAUT: I want to make clear that when I read my petition that it may not have been clear that the book is not exactly what I contend for here. The book does have some entries outside of that, and I want to know from Mr. Levy whether he is offering the entire rest of the book or whether he is confining it to supplement certain parts as indicated by the reverse side of those five or seven certificates.

MR. LEVY: I am offering all the entries in the book.

MR. PLAUT: Then that makes the issue very clear. I certainly object, and if the point has not bee made clear I think it out to be made clear for the purpose of the record, in so far as the entries for Nicholas Roerich go there is absolutely no basis for what appears in the book as a record of a transfer to Sophie Schafran, and the same with the entry in the book for Helena Roerich, there is absolutely no basis for the purported transfer indicated in the book to Esther J. Lichtmann. And there is no basis in the record yet for any entry which appears in the book as a transfer from Esther Lichtmann to Louis Horch and from -- well, they did not complete the record. And there is no basis in the record to substantiate or lay the foundation for an entry in this book here concerning a Mr. Sidney M. Newberger transferring a share of stock to Louis L. Horch. None of that has been placed in evidence yet. As to those entries which I jave just talked about I specifically move to strike out from the evidence such entries if they were considered by the Referee to have been received in evidence.

THE REFEREE: I assume those will be connected up by further testimony of the intermediate transfers. I assume that that is the case.

MR. LEVY: Mr. Plaut may be right, that it is premature at this time, but I expect to show that this was one of the books of the corporation kept in the ordinary course of business and it is offered for the purpose of showing the transfer of stock from one person to another.

THE REFEREE: That part of it then will be taken subject to connection.

MR. PLAUT: Now I think on that basis that we ought to have a preliminary hearing as to whether or not these books were kept in the ordinary course of business. Mr. Levy's say so does not make it so.

MR. LEVY: Mr. Plaut offered a part of it in evidence.

THE REFEREE: My ruling will stand.

MR. PLAUT: Exception.

Are your receiving those in evidence of holding them the same way as you are holding the other offers, subject to a motion to strike out?

THE REFEREE: Well, I have merely added the necessity of submitting proof as to that part of it.

MR. LEVY: I will go ahead with Mr. Lichtmann then.

BY MR. LEVY

Q. Your profession is that of a piano teacher, is it not?

A. Yes.

Q. How long have you been giving instructions on the piano?

A. Since -- you mean in this country.

Q. I will withdraw that and ask you how long have you been in this country?

A. 22 years.

Q. And you have been teaching here of course ever since you arrived?

A. Yes.

Q. And your wife Mrs. Lichtmann also gives piano instruction?

A. Yes

Q. And how long has she been teaching in the country?

A. Also the same amount of time.

Q. 22 years?

A. Yes.

Q. In 1922 where were you living?

A. In 1922?

Q. Yes.

A. 750 Riverside Drive.

Q. That was on the corner of 150th Street?

A. Yes.

Q. And did you give piano lessons up there?

A. We had an institute there.

A. At that address?

A. Yes.

Q. At 150th Street and Riverside Drive?

A. 150th Street and Riverside.

Q. And you and your wife taught there?

A. Yes. We had other teachers too.

Q. Where did you live in that place?

A. We lived in the same place.

Q. You had an apartment?

A. We had a seven room apartment.

Q. Whereabouts?

A. What?

Q. What part of the house?

A. The ground floor.

Q. Did you live in the basement there?

A. No.

Q. On the ground floor?

A. Yes, on the ground floor.

Q. Did you also have a school on West 54th Street?

A. Yes we had a school on West 54th Street under the name of Master School of United Arts.

Q. You and your wife taught there also?

A. Yes.

Q. And you used to spend your time I suppose going between the two schools?

A. Yes.

Q. And you had pupils at both?

A. Yes. We had another school at the Educational Alliance, also a Master School; three schools for talented students.

Q. That was down on the East Side?

A. Yes.

Q. The Master School, the school that was at 54th Street, what address was that?

A. 312 West 54th Street.

Q. And besides you and your wife who else thought there?

A. Well, we had quite a number of teachers at that time. I don't remember, it is so many years ago. We had a catalogue and could produce the catalogue and you could see better. There were many teachers.

Q. Let me ask you about Prof. Roerich. Was he connected with the School?

A. Yes he was the founder of the school.

Q. How long had the school been in existence in 1922?

A. We began the school on Nov. 17, 1921.

Q. Did Professor Roerich have anything to do with the instruction, did he teach?

A. Yes, he also had -- but he did not exactly teach, he gave lectures.

Q. He did not teach painting, did he?

A. No, he had another teacher for painting.

Q. He is a painter?

A. Yes.

Q. How much space did this school on 54th Street occupy?

A. We had a whole floor there, on the third floor.

Q. Was it the whole floor?

A. Yes.

Q. I show you a photograph and ask you if this is a photograph of the building you have been describing?

A. Yes, that is the one we occupied the entire third floor in.

MR. LEVY: I offer it in evidence.
MR. PLAUT: No objection.
The photograph was admitted in evidence and marked Respondents' Exhibition No. 9, Nov. 20, 1936, R.W.P.

Q. That was next door to the Municipal Court on 54th Street, wasn't it?

A. Yes.

Q. Were there any partitions in that floor?

A. No.

Q. It was just one room, a loft?

A. Yes one large studio.

Q. You had chairs around?

A. Yes.

Q. Did you have a piano?

A. Yes.

Q. Did the piano belong to the school?

A. No.

Q. It was a rented piano?

A. Yes.

Q. At that time did you know ~~////~~ anything about Prof. Roerich -- by the way, what is he professor of?

A. He is professor of painting, of art.

Q. Do you happen to know what institution conferred the title of professor on him?

A. He is an Academician of the Academy of rts and Science of St. Petersburg.

Q. And that entitles him to become professor?

A. Besides he was given a professorship in the Academy of Art.

Q. Did you know anything about his financial circumstances in 1922?

Mr. Plaut: I object.
The Referee: I will allow it
Exception taken by Mr. Plaut.

A. Yes.

Q. At the beginning of 1922 he was in financial difficulty, was he not?

A. No, he was not. He was not a rich man. He is not a rich man now, but he was never in difficulties.

Q. There were a lot paintings that he had that were hypothecated with the Fifth Avenue Bank, were there not?

A. Yes. Well, every artist --

Q. Never mind about every artist. Let us speak about this artist.

A. All right.

Q. He had oil paintings that he had put up for a loan?

A. Yes.

Q. And he was unable to pay the loan back, we he not?

A. I do not remember that.

Q. Try to remember it.

A. No, I don't think so.

Q. You do not think so?

A. No.

Q. Don't you know as a matter of fact that early in 1922 the Fifth Avenue Bank was pressing him for the loan and threatening to sell out his pictures if he did not pay?

A. They never threatened to sell out his pictures.

Q. You never heard that in your life?

A. No.

Q. Do you know the size of the loan?

A. I do not remember, I think it was, if I may say just from memory, I think it was around $10,000.

Q. And how about your own situation at that time, were you fairly prosperous?

A. Well, I was not as -- yes, I had quite a good many pupils.

Q. You knew Miss Grant at that time, did you not?

A. Yes.

Q. And you reall some time in the summer of 1922 Miss Grant speaking to you about a man by the name of Horch?

A. Yes.

Q. When was that?

A. That was in the spring. It was not in the summer.

Q. Do you recall what she told you about Mr. Horch at that time?

A. Yes, she said that she has two friends, Mr. and Mrs. Horch, and they are very eager to join our institution.

Q. Did she tell you where they were?

A. Yes, she said that at that time they were in New York.

A. The first time she mentioned them to you was after they had come to New York?

A. Yes.

Q. You knew of course that they been been in California?

A. Yes, I knew that.

A. And had arrived in New York?

A. Yes.

Q. Did she tell you anything more about them?

A. It is very difficult to remember now. She spoke very highly of them.

Q. But you remember, however, that before you had ever met Mr. and Mrs. Horch Miss Grant had said to you that they were very anxious to join your group?

