

Highway Funds Scandal Threatens

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MONTGOMERY, Ala., Nov. 29—The highway funds scandal threatening the political future of George C. Wallace, Governor of Alabama, is last regaining his health and is reportedly preparing to plunge once again into state and national elections.

The name of the Governor's brother, Gerald, has been mentioned in the affair, which allegedly involves almost \$100,000 paid to a phony machinery company on the basis of state purchasing orders drawn up by employees in the Alabama Highway, Purchasing and Finance Departments.

The state employees and officials of the phony company are split up the money, investigators say.

Gerald Wallace's name is being pulled up in the case when

The Montgomery Advertiser reported this morning that he was involved in an automobile wreck last December while driving a utility vehicle owned by the allegedly phony company, Machinery and Supplies, Inc., of Montgomery.

Investigators verified the newspaper's report. Mr. Wallace, a lawyer who was involved a few years ago in a Federal tax investigation, could not be reached for comment.

The current inquiry is being directed by Attorney General Bill Baxley. He will go before a grand jury on Dec. 11.

A Potential Candidate

Mr. Baxley is ideologically more liberal than Mr. Wallace and is considered a potential candidate for the Governor's office one day. However, he has said several times that he would never run against Mr. Wallace, who in recent months has reportedly been preparing to run for next year for a third term.

Mr. Wallace, still crippled below the waist from last year's assassination attempt, but almost completely recovered otherwise, said in a statement issued late yesterday that he had "no personal knowledge" of the alleged fraud other than information sent him by state investigators. He urged all members of his administration to "cooperate fully with the investigators."

"Confidence in government at all levels is at a low ebb at this time and I feel it is incumbent on all of us associated with government to be diligent and scrupulously honest carry-



Associated Press

Gerald Wallace

ing out the trust the people have given us," he said.

"If there be any instance of misconduct or wrongdoing, I would want the guilty promptly apprehended and punished."

How much effect the scandal will have on the Governor's political future depends not only on whether his brother is indicted but also on how many other people are indicted.

Investigators say the Dec. 11 grand jury hearing will produce at least three indictments, all against state employees or machine company officials. One investigator added:

"The thing could explode and reach high in government. The key is whether some of the folks indicted early will talk, whether they fear prison more than the other people they can implicate. One person under investigation already claims to have been threatened, though we doubt it."

Wallace Interviewed

In speeches across the state, Lieut. Gov. Jere Beasley—a potential candidate for Governor—has talked repeatedly about "a major scandal." He has provided no amplification however.

A few days ago in Birmingham, State Senator Gene McLain—the only announced candidate for Governor—told a group of Jaycees:

"The charges of corruption and scandal which are being leveled at the Alabama Highway Department at the present time are merely the tip of an

iceberg which could at any time lead to a major shakeup in the present administration."

Mr. McLain did not elaborate. In an interview earlier this week before news of Gerald Wallace's accident was published, Governor Wallace said he did not think the scandal reached very high because the amount of money involved was relatively small. He noted that the money was allegedly obtained through \$500 purchase orders—they require no bids and, thus, can be assigned to companies at will—and he called such fraud the work of small timers.

During the interview, Mr. Wallace seemed relaxed and in good spirits. The color was back in his face and he appeared to be in no discomfort.

'No Commitment'

He said that now and again he suffered a pang of abdominal

pain, but nothing serious enough to require any medication. His average working day, he noted, begins at 8 A.M. and ends about midnight, some of it is spent at the Mansion exercising and dictating letters, some is spent at the Mansion exercising and dictating letters, some is spent in his office at the capital and some is spent at public functions.

Would he run for a third term as Governor?

He replied that he had made "no commitment." But friends say he will announce his candidacy shortly after Christmas.

What about 1976?

He has any plans for 1976, he answered, adding:

"I have been working on state problems in the effort to pay off what we owed from last year's campaign. I feel it is a moral and legal debt."

Because Senator McLain is making an issue of the Governor's penchant for politics beyond Alabama's borders, Mr. Wallace is talking a lot these days about state problems. Before the highway scandal broke—and perhaps even now—he reportedly did not consider the relatively unknown Mr. McLain a particularly potent opponent, but George Wallace never takes chances when electing.

Plans for Next Year

As for the campaign debt that is being handled by a skeleton staff kept on after Mr. Wallace was shot last year:

Mr. Wallace ended 1972 with a political debt of about \$500,000. But every day the "Wallace campaign" headquarters here receives hundreds of letters from his supporters across the nation, most containing donations of from \$5 to \$10.

The debt has now been cut to about \$50,000 and will be paid off by Christmas, