

# Suit Against GOP Committeeman: The Story of Shipley and 957 Acres

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Carl L. Shipley, prominent Washington lawyer and Republican national committeeman, is charged in a civil suit in litigation here with having defrauded an elderly client out of 957 acres of mountain land near Luray, Va., now worth an estimated \$250,000.

The suit, brought by two sisters of the late Harvie W. Goddin, alleges the takeover occurred in 1965 through Shipley's firm of Real Estate Securities, Inc., when 79-year-old Goddin was Shipley's business partner and client.

The \$500,000 damage suit before Judge Howard Corcoran in U.S. District Court asks for return of all the land once owned by Goddin. His sisters claim their brother was defrauded and that after Goddin's death Shipley refused to explain his dealings with him.

Codefendant with Shipley and the firm is his partner,



CARL L. SHIPLEY  
... defendant in suit

Paul Cyr, World War II hero and now the congressional affairs officer for the commanding general of the Army Materiel Command. They are the sole owners of the corporation.

All the defendants deny the allegations of fraud and

have counterclaimed, charging libel and that the legal process has been abused to harass them.

Court records show the dispute concerns the circumstances under which Goddin put his land into Real Estate Securities in March, 1965, was made president of the Delaware-based firm and died penniless seven months later in September, 1965.

Shipley first represented the elderly man in 1959, and when Goddin died, Shipley was left in control of the company. Since then, court documents show there have been suits and counter-suits, charges that Shipley tried to intimidate people involved, counter charges by Shipley of harassment and a tumultuous court scene.

Contacted by The Washington Post, Shipley said he would not comment. "You'll have to look at the court records. It's in litigation and I cannot talk about it."

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otte had been Goddin's original business partner. Mezzanotte is a developer and real estate owner.

Three years after Goddin's death in 1965, Shipley's firm failed to pay the debt to Mezzanotte when it fell due in March, 1968. Shipley, Cyr and Real Estate Securities were sued by Mezzanotte and the case finally was settled out of court in December, 1970.

Mezzanotte's lawyers were Malcolm Houston and Peter Fedak. While investigating the case they said they discovered documents and information that led to the filing of the fraud suit by Goddin's heirs against Shipley, Cyr and Real Estate Securities.

The only suit now in court is the fraud suit and the counterclaims for libel and malicious abuse of process. Houston and Fedak represent Goddin's sisters.

The land involved covers part of three mountain ridges southwest of Luray, outside of Stanley, Va., a small town in Page County. It is about 90 miles southwest of Washington. Goddin bought part of the tract at a tax sale in 1943 and the rest in the early 1950s.

Charles Hanowell, a real estate appraiser in Arlington, remembers Goddin, his uncle, as tall and gaunt, an elderly man preoccupied with the potential riches of his land and always trying to develop it.

Hanowell says Goddin was a self-taught prospector who thought the land's value was in its minerals. He remembers his uncle working for the Baltimore gas company and that he often called himself Dr. Goddin. However, Hanowell doesn't think his uncle ever went to college.

## Mountain Retreats

Hanowell says his uncle's land is now much more valuable for development into homes sites, such as mountain retreats for city dwellers. He thinks the Goddin land now might be worth as much as \$300,000.

The story starts in 1957 when Goddin tried to develop the land. He submitted a mining proposal to Mezzanotte's firm of North American Contracting Co. Mezzanotte says he was very interested in Goddin's plan

## SHIPLEY, From A1

He described the case as a matter of political harassment and said, "It's a complicated case. If you look into it you'll see that."

In a pretrial hearing earlier this month, Shipley told Judge Corcoran that he and Cyr "are jointly named as defendants in outrageous, false allegations . . ."

At that hearing, in a dramatic scene, Shipley announced he had fired their attorney, Moreland G. Smith Jr., alleging he took documents about the case without permission. "He apparently joined our opponents for one reason or another," Shipley said.

Smith, until then employed in Shipley's own law firm, denies the charges. He says all he did was write a memo to Shipley and Cyr outlining a conflict of interest in representing both de-

fendants.

Shipley described the memo to Judge Corcoran as "accusing me of fraud, libeling and defaming me in every possible way, and my associate, Mr. Cyr.

"I presume he has given (the memo) to (Democratic National Chairman) Larry O'Brien and everyone else in town," Shipley shouted during his effort to get an injunction to prevent Smith from talking about the case. Shipley later withdrew the request. The case has not yet come to trial.