A. Yes.

Q. And by your group what group was she referring to?

A. The Master School of United Arts.

Q. That was before you or Professor Roerich had ever met them?

A. Before, yes.

Q. And did she tell you that Mr. Horch was a rich man?

A. At that time, no.

Q. Never mentioned that?

A. No, she did not say that he was a rich man.

Q. Tell you anything about him, what business he had been in and what his general circumstances were?

A. I do not think we were interested in this side of Mr. Horch.

Q. Well, whether you were interested or not did Miss Grant ever tell you anything about Mr. Horch's financial situation?

A. No, never.

Q. Never mentioned the subject I am talking about, before you met him she never mentioned it?

A. I would like to make it clear, your Honor, if I may, that we were not interested --

Q. No, you said that already.

THE REFEREE: Just answer the questions.

Q. Yes, and if there is anything I fail to ask you I am quite sure your lawyer will, later on. When did you first meet Mr. Horch?

A. I met him in 1922, I think it was late spring or maybe the early part of summer; I don't remember exactly the date. I met him in the Professor's apartment.

Q. Who was present?

A. Professor Roerich and Miss Grant and Mrs. Lichtmann and myself.

Q. What month was that?

A. I do not remember the month, but I remember it was, I believe, the late spring.

Q. At the first meeting do you remember whether you discussed Mr. Horch's joining your group?

A. No, we did not.

Q. It was general social conversation?

A. It was a social meeting, yes.

Q. And you met him a number of times thereafter, did you not?

A. Yes, I did meet him afterwards.

Q. And when was the suggestion first made that Mr. Horch join your group?

A. Mr. Horch made the suggestion himself on 54th Street.

Q. At 54th Street?

A. At 54th Street in our school, when he came up to see our school he made the suggestion, as I remember.

Q. What was the purpose of his visiting your school? Had he been invited?

A. I could not tell you that. I think he was sufficiently interested himself to come up and see. We had very fine paintings there on exhibition and I think he was interested in the paintings and he came probably to see the paintings. Whether he was interested in the school I could not tell you now.

Q. Is it not a fact that you and Professor Roerich had invited Mr. Horch to your school at 54th Street to look over the place and see whether he would be interest?

A. I don't think so. There was no reason for that.

Q. You say you do not think so. Do you remember whether that was so or not?

A. I did not invite him.

Q. You did not invite him?

A. No.

Q. You don't know whether Professor Roerich did?

A. I am quite certain Professor Roerich did not.

Q. Do you know or don't you know?

A. I believe Professor Roerich did not invite him.

MR. LEVY: I move to strike that out.
THE REFEREE: Strike it out.

Q. I am asking whether you know that Professor Roerich invited him?

A. I don' know.

Q. All right, say so. Thereafter Mr. Horch did agree to come in and become a member of your little group?

A. He got very interested in our school and he ---

Q. Agreed to become a member?

MR. PLAUT: Let the witness testify.

A. He suggested I believe to Miss Grant that he would like to join our group in this school.

Q. Let me get this clear. As I understand you Mr. Horch was clamoring and trying to become a member of your group?

A. Yes, I believe so.

A. And he was insisting all the time and asking you to let him come in and become a member of this school on the third floor of West 54th Street, is that right?

A. Well, I wish you would put your question a little clearer.

A. I am sure you wish I would.

A. He was not clamoring, he was not crying in the streets or to me or to the group. He made probably suggestions that he would like to join the executive staff of our group, probably to his very dear friend Miss Grant or Professor Koerich. He did not suggest it to me, because to me it was a surprise - at that time it was.

Q. There was no reluctance on your part to letting him join?

A. No, there was no reluctance at all.

Q. When did you learn that Mr. Horch was a very rich man?

MR. PLAUT: That is a fact that I think has not been established yet.

MR. LEVY: All right, I will withdraw that question.

Q. Did you ever hear around that time that Mr. Horch was reputed to be a millionaire? Did you?

A. Well, I tell you frankly, I was not interested ---

THE REFEREE: That is not the question.
The question is did you hear from any source that he was a rich man, at or about that time?

A. I don't think I was interested, even if I did hear it.

Q. You have told us that about five times ---

A. And you have asked me five times a question that I cannot answer.

Q. We know now that you are not interested.

A. I am a professional man and you are a professional man and we are interested in certain ideals and when a man comes in ---

BY THE REFEREE:

Q. The question is did you at or about this time learn from any source or were you in any way advised that Mr. Horch was then a wealthy man?

A. I don't remember now.

THE REFEREE: That is an answer. That is the first answer you have given to all these questions.

BY MR. LEVY:

Q. Did you learn at any time or did you hear at any time thereafter that Mr. Horch was a wealthy man?

A. Yes, afterwards I heard.

Q. After he had joined?

A. After he joined, yes, I heard.

Q. So you want his Honor to understand that when Mr. Horch joined your group you were in complete ignorance of his finacial situation?

A. I could not tell you now that, because it was so many years ago and my interests were not in financial matters and I could not really honestly tell you now what I thought at that time. I only know that I was not interested and I don't know now exactly.

Q. That is settled. We know now that you were not interested in Mr. Horch's financial situation.

A. Yes, exactly.

Q. And you also told us that you did learn after he joined the group that he was a very wealthy man, or reputed to be a very wealthy man?

A. Yes.

Q. And what I want to know now is did you ever hear that in any way from Miss Grant or Professor Roerich or anybody, before Mr. Horch joined the group?

A. I heard it from Mr. Horch, now I remember, himself, that he was a rich man.

Q. Did you learn about that before or after he became a member of the group?

A. After he became interested in our school.

Q. After he became interested in your school?

A. Yes.

. By interested do you mean financially interested or just interested?

A. He became interested personally. I remember very clearly that we, being all professional people, needed a person who could give us some legal and business advise and Mr. Horch certainly would be welcome to a group like our.

BY THE REFEREE:

Q. When you say joined the group, he did not teach?

A. No.

Q. He did not lecture?

A. No, he joined us as legal and business adviser.

Q. In other words you were in the business of instructing persons, in doing a cultural work?

A. Yes.

Q. And he joined you as one of your group to aid you?

A. Yes.

Q. By his business advice?

A. By his business advice. We did not need any money for that at that time.

BY MR. LEVY:

Q. You are quite sure about that, that you did not need any money at that time?

A. Yes. I could have gone in and have had a free school on the East Side.

Q. It is a fact that on August 11, 1922 - have you that date fixed in your mind?

A. Yes.

Q. Mr. Horch gave his check for $8,000 to the Master School, did he not.

A. No, he never gave $8,000 to the Master School.

Q. He never did?

A. No.

Q. You are positive about that?

A. I am positive. I just want to tell you that I was, on August 11, on Monhegan Island, in Maine, with Professor Roerich, so I do not know just what Mr. Horch did for the school in New York City.

Q. Do I understand that you are changing your answer? You said a moment ago positively that he never gave $8,000 --

A. To my recollection, because I was in Monhegan and Mrs. Lichtmann was there too. You don't have to look for it.

Q. You don't dispute the fact do you?

A. If you have a check, of course I don't dispute it, but I don't know because I was not in New York.

Q. That is quite different. I understand you were denying it absolutely. Mr. Horch, however, when he first became interested in this thing did suggest the necessity of incorporating, didn't he?

