

## Ethics Board Rules

# Reject Hearing For Gremillion

(States-Item Bureau)

**BATON ROUGE**—The State Board of Ethics for Elected Officials today declined to call a public hearing on Attorney General Jack P. F. Gremillion's relationship with the Louisiana Loan and Thrift Co., but recommended that he refrain from private law practice.

The decision in effect ended the Ethics Commission's long investigation into a \$10,000 fee which Gremillion received and an opinion he rendered placing the LL&T under the State Banking Commission.

The complaint against Gremillion was filed by the New Orleans Metropolitan Crime Commission.

The board recommended "that the law be amended to prohibit the attorney general from practicing law in the same manner that it now prohibits the judges; and that until such legislation is enacted the attorney general voluntarily refrain from practicing law in a private capacity."

By **BILL LYNCH**

(States-Item Bureau)

**BATON ROUGE**—A state senator accused Atty. Gen. Jack P. F. Gremillion of trying to involve Gov. John J. McKeithen in the controversy over Louisiana Loan and Thrift

Corp. and exchanged angry words with him over the telephone about it, the States-Item has learned.

Sen. Jamar Adcock of Monroe called Gremillion by telephone from the mansion last night while Gov. McKeithen stood by, enraged at being named again in a deposition made by an Arkansas Loan and Thrift Corp. official.

**THE OFFICIAL, E. M. BARTLETT**, said in a deposition taken by the U.S. Securities and Exchange Commission that McKeithen had appointed Baton Rouge attorney Joe Kavanaugh to write an opinion which Gremillion rendered for LL&T. Kavanaugh denied it.

Meanwhile, a decision of the state Board of Ethics, which has been investigating Gremillion's receipt of a \$10,000 fee and loans totaling nearly \$200,000, has apparently been delayed another day.

The decision already has been made but mechanics of preparing the nearly 30-page document have not been completed.

**THE OPINION, HEART OF THE** conflict-of-interest charge leveled against Gremillion, permitted the Louisiana Loan and Thrift Corp., which was connected with the Arkansas firm, to escape jurisdiction of the SEC in 1966.

The LL&T went under bankruptcy proceedings in federal court this year.

Both Adcock and Carlos Spaht, another close associate of the governor, talked with Gremillion about the latter revelation.

The governor became emotionally upset after an Associated Press reporter called and asked for comment about the latest Arkansas report.

**EARLIER, BARTLETT** had declared that Gov. McKeithen had put him in touch with New Orleans attorney William Glennon in getting the LL&T organized. McKeithen

had vehemently denied this.

McKeithen issued a lengthy statement detailing what he

said was his involvement in the controversy and at the same time disclosed that the attorney general had come to him with a new plan for reorganizing the company in a move to take it out of federal bankruptcy proceedings.

After the latest disclosure in Little Rock concerning Kavanaugh, McKeithen felt that Gremillion was attempting to drag him into the growing scandal over the company's operations.

**ADCOCK THEN** got on the phone to see what Gremillion's answer would be and with LL&T was to help the angrily told him that McKeithen's only connection company get banking authorization from the state banking commissioner.

Both Adcock and Spaht helped work out the details for the banking commissioner, A. Clayton James, to issue an informal authorization by which LL&T started operating as a state bank.

However, James refused to issue a formal certificate of authorization and only went along with the informal document at the suggestion of Gov. McKeithen.

McKeithen never actually ordered James to issue a certificate but suggested that he do what he could to help, which to James was a green light.

**GREMILLION** reportedly denied to Adcock and Spaht that he was trying to involve the governor in the controversy.

The governor felt he had gone out on a limb in protecting Gremillion as much as possible because the attorney general was proceeding in the labor-management prosecutions in a forceful manner, for which McKeithen felt indebted.

At one point it was even suggested by McKeithen that Thomas McFerrin, chief counsel for the Labor-Management Commission and a relative of Gremillion, be asked to contact the attorney general about the LL&T situation.

This idea was discarded, however.

**AFTER SPAHT** talked with Gremillion, the governor summoned Kavanaugh to the mansion to issue a denial statement.

Kavanaugh later issued a statement, which Gus Weill, public relations adviser to McKeithen, helped prepare. He denied the governor had appointed him to write the Gremillion opinion.

Kavanaugh said he planned to study Bartlett's statement with a view toward pressing perjury charges against him before the SEC.

The Bartlett statement was made in Fort Smith, Ark., last month in a deposition under oath to SEC attorneys.

**IN FORT SMITH** yesterday, the Arkansas Loan and Thrift Corp. and the Savings Guaranty Corp. were declared insolvent by Federal Judge John E. Miller.

Arkansas Loan and Thrift is the parent company of Louisiana Loan and Thrift.

The federal court ordered collection of all debts owed to AL&T and its affiliate, SGC, and that the firms' assets be sold to begin payment to more than 2,000 depositors of the companies.

**REFERRING TO** the statement made by Bartlett to the SEC, Gov. McKeithen said last night:

"If Mr. Bartlett made such a statement under oath, he has committed perjury and I presume I will be given the opportunity to testify to that effect."

The SEC attorneys asked Bartlett if the opinion was actually rendered by Gremillion.

Bartlett replied:

"You're never going to believe this, but the governor down there appointed a special counsel to render that opinion. The name was Joe Kavanaugh."

Kavanaugh denied having written any opinion for the governor and said, "Why these people are trying to involve Gov. McKeithen is beyond me."

LL&T owns considerable stock in the two Arkansas companies, stock which was described by an attorney here as worthless.

**THE DIRECTORS**, officers and trustees of both Arkansas companies have pledged their personal assets to be applied to the debts of the companies.

Bartlett also testified that he negotiated a loan for New Orleans District Attorney Jim Garrison to purchase 22,500 shares of LL&T stock. Garrison, he said, borrowed \$25,000 from AL&T to pay LL&T for the stock.