

\$637,325 Forfeited Bail Not Collected by Garrison

By ALLAN KATZ

A survey of the Orleans Parish District Attorney's records shows that the DA's office failed to collect \$637,325 in forfeited bail bonds from the Maryland National Insurance Company during the period from Jan. 1, 1966 to Jan. 1, 1969.

District Attorney Jim Garrison says the money eventually will be collected.

However, since the company is required to keep only \$70,000 on deposit in the state of Louisiana, Garrison probably faces a long court fight with an uncertain result before he can collect any part of the whopping sum owed by Maryland National.

SINCE JUNE 23, the DA's office has been prohibited by a federal judge from moving to collect the forfeited bail bonds or to prevent Maryland National from running up additional forfeitures.

The S-I survey shows that an additional \$93,450 has been forfeited during 1969 but is mostly not yet collectible be-

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run against Garrison for DA in the Democratic primary election in November.

Ward says that Garrison did not want to crack down on Maryland National's huge backlog of forfeited bail bonds because he was satisfied to get token monthly payments against the total.

These, Ward says, were used to finance the DA's investigation of New Orleans businessman Clay L. Shaw, who was acquitted in March of charges that he had conspired to kill President John F. Kennedy.

Ward says Garrison preferred to get token payments from Maryland National because a move to get the whole amount would lead to a two-or-three-year court fight during which there would be no payments.

Garrison says that during the heat of the investigation into the murder of the late President Kennedy, he allowed Ward to make oral reports to him on the status of bail bond forfeitures.

"WARD CONCEALED the true situation from me," says Garrison. "When I learned in December, 1968, that Maryland National was deeply in debt to us, I moved to correct the mistake.

"I ordered Ward to crack down on Maryland National. He dragged his feet. So I ordered him again to take action.

"There will be full payment by Maryland National of every penny they owe. You can count on it."

Full statements by Garrison and Ward presenting their widely differing accounts of their individual actions leading to the present status of the Maryland National matter appear in the States-Item today.

According to records in the DA's office, Maryland National has accumulated bail bond forfeitures in this man-

ner since 1966.

cause the law requires a six-month waiting period before action can be taken.

The grand total of Maryland National forfeitures since 1966 is \$720,775.

The federal district judge who has enjoined the DA's office from acting to collect the bonds after three years of inaction is Lansing L. Mitchell.

Garrison says the failure to move strongly against Maryland National in 1967 or 1968 is "the one serious mistake" committed during his seven-year administration of the district attorney's office.

"As an elected official charged with running this office, I must take full responsibility and admit my error," Garrison said.

"However," he added, "the error consisted of placing my full confidence in one man who betrayed my confidence."

GARRISON SAYS the man he is referring to is Charles Ray Ward, first assistant district attorney until June 17.

On that date, Ward resigned and announced he would

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—In 1966, Maryland National owed \$40,000, resulting from 32 forfeitures;

—In 1967, Maryland National added \$156,350 to the above total from another 153 forfeitures;

—In 1968, a staggering 311 bond forfeitures added a whopping \$430,975 to the uncollected total.

—In 1969, to July 1, Maryland National has accumulated an additional \$93,450 in bail bond forfeitures.

Agents for Maryland National still are writing bonds today under the protection of the federal court order.

Since the Maryland National bail bond boondoggle has surfaced, Assistant District Attorney Shirley Wimberly Jr. has been assigned to set up a fool-proof system to prevent any recurrence.

Wimberly has revamped the bookkeeping system used to track bail bond forfeitures and also the approach to collecting forfeitures.

He offers this view of how Maryland National's backlog grew so large:

"In my personal opinion, the problem was that the people handling bail bond forfeitures in the DA's office weren't tougher on Maryland because they didn't want to be bad guys.

"MARYLAND NATIONAL kept asking for more time to straighten themselves out, pleading their records were imperfect or that some confusion existed, and the DA's office kept giving them extra time.

"The people in the DA's office didn't want to be in the position of putting somebody out of business so they went along figuring that tomorrow it would get straightened out.

"Our people tried to give Maryland a helping hand without any intention of doing wrong. But, when you give somebody in quicksand a helping hand, you've got to be careful they don't pull you in along with them."

Wimberly says his totals on the total debt of Maryland National is \$629,000 through Jan. 1, slightly different than

the states-item's figure. Wimberly says this might be due to several cases that have been settled.

TO PREVENT a recurrence, Wimberly has set up a new procedure that gives a bail bond company 10 days to pay off a forfeited bond after the six-month waiting period expires.

If the company does not pay off the bond, Wimberly acts to seize the forfeited sum out of the \$70,000 each bail bond company must post with the state treasurer.

If a company's \$70,000 is seized and not replaced, the company is out of business in Louisiana.

Garrison's new first assistant district attorney, James L. Alcock, was asked why Maryland National was able to write so many bonds that were later forfeited.

