

DA Hotel Tab Said Paid in Bribe Bills

9-8-73 T-P
Which Gervais Redeemed
by Cashing Check

By JOHN McMILLAN
and DON HUGHES

Dist. Atty. Jim Garrison used a number of marked bills he had earlier received as a bribe to pay a room tab of more than \$1,000 at the Fontainebleau Motor Hotel in June, 1971, and some of the same currency was recovered hours later by government agents, according to testimony Friday in Federal District Court.

As the trial of Garrison and two local pinball executives concluded its third week, U.S. Atty. Gerald J. Gallinghouse called a string of witnesses to tell their roles in planting, receiving, handling and recovering a group of \$50 bills which the prosecution contends was paid to Garrison as a bribe.

The DA is on trial along with John Aruns Callery, a former partner in New Orleans Novelty Co., and Robert E. Nims, owner of REN Enterprises, on charges of paying and receiving bribes. Cont. in Sec. 1, Page 4, Col. 1, to protect illegal pinball gambling.

In related testimony, a government witness certified as an expert accountant told the court, Callery received more than \$400,000 from pinball firms or related interests from 1966 through mid-1971, although he sold his interest in New Orleans Novelty in early 1968.

AT THE FONTAINEBLEAU
During testimony on Garrison's bill at the Fontainebleau, Internal Revenue Service Special Agent Joel LaNoux said on June 18, 1971, he and IRS agent Arlie G. Puckett and Floyd D. Moore, chief of IRS Intelligence Division here, rushed to the motel at Tulane and Carrollton after receiving an urgent telephone

call from Pershing Gervais, who was working with federal authorities as an informant on the alleged pinball bribery conspiracy.

A number of tape recorded conversations made in 1970 and 1971 with Gervais' cooperation has been played earlier during the trial, bearing what the government contends are the voices of Garrison, Callery, Nims and seven others indicted in the case, all of whom were arrested June 30, 1971.

When the agents met with Gervais about 3 p.m. in room 662 of the hotel, he said he had just cashed a \$2,350 check at the front desk and showed them the currency he had received.

Gervais told them that he learned earlier that day the bill for a two-room suite at the Fontainebleau occupied by Garrison was paid, and Gervais cashed his check shortly afterwards.

LaNoux said he brought with him a list of serial numbers he compiled the previous month before of the twenty \$50 bills personally taken by Gervais to Garrison.

The agent testified when he compared the \$50 bills Gervais received when he cashed his check, he found the serial numbers of 13 of the bills matched the numbers on his list of the marked bills to be delivered to Garrison as a pinball protection payoff.

Under cross-examination by Fred Barnett, an attorney for Garrison, LaNoux admitted that he had no other evidence than Gervais' word that the 13 \$50 bills Gervais gave the agents were indeed among the same bills he received from a motel cashier when he cashed the check.

The prosecution then called several witnesses in an attempt to trace step-by-step the chain of events that transpired, beginning with the origin of Gervais' check for \$2,350.

Andrew J. Martin, business manager of Garrard Chevrolet Co., located directly across the street from the Fontainebleau, testified that on July 18, 1971, his firm issued Gervais a check for \$2,350 for a used car Gervais sold Garrard. The check, made out to and endorsed by Gervais, was produced as evidence and identified by Martin as being the same one issued to Gervais.

'L. V. NEE'

The next prosecution witness, was Clement J. Lehrman, who in June of 1971 was a Fontainebleau manager. He said on June 18, 1971, Steven Bordelon, a New Orleans policeman as-

signed as an investigator for the DA's office, came to the front desk to pay his room bill for "L. V. Nee," the alias under which Lehrman said he registered guests from the district attorney's office.

The bill for the two-room suite was paid by Bordelon, Lehrman continued, with \$1,100 in cash. The bill totaled \$1,020.11.

Shortly thereafter Gervais came to the desk and asked Lehrman to cash his Garrard check.

Lehrman, who identified the check in court as being the same one Gervais showed him, said he okayed the cashing and told Gervais to see the cashier, Mrs. Audrey Castagnetta.

Mrs. Castagnetta was the prosecution's next witness, testifying she recalled Bordelon, who also serves as Garrison's driver, paid the tab with large bills for the two rooms she said Garrison occupied.

She recalled later cashing Gervais' check by giving him all of her large bills, including a number of \$50s and \$100s.

NO RECORD OF BILLS

She said under questioning by Barnett, as Lehrman had before her, that she had not recorded the serial numbers of the bills she received as payment for the suite or the ones she gave Gervais.

