

# Long Given Data On LL&T Figures

By BILL LYNCH  
(States-Item Bureau)

BATON ROUGE—A memorandum outlining the position of four persons in the Louisiana Loan and Thrift Corp. case was prepared for Sen. Russell B. Long in 1968 in order that he could discuss the matter with U.S. Attorney Louis LaCour of New Orleans, the States-Item has learned.

Carlos G. Spaht, close adviser to Gov. John J. McKeithen, prepared the memorandum on behalf of himself, state Sen. Jamar Adcock of Monroe, the late state banking commissioner A. Clayton James, and Baton Rouge attorney Joseph Kavanaugh.

Spaht confirmed to the States-Item that he prepared the memorandum but denied that it was done to provide Sen. Long background information. He said that although he may have sent Long a copy of the memorandum he did not ask the senator to speak with LaCour in his behalf.

However, in a letter to Gov. McKeithen written on Dec. 26, 1968, Spaht said:

"Attached is a memorandum I prepared for Sen. Long to have when he discusses this matter with Mr. LaCour."

A lengthy document, it is entitled "Memorandum—Louisiana Loan and Thrift Corp. as it pertains to Carlos G. Spaht and others."

Spaht, who once served as McKeithen's executive counsel, said there was nothing secret about the memorandum. He said he furnished copies of it to those involved, his friends and to the Justice Department.

THE DOCUMENT was prepared about the same time that Gov. McKeithen contacted Walter Sheridan, former Justice Department official, to complain about harassment by investigators in the LL&T probe.

McKeithen was one of those who testified before the federal grand jury.

In his memorandum, Spaht expressed fear that the U.S. Attorney was seeking an indictment of himself, Adcock, Kavanaugh and James for their participation in the LL&T affair.

Kavanaugh was indicted and James, who had died, was named a co-conspirator by a federal grand jury on Feb. 14, 1969. Kavanaugh was charged in a general complaint alleging conspiracy to violate the U.S. securities and exchange law and mail fraud.

Also indicted were State Attorney General Jack P. F. Gremillion, state Rep. Salvador Anzelmo of New Orleans, LL&T President Charles Ritchey and LL&T Board Chair-

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man Ernest Bartlett. Bartlett is now on trial in Arkansas in a similar indictment.

The LL&T, an investment loan company, went into bankruptcy in early 1968 following the demise of its sister firm, Arkansas Loan and Thrift Corp., and a surety company, Savings Guarantee Corp.

When Adcock, whose only role in the LL&T was to attend a meeting at the mansion and Spaht's office, was informed of plans to contact Long, he declared that he did not want anyone speaking on his behalf because he felt he was not involved.

SPAHT SAID that he drafted the memorandum to outline what he considered to be the facts regarding the relationship of the four men in the LL&T. It was written after he appeared as a witness before the federal grand jury.

"Based upon the questions propounded to me when I appeared before the grand jury," Spaht wrote, "I have concluded that Mr. LaCour . . . and the Justice Department may perhaps feel that what I did, and related above, as well as what Messrs. Adcock, Kavanaugh and James did, makes us a part of an illegal conspiracy to avoid the Federal Securities and Exchange Act and that we should be indicted."

Spaht prepared the final version of a letter which James wrote to the SEC on Oct. 19, 1966, in which he assumed jurisdiction over the LL&T.

Legislative hearings on the LL&T subsequently disclosed that James did not exercise any supervision over the company.

The Oct. 19 letter was written following a meeting that day at the mansion with Gov. McKeithen, Kavanaugh, Adcock, Anzelmo and New Orleans attorney William Glennon.

Anzelmo, who also has been indicted in the case, and Glennon, who was named a co-conspirator but not indicted, were attorneys for the LL&T. They were seeking the letter to have the LL&T under state rather than federal jurisdiction.

Spaht said in his memorandum that he finally advised James, who opposed taking jurisdiction, to accept on the basis of two opinions by Attorney General Gremillion that LL&T was performing the functions of a bank and therefore was subject to the banking commissioner.

Spaht also noted in the memorandum that during the summer of 1966 James had contacted Gov. McKeithen about the LL&T.

"THE GOVERNOR talked to Mr. James and suggested that he consult with me and get my advice about the matter," Spaht wrote. "The governor also called me and said that he would like to help these people if he could do so within the law and informed me that he had suggested to James that he discuss the matter with me and seek my advice."

Spaht said James felt he had authority only over institutions "that had duly qualified in the true sense as banks. I agreed with Mr. James and so told him. I also so told the governor."

The LL&T was seeking status as a bank because banks automatically are exempt from jurisdiction of the Securities and Exchange Commission.

In the memorandum, Spaht said he had previous occasion to discuss LL&T with James because persons connected with savings and loan institutions and banks had objected to advertisements carried by the loan company.