Court records show that the suit is a direct outgrowth of Shipley having represented Goddin to solve problems created in an abortive development plan for the Luray land in the 1950s.

At that time it was agreed that Real Estate Securities would pay \$12,471 to Matthew Mezzanotte for his rights in the land. Mezzan-

and they eventually formed a subsidiary called North American Ore Products.

In return for putting his land in the new corporation Goddin received half of the issued shares and Mezzanotte held the other half.

According to Mezzanotte the land contained deposits of very pure silica used for glass manufacture. Exploratory blasting and bulldozing operations uncovered the silica, and the Norfolk & Western Railroad agreed to build a siding from its main tracks along the property if mining was started, Mezzanotte says.

### Mining Costs

Before mining could start, Mezzanotte says, he and Goddin had to know if there was sufficient high-quality silica to justify the costs of mining equipment. This required about \$30,000 more investment, Mezzanotte says, and he and Goddin dis-

agreed on how to raise the money.

Goddin asked for his land back. Mezzanotte says he told Goddin he wanted payment of approximately \$12,000 for what he had spent on the land. He offered to return the land to Goddin for that amount, or to make a new corporate agreement.

Instead, court records show, Goddin turned to Paul Cyr, whom he had met a few years earlier in Washington. Cyr was working as the minority clerk to the Senate Banking and Finance Committee.

Cyr had obtained the job through Sen. Homer Capehart (R-Ind.). Cyr attended Indiana University before World War II and had returned to Indianapolis after serving in the clandestine Office of Strategic Services (O.S.S.) during the war. He won a number of decorations, including the French Legion of Honor and the Croix de Guerre four times for his work behind German lines in France's Brittany province.

### GOP Official

Cyr took Goddin to meet Shipley about the legal problems Goddin was having with getting his land

back from Mezzanotte.

In his deposition given in February, 1970, Shipley explained his initial involvement:

"Because Mr. Cyr was at that time concerned with Sen. Capehart of Indiana, and because Sen. Capehart was a friend of mine, and because Mr. Cyr was a client of ours and because Goddin was a friend of his we took a case we ordinarily wouldn't take, and then only because I thought, number one, that it didn't seem all that complicated."

### Met Goddin in 1959

In 1959, when he met Goddin, Shipley was a 39-year-old lawyer working his way up in local Republican party politics. In the mid-1960s he became chairman of the local organization and won the national committeeman's post in a 1968 election.

Shipley is known in political circles for engaging in verbal battles with Democrats and with his own party members. In a 1968 dispute over the police department he claimed the local Democratic Party was guilty of "reverse racism and demagoguery." Commenting on the results of this month's D.C. delegate primary race he called Democratic nominee Walter Fauntroy a "Yale-educated demagogue."

During the 1970 national elections he served as treasurer of the Committee for a Responsible Congress, an organization that bought advertisements in newspapers to attack the record of eight Democratic senatorial candidates, including former Maryland Sen. Joseph Tydings.

In a conversation with a newsman about the fraud case his speech was rapid fire and studded with legal terms. He graduated from the Harvard Law School. Asked in a deposition when he started practicing law in the District of Columbia, he replied, "I am inclined to think in 1948. I would have to check the records. That is approximately correct."

Court records show that Shipley and Goddin signed a contingency fee agreement on Feb. 19, 1959. It stated that Shipley would try to recover the land for Goddin for "compensation

of 50 per cent of any recovery of land, monies or other property..." Goddin signed as Dr. Harvie W. Goddin.

A few months later Shipley filed suit in U.S. District Court here against Mezzanotte and North American Ore Products. But the case did not come to trial. The court file indicates that for six years little happened with the suit.

### "Sporadic Attempts"

Mezzanotte says he made sporadic attempts to arrange a settlement, but none ever worked out.

In February, 1965, Shipley approached him and wanted to settle promptly out of court, Mezzanotte says. As he had done in 1959, Mezzanotte asked for his development costs of about \$12,000.

A month later, on March 4, 1965, Shipley and Goddin came to Mezzanotte's office with a proposed settlement agreement. It was signed by Mezzanotte and Goddin. Mezzanotte says Goddin "was still my friend—he was throughout this time." The agreement is in the court file. The terms were that Mezzanotte would receive a promissory note for \$12,471, payable in three years at 4 per cent interest.

In return for the promissory note, Mezzanotte was to deliver to Shipley, as Goddin's attorney, the corporation papers, stock, bylaws, minutes and seal of North America Ore Prod-

ucts, and the deed to the land.