A. Yes, he did.

Q. That was Mr. Horch's suggestion?

A. It was Mr. and Mrs. Horch's suggestion, while we were on Monhegan Island.

Q. Professor Roerich was staying up there, wasn't he?

A. Yes.

Q. And you all went up there to visit him?

A. No, I stayed with Professor Roerich there.

Q. And the others came up?

A. The others came up, Mr. and Mrs. Horch and Miss Grant came up for a visit.

Q. Can you fix the date of that?

A. The exact date I could not, but the approximate date I could. That was in July, 1922.

Q. And Mr. Horch suggested at that time that it would be necessary or advisable --

A. Advisable.

Q. Advisable to incorporate?

A. Yes.

Q. And did he tell you that you ought to incorporate under the Education Law, was that mentioned?

A. We were incorporated - I mean we had a charter from the State ---

Q. Board of Regents?

A. Board of Regents, as a Master School of United Arts. We had our charter. He suggested that we should incorporate.

Q. And do you recall what the reasons were for incorporating, what reasons he gave?

A. I don't remember that.

Q. You don't remember that?

A. No.

Q. Did he say to you that if he was going to put his money into this thing he wanted to have it in such form that he could control it?

A. Never.

Q. That was never mentioned?

A. Why, if he had ---

Q. Don't volunteer anything.

A. He never mentioned it.

Q. Thereafter the corporation was formed, was it not?

A. The corporation was formed while we were there.

Q. And the corporation was formed by what lawyer?

A. Mr. Bloomberg.

Q. And Mr. Bloomberg was Mr. Horch's personal attorney, was he not?

A. Yes.

Q. At that time you had a lawyer, did you not?

A. Yes, I had a lawyer.

Q. His name was Slobodin?

A. Slobodin, yes.

Q. Was he also Professor Roerich's lawyer, do you know?

A. Yes, he was Professor Roerich's lawyer.

Q. But when the time came to incorporate this Master Institute it was done by Mr. Horch's lawyer?

A. Mr. Horch's lawyer.

Q. And that lawyer was Mr. Harry Bloomberg?

A. Harry Bloomberg, yes.

Q. And did you have any conferences with Mr. Bloomberg or did you sit in on any conferences when the corporation was discussed?

A. No.

Q. Were you ever told by any ody that under the Education Law it was necessary to have five or more trustees?

A. No, I don' remember now.

Q. Have you ever heard that?

A. No, I don't remember.

Q. Did Mr. Bloomberg ever tell you or mention in your presence that under the General Corporation Law the trustees had to be stockholders unless there were by-laws that provided otherwise? Did he ever say that?

A. All these discussions took place in our absence, when Miss Grant and Mr. and Mrs. Horch were in New York City, and we were all in Monhegan. We had trust in Mr. Horch and we thought that if his advice was to incorporate that he did all this legal work with Mr. Bloomberg while we were away.

Q. And you were not particularly concerned with the details, were you?

A. No.

BY THE REFEREE:

Q. Miss Grant was taking it up at that time on your behalf in a sense?

A. Yes. I mean we were all together on it.

BY MR. LEVY:

Q. You know that Mr. Horch paid the lawyer for the incorporation?

A. I think the Master School paid.

Q. Do you know or don't you know?

A. I know that the school paid.

Q. Did the school have a bank account at that time?

A. Yes.

Q. Have you got the records of that bank account now?

A. It was in the Corn Exchange on 55th Street and Broadway.

And have you got the checks yet of the bank account that was kept at that time?

A. We must have them in our archives.

Q. And the records of withdrawals and deposits ?

A. We must have them all in our archives.

Q. Will you produce them at the next hearing?

A. If I can find them I will produce them.

Q. And it is your impression that the lawyers were paid by the Master School?

A. It is my impression that the lawyers were paid by the Master School.

Q. You are not positive about that?

A. I am positive because we paid all our bills by our check on the Master School.

Q. Did you sign the checks.

A. I used to sign too.

Q. And you tell us you do not know that ---

A. I was not at that time in New York, you see.

Q. So you do not know that Mr. Horch had deposited $8,000 in cash at that time ---

A. I do not remember, because I was not in New York.

BY THE REFEREE:

Q. Where did the money come from that constituted the funds of the Master School? Income from teaching?

A. Income from teaching and also - I contributed about $5,000 the first year, towards the beginning of the school.

Q. You mean when you started you contributed a lump sum of $5,000 which you had previously saved?

A. Yes, before Mr. Horch came to the Master School.

BY MR. LEVY:

Q. How long before?

A. Well, during the year, between 1921 and 1922.

BY THE REFEREE:

Q. The school then was not self-supporting? You found there was a shortage and you contributed that sum?

A. We started at that time the school.

Q. and the $5,000 contribution, that came at the start?

A. At the start, yes.

Q. And after that it was self-supporting?

A. Yrs, after that it was self-supporting; we had a lot of students when Mr. Horch came.

Q. What expenses did you have? Rent?

A. Rent.

Q. And in addition to that your own living expenses?

A. No.

Q. Or payments of salary to the various teachers?

A. We only had one secretary and the teachers.

Q. And you paid them?

A. Our teachers are paid on a 50 per cent basis, even now.

Q. In other words the teachers received 50 per cent. of what they collected?

A. Yes.

Q. And the other 50 per cent was contributed to a general fund which was to cover overhead and expenses?

A. Yes.

BY MR. LEVY:

Q. Let me see if I understand you. I am not sure that I get this clear. This $5,000 you put in the year before?

A. Yes.

Q. And that was spent for furniture and overhead and general expenses?

A. In the beginning, when we rented this place, it was in terrible shape and we had to renovate it and fix the whole thing. We had to paint it and the floors were in terrible condition, and we spent I believe at least over $1,000 just to fix up the place.

Q. Then what was the other money spent on?

A. The other money was spent for rental. It did not cover all, because the school had to be supported from the beginning, and we had another school at 750 Riverside Drive.

Q. Part of this money went for that school too?

A. No, I mean the income from the Riverside Drive school went to the 54th Street school.

Q. What I am interested in is in the 54th Street school.

A. Only for 54th Street?

Q. That was spent for fixing up the place?

A. Yes.

Q. Furniture?

A. Yes.

Q. You told me before about having a lot of paintings.

A. No, they were loaned to us by the Erich Gallery.

Q. What else did the $5,000 go for?

A. As I said before, for rental, for fixing the place, and we paid I believe about $175 a month to the secretary, and expenses.

Q. At any rate that was all put in before Mr. Horch became a member of the group?

A. Yes.

BY THE REFEREE:

Q. Was that ever repaid to you.

A. Never. Mr. Horch knows about the $5,000.

BY MR. LEVY:

Q. That was all before the incorporation too, of course?

A. Before the incorporation, yes.

Q. You knew, did you not, that the charter that was granted to your corporation by the State Board of Regents provided that the corporation should start in with a paid up capital of $7,500?

A. Well, that was only technically done.
Q. Never mind whether it was technically or not. You knew it was in the

charter?

Q. It was in the charter. We never could understand why it was in the charter.

Q. But there it was.

A. But there it was.

Q. And when the corporation was formed you testified last time that seven shares of stock were issued?

A. Yes.

Q. And you got one of them?

A. Yes.

Q. And your wife got one of them?

A. Yes.

Q. Now what I want to get clear is this: suppose you tell us what your contention is as to how you acquired your share of stock.

A. I don't understand that question.

Q. You became a stockholder in this corporation that was formed and it had a paid up capital of $7,500; there were seven shares of stock and you got one of them. How did you get yours?

A. I was a founder of the Master School before and to me this was just a mere formality. Our school did not change.

Q. I am asking you today what is your claim as to how you became an owner of the one-seventh interest in this corporation. How do you claim now is the way in which you acquired your share of stock?

MR. PLAUT: I object to the form of that question.
THE REFEREE: I will allow it.

Exception taken by Mr, Plaut:

A. I think this question should be put to Mr. Horch, because we were the owners of this school before. He came afterwards and incorporated this school.

MR. LEVY: Will your Honor instruct the witness not to make speeches?
MR. PLAUT: I think the question calls for a very broad response and the witness is entitled to respond.
THE REFEREE: I was just going to ask that the question be repeated.
(The question was read by the reporter)
THE WITNESS: By taking Mr. and Mrs. Horch and Miss Grant into our school we gave them a share of our school.