Bordelon then took the stand and verified that June 18, 1971, he paid a bill for Garrison's rooms with cash the DA had given him three days earlier.

Bordelon said while he had been in Garrison's room three days earlier, the DA was taking a shower and yelled instructions for Bordelon to take the money out of an envelope on a dresser and pay his motel bill.

He said he recalled counting the money, amounting to \$1,100, which he believed was all in \$50 bills, but might have included a few \$100s.

He put the money in his pocket, Bordelon testified, keeping it separate from his own, and returned to the Fontainebleau three days later, on June 18, and paid the bill with it.

CALLERY PROFIT

The final government witness called Friday was Jerry W. Brents, a special agent for the FBI as well as a certified public accountant.

He said he examined the financial records of New Orleans Novelty Co., New Orleans Novelty Sales Co., Business Research Counselors Inc. and State Novelty Co., a Baton

9-8-73 A13 Marked Cash Linked to Jim Garrison

Special to The Washington Post
NEW ORLEANS, La., Sept. 7
New Orleans District Attorney Jim Garrison has been linked in testimony with pinball bribery money through serial numbers on 13 \$50 bills.

Government agents testified in federal court here today that bills whose serial numbers had been recorded were used to pay a hotel bill for Garrison. Garrison is charged with accepting \$4,000 in bribe money from pinball operators over a six-month period in 1971.

Garrison's own driver, Stephen Bordelon, provided the key evidence in court. He said that on Garrison's instructions he took some money that was in an envelope on a desk in Garrison's room and paid the hotel bill.

Of that money, \$650 in \$50 bills turned out to be recorded money which government agents had given to government informant Pershing Gervais.

In working with Gervais as an informant, agents substituted recorded money for bills Gervais received from pinball operators.

Rouge firm which handled gambling-type pinball machines through mid-1971.

Brents said he checked the records of these firms on regard to the amount of money paid by each to Callery from 1966 through June 30, 1971, indicating that Callery — although no longer a partner in New Orleans Novelty — maintained an active interest in the pinball business until the time of his arrest.

Callery was president of Business Research Counselors during this period.

The FBI agent said his investigation of the firms' books showed Callery received \$440,034.21 from the four firms during the 5½ years.

AUDIT REPORT

On Feb. 9, 1968, Brents testified, Callery was paid \$105,000 for his interest in New Orleans Novelty when he sold out. He had received \$233,526 from Business Research Counselors; \$42,732.60 from New Orleans Novelty Sales Co.; \$61,945.40 from New Orleans Novelty's partnership drawing account, and \$39,562.81 from State Novelty Co.

Brents is to be called by defense attorneys for cross-examination when the trial resumes Monday morning.

The other seven indicted along with Garrison, Nims and Callery have since either pleaded guilty or had their cases severed, and have testified as government witnesses.

They are Frederick Soule Sr., a former police captain who said he kept \$63,000 in bribe money in a pickle jar buried in his back yard; Robert Frey, former police vice squad commander talked into taking payoff money by Soule; Louis Boasberg, a partner in New Orleans Novelty; Harby Marks, an employe of Boasberg's; John Elms Jr. and Lawrence Lagarde Sr., both partners in TAC Amusements Co., who both testified that former police Supt. Joseph I. Giarrusso received \$30,000 in bribes from TAC, and John Elmo Pierce, owner of Pierce Amusement Co.

During the morning session the government played a tape recording of a conversation between Gervais and Garrison in which Gervais allegedly passes another \$1,000 to the DA.

Thursday recordings of two other money exchanges were played in court.

In the recording of May 28, 1970 conversation, Gervais tells Garrison, "I'm so long carrying

this . . . thousand it's driving me nuts. I'm scared to death I'm going to lose it."

Garrison: "Bub, well, that's (inaudible)."

Gervais: "First, now listen, . . ."

Garrison: "You got, at least you got something started, huh."

Then Gervais tells him that Soule wants to ask the pinball dealers for more money. Garrison says to tell Soule to "leave well enough alone."

WISE HEAD

Garrison said for Gervais to tell Soule that "a very wise head, that, uh, that you have a lot of confidence in has a feel for the situation . . ."

Gervais: "Says that now is not the time."

Garrison: "You said it exactly."

Garrison then tells Gervais that Boasberg sent him a four-page letter congratulating him on his book, "Heritage of Stone," and he thinks that Boasberg provides the \$1,000 Gervais gave him. "He alone has sent me a thousand?" he asks.

Gervais: "Oh, no, no no. Him and, uh, Nims."

Garrison: "Oh."