The agreement stipulated that "Goddin shall have his land returned as outlined herein free of debt or waste substantially as its status when transferred to North American Contracting (sic) in 1957."

Under his 1959 contingency agreement with Goddin, Shipley was entitled to 50 per cent of the recovery as his fee.

Under the settlement with Mezzanotte, Goddin would have the promissory note issued by a firm called Real Estate Securities, Inc., and as security for the note, Mezzanotte would receive 10 per cent of the firm's stock. When the note was paid, he would keep 5 per

cent of the stock permanently.

In this out-of-court settlement Goddin regained the land but now had to give some of it to Shipley as his fee. In addition, a new firm had entered the picture holding the liability for the promissory note.

### February Deposition

In his February, 1970, deposition, Shipley was asked why Real Estate Securities became involved in the 1965 settlement. He said that Goddin did not want the land in his own name because of concern about his creditors and preferred another corporation "and I don't know whether we created Real Estate Securities for him or whether we created it for somebody else."

Corporate records show the history of Real Estate Securities. A letter to Shipley on Dec. 2, 1963, from the Colonial Charter Company of Wilmington, Del., states "The name Real Estate Securities, Inc., is available and we are accordingly filing an Amended Certificate of Incorporation using that name on Dec. 3, 1963."

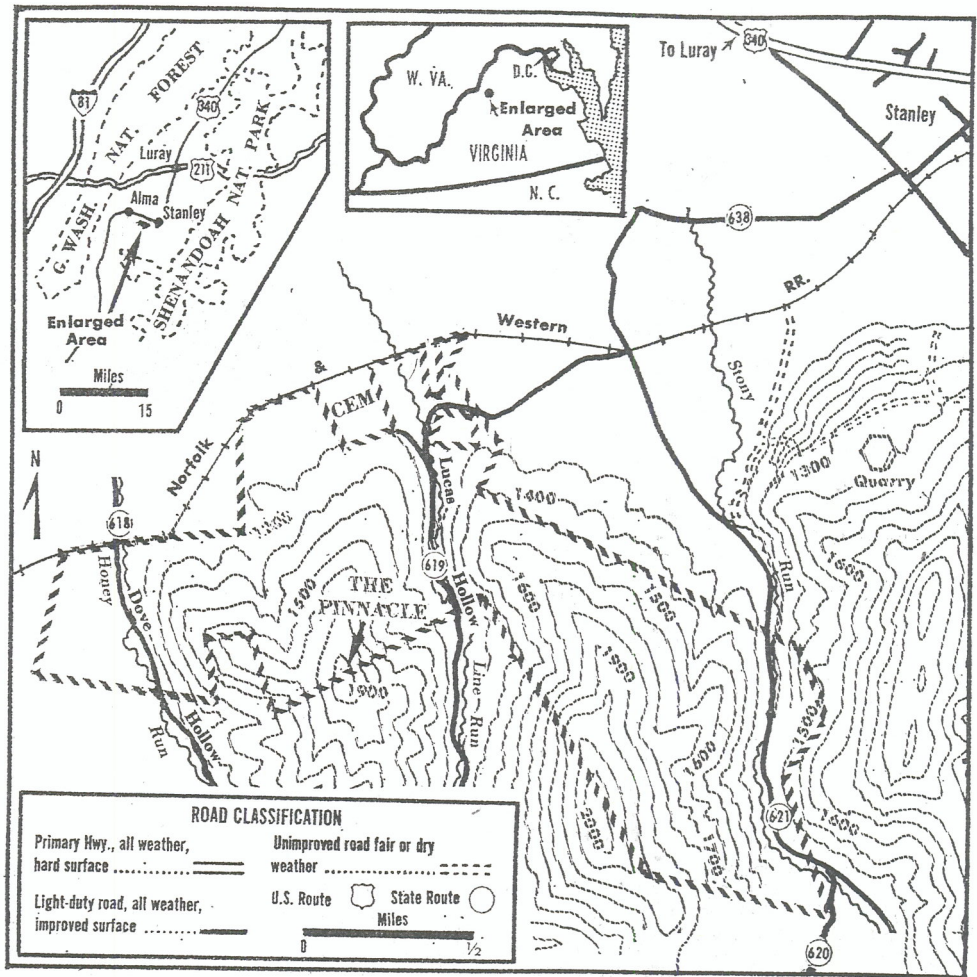
The amended incorporation papers show the firm was initially chartered on Nov. 6, 1963, as National Realty Securities, Inc.