Q. That is not an answer.

A. That is how I can answer you only because this is the truth and that is a fact.

Q. We are talking about the corporation, the Master Institute.

A. We Master Institute of United Arts.

Q. That is a corporation incorporated under the laws of the State of New York?

A. Yes.

Q. And the charter provided that it should have a $7,500 paid up capital?

A. Yes.

Q. With seven shares of stock?

A. Yes.

Q. And you got one of them?

A. Yes.

Q. Did you ever pay for your share of stock?

A. No one paid anything.

Q. How did you get your share of stock?

A. I will answer again the same way as I answered before. I gave to Mr. Horch ---

Q. I am not asking what you gave to Mr. Horch.

MR. PLAUT: I think he should be allowed to answer.

THE REFEREE: The question is not how Mr. Horch got his stock but how the witness received his stock.

THE WITNESS: You mean physically?

Q. No, what you paid into that corporation, if you paid anything in, whether you bought the share of stock, whether it was presented to you or how did you get it.

A. We had a meeting at that time, I don't know what you refer to.

MR. PLAUT: I don't think you have the purport of Mr. Levy's question. Would you mind repeating that question? I think the witness has misunderstood it.

Q. I am asking you what your claim is in this present litigation as to how you acquired your share of stock.

A. My share of stock?

Q. Yes.

THE REFEREE: Let me ask it in this way: what did you give in payment for it?

The WITNESS: I gave the Master School of United Arts which I founded with Professor Roerich a year ago, into which corporation or rather into which institution Mr. Horch joined, and we gave him a share of our school, which has only changed from Master School of United Arts to Master Institute of United Arts. Nothing was changed, the school did not change.

Q. You have told us that you did not ive very close attention to the financial transactions of the institution. That was true, was it not? You did not pay very close attention to the financial matters?

A. No.

Q. But you do know that books were kept?

A. Yes.

Q. Do you know that on the books of the school there was set up a paid in capital of $7,500?

MR. PLAUT: I object to that
MR. LEVY: I am asking if he knows it.
MR. PLAUT I object to that form
THE REFEREE: The objection is sustained as to the form of the question.

Q. Do you know whether or not the books of the company showed a paidup capital of $7,500?

A. I don't remember that.

Q. You don't dispute it, do you?

A. I don't remember. Mr. Horch was in charge of the books at that time and I did not question Mr. Horch, whether it was in the books. I would not have been - I did not think it was of interest for us to know.

Q. Professor Roerich contributed no cash at the time, did he?

A. When, in 1922?

Q. When he got his share of stock.

A. I would like to ask you a question, whether you ---

Q. No, perhaps on some other occasion.
MR. PLAUT: All right, I will ask him the question.
THE WITNESS: I don't understand the question.
THE REFEREE: If you do not understand, state that you do not understand.
THE WITNESS: I do not understand it.
THE REFEREE: The question will be made as clear as it can be for you.

Q. You told us now you paid no money for your stock?

MR. PLAUT: I object to that. I think that assumes a fact not in the record.

THE REFEREE: I think it is clear that at the time this corporation was formed this witness did not put in any cash contribution in exchange for his stock.

MR. PLAUT: Cash contribution?

THE REFEREE: That is what I said, and if that is the case, then I think we have that much clear. Go ahead.

Q. Did I understand you correctly before to say that nobody did?

A. Nobody did.

Q.

Q. Excepting Mr. Horch, of course.

A. I don't know whether Mr. Horch also put in any. This capital stock that you refer to was only on paper, on the charter.

THE REFEREE: I understood the witness to say he did not believe Mr. Horch made any contribution at that time; he understood that the $7,500 capital requirement was a mere formality and was never complied with.

Q. Is that what you say?

A. Certainly.

Q. Miss Grant had never been connected with the Master School up to this time, had she?

A. Yes, she was.

Q. In what capacity?

A. She was our adviser.

Q. Well, she had a job, didn't she? She was working for Musical America?

A. Yes, she was working for Musical America.

Q. And she was a close friend of you and Mrs. Lichtmann?

A. Yes.

Q. And Professor Roerich?

A. Yes.

Q. And I assume that you used to discuss your affairs with her?

A. Yes.

Q. And is that what you mean by saying she was connected with your organization?

A. Yes.

BY THE REFEREE:

Q. She had no formal connection with your organization?

A. No, at that time she had not.

BY MR. LEVY:

Q. In other words you talked over your affairs as you would with any other friend ~~for whose opinion you had confidence~~ whose judgement you had confidence in?

A. Yes.

Q. And she was not connected with you at that time?

A. No.

Q. What did she contribute for her share of stock?

A. No one contributed anything fot their share of stock, I would like to make it very clear.

Q. It just happened?

A. It did not happen. It was on the charter. There are lots of things happen that way. People say we have formed corporations, and it is requir - ed, so much money to put in, but they don't put in this money. Mr. Horch contributed much more than seven and a half thousand that the charter speaks of afterwards, but this particular sum was never actually contributed by any one, because we were in the position, each one of us, to give our share if it would ecessary.

Q. Do I understand you to deny that Mr. Horch on August 11, 1922, paid $8,000 to the Master Institute as a cash contribution?

A. I don't remember that, I told you.

Q. You do not deny it?

A. I don't remember.

THE REFEREE: The witness said he know nothing about that because he was then up in Maine, so he neither denies or affirms it.

Q. Well, the corporation was formed in September of 1922, was it not?

A. Yes.

Q. And at that time did the corporation buy any new pianos?

A. No, we rented pianos from Steinway, the same pianos that we had. I rented them before Mr. Horch came.

Q. And when did the Master Institute buy any pianos?

A. We bought pianos when we moved into the new building at 310 Riverside Drive in 1923.

Q. You never owned any pianos down in 54th Street?

A. No.

Q. You do remember however that Mr. Horch paid of Prof. Roerich's indebtedness at the Fifth Avenue Bank and took out his paintings. You remember that, don't you?

MR. PLAUT: Objected to as utterly immaterial.
THE REFEREE: Objection overruled.

A. I don't remember.

MR. PLAUT: I withdraw the objection, but I still think the question is improper.

Q. When did you get your certificate of stock in the Master Institute?

A. I got the certificate of stock in the fall of 1922 when we returned from Maine. We had a meeting in the schol and Mr. Bloomberg was there I remember and we got the certificates then.

Q. Did Mr. Bloomberg explain to you anything about the issuance of the stock?

A. No.

Q. Did he tell you at that time that Mr. Horch was contemplating putting a lot of money into the school and wanted to be sure that he retained control?

A. Never.

Q. He never mentioned that at all?

A. He never mentioned that.

Q. Did you sign your name on your certificate of stock on that occasion?

A. No.

Q. Positive about that?

A. Absolutely positive.

Q. And then what did you do with it after you got it?

A. I put it in my safe deposit box.

Q. And your safe deposit box, you told us last time, was at the Colonial Bank on 102nd Street and Broadway?

A. Well, I don't remember exactly where it was at that time. It was either at the Colonial Bank on 102nd Street or it was near my place where I lived in 750 Riverside Drive. I had a bank -- it was so many years ago I don't remember now.

Q. You have of course discussed your testimony with Mr. Plaut, have you not?

A. Yes.

Q. You have gone over this matter pretty carefully with him?

A. No, I did not, because I was sick. I was in the White Mountains and I could not --

Q. Whe n are you talking about now?

A. Do you mean the last testimony?

Q. You have discussed the case generally, have you not?

A. Yes, I have.

Q. And you have been down in his office on a great many occasions?

A. Yes.

Q. And after you testified the last time did you have subsequent talks with Mr. Plaut?

A. Yes.

Q. And did you go over your testimony of the last hearing?

A. Just briefly.

Q. Well, did you read through your testimony?

A. No, I did not.

Q. Do you mean to say you have no read --

A. The first one I did but the last one I did not. The one of September 23rd I did.

Q. You read through your testimony, did you not?

A. Yes.

Q. And you also discussed it with Mr. Plaut?

A. The testimony of September 23rd, I did not discuss.

Q. And did Mr. Plaut ask you how it was that you had a safe deposit box on 102nd Street when you were living on 150th Street and your school was on 54th Street?

