

A RACE PREJUDICE MINT FOR PROFITS IN REALTY

The Afro-American Concern Itself Reveals Its Aims.

35 STOCKHOLDERS SUING

A Fraudulent Issue of Stock by Payton, the Moving Spirit of the Enterprise, Alleged.

Allegations such as have entered many minds about the motives of the Afro-American Realty Company, in which Philip A. Payton, Jr., is the moving spirit, are contained in an action just brought in the Supreme Court by thirty-five stockholders in that corporation to recover the money which they subscribed for its stock. Among the joint complainants, who have brought the suit through Wilford H. Smith, a negro lawyer of 150 Nassau Street, are Charles J. Crowder, F. S. Armond, James H. Gordon, and Robert Dyer.

"On or about July 18, 1904," the complaint says, "Philip A. Payton, Jr., intending to mislead and deceive, and to cheat and defraud the general public, and especially colored people, published and distributed throughout the United States a false and fraudulent prospectus regarding the condition, prospects, and purposes of said corporation."

Among the statements in this prospectus, which the plaintiffs allege are "false and fraudulent," and that most interesting to persons who inquired whether the providing of better accommodations for negroes was, as asserted, the chief purpose of the Afro-American Realty Company, is one to the effect that the company was "in a position to turn race prejudice into money." The prospectus itself, which is made part of the complaint, treats this phase of the company's future activities as follows:

"Race prejudice is a luxury, and, like all other luxuries, can be made very expensive in New York City if the negroes will but answer this call of the Afro-American Realty Company. With a cash capital of \$500,000 the Afro-American Realty Company can turn race prejudice into dollars and cents.

"The very prejudice which has heretofore worked against us can be turned and used to our profit."

It is charged by the complainants in this action that 5,000 shares of the company's stock to the value of \$50,000, representing neither cash nor property "were fraudulently issued on fictitious values by Philip A. Payton, Jr., to himself and associates for equities in the properties 65 and 69 West 134th Street and 36 and 62 West 135th Street, based upon an excessive and extortionate valuation."

Some other details as to which the protesting stockholders say they were deceived are that \$100,000 of the capital stock had been subscribed for when the prospectus was issued, that the company was in a position to do away with race prejudice in this city, and that the company held five-year leases on ten flats and owned four others.

The Afro-American Realty Company, in the two years of its existence, has bought or leased properties in half a dozen different neighborhoods not previously invaded by colored tenants. In nearly every instance it has occasioned almost a panic among neighboring owners. Any question as to the purposes of these purchases has been met with the reply on the part of the company's officers that it was engaged solely in breaking up the existing system of negro colonization and providing for well-to-do negroes such quarters as their means would permit them to occupy.

In view of these statements, the company's connection with a five-story apartment house on the north side of 151st Street, between Broadway and Amsterdam Avenue, attracted wide attention last Summer. The company took a five years' lease of this property and announced its intention of filling it with colored tenants. Thereupon the neighboring owners organized and contracted to buy the property. This afforded a way out of the difficulty, since it was found that the lease contained a clause permitting it to be canceled upon sixty days' notice and upon payment of a specified bonus, said to have been \$1,000.

The company has also bought property in West Ninety-ninth Street, near Columbus Avenue, in 134th and 135th Streets, between Fifth and Lenox Avenues; in 150th Street, between Eighth and Bradhurst Avenues.

The stockholders in the action now begun allege that their subscriptions to the company's stock amounted to about \$5,000.