### Board Elected

On Dec. 19, 1963, the Delaware incorporators elected a board of directors, consisting of Carl Shipley, Jouett Shouse, an attorney now dead, and Lois Wagner, Shouse's secretary. The annual Delaware report for 1964 showed that no officers had been elected and no stock had been distributed.

Real Estate Securities held its first meeting on March 4, 1965, the same day Goddin settled with Mezzanotte. The directors elected officers: Harvie Goddin became president, Cyr became vice president and Shipley was elected secretary-treasurer and chairman of the board. Shouse and Wagner resigned as directors and were replaced by Cyr and Goddin.

At that same meeting, the directors resolved to acquire all the land owned by North American Ore Products, which was Goddin's tract. The firm accepted, in



Jan. 28, 1971

Map by Joseph P. Mastrangelo

Map shows the general area near Luray involved in suit against Carl L. Shipley.

return, the responsibility for the promissory note issued in its corporate name.

That same day, Goddin, in his capacity as president of North American Ore Products, deeded the property for \$10 and "other good and valuable consideration" to Real Estate Securities, a company of which he was now also president. The new deed was filed March 5, 1965, with the Page County clerk.

In a letter also dated March 4, Shipley wrote Goddin that Goddin owed the corporation \$80.48 for half the cost of incorporating and half the cost of

transferring the deed from Goddin's old company to Real Estate Securities. Real Estate Securities had been incorporated 16 months earlier.

The minutes of that first business meeting do not show the issuance of any stock having been authorized.

### Directors Meeting

That did not occur until a directors meeting on April 26, 1965. The company then authorized the issuance to Shipley and Cyr of 225 shares each at 1 cent per share. Goddin was authorized 450 shares. The remaining 100 of the 1,000 authorized shares were issued as nonvoting stock to Mezzanotte as security for the promissory note.

Shipley's 1959 agreement with Goddin stated that he

would receive 50 per cent of the recovery from Mezzanotte as his fee. Before the settlement Goddin owned half of the stock in North American Ore Products.

Goddin's sisters contend that under his 1959 agreement with Goddin, Shipley was entitled to half of Mezzanotte's half, or a 25 per cent interest in the stock of Real Estate Securities. They say Goddin would have been entitled to 75 per cent of the stock.

However, Shipley says that he was entitled to half the stock in Real Estate Securities.

Shipley and Cyr each held 25 per cent of the stock. In a deposition Cyr said he got his stock from Shipley "for doing all the damn work I did for Shipley."

The 450 shares of stock authorized in Goddin's name were not issued. The company minutes for April 26, 1965, state, "The company shall issue to Harvie W. Goddin 450 shares of common stock if, as and when he has paid to the corporation the sum of \$12,471.97," which was the liability Real Estate Securities agreed to pay to recover the land.

These are the first minutes indicating that Goddin was to have responsibility for the payment of the debt.

Both Shipley and Cyr in their depositions say that Goddin wanted it this way.

In his deposition, Shipley explained that "my deal with Goddin was half an interest in the land free and clear, and we wound up with the corporation owning the land having signed a note for \$12,000 with interest and so on . . . I was not going to take my land subject to outstanding debts."

#### Possession Blocked

Goddin's possession of his 450 shares was blocked until he would pay the company for the \$12,471 note. His two partners thus owned all the issued stock, except for Mezzanotte's 10 per cent.

On May 10, 1965, the directors agreed to investigate the mineral and recreational value of the land. They changed the corporation bylaws on May 17 to allow the company to operate with two directors rather than three if a va-

cancy occurred.

On May 18 Goddin signed an "Assignment of a Stock Separate from Certificate."

In this document Goddin transferred to Real Estate Securities any right he might have to the stock he had been authorized but never issued. The document also gave to Shipley and Cyr power of attorney for the stock.

The agreement states that this is done for "value received."

Cyr, in his deposition, said he did not know why God-

din had signed this agreement.

Later, in a deposition, Shipley was asked:

"Q. (Houston) To your knowledge, was Harvie Goddin paid anything by the corporation for the May 18 sale of the stock?"

"A. (Shipley) The consideration for it was his understanding that he was to be retained and paid as president of the company. I know the figure of \$200 a month was discussed, and other figures were. He wanted to be president of the company."

"Q. Who was this understanding with?"

"A. Only three people involved—myself, Cyr and Dr. Goddin."

"Q. Who did he have the understanding with?"