A. No, he did not. It just occurred to me right now.

Q. Right now?

A. Yes. You see, it was just at the time before we moved into the new building and of course I could not have my safe deposit box there. I had it probably on 144th Street, where my bank was.

Q. Now wait a minute. Do you remember answering at the first hearing "I put it in my safe"?

A. Yes.

Q. And then the question was put to you, "Where was that safe?" And you said, "The safe was at that time on 102nd Street and Broadway. I don't remember the name of the bank. I think it was the Colonial Bank. "Do you mean the safe deposit box? A. Yes." You gave that testimony on the first hearing?

A. Yes; I believe I was wrong.

Q. You believe you were wrong?

A. Because there was no reason at that time for me to have my bank on 102nd Street, when I lived on 150th Street. I moved to 103rd Street in 1923. You see, that is why I made a mistake. And then of course I changed my bank.

Q. You are saying now that your first testimony was erroneous?

A. It was erroneous.

Q. And it had not been suggested to you by anybody to make this change?

A. No, it was not suggested at all.

Q. Now you had an arrangement with the school, did you not, that you were to get 50 per cent. of all the tuition fees which were paid in?

A. Yes.

Q. Did you get a salary in addition?

A. No.

Q. You later on received a salary, did you not?

A. I never received any salary.

Q. Never at any time during the entire history of the school?

A. No.

Q. Did you at any time after the incorporation up to the present day put any money into the Master Institute of United Arts?

A. I did.

Q. Cash?

A. Yes.

Q. You have, I assume, checks to verify that?

A. Well, they must be in the records of the books.

Q. They must be in your check book also?

A. They were not big sums but they were sums that I gave. For instance when I went a few times on expeditions I took over along with me my own money.

Q. To pay your expenses?

A. Not all the expenses but partial expenses.

Q. In the first place, that was the Roerich Museum, wasn't it?

A. Yes.

Q. In the second place the money you are talking about now as money you used for your personal expenses?

A. Not exactly personal expenses, when you are on an expedition.

Q. Let me ask it another way the. Did you ever at any time pay into the Master Institute of United Arts any money whatever after the incorporation?

A. No, I don't think so.

Q. You of course would sign papers whenever Mr. Horch requested you to in connection withthe Master Institute?

A. I did.

Q. And you frequently would sign papers without reading them would you not?

A. Yes, if his signature was on them.

Q. If his signature was on them.

A. Yes.

Q. Did you ever sign any waivers as Miss Grant testified that she did?

A. Well, we all did that.

Q. His signature would not be on those, would it?

A. No, but that was just a waiver for meetings.

Q. Was it your customary practice to sign papers at Mr. Horch's request without reading them?

A. Yes.

Q. Do you remember in April, 1923, on April 10th, that 310 Riverside Drive was purchased.

A. I don't remember the date, but 310 Riverside Drive was purchased in 1923.

Q. Well, you can take my word for it.

A. Yes, I believe you are right.

Q. April 10th?

A. Yes.

Q. Do you remember how much was paid for that property?

A. I don't remember, but I will take your word for it.

A. Perhaps I can refresh your recollection, if I were to tell you that $195,000 was paid for it of which $95,000 was cash, would that refresh your recollection?

A. I guess you are right, that would be correct.

Q. And that property was purchased by Mr. Horch, was it not?

A. It was purchased by Mr. Horch but in my name.

Q. It was taken in your name?

A. Yes.

Q. And in that transaction you were just a dummy, were you not?

A. No, I was not a dummy.

Q. You were not a dummy?

A. No. Mr. Horch said to me at that time -- I know you don't want anything sentimental in here, but --

Q. Go ahead. I have no objection.

A. He said for sentimental reasons he would like to put that property in my name because I gave the first donation to the school.

Q. That was the reason?

A. Yes, and then I transferred the building to him.

Q. Wait. The property was taken in your name for snetimental reasons?

A. So he said.

Q. Did you regard yourself at that time as the owner of the property?

A. No.

Q. You knew Mr. Horch had bought it?

A. Certainly.

Q. And paid for it?

A. The Master Institute bought it.

Q. Let me get an explanation of that. The property was bought and paid for by Mr. Horch out of his personal funds?

A. For the school.

~~A. For the school.~~

Q. Never mind for what. It was bought by Mr. Horch and paid for by Mr. Horch?

A. Yes.

Q. And the title was transferred to you in your name?

A. Yes.

Q. And you say now that the Master School bought it?

A. No, the title was in my name and I transferred it.
As I remember -- if I am wrong please correct me -- the title was first in my name, then I transferred it to Mr. Horch and Mrs. Horch transferred it to the Master Institute.

Q. What are you trying to tell us is that Mr. Horch at that time expressed an intention to turn it over ultimately to the Master Institute, did he not?

A. He turned it over immediately to the Master Institute.

Q. Did he? It was bought in 1923, was it not?

A. Yes.

Q. And you held it until 1925?

A. Well, you see, I don't remember the dates.

Q. You seem to have a very poor memory about your own real estate.

A. Well, about that, you understand very well that all the legal matters and business matters were in the hands of Mr. Horch and we had complete trust in him. He arranged it, and that is probably correct.

Q. You were not ---

A. I did not consider it as my property.

Q. That is what I asked you before. You did not consider it as your property?

A. No, I considered it as the property of the school.

Q. Then you were the dummy in this transaction?

A. I was not a dummy. It has to be bought -- probably Mr. Horch suggested that this building should be bought in my name for some reason and he gave us the reason, for sentimental reasons he said. I don't know what for.

BY THE REFEREE:

Q. Though you regard it as the property of the school you nevertheless transferred it to Mr. Horch?

A. He said it was necessary for such a transaction.

Q. In order that the school get it it was necessary first to transfer it to Mr. Horch?

A. The record shows we did it. What his reason was I don't know.

Q. What would be his reason for it?

A. I don't know. Maybe Mr. Levy can explain.

BY MR. LEVY:

Q. Was any reason given to you by Mr. Horch why title was not taken in the name of the Master Institue at that time in 1923?

A. That is the reason he gave me.

Q. Just because he was fond of you and for sentimental reasons?

A. He said that I donated the first sum to the Institute and he felt that it would be nice if this building would be bought in my name.

Q. And that was quite all right with you?

A. It was all right with me, because I acted as the trustee of this institution.

Q. I am talking about the building. Trustee of the institution? I beg pardon.

A. Yes.

Q. Now you owned that building or rather the building was in your name from April 10, 1923, to March 24, 1925, that is a period of two years.

MR. PLAUT: Is that a question or a statement?
Mr. LEVY: That is a statement.

Q. Now during that period did you pay anything toward the upkeep of the building?

A. No, I did not.

Q. You know as a matter of fact that Mr. Horch did, did he not?

MR. PLAUT: I think we are proceeding quite far afield and I would like at this time to put in an objection. I cannot see what this has to do with the ownership of the stock.
THE REFEREE: Objection overruled.
Objection taken by Mr. Plaut.

Q. Do you know?

A. Mr. Horch donated to the school the money and the school paid for all the expenses.

Q. I understand your answer to be that Mr. Horch paid the carrying charges in to the school and then the school paid it out?

A. Yes.

Q. But it was Mr. Horch's money that carried the building during the two years you were the nominal owner? Right?

A. I guess so, according to your records.

BY THE REFEREE:

Q. When he made these payments did he make a specific payment for taxes, a specific payment for interest on the mortgage, or did he hand in lump sums to the institution and let the institution make the various payments?

