

Government Rests Case In LL&T Fraud Trial

By KERMIT TARLETON

The government at 11:20 a.m. today rested its case against Atty. Gen. Jack P. F. Gremillion, state Rep. Salvador Anzelmo and former Louisiana Loan and Thrift Corp. board chairman Ernest A. Bartlett Jr., on trial for fraud and conspiracy in the operation of the bankrupt firm.

U.S. District Judge Alvin B. Rubin announced that this afternoon's session will be held behind closed doors to hear defense motions outside the presence of the jury.

Among the motions the defense is expected to make is a petition for a directed verdict of not guilty.

IN THE EVENT the judge overrules the motion, testimony for the defense is scheduled to get under way at 9 a.m. Monday.

Today's morning session centered around stipulations about the testimony of six LL&T depositors and the presentation to the jury of certain documents which were admitted into evidence earlier but not shown to the jury.

Both the prosecution and the defense agreed that these depositors would have said they were attracted to LL&T

through advertising and that their primary considerations in making deposits were the high interest rates offered and the \$25,000 guarantee on deposits.

THESE DEPOSITORS were identified as Charles C. Anderson of Grand Isle, John Stuparitz of Chicago, Charles and Shirley Breuggerhoff of Waco, Tex., Mr. and Mrs. Auguste Fouasnon of Bay St. Louis, Miss., Maj. and Mrs. John C. Price of Biloxi, Miss., and Bryan F. Coulon of New Orleans.

The documents included such items as a Securities and Exchange Com-

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mission certificate stating that LL&T had never registered its securities; a statement from the Arkansas Insurance Commission revoking the certificate of authority to Savings Guaranty Corp., suretor for LL&T deposits; two drafts of letters prepared for the signature of the late state banking commissioner A. Clayton James and edited by Gremillion and figures relating to a loan made through Gremillion to the Lafourche Shopping Center.

YESTERDAY, Albert G. Reynolds, the court-appointed trustee for the bankrupt firm, testified he had brought suit against the directors of the firm and Anzelmo for damages caused by their malfeasance.

Reynolds particularly singled out an \$88,000 loan made by LL&T to Gremillion for a Lafourche Parish shopping center, claiming it violated both the corporation's charter and the surety agreement signed by LL&T with Savings Guaranty Corp.

The trustee said the loan was in violation of both documents since the amount of the loan exceeded the limit of 70 per cent of the total worth of collateral. He also claimed the loan was in violation of the charter because it was a third mortgage loan, where the charter required first-mortgage or, in some cases, second-mortgage loans.

HE SAID THE SUIT originally was for \$942,000 but has been reduced to \$694,000 by certain collections.

The suit attacks the directors for damages for unpaid stock subscriptions, unsecured loans, shares that were never paid for, deposits outside of Louisiana, loans on property in Mississippi, advances to Bartlett and dividends paid.

He conceded under cross-examination that if he is successful in collecting all that is sought from the suit, if collections are made from the thrift accounts being held through the bankrupt Arkansas Loan and Thrift Corp.,

also controlled by Bartlett, and with the sale of a piece of Jefferson Parish property valued at \$150,000 there may be enough money to reimburse depositors for their thrift accounts.

REYNOLDS SAID there were no further payments scheduled to be made to the depositors at this moment and there were too many intangibles to make a firm prediction about repaying depositors 100 per cent.

He added stockholders have received nothing under the reorganizational plan because of the insolvency of the company.

An earlier witness yesterday, William Green, the retired administrator for the Securities and Exchange Commission's Atlanta regional office, said the government withheld filing court action against LL&T when it became apparent it was insolvent in 1968 because state officials indicated they would take control of the firm.

GREEN SAID THE late state banking commissioner A. Clayton James indicated he would name Baton Rouge attorney Joseph Kavanaugh to administer the company while it was in financial difficulty.

Kavanaugh and LL&T President Charles H. Ritchey also were indicted in the case but Kavanaugh won a separate trial and Ritchey has pleaded no contest and is awaiting sentencing.

James and New Orleans attorney William A. Glennon Jr., who helped organize LL&T, were named as co-conspirators but not indicted in the case.

GREEN SAID THE SEC first looked into LL&T in 1966 but closed its files when Gremillion and James assured him the firm would be supervised by the state banking department.

He said the case was reopened in 1968 when Savings Guaranty, surety for the deposits, ran into financial difficulties in Arkansas.

He said the file was turned over to the U.S. attorney's office here for prosecution.