

MCC ASKS GREMILLION-LL&T ETHICS PROBE

The Metropolitan Crime Commission asked the State Board of Ethics for Elected Officials today to investigate Atty. Gen. Jack P. F. Gremillion's association with Louisiana Loan and Thrift Corp. and to take appropriate action.

The MCC addressed its request in a letter to W. W. McDougall, executive secretary for the three-man ethics board, saying that Gremillion's conduct in connection

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with the New Orleans investment company may violate provisions of the State Code of Governmental Ethics.

"AS QUALIFIED ELECTORS of the state of Louisiana we request an investigation and appropriate action on the findings, pertaining to currently alleged conduct of Louisiana Attorney General Jack P. F. Gremillion, in accordance with the Louisiana Code of Ethics.

"According to news reports, of which copies are attached hereto, it appears that:

"1. Mr. Gremillion, in his capacity of attorney general, rendered a decision which granted the Louisiana Loan and

Thrift Corp. the cloak of authority to engage in banking business, contrary to the charter of that corporation and contrary to the regulations of the State Banking Commission;

"2. **BASED ON THIS OPINION**, the Louisiana Loan and Thrift Corp. initially was able to conduct its affairs free of supervision and regulation of the Securities and Exchange Commission of the United States;

"3. Thereupon, it was possible for Louisiana Loan and Thrift Corp. to carry on business in a manner which has resulted in federal receivership, thereby placing the monies of depositors and other investors in jeopardy;

"4. **MR. GREMILLION HAS** admitted receiving a personal \$10,000 fee from Louisiana Loan and Thrift Corp. for legal assistance during the organization of this corporation, and may be presumed to have had knowledge that LL&T was granted a charter to do business in Louisiana on condition that it would not engage in the banking or savings

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and loan business;

"5. **THEREAFTER** Mr. Gremillion, in his official capacity, issued an opinion that Louisiana Loan and Thrift was, in fact, a bank under state supervision;

"6. Shortly before Louisiana Loan and Thrift closed its doors, thereby withholding access of depositors to their money, two companies of which Mr. Gremillion is a principal owner were the recipient of loans from LL&T totaling \$150,000;

"7. Although Mr. Gremillion has publicly denied knowledge of the business affairs of Louisiana Loan and Thrift Corp. and vehemently denied participating in any board meetings of that corporation, we are advised that official meeting minutes of the LL&T board of directors for May 3, 1968, reflect the contrary.

"IT IS OUR opinion that the reported and admitted conduct of Mr. Gremillion may violate various provisions of the Louisiana Code of Governmental Ethics, including:

"... it shall be deemed incompatible with the discharge of his responsibilities for any official to accept any fee, compensation, gift, payment of expense, or any other thing of economic value in circumstances which result in: (a) use of public office for private gain; or (b) an undertaking to give preferential treatment to any person having business or any dealings with the state or any of its agencies, boards, and commissions."

"Under the above-described circumstances, we are in agreement with your board's statement on July 16 that Mr. Gremillion's request for an advisory opinion was inadequately supported by the information he supplied. Therefore, individually and collectively, we are sending this formal citizen complaint, and request that the full investigatory powers of your board be used to gather all testimony and other evidence bearing upon the relationship between the attorney general and the Louisiana Loan & Thrift Corp.

"**WE BELIEVE** that expeditious investigation by your commission, consistent with total fact-finding, is essential to restoration of confidence in the office of the Louisiana attorney general, as well as in all state financial institutions."

The letter was signed by C. Allen Favrot, C. Alvin Bertel Jr., Philip L. Frank Sr., Mrs. E. S. Pennebaker, E. C. Upton Jr., the Rev. J. D. Grey, W. K. Watters, John W. Wilson and Joseph W. Simon Jr., and sworn to by MCC managing director Aaron M. Kohn before a notary public.

McDougall, contacted by the States-Item, said that under the law, all the Board of Ethics may do is find Gremillion either guilty or not guilty of violating the state ethics law.

THIS, HE SAID, would only amount to a censure.

McDougall said, however, that if the board finds an elected official in violation of the code, it would turn its findings over to the district attorney of the parish involved.

Only a court, he said, can impose the punishment provided by law—up to \$2,000 fine or one year in jail. Violation

of the ethics code, he said, is a misdemeanor under the law.

The board, he said, has no power to remove or otherwise punish any elected official for violating the code.

EARLIER, Gremillion had asked the board to issue an advisory opinion on the \$10,000 legal fee he received from LL&T. The board this week said it would not consider Gremillion's request unless he made a full disclosure of his association with the company and the attorney general said he would submit a supplemental request to the board.

In advisory opinion cases, McDougall said, the board can act only on the information provided by the person seeking the opinion.

IN CASES OF complaints, as made by the MCC, however, the board has investigative and subpoena powers and can administer the oath to witnesses. It can conduct private hearings but before the board can take action of any sort a public hearing must be held.

This week, one of the three members of the board, Murray Hudson of Monroe, recused himself from consideration of Gremillion's request because his law partner, Robert C. Downing, is a Gremillion aide.