A. I really don't remember, you Honor, because he as in charge of the books and in what way he did that I don't remember now.

BY MR. LEVY:

Q. That was April 10, 1923, that this building was transferred?

A. Yes, according to the records, I believe you are correct.

Q. Do you remember 13 days later, April 23, 1923?

A. I remember, yes.

Q. You remember that date?

A. Yes.

A. And that was the date on which this stockholders' agreement was signed?

A. Yes.

Q. 10 days after the taking of title to this 310 Riverside Drive?

A. Yes.

Q. and Mr. Bloomberg came to the school did he not?

A. Yes.

Q. And all the stockholders were present?

A. Yes.

Q. Everybody?

A. Yes.

Q. Do you recall Mr. Bloomberg explainging the purpose of the agreement?

A. He just read the agreement to us. He did not explain it.

Q. Made no explanation whatsoever?

A. No, he could not explain the agreement because we made it ourselves.
MR. LEVY: I move to strike that out.
THE REFEREE: Strike it out.

Q. Did Mr. Bloomberg tell you that Mr. Horch at that time had just bought a large piece of property and was prepared to make another large contributions to the school?

A. He did not say anything of that sort.

Q. Did he say that for that reason Mr. Horch felt that he wanted to protect his investment by having absolute control of the corporation?

A. Never did he say anything of that sort.

Q. And did Mr. Bloomberg tell you that you people understood that you were nominees of Mr. Horch in this matter?

A. Never.

Q. He never mentioned that?

A. No I am surprised that you can ask me such questions.

Q. Well, this agreement was pretty important, was it not?

A. Very important.

Q. And by that time you had transferred your safe deposit box, I assume, to 102nd Street?

A. Well, I would not make any statement any more because I don't remember all those things. You know this is, after all, not an important question.

Q. Well, did you have a box?

A. I had a box. Whether it was on 144th Street or on 102nd Street.

Q. You cannot remember?

A. I don't remember the color of the box.

THE REFEREE: Don't get facetious.

Q. You kept your valuable papers in that box I suppose.

A. Yes.

Q. Did you get a copy of this extremely important agreement that you had just put your signature to?

A. No.

Q. You asked for one?

A. No.

Q. Didn't you deem it important to have a copy of an important agreement like that?

A. No.

A. And it never occurred to you to ask for a copy?

A. No.

Q. As a matter of fact there was only on copy and that was carried away by Mr. Horch was it not?

A. That I don't know.

Q. Well, you know you did not get one, did you?

A. I did not.

Q. Do you know whether or not the Roerichs, Professor Roerich or Mrs. Roerich, got a copy?

A. I don't know.

Q. You know that Miss Grant did not get any because she said so?

A. I don't know that. I know I did not have a copy.

Q. You did not have a copy?

A. No.

Q. Did your wife have a copy?

A. I don't know.

Q. You don't know?

Q. Did you wife have a separate safe deposit box from you?

A. No.

Q. Has she got access to your box?

A. Yes.

Q. Well, do you mean to tell us that you don't know whether your wife had a copy of this agreement in your safe deposit box, is that your answer?

A. I don't remember.

Q. Well, try and think. Are you telling us that you don't know whether or not your wife got a copy?

A. I don't know.

Q. That is the best answer you can give?

A. That is the best answer I can give.

Q. You testified I believe at the last hearing or the one before that this agreement had been read very carefully?

A. Yes.

Q. And you were thoroughly familiar with all its provisions?

A. Yes.

Q. And did you read it yourself in addition to having Mr. Bloomberg read it to you?

A. Oh, we discussed this paper before on many occasions.

MR. PLAUT: Will it be conceded that the agreement was produced from the records of the corporation, the agreement of April 23 was produced from the records of the corporation?

MR. LEVY: I don't know where it was produced from. I think it was produced by Mr. Horch. No, I won't concede that.
MR. PLAUT: All right.

Q. You made an affidavit in the first equity proceeding?

MR. PLAUT: Before you answer that may I just take a look at that?
MR LEVY: Yes.
MR. PLAUT: Who was the affiant?
MR. LEVY: His wife.
MRR PLAUT: Why are you asking a question like that: you have the records before you.
THE WITNESS. Show me the affidavit.
Q. I show you this affidavit. I guess it is a conformed copy --
MR. PLAUT. It is accurate.
MR. LEVY. It is conceded it is a correct copy
THE WITNESS: Yes, I guess so.
MR. PLAUT: But the one you were handling first was not his, so let us be clear about that.
THE REFEREE: The question asked of the witness was whether he made an affidavit in this proceeding, to which Mr. Levy referred, and I understood

the witness to say he did. Is that right?
THE WITNESS: Yes.

Q. That affidavit was verified on the 16th day of December, 1935, is that right?

A. 1935, yes.

Q. And did you in that affidavit swear, "I have heard read the affidavit of my wife Sina Lichtmann and I concur in each and every part of that affidavit." You swore to that in that affidavit?

A. Yes.

Q. So as a matter of fact you did hear read the affidavit of your wife and you concurred in everything that she said?

A. Probably I did, yes.

Q. And in that affidavit you said -- well, it is conceded I assume I am reading from Mrs. Lichtmann's affidavit, also dated the same day -- "On April 23, 1923, I deposited with Mr. Horch my certificate on stock of Master Institute of United Arts under the terms of an agreement of which I did not have a copy and with which I am not at all familiar." You heard that affidavit of your wife read?

A. Yes.

Q. And you concurred in that?

A. I did.

Q. So you did not have a copy and you were not familiar with the terms?

A. At that time I was not.

Q. In December, 1935?

A. No.

Q. And your wife did not have a copy and she was not familiar with its terms?

A. No.

BY THE REFEREE:

Q. Do I understand you to say you wish to distinguish between being familiar with it at the time of the making of the ~~affidavit~~ affidavit in 1935 and the time of the signing of the agreement?

A. Yes .

Q. that is how you account for the statement made in the affidavit?

A. Yes, but at the time of the agreement I was familiar with it, but I had forgotten, so many years had passed since the time of the agreement. This agreement was brought to my attention after.

THE REFEREE: Let me see the wife's affidavit.
(Paper handed the Referee.)

Q. When you used the words "with which I am not at all familiar" the emphasis is not on the words "at all" but the emphasis was on the words "I am not"?

A. Yes, I am not.

Q. And reserving in the back of your head the statement of the belief that you were familiar with it sometime back?

A. Certainly.

Q. But the words "at all," do not change that in your mind at all?

A. No, at that time, meaning December 6, 1935, I was not familiar with the agreement, which came to me afterwards again.

BY MR. LEVY:

Q. After this building was purchased in your name you and your wife moved into it, didn't you?

A. in 1923?

Q. in 1923.

A. Yes.

Q. And you were given an apartment there?

A. Yes.

Q. I show you a photograph and ask you whether this a photograph of the building that was purchased in your name.

A. Yes, the corner building.

MR. LEVY: I offer this in evidence.
MR. PLANT. No objection.
THE PHOTOGRAPH WAS admitted in evidence and marked Respondets' exhibit 10, November 20, 1936, R.W.P.

Q. Well, at any rate you moved out of your apartment in 150th Street and moved down into this building at 310 Riverside Drive?

A. We moved into the next building on the top floor, not into this building.

Q. I don't understand that.

A. We moved into the next building. You can see it also here (indicating).

Q. What was the number of that?

A. I think it was 311.

Q. Was that building also purchased at that time?

A. Yes, I think it was purchased at that time, because we never lived in this building, 310.

BY THE REFEREE:

Q. Was that a separate purchase for additional consideration?

A. Yes/

Q. Or was it part of the original purchase?

A. No, it was a separate purchase.

BY MR. LEVY:

Q. Did you pay rent there?

A. No.

Q. So you moved out of your 150th Street place where you had been paying rent into this building where you paid no rent?

A. Yes.

Q. And you continued not to pay rent thereafter?

A. No, I did not.

Q. Have you ever paid any rent since 1923 for your personal living quarters ?

A. I did not.

Q. You and your wife have been living rent free since 1923?

A. Yes.

Q. And how much space did you occupy in that building?

A. We had the entire top floor.

THE REFEREE: You and your wife alone?
THE WITNESS: Yes .