"The reports we have indicate Maryland National's agents have been writing a lot of 'bad business'—people charged with crimes who are considered poor risks to turn up for trial.

"THE MARYLAND AGENTS, we understand, dominate the local bail bonding picture because their 20 or so agents are willing to write a bond for almost anyone."

In the bail bond system, a bonding company puts up a bond for an accused person, charging the individual 10 per cent.

Assistant DAs report that Maryland agents undercut other bonding companies by charging less than 10 per cent and also by allowing their clients to pay off on a long-term installment plan.

"In this way," Alcock says, "a Maryland agent can write a \$1,000 bond and charge a \$50 premium. Let's say he agrees to accept \$5 a week.

"AFTER FOUR WEEKS, the accused person disappears after paying \$20 of his premium.

"Now, the key becomes whether the DA's office moves to seize the \$1,000. If the \$1,000 is forfeited and seized, the company has collected \$20 and surrendered \$1,000.

"That's how the system should work and that's how it worked before 1966 and works now."

Wimberly promises that "no company will again be allowed to get as far behind in payments as Maryland National. We'll rigorously pursue the bail bond companies and put them out of business without a tear if they are lax."

IN A SUIT filed in Judge Mitchell's court, Maryland National alleges that a former president of the company stole bonding powers and distributed them to a variety of agents who wrote bonds and accepted premium payments without the company's knowledge.

Two New Orleans attorneys, Milton P. Masinter and Thomas Toranto, have been indicted by the Orleans Parish Grand Jury on charges of corrupt influence in an alleged effort to bribe Ward not to press for collection of Maryland National's forfeitures.

The charges were made in an affidavit by William Hardy Davis, a former president of Maryland National. Masinter and Toranto have said they are innocent.

(Tomorrow: How To Improve The System)

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BACKLOG CONTROVERSY

Garrison, Ward Give Bail Views

District Attorney Jim Garrison and former Asst. DA Charles R. Ward have issued statements concerning their individual involvement in the Maryland National bail bond forfeiture affair.

Garrison's account follows:

I first became aware of Maryland National's huge indebtedness in December, 1968. Louis Ivon, an investigator on my staff, was told of the situation by Clyde Merritt, an accountant who works for this office.

Merritt told Ivon that Ward had given instructions I was not to be told of Maryland National's backlog of forfeited bail bonds.

IVON told me about it.

I called in Ward and told him to crack down immediately on Maryland National and any other bail bond companies that owed us money.

I instructed him to collect every penny due us.

WARD told me if we did crack down, we'd put Maryland National out of business.

"Put them out of business then," I told him. "We've put ball bonding companies out of business before."

Several weeks later, Ivon reported to me that he had heard no firm action had been taken.

So I called in Ward a second time and instructed him to crack down on Maryland National.

BY THAT TIME, I was suspicious and formed a team, including Clyde Merritt and Shirley Wimberly (an assistant DA) to look further into the situation.

There is no doubt in my mind that this situation was due to surface anyway. It couldn't be kept hidden.

The situation was created because I trusted Ward. Dur-

ing the investigation of the murder of President Kennedy, I allowed Ward to make oral reports to me on the status of the bail bond companies' accounts.

I should have made Ward put the records in front of me. I should have made the accountant in the office directly responsible to me. What I've learned from this is that you can never have the people with the records reporting to anyone but the top man.

WE PUT IN a good system for controlling the bail bond company when I was first elected seven years ago. I was mistaken in accepting a good system and not insisting on a fool-proof system.

So, now we're putting in a fool-proof system.

As to the matter of Clyde Merritt, who Mr. Ward is now blaming for the failure to collect forfeited bail bonds, I will make public a memo from

Mr. Ward to me dated Jan. 27, 1969, in which Mr. Ward says he requested that Clyde Merritt work for us.

Mr. Ward notes, "With Danny Jones and Clyde Merritt both working on the books, I feel we can regain control of the accounting situation."

Ward's decision to re-hire Clyde Merritt should speak for itself.

Ward's statement follows:

Collections of bail bonds by the DA's office have lagged and the deplorable situation that now exists is an outgrowth of the Kennedy investigation.

When the investigation began, all bonding companies were in a precarious financial position as a result of strenuous collection efforts.

The impending investigation and finances were discussed with Jim Garrison.

At that time, at least three bond insurance companies were considering withdrawal from Louisiana; one had already gone bankrupt.

Garrison was informed that the bail bond companies had offered to make periodic monthly payments to reduce their outstanding liability or they would probably go out of business.

GARRISON unhesitatingly and eagerly accepted the offer of periodic monthly payments, saying "We are not going to kill the goose that lays the golden egg."

It was anticipated by Garrison at this time that the additional periodic monthly payments would be used to help

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pay the expenses of the assassination investigation.

