

Checks to Schiro Revealed

MARCELLO SAID TAX 'POWER'

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BATON ROUGE — Life Magazine writer David L. Chandler today told the legislative Mafia probe committee Carlos Marcello wielded "an air of authority in the state revenue department."

Chandler, in his second day of testimony before the committee, said Marcello had been successful in stopping departmental audits of several businesses connected to him.

Chandler also said there was evidence from a bundle of canceled checks recently discovered that Marcello had not reported income which he received from one of his businesses.

He was quizzed point-by-point on allegations he made in an article he wrote last April about alleged criminal influence in Louisiana.

EARLIER TODAY, he testified a "hand-written list" of prominent Louisiana persons to whom calls purportedly were made from a Houston motel room involved in a gambling raid had been lost.

"Two sources in the revenue department told me that so many people had gotten their jobs through Marcello that he had an air of authority and could get things done merely by invoking his name," Chandler said.

He said auditing procedures in the revenue department under Ashton Mouton were questionable when they involved rackets-related businesses.

CHANDLER SAID a number of checks paid by Southland Inns, Inc., which he said is operated by Marcello associate Leon Poirer, paid to Marcello and others, including former Mayor Victor H. Schiro, had never been looked into.

He said the checks came to his attention after they supposedly fell off

a truck on a New Orleans street, were found by a small boy and turned over to the New Orleans Police Department.

Photocopies of the checks were turned over to the committee.

Chandler said two of the checks were paid to Schiro. He said one \$200 check was paid to a "Vic Schiro Dinner Committee" and he said a second check \$1,480 was paid to Schiro's insurance company.

Schiro was not immediately available for comment.

CHANDLER SAID all of the checks, which were drawn on the National American Bank, were made out by Southland Inns, Inc. and included a

\$135,000 check paid to the heirs of Marcello's father, Joseph.

Earlier Chandler was questioned at length about construction of a controversial flood protection levee on Marcello's Churchill Farms property, which Life cited as a case of political favoritism.

Chandler was questioned at length about construction of a controversial flood protection levee on Marcello's Churchill Farms property, which Life cited as an example of favoritism shown Marcello by state government.

The writer said he obtained information on drainage of Churchill Farms from an interview conducted with Ray Condon, director of the Jefferson Par-

ish Sanitation Department, and from court cases involving the 4,000-acre tract of land.

"MR. CONDON TOLD me that the Bayou Segenette pumping station and a consolidated drainage district in the area both drained Churchill Farms and that he was ready to testify to that in court," said Chandler.

Chandler said Condon told him in the interview, conducted in a hallway in the Jefferson Parish Courthouse in Gretna, that Churchill Farms was drained by a sluice gate in the levee.

Chandler said draining the sprawling swamp-bound refuge via the sluice

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gates was only "one way" in which Condon said the property could be drained.

LIFE SAID IN its April article that Gov. McKeithen had authorized payment of \$500,000 to Churchill Farms as "compensation" for construction of the horseshoe-shaped levee.

The article said the Bayou Segenette pumping station was constructed at a cost of \$1.5 million and that another \$2 million had been planned for use on Churchill Farms.

Chandler said Condon told him the \$2 million was part of a \$17 million bond package, which was submitted to Jefferson voters two years ago and defeated.

THE MAGAZINE writer also told committee members it was his understanding that a "compromise" had been worked out between Marcello and the Jefferson Parish Council for construction of the levee and drainage of the property.

Chandler said included in the compromise agreement was a four-point plan to drain Churchill Farms, build the levee on the property, construct a shell road to a compound on the land and place the sprawling real estate inside a West Bank drainage district.

Chandler said he understood from Condon that the agreement was reached in late 1968 or 1967.

CONDON TOLD THE committee in earlier testimony at a previous hearing that Marcello was the "prime beneficiary" of the levee.

He denied, however, that the pumping station drained Marcello's land.

Turning to allegations about the Revenue Department contained in the Life article, Chandler said he had been told by confidential sources within the department, when it was under the directorship of Ashton Mouton, that Carlos Marcello "wielded an air of authority" within the department.

CHANDLER SAID HIS sources supplied him with "numerous" instances of favorable tax settlements obtained for individuals by Marcello and he estimated the rackets figure was involved in favorable tax settlements involving at least 100 tax cases.

Chandler said Marcello's influence in the department goes back to the first administration of Gov. Jimmie H. Davis in 1944.