"A. There was no written agreement. No checks were issued by the company. We had no money."

Houston asked Shipley, "You are really saying that the May 18th agreement was an agreement to give up any right he had to any stock?"

Shipley answered, "Right, and he wasn't giving it up, but exchanging it for something in the nature of an annuity."

Houston asked, "But he exchanged it for something he never got?"

"He never got it and the company never had it," Shipley said in the deposition. "Had he lived, we could have sold the land, borrowed some money, or something."

Goddin died on Sept. 17, 1965, in Fairfax County Hospital. He was buried in Towson, Md., by the Lee Funeral Home of Washington, which says it has not yet been paid a bill of \$1,162.41.

#### Annual Report

Sixty days later on Nov. 18, 1965, Real Estate Securities filed its annual report with the Secretary of State of Delaware. Shipley and Cyr were listed as sole officers and directors.

Shipley and Cyr were now 90 per cent owners of a firm holding title to 957 acres of mountain land.

The tract is shaped like the head and neck of a horse looking west. It covers part of three mountain ridges. Three paved county roads run through it from north to south along the creeks that split the mountains to form small valleys. It is heavily wooded.

The streams run clear. But piled along the banks is the debris of rural America: old cars, refrigerators, tub and wringer washers, tables, furniture and everyday garbage.

In general, realtors estimate that undeveloped mountain land in Page County is selling for between \$200 and \$300 an acre.

For instance, Tom Barber, a Front Royal, Va., real estate salesman, said that the firm he works for, B. K. Haynes Realty, recently developed a mountain parcel into home sites by surveying it and cutting unpaved roads. The price for the minimum lot of 3 acres was about \$800 an acre.

#### Wondered About Land

In the months after Goddin's death, his nephew, Charles Hanowell, and other members of the family wondered what had become of the land their uncle always was talking about.

With the help of Eugene Luther, an Arlington, Va., lawyer, Hanowell started checking and found that Carl Shipley had represented Goddin in a law suit against Matthew Mezzanotte.

Hanowell says that he and his attorney, Luther, visited Shipley's office in 1967 and

asked about the uncle's land and were told the old man died with nothing except debts.

Houston asked Shipley in the deposition:

"Q. If I told you Mr. Luther said he came to your office and discussed this face to face with you on this

day and that you told him that you were not familiar with any land that Dr. Goddin had had prior to his death or had died possessed of, would you say this was inaccurate?"

"A. No. It was probably inaccurate but I don't consider it material one way or the other because I got so many calls from creditors of Mr. Goddin's and other business partners of his who were trying to find out what his assets were. I told them all that I had no knowledge of it."

Hanowell says that Shipley did not inform him that a handwritten will existed, purportedly written five days before Goddin died two years earlier.

In the will is the statement, "Mr. Shipley did not fill his contract with me and Mr. Berns may demand all papers in Mr. Shipley's possession pertaining to North American Contracting Corp."

Charles Berns was one of the two executors named in the will, both business acquaintances of Goddin. They submitted it for probate on Oct. 31, 1965, but it has not been probated because only one of three witnesses has been located.

#### Petition Filed

After the will was submitted in Probate Court Shipley filed a petition requesting permission to oppose the will. In his petition Shipley noted the sentence referring to himself and said he did not think the will was in Goddin's handwriting, that he didn't believe it had Goddin's signature and that if it did, Goddin was not of sound mind. His petition states:

"Decedent was in the last stages of a terminal illness, and he did not have sufficient mind and memory to know what property he owned, the persons who might be the natural objects of his bounty and his relations toward them, to the best of your petitioner's knowledge, information and belief."

Shipley's petition was not accepted. It appeared to make little difference, however, since the executors could not find the witnesses and there appeared to be no estate of any value.

Shipley and Cyr filed an-

nual reports for Real Estate Securities for 1966, 1967 and 1968. They had the land surveyed and the Real Estate Securities' accounts show this cost more than \$4,000. The survey was filed in Page County on Oct. 12, 1967.

An evaluation in June, 1968, said the land had a high silica content suitable for glass manufacture but too hard for grain sand.

Six months later Cyr listed the land for sale for mountain hime sites with Better Homes Realty of McLean, Va.

Cyr's asking price in 1968 for the entire 957-acre tract owned by Real Estate Securities was \$195,000, about \$200 an acre.

In March, 1968, the debt owed Mezzanotte was due and with interest came to slightly more than \$14,000. Although Goddin had been given responsibility for its payment he was dead and Real Estate Securities had the obligation since the promissory note was in its corporate name.