Q. Did any members of your family live there at that time?

A. No.

Q. Or subsequently?

A. Not in that building.

BY THE REFEREE:

Q. When you moved into this place and got free rent was there any change in your arrangement as to your contributing one half of what you collected, or did that remain the same?

A. Every teach[illegible] does ---

Q. It is not a question what every teacher did but what you did.

A. Yes.

Q. In other words that arrangement was unchanged?

A. Yes.

Q. So there was an additional benefit of that free rental at that time.

A. Yes. You see we had to live there. We sacrificed actually our school on 150th Street in order to be able to take care of the museum personally there, and we gave up our very profitable school at 730 Riverside Drive and moved into the building in order to personally supervise the Institute there and the museum and school, and that was the reason we moved into there.

BY MR. LEVY:

Q. Let me get that straight. That is interesting. Do I understand you to say you sacrificed your place on the ground floor of 150th Street?

A. Yes.

Q. Where you were paying rent, in order to move into this private house on Riverside Drive and 103rd Street:

A. Yes---
MR. PLAUT. I object to the question.

Q. Where you have lived rent free for the past thirteen years?

MR. PLAUT. I object to that question. Mr. Levy is undoubtedly misquoting the testimony of the witness.

Mr. Levy: The witness spoke of sacrifice and I am endeavoring to get what the sacrifice was.

MR. PLAUT: Why don't you put your question that way instead of stating a fact which is not what he stated to be the fact?

Q. You say you sacrificed your school up at 150th Street and Riverside Drive?

A. Yes.

Q. And you moved down here to devote yourself to the affairs of this enterprise?

A. Yes.

BY THE REFEREE:

Q. The school up on the upper Riverside Drive, did you have other teachers there or just yourself?

A. Yes, we had other teachers.

BY MR. LEVY:

Q. Did not your pupils come along with you?

A. No, not all of them, because they were local pupils who took lessons there and they could not come so far down town.

Q. How about the ones on 54th Street, the could not come, I suppose?

A. We lost some pupils there, too, when we moved to 103rd Street.

Q. Didn't you get new pupils in the neighborhood of 103rd Street to compensate you for those you lost?

A. Yes, we did.

Q. How long did you remain at this address?

A. At which address.

Q. I thought it was 310. You say it was 311. Riverside Drive.

A. 311, yes .

Q. You remained there how long?

A. We remained there until 1928.

Q. And that was when the building were town down to make way for the new building?

A. Yes.

Q. Where did you move from there?

A. We moved to 105th Street to our temporary q uarters.

Q. And did the school rent building at 105th Street?

A. The school rented building on 105th Street.

Q. Did you live in them with Mrs. Lichtmahn?

A. I did.

Q. And paid no rent?

A. And paid no rent.

Q. And when the new building was completed you then moved into that building, did you not?

A. Yes.

Q. And have been living there ever since?

A. Ever since, yes.

Q. And how much space to you occupy there?

A. We have four rooms.

Q. In the tower?

A. In the tower, yes.

Q. Have you any idea of what corresponding apartments rent for there?

A. I don't know. It could be easily found out.

Q. You must have a pretty good idea of how much your apartment is worht.

A. Four rooms, I think it would be better to find out from the manager.

Q. Your mother-in-law, your wife's mother, lives there too, does she not?

A. Yes.

Q. How long has she been living there?

A. Since the building was up.

Q. Does she pay rent?

A. No.

Q. Any other members of your family living there?

A. No.

Q. Have any other members of your family lived there?

A. My sister lives there.

Q. Does she pay rent?

A. No.

Q. That is Miss Esther Lichtmann?

A. Miss Lichtmann.

Q. In addition to the apartments that you and the various members of your family occupy Professor Roerich has an apartment there also, does he not?

A. No.

Q. He did have?

A. He did have, according to the agreement.

Q. He used to have an apartment there?

A. Yes.

Q. How many rooms did he occupy?

A. According to the agreement every trustee had two rooms.

Q. Never mind about the agreement. I am asking about how many rooms Prof. Roerich had?

A. Prof. Roerich was entitled to two rooms.

Q. How many did he get?

A. Two rooms.

Q. Didn't he have a seven room apartment up there?

A. No.

Q. Positive about that?

A. Positive.

Q. Was that apartment occupied during Professor Roerich's absence?

A. He and his sons were entitled each ---

Q. Never mind what they were entitled to. I am asking if Professor Roerich did not have an apartment up there.

A. No. He had for a very short time.

Q. How long?

A. I don't remember.

Q. Is it not a fact there was a seven room apartment kept vacant there for three years during his absence? Is not that a fact, for him?

A. Vacant?

Q. Yes.

A. No, his sons lived there ---

Q. Wait, answer me. You say that is not the fact?

A. His son lived there.

Q. Was it a seven room apartment up in the tower?

A. It was an apartment of three trustees, that means there should be six rooms. There were six rooms, not seven.

Q. Who were the three trustees?

A. Professor Roerich, George Roerich, and Sviatoslov Roerich.

Q. So when you said before he had two rooms you were apportioning the apartment?

A. Each one had two rooms.

Q. And Mrs. Roerich had two rooms?

A. No, she did not.

Q. Who were the three trustees?

///

A. Professor Roerich, George Roerich and Sviatoslov Roerich.

Q. He and his two sons had an apartment of six rooms.

A. Of six rooms.

Q. That was on the top floor?

A. Yes.

Q. The most expensive apartment in the building?

A. The cheapest apartment.

Q. The cheapest apartment?

A. Yes, because according to the rentals, you can see this apartment brings less money than the others, I believe so. I am not --

Q. Since you know so much about the rentals --

A. I think so.

Q. (Continuing) -- of this apartment that does not concern you particularly, suppose I ask you again about the one which you are occupying. How is it you do not know about the rental value of that apartment?

A. I know that the tower apartments are cheaper than the others. We were on the 24th and Professor Roerich was on the 25th, but I don't know exactly the amount that they would bring now or could bring. I know when Professor Roerich occupied this apartment it was difficult to rent it, on the 22nd floor for instance 23rd floor. We can find tt out from the records of the house very easily.

Q. Miss Grant has also been living there without paying rent since 1923?

A. On the 17th floor, yes, since 1929.

Q. Since //// the completion of the building?

A. Yes.

Q. Mr. Ho ch's parents live in the building, do they not?

A. Yes, they do.

Q. And do you happen to know whether they pay rent?

MR. PLANT: I object to that.

A. You can find it from the records.

Q. I am asking you whether you know.

A. I don't know.

Q. I will ask you about one more tenant before I finish this branch of it. Has part of the building been rented to Michael Fokine?

MR. PLAUT: I object to that. I do not see where this comes in.

THE REFEREE: What is the relevancy of the Fokine apartment?

MR. LEVY: It is this, that is is our contention that the petitioners have been collecting Fokine's rent and holding onto it.

MR. PLAUT: What has that got to do with the petition, even if it were true?

MR. LEVY: It has very considerable bearing on the credibility of the witness.

THE WITNESS I will allow it.

Exception taken by Mr. Plaut.

A. Michael Fokine is a member of our faculty and everything that he pays goes towards the school.

Q. Well, who collects his rent, the school?

A. The school collects the rent.

Q. And what is done with the money?

A. It goes to the school, to the upkeep of the school, just the same as the school rents sometimes to some organizations as every institution rents.