He said a staff memo obtained from Metropolitan Crime Commission Director Aaron M. Kohn and taken from the files of the Kefauver Committee hearings into racketeering said Marcello had been instrumental in having a Revenue Department agent, who dug in to supposedly "mob connected" finances, fired.

Chandler said he was told in conferences with Revenue Department personnel that Marcello was capable of removing, transferring or getting people fired almost at will.

CHANDLER RECOUNTED one instance of an apparent case involving Marcello influence within the department in the forced retirement of revenue agent Millard Byrd, who Life says was retired because he launched an effort to collect back taxes owed by Marcello.

"Byrd had been given an oral commitment by Mouton that he would be extended and not forced to retire although he was past retirement age,"

Chandler said, "but one month after he began a second effort to collect the taxes, he was called in and told that he would not be extended but retired."

Chandler said numerous audits on Marcello businesses were called off following an exchange of letters between Mouton and attorneys connected to the rackets boss.

HE CITED ONE instance in January of last year when an audit of the Elmwood Plantation Restaurant, owned by Marcello's brother, Joseph, was called off.

He said Revenue Department auditor Harold Matherne was instructed instead to launch an investigation into the financial affairs of Jefferson Parish state Sen. John G. Schwegmann.

He said Marcello's income had never been audited by the Revenue Department and he cited examples.

He said one check for \$135,000 drawn on the National American Bank of New Orleans by Southland Inns Inc. and paid to the heirs of Marcello's father, Joseph, apparently had never been checked into by the department.

Kean made a number of further attempts to get Chandler to name his confidential sources but the magazine writer declined in each case.

Committee chairman Sen. Adrian Duplantier of New Orleans said the committee has scheduled a one-day hearing for next Friday.

The Houston motel incident Chandler referred to earlier involved a raid at the Royal Coach Inn in 1969 at which Frank "Tickie" Saia and a number of others were arrested for operating a bookie operation.

The Life article claimed police records showed calls had been made to a number of political and sports figures prominent in Louisiana. The committee previously heard testimony from a Houston police lieutenant that there were no records supporting the statement.

Chandler told the committee the information was given to him by a confidential informant and he had verified it with another confidential informant in the Houston Police Department. The handwritten list, which would identify the informant, has been lost, Chandler said.

HE ALSO SAID HE checked out the numbers by calling them and further interviewed Saia in New York about the calls. At that time, he said, Saia said he could not remember making any calls from the Houston room but did not deny them.

Labor leader Victor Bussie, a member of the Mafia committee, whose name was listed among those persons cited in the article, declared he wanted to testify later that the statement was totally incorrect, at least as far as he is concerned.

The confidential informant who Chandler said originally gave the information already has been identified at a previous hearing as Vernon K. Fletcher Jr., former director of the Louisiana Tourist Commission and at the time employed occasionally by the state police.

THE COMMITTEE made repeated efforts to learn Chandler's sources but he declined on the grounds of statutory immunity under Louisiana law to reveal his source. His attorney also cited federal constitutional guarantees.

The committee said it is reserving the right to decide later if it will go to court under the Louisiana statute to ask the court to force Chandler o

name the sources.

Chandler said he also has tried to verify the phone call list with the motel in Houston but has been unsuccessful.

HE TOLD THE committee he interviewed Saia in New York because the Baton Rouge electrical contractor was there attending a basketball tournament. He said Saia was eating with former Gov. Jimmie H. Davis and former state Rep. Al "Apple" Sanders and he and Saia moved to another table.

The interview, he said, covered other topics as well as the Houston raid, including a meeting between U. S. Sen. Russell Long and Baton Rouge concrete magnate Ted Dunham about dropping charges against Ted Dunham Jr. in exchange for testimony against Teamster boss Grady Partin of Baton Rouge. Chandler told the committee Saia confirmed the topic of conversa-

tion but it did not have such "sinister overtones."

The younger Dunham recently was convicted of extortion and violation of federal antitrust laws in connection with Baton Rouge area labor strife and Partin is awaiting trial on the same charges.

IN CONNECTION WITH the phone calls, Chandler said he did not remember them but did not deny them.

Sen. Adrian G. Duplantier of New Orleans, chairman of the committee, urged the committee to move on with the notation that the committee already had information from the Houston Police Department and had no reason not to believe it.

Chandler was questioned about the shutdown of operations by gamblers in Louisiana after the Houston raid and said this information was given to him by a federal officer and a gambler, both of whom he declined to identify.