Mezzanotte says he sought periodically through the spring of 1968 to collect the money.

When the note remained unpaid Houston started an investigation into Real Estate Securities. He says what had been a simple collection was now a case, and his partner Fedak was asked to obtain the corporation's records from Delaware.

#### Different Versions

There are differing versions of what happened next. What Houston says occurred when he informed Shipley that Mezzanotte might sue for his money is described in the Cyr deposition:

"MR. HOUSTON: Before, when I was negotiating in April with Mr. Shipley for the money for Mezzanotte only—and I didn't even know the heirs existed—he told me if I sued him there were three things going to happen: No. 1, he would take me to the Grievance Committee immediately; No. 2, he would sue me, immediately; and, No. 3, he would not be responsible for what Paul Cyr would do to me, who had killed numerous Germans with his bare

hands—"  
[laughter by the witness, Cyr.]

"MR. HOUSTON:—and he had an ungovernable temper—"

"THE WITNESS: Oh, this is awful."

"MR. HOUSTON:—and that there was no telling what he would do to me."  
[laughter by the witness.]

"MR. HOUSTON: Now I have been threatened with physical violence . . . not by you but by Mr. Shipley, who is threatening me with you, and I—"

"THE WITNESS: You're not too shook up from what you see here, are you?"

Houston says Fedak heard the conversation with Shipley on an extension phone. Mezzanotte says that a few hours later he had a similar conversation with Shipley and told Houston about it.

Houston asked Shipley about this in Shipley's deposition:

"Q. Do you remember a conversation with me in which you related that you would not be responsible for what Cyr would do to me if I filed a lawsuit against him?"

"A. No."

"Q. Do you recall telling me how many men had been killed by Mr. Cyr with his bare hands and what he might do to me?"

"A. No, I have read articles about Mr. Cyr."

"Q. You don't recall telling me that you wouldn't be responsible for what he would do with his bare hands?"

"A. I deny that any such thing was said and it's sheer fabrication of your mind."

The telephone calls only increased the pace of his investigation, according to Houston.

Documents and information provided a better pic-

ture of Goddin's role in Real Estate Securities. Houston located Goddin's sisters and, told of the information he had, they decided to bring suit against Shipley, Cyr and the company.

In January, 1969, Houston filed companion suits in U.S. District Court. One by Mezzanotte asked for payment of the note. The other by the sisters asked for return of all the land. It also sought \$500,000 punitive

damages.

In answering the sisters' complaint, the defendants contend the charges are false and that all actions they took were proper and legal.

The answer to the suit also contends that Goddin has never paid for his 450 shares of Real Estate Securities, Inc., and were he alive today would owe the corporation about \$20,000 for the promissory note to Mezzavotte for surveying and for his share of other expenses incurred by the firm.

Throughout 1969 and 1970 there were a series of hearings, motions and other legal moves.

In December, 1970, the promissory note suit was settled out of court and Mezzanotte was paid about \$15,000.

In November, 1970, Shipley's attorneys had filed motions for a summary judgment and for a judgment on the pleadings in the fraud suit.

#### Statute of Limitations

This request for judgment on the pleadings cites as one of its grounds the argument that even if there was a fraud it can't be prosecuted because the statute of limitations has run out. This approach rests on the premise that in his handwritten will Goddin showed he knew of a fraud when he wrote, "Mr. Shipley did not fill his contract with me."

This is the same will that

was opposed by Shipley at the time of the first probate effort in 1965 on the ground that Goddin was not of sound mind. He also contested the authenticity of the will and the signature.

The heirs have opposed the motions but no rulings have been made yet by Judge Corcoran.

Also involved in the case is a column by Jack Anderson and the late Drew Pearson that appeared in The Washington Post on Jan. 20, 1969. The column concerned Shipley and the Goddin land.

In answering the fraud suit, Shipley filed two counterclaims asking for \$1 million in damages. One counterclaim is for malicious abuse of process. It claims that the plaintiffs and their attorney, Houston, are seeking to force the defendants by duress and embarrassment to turn over land and money to which the plaintiffs have no legal claim.

The second is for libel, alleging that the sisters and Houston conspired to procure publication of Anderson's article, which the defendants contend is false and libelous.

Houston and the sisters deny these charges.

Judge Corcoran has set next Monday for the start of a pretrial hearing. He said: "This case has been pending for too long. I do want to get it to pretrial without delay."