Whenever the subject of the liability of bonding companies was discussed, Garrison reiterated his desire to accept monthly payments—his total concern was that the investigation should go on.

IN 1968, as a result of the continuing illness of Dan Jones, who supervised bond matters, Mr. Clyde Merritt was assigned the primary responsibility for bail bond collection.

During the entire time he was assigned this duty no one in the DA's office knew the status of the financial responsibility for bail bonds, including Clyde Merritt.

It was obvious that Mr. Merritt could not or would not submit a detailed account of

outstanding liabilities. I terminated Mr. Merritt and assigned the collection of bail bonds to Mr. Shirley Wimberly. In spite of Merritt's inefficiency and his association with Pershing Gervais (a former investigator for Garrison and a bail bond agent), Garrison re-employed Clyde Merritt.

Since Shirley Wimberly has been assigned this duty, the exact amount of liability has been made known. I directed Mr. Wimberly to seek a restraining order to prevent Maryland National from doing business in Louisiana until the outstanding debt was paid.

When Mr. Wimberly informed me of offers to settle the matter, I informed him they must be rejected.

When Mr. Wimberly informed me that Mr. (Ralph) Kaskell (a New Orleans attorney retained by Maryland National) threatened to embarrass the DA's office unless their offer was accepted, I di-

rected Mr. Wimberly to proceed to collect every cent.

THE POINT is that an investigation was begun into bonding companies under my direction, prior to my resignation, and Mr. Wimberly was doing an excellent job.

If Garrison has ever misplaced his trust, he did so when he believed he had solved the Kennedy assassination; when he devoted his time and most of the resources of the DA's office to the investigation and trial of Clay Shaw instead of directing these efforts to fighting crime in the streets of New Orleans.

PUT WARD OUT

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Judges Cite

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Outstanding Debt

Ban Is Imposed

Orleans Parish Criminal Court judges said today they will not accept any more bail bonds written for the Maryland National Insurance Company which currently owes more than \$700,000 in forfeited bail bonds.

The judges, sitting en banc, ordered Edward A. Haggerty, clerk of the Criminal District Court, not to accept the Maryland National Insurance Company or its agents as surety on any bond.

SIGNING THE order were Judges Bernard J. Bagert, Thomas M. Brahney Jr., Frank J. Shea, Rudolph F. Becker Jr., Matthew S. Braniff, Israel M. Augustine and Alvin V. Oser.

Not present at the session were Judges Oliver P. Schulingkamp, who is ill, Malcolm V. O'Hara, who is out of town, and Edward A. Haggerty Jr., who was on vacation.

The judges said they were acting because Maryland National has only \$70,000 on deposit with the state of Louisiana while owing more than \$700,000.

THE \$700,000 accumulated between 1966-69 when the Orleans Parish district attorney's office failed to collect Maryland bail bonds that were forfeited.

Dist. Atty. Jim Garrison has since said he regards the failure to collect the forfeited bail bonds as the only serious error made by his office during his seven-year administration.

The Criminal Court judges acted swiftly this morning to get their views on record prior to a session in federal district court where Maryland National has asked for a temporary restraining order against two Juvenile Court judges who said several days ago they would not accept any more bonds written by Maryland agents.

JUVENILE Court Judges James P. O'Connor and James C. Gulotta touched off the strong move against Maryland. Their action prompted the Criminal Court judges to hold the special ses-

sion.

In federal court, Judge Lansing L. Mitchell dismissed as "premature" Maryland National's action to prevent the action of O'Connor and Gulotta.

JUDGE MITCHELL noted he has received assurances from both juvenile court judges they have not yet turned down any Maryland National bail bonds and would not do so without a solvency hearing to test whether the company would be able to pay if the bond were forfeited.

Mitchell dismissed the case saying, "This may well be a tempest in a teapot created by the judges in making statements to the press."

Arguments presented by attorneys representing Maryland National and attorney Harry Howard, representing the judges, lasted about an hour.

The move by Criminal Court judges could put them in conflict with the federal district court that, since June 23, has enjoined the Orleans

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Parish district attorney from moving to collect any funds from Maryland or prevent Maryland from operating here.

The Criminal Court judges took their action under the "inherent powers" of their courts.

UNDER THE inherent powers doctrine, local courts have wide jurisdiction in determining what constitutes the public interest in matter of criminal justice.

Judge Frank J. Shea, reached for comment on the action of the Criminal Court judges, said:

"This has been brewing for quite some time. I had been thinking of taking some action and, when we got together, found each of us had been considering the same course of action."

JUDGE SHEA said he didn't know if refusing to accept Maryland bonds would work a hardship on defendants. He noted Maryland agents control most of the bail bonding business here.

"However, the situation is such we felt it incumbent on us to take a firm stand in this matter," said Judge Shea. "It simply isn't good business practice for a company to be allowed to go \$700,000 in debt when they have on deposit only \$70,000."