Spaht, who is general counsel for the Louisiana Bankers Association, said he felt very strongly that something should be done to stop the advertising which he considered "unfair and improper."

He said that at the October meeting Adcock, Kavanaugh, Anzelmo and Glennon called at his office along with James.

"It was at once apparent that Messrs. Anzelmo and Glennon were considerably irritated at me and Mr. James because of his refusal to write a letter to Mr. (William) Green, a draft of which they had with them.

"THEY ARGUED that the LL&T, although organized as a business corporation, was authorized to do and was doing banking business in that it was engaging among other things in the following practices, to-wit:

"1. Receiving deposits; 2. Lending money on real and personal property; 3. Discounting and buying and selling promissory notes and bills of exchange, and other evidences of indebtedness; 4. Owning real and personal property; 5. Receiving savings deposits and paying interest thereon; 6. Contracting with depositors for the privilege of intention to withdraw."

Spaht said the two attorneys produced opinions of the attorney general date Aug. 18, 1966, and Sept. 12, 1966. The latter was addressed to Green, regional administrator in the SEC Atlanta office.





"They thus contended that Mr. James was not only being arbitrary in refusing to write the letter because of the activities of the LL&T Corp. But also because he refused to comply with opinions of the attorney general of the state who is under the constitution given the responsibility of making such legal decisions," he said in the memorandum.

Spaht said there was considerable argument with James and him disagreeing, but that he finally agreed that since the attorney general had ruled, then the banking commissioner should abide by the opinion.

"Thereupon we took the draft of the letter which had been prepared and rewrote it, ending up with the draft of the letter later executed by Mr. James and dated Oct. 19, 1966," Spaht said.

"IT IS MY recollection," he continued, "that most of the changes were suggested by Mr. Kavanaugh and myself and approved by Mr. James."

Spaht insisted that the SEC official was fully appraised of the facts of the case at the time and that "if he did not agree with the letter there was no reason why he could not have taken a contrary position."

Spaht said that he told James that he would have to actually take jurisdiction and supervise the operations of this company and did not learn he had not until being informed by LaCour.

"While it irritated me considerably," Spaht continued, "that I had been overruled by the attorney general, I felt that perhaps the public as well as competing banks and savings and loan associations would be better if this corporation was under the supervision of the State Banking Department."

Spaht also declared that there was no "deceit, craft or trickery" or "means that are dishonest" employed in the writing of the Oct. 19, 1966 letter.

He said, "I did not know and I do not believe that Messrs. Adcock, Kavanaugh and James knew why it was important that the LL&T be kept under the jurisdiction of the state banking commissioner instead of the SEC, and as a matter of fact I do not know to this date, but even if we did, certainly we had no stake in the venture and had no interest, direct or indirect, in any manner shape or form in this corporation."

"As a matter of fact my interests were on the other side. My clients, the banks, were being hurt by this corporation and I wanted to be required to be strictly confined to the law in every possible way. I was an unpaid lawyer giving advice which I didn't like but felt I had to give."

"It is most difficult for me to understand, therefore, how Mr. LaCour and the Justice Department can conclude that either I or Sen. Adcock or Commissioner James or Mr. Kavanaugh could be a part of an illegal conspiracy to avoid the SEC performing its official actions and purposes."

"Where is the trickery, deceit and dishonesty and where is the stake in the venture."

## U.S. Attorney Charges AL&T Fraud

FORT SMITH, Ark. (AP)—Government attorney Edward

Barnes today charged conspiracy and fraud in the formation and operation of Arkansas Loan & Thrift Corp.

Barnes referred to testimony offered during the trial of Ernest Bartlett Jr. of Fort Smith as the basis of proof that Bartlett was involved.

Barnes' comments were to a jury of eight women and four men as final summations by attorneys for both sides opened in U.S. District Court here.

Bartlett, 30, was indicted by a federal grand jury last December on alleged violations of federal laws in AL&T's operations in 1965, '66 and '67. The firm was declared insolvent by federal court last year and placed into receivership.

Barnes challenged Bartlett's testimony that Bartlett was merely an "errand boy" for someone else and not a prime organizer of AL&T.

"Can you actually believe that Mr. Bartlett was just a coffee fetcher and a book carrier for Mr. Gatlin?" Barnes asked the jury. "Mr. Bartlett was a member of the executive committee from the very start and had executive power from the outset. He was not an errand boy but a disciple bearing the trade of a Mr. Austin Gatlin."

Barnes' remarks were related to testimony that Bartlett and Gatlin, of Alma, joined with others in the formation of AL&T in early 1965.

Bartlett said he was merely an "errand boy" for Gatlin, driving Gatlin's car and other such things.

Judge Oren Harris instructed the jury to be prepared to stay in a motel or hotel tonight, indicating the case may go to the jury tonight or possibly tomorrow morning.