Q. How much rent does Michael Fokine pay?

A. I do not know. You will have to find out from the school records.

Q. Who has got the school --

A. I mean from the director or from the secretary of the school, the exact amount of the rental and what conditions and everything, I do not know.

Q. And it is your testimony that the rental that is recieved from Michael Fokine is paid over to the Master Institute?

A. You will have to find out if you want accurate facts from the secretary of the school.

Q. If you know I will take your testimony.

A. I do not know.

Q. All right, you don't know?

A. No.

Q. During the existence of this corporation from 1922 until 1935 you took a great many trips abroad, did you not?

A. I went twice abroad.

A. And where did you go?

MR. PLAUT: I object to that. Again we are getting pretty far afield, both figuratively and literally. I cannot see any relevancy to the issues at bar to his trips to Europe.

MR. LEVY: To show that Mr. Horch paid for this man's trip.

MR. PLAUT: What of it? I cannot see any relevancy in that to the ownership of stock in the corporation.

THE REFEREE: I will allow it.

Exception taken by Mr. Plaut.

A. I went to the Altai Mountains one summer and the second year I went to Mongolia.

Q. Where is Altai?

A. Altai is in southern Siberia on the border of Monglia. I went on two expeditions there.

Q. And how long were you gone?

A. The Altai expedition took us the whole summer, through the summer. We went in the late spring and returned in the fall.

BY THE REFEREE:

Q. When you speak of an expedition, for what purpose?

A. We went for Professor Roerich's Central Asiatic Expedition.

Q. What is that?

A. Professor Roerich painted and gathered the folklore of the nation there and we studied the various tribes that inhabit these countries.

BY MR. LEVY:

Q. Who went along?

A. Professor Roerich went, Mrs. Lichtmann was there, Dr. George Roerich, and I was there.

Q. Who paid all the expenses of these expeditions?

A. On this expedition, well that I would have to look up the records. The school paid -- pardon me, the Roerich Museum paid.

Q. The money came from Mr. Horch, didn't it? You know that, don't you?

A. Well, he donated the money for the expeditions certainly.

Q. Whether the money went into the bank account of the Roerich Museum and out again, Mr. Horch was paying the bills:

A. Yes, he paid for the expeditions.

Q. You do not dispute, do you, that Mr. Horch contributed a vast sum of money to all these enterprises over a period of 12 years?

A. No, of course not.

Q. Then I think that is enough on that point.

THE REFEREE: What is a vast sum?

Q. Well, it was over a million dollars, wasn't it?

A. I would have to look up the records.

Q. What is your present recollection?

A. My present recollection is that he donated a straight sum of over $400,000, over $400,000, there was $600,000 as a donation and the other an agreement --

Q. Without going into details it is over a million dollars, is it not?

A. Yes.

MR. PLAUT: Has the witness finished his answer? I think you have interrupted him. Might we get the balance of his answer?

THE REFEREE: Had you finished your answer?
THE WITNESS: No, I did not.

Q. Go ahead.

A. The $400,000 was donated also for the museum for which he was supposed to receive a certain percentage, interest, pardon me, a certain interest if the museum would be able to pay.

BY THE REFEREE:
Q. Was the $400,000 to be repaid as a loan?

A. Not to be repaid. It was also a donation, only interest was to be paid whenever the museum would be able to do it. I don't remember.

Q. He donated the principal?

A. The principal.

Q. The principal to remain with the institution for all time?

A. Yes, for all time.

Q. But he to received interest on something which he had already paid before or given to the Museum?

A. Yes, but on that $400,000 only.

Q. Is that a written atreement:

A. It is in our minutes. We must have the exact sum. And Professor Roerich -- the Roerich Museum has also the same agreement with Professor Roerich. He gave $200,000 also as a straight donation, to receive interest whenever the museum can pay.

Q. Professor Roerich donated $200,000 cash?

A. Not in cash but in paintings.

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MR. PLAUT: May I at this moment say that I think in your Honor's first question to the witness concerning the contribution he mentioned the word institute. Those contributions if I am not mistaken were to the museum.
THE WITNESS: To the museum.
THE REFEREE: I am willing that the record should show that.
MR. LEVY: I intended to bring that out anyway
(Discussion off the record.)

BY MR. LEVY:

Q. Well, at any rate on March 24, 1925, you and your wife transferred your real estate at 310 Riverside Drive to Mr. and Mrs. Horch, did you not?

A. If your records show that I guess it is so.

Q. You did transfer it to Mr. and Mrs. Horch, did you not?

A. Believe so, if your records show so. I don't remember.

Q. You don't remember?

A. I don't remember the ~~xx~~ date of 192 5 at all. I thought I transferred it in 1923.

BY THE REFEREE:

Q. Do you remember the fact of the transfer?

A. Yes .

Q. And you remember it was to Mr. and Mrs. Horch?

A. I don't remember.

Q. All you know is that you parted with the title?

A. Yes .

Q. And when you parted with it and to whom you don't know?

A. No. I do remember it was to Mr. Horch.

Q. You do remember that it was to Mr. Horch?

A. Yes.

MR. LEVY: And the date is the date that I read. There is no dispute about that.
MR. PLAUT: There is no dispute.
MR. LEVY: March 24, 1925.
MR. PLAUT: March 26, 1925.

BY MR. LEVY:

Q. And when you transferred this property to Mr. Horch and his wife that was at his direction:

A. Yes.

Q. He simply came to you and said I want you to sign some papers?

A. No, I do not remeber that?

Q. What did he say, then.

A. I do not remember the transfer at all, I mean the exact wording of the transfer. I only remember that I did transfer the property of Mr. Horch. When itwas I don't remember.

Q. But you do remember that it was at his direction, he came to you and told you to do it, did he not?

A. I don't understand why you stress so much the word direction.

THE REFEREE: The question is did you? You are not interested in the motive the attorney has but only in the question and answer.

THE WITNESS: I remember his suggestion.

Q. You mean he made this in the form of a suggestion that it would be very nice if you would transfer the property?

A. No.

Q. Didn't he come to you and say sign these papers and transfer the property back to me?

A. I do not remember the exact words.

Q. Tell me the substance.

A. The substance was --I don't even remember the entire incident. I only remember that the property was transferred from my name to his.

BY THE REFEREE:

Q. Do you remember where it was that you did this?

A. It was probably --

Q. No, not probably, but where?

A. It was 310 Riverside Drive, the old building.

Q. Did Mr. Horch come up to you?

A. I do not remember exactly the incident entirely. I want to be very exact in those statements.

BY MR. LEVY:

Q. He did not suggest it to you, he did not ask you whether you would or would not, he simply brought the papers and had them all made out, didn't he?

A. He was in charge of all our business matters. It was a natural thing that he said something we should do and we would always gladly do these things, whatever was necessary for the legal forms.

Q. At any rate it was transferred back to the Horches and on the same day 310 Riverside Drive was transferred from Mr. and Mrs. Horch to the Master Institute. There is no dispute about that?

A. You probably have the records about that.

MR. PLAUT: I will ascertain from the records about that. I will concede that on March 28, 1925, the state of the record at the Register's office shows the conveyance from Lichtmann to Horch and from Horch to Master Institute of the same piece of property.

THE REFEREE: What happened to the corner?

MR. PLAUT: 50/ by 100.

MR. LEVY: The following week, March 31st, the adjoining property 3100 was transferred to the Master Institute.

MR. PLAUT: What parcel is that?

MR. LEVY: 311

MR. PLAUT. I have not got it. That is the parcel to the north?

MR. LEVY: Yes .

MR. PLAUT. My record shows differently.

THE REFEREE: Let us not discuss it on the record, but put something on the record when you agree.

(Discussion off the record)

Adjourned to December 1, 1935, at 10 A.M.

NEXT PETITIONER'S EXHIBIT NO.28
Respondents' Exhibition No.11