

Favorable Tax Settlement
Tied to Marcello Firms

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States-Item Bureau

BATON ROUGE — Revenue Collector Lee Agerton today testified that two corporations linked to underworld figure Carlos Marcello received favorable tax settlements in 1965 although no returns were filed.

Agerton was the first witness as the Legislative Mafia Investigating Committee opened the second day of its current two-day series of hearings.

Yesterday's actions was highlighted by the committee's decision to seek a contempt citation against state Rep. James Strain, a Shreveport physician, who defied a committee subpoena to appear and testify about an alleged bribe offer.

The committee shifted to further testimony concerning the Revenue Department.

THE TWO companies named by Agerton were the LeBarron Corp. and the Motor Hotels of Louisiana Inc., which were cited in earlier testimony. Agerton said the two companies had a history of tax delinquency and did not file returns for 1960-66. He said an arbitrary assessment was placed on them but a reduction was made at a conference between revenue officials, Leon Poirier, representing the company, and Rep. James Beeson of Jefferson Parish.

The revenue collector said there were no documents filed with the case to substantiate a \$3,000 reduction for the LeBarron Corp., which had been assessed arbitrarily at \$7,000.

However, he further said he could not criticize the reduction because collectors have a wide latitude in acting.

IN ONE CASE, the penalty and interest were waived, even though the law prohibits waiver of interest on past tax debts.

Charles Hightower, a member of the citizens advisory group on the Mafia committee, said he feels the failure to assess a penalty and interest would encourage others not to file tax returns.

Agerton, commenting on the actions of corporations connected with the Marcellos, said he did not think such delinquencies were confined to them but it was of a general nature.

Agerton was called to the witness stand to comment on a series of cases turned over to the committee by E. E. Hetherwick, a Revenue Department agent who has been a key witness con-

cerning irregularities in the department.

THE REVENUE collector also said a study of employes in the Revenue Department revealed that 15 to 20 had not filed returns on their personal income tax but all have since been brought up to date. He said most were due rebates.

Commenting on allegations that an audit of tax returns on sales taxes in the city of Monroe was called off for

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political purposes, Agerton said he did not make an investigation of the charge.

He said the city may owe taxes it collected but did not remit to the state on the use of its Civic Center. The audit, which was halted, he said, was a matter in the past and his objective was to straighten out the situation now.

The revenue collector also advised the committee that his department is planning to make an assessment on approximately \$462,000 in embezzled funds taken by an employe of the sheriff's department in Baton Rouge. He said the funds would be counted as unreported income and so taxed but could not give an immediate figure of how much.

FORMER REVENUE Collector Ashton Mouton, who followed Agerton to the witness chair, was questioned extensively about his connection with Southwest Service Stores Inc. of Lafayette.

Mouton said he signed notes of \$30,000, \$70,000, paid the balance of another note of \$7,000 to a bank and paid \$10,000 to the state as a tax liability on the store, all to help out a friend. The \$100,000 in notes, he said, is the subject of a suit against him.

The \$10,000 payment to the state was a settlement of a \$13,000 to \$14,000 debt owned by the store, he said, adding that neither interest nor penalty was included.

He said he got involved in the company because of John B. Levy, a bankrupt attorney and businessman, whom he named as assistant revenue collector. Mouton said he was a director of the company in name only and was issued 10,000 shares of stock which he never received.

THE FORMER revenue head said he alone could make settlements on tax disputes and he acted chiefly on recommendations of division heads. He told the committee he did not

recall a \$2,000 settlement involving a company called Acres Inc. made by Levy.

He also commented on the LeBarron Corp. settlements, saying that once a settlement was agreed on it was not customary for companies to file a return.

MOUTON also issued a statement saying that during his tenure in office improvements in collection had brought an additional \$108 million to the state.

Mouton drew high praise from labor leader Victor Bussie, a member of the Mafia committee. He described Mouton as a dedicated, honest official.

Dr. Strain went through with his plans to ignore the committee's subpoena to appear and bring with him tape recordings he claimed to have of the alleged bribe offer in exchange for a vote in favor of tax increases.

THE COMMITTEE, including three members of a citizens group, voted unanimously to seek court action.

A hearing on the contempt citation was scheduled for Feb. 15 in state district court here.

Dr. Strain, who activated his own committee in an apparent effort to thwart the Mafia committee, said he would have no comment until he confers with his attorney. He said he would see the committee in court.

May Not Take Marcello, Italy Declares

Italian government officials said today the United States can deport Carlos Marcello to Italy, but Italy does not have to accept him.

A spokesman at the Italian civil court in Rome said the U.S. can oust the rackets figure, who marks his 61st birthday tomorrow, but Italy has no right to force him to return and does not have to accept him.

MARCELLO IS serving a six-month jail term at the Federal Medical Center, Springfield, Mo., for trying to strike an FBI agent. He is due to be released next month.

Attempts to deport Marcello picked up steam this week when the U.S. Immigration and Naturalization Service turned up an unnoticed Italian court decision declaring him a citizen of Italy.

Marcello, whose real name is Calogero Minacore, began legal action against the Italian Foreign and Interior Ministries in 1956 after the Italian consulate in New Orleans issued a deportation order against him. He claimed the action was illegal and contended he was not Italian, because he was born in Tunisia, at that time part of France.

IN 1960, Marcello's attorneys, Alberto Rossi, a former Italian consul in the United States, and Enrico Noune, a noted international lawyer, presented the court with a document purportedly showing Marcello was a Guatemalan citizen.

Production of the birth certificate prompted immigration officials to quickly hustle Marcello off to Guatemala City, but the document later proved to be bogus and he slipped back into the country after two months in Central America.

IN ITS 1967 ruling the Rome Civil Court judged Marcello was Italian despite the fact he was born in Tunis Feb. 6, 1910. The court said he had taken no substantial action to change his nationality since he was born.

The court also ruled the consular deportation order

Noune said Marcello did not appeal the ruling, a copy of which was sent to the U.S. Embassy in Rome, but which apparently went unnoticed until this week.
 was illegal.
 "The United States is free to expel an Italian citizen," the court said. "But this does not mean that an Italian consulate . . . can force a citizen to go back to his country."