Gervais: "Uh, not Nims, him and TAC. Young Tac."

Garrison: "Oh."

Gervais: "Yeah, see."

Garrison: "That's good."

Gervais: "And don't forget it. Now . . ."

GREED IS RUIN

Garrison: "But I, but I don't get greedy, that's what always catches these . . ."

Gervais asks Garrison whether the legislature is going to take any action to introduce anti-pinball legislation.

Garrison replies that they are not because "obviously they are well under control and were well taken care of last time because they can't really get started, but every day . . ."

Then he says, "But I can tell you that every day somebody brings it up but, uh, they, uh, don't get, uh, past uh, they don't even get started on the vote."

Later Gervais tells Garrison former pinball dealer Santo DiFatta wants him to institute action against some people who defrauded him out of \$150,000. Garrison agrees. He says, "I mean, you know, I don't forget. He's helped me or where the . . . would I be?"

LEAVE IT OUT

He tells Gervais to have a report on the situation written but

to "leave, uh, that activity out of it."

Gervais: "What activity?"

Garrison: "Uh, p, p-b, pinballs."

Prior to the playing of the tape Special IRS agent Joel Lanoux testified that the money Gervais gave to Garrison was bribe money brought to Gervais by Marks.

The money was passed in room 118 of the Fontainebleau Motor Hotel where Garrison had taken a room after moving out of his house at 4830 Owens Blvd.

Under cross-examination by one of Garrison's attorneys, Fred J. Barnett, Special IRS Agent Floyd D. Moore, the chief of the New Orleans IRS intelligence division, testified about first meeting Gervais.

NO PD CHECK

He said Gervais asked to meet him, and Moore said he was aware that Gervais worked with the IRS during the 1960s in an investigation of members of the New Orleans Police Department.

There was an IRS investigation of Gervais at the time for filling inaccurate returns in 1965, 1966, and 1967. Moore said it was agreed that if Gervais would amend his returns, the government wouldn't take action against him for not reporting money received that he told

the government about.

Moore said Gervais had wanted to work with the government but was concerned about incriminating himself if he reported bribes. Moore said that the money Gervais had not reported included in addition to pinball bribe money, money received for services he performed with judges for lawyers.

WANTED TO MOVE

Gervais insisted that he not be a witness if he worked for the government and that was agreed to. He later insisted also that he be moved from New Orleans at the conclusion of the investigation.

Asked by Virgil Wheeler, Callery's attorney, if he had ever known special agents of the IRS to assist "a person in the category of Pershing Gervais in the preparation of an income tax

return before," Moore replied: "I never met a person in the category of Mr. Gervais before."

Barnett questioned Moore about Gervais' move to Canada June 30, 1971. Moore said Gervais wanted to be out of town before the publicity surrounding

the arrests came out, and he said Gervais expressed some concern about his physical safety.

However, Gervais returned to New Orleans Sept. 8, 1971.

Moore said that Gervais became disenchanted because his job fell through, several of his wife's show dogs had died in a kennel and his furniture hadn't arrived.

\$4,000 MAKEUP

After meeting with Gervais, he said Gervais agreed to re-

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turn and a job with General Motors was arranged for him at a salary of \$18,000 annually. The first job was to have paid \$22,000. The government agreed to pay him \$4,000 to make up the difference in the job salary.

Gervais called him in May, Moore said, and told him he was fed up and was returning to New Orleans to sue the government because it had "defaulted" on its agreement with him. Moore said Gervais told him he was "coming out swinging."

Moore, who said he sympathized with Gervais' problems, told him, "you've got to do what you've got to do. Go on back."

Barnett tried to ask Moore whether the government's agreement with Gervais would be canceled if he returned to the city. However, Judge Herbert W. Christenberry said the question had nothing to do with the merits of the case.

JUDGE'S WARNING

Concerning Gervais' participation in the case, Judge Christenberry told the jury, "All law enforcement agencies use informers. There's nothing illegal or unethical about it. Their testimony must be viewed with suspicion but their use is an accepted law enforcement practice."

IRS Agent Arlie C. Puckett testified about recording the conversation between Gervais and Garrison on May 23. He was cross-examined by Wheeler about Callery's involvement in the case.

The period of the indictment under which the defendants are charged is from Oct. 15, 1970, to June 30, 1971. Puckett agreed with Wheeler that Callery neither made nor received bribe payments after Oct. 15, 1970, but said Callery was still involved because he continued to make arrangements for the money to be paid.

The trial will resume at 10 a.m. Monday when the government is expected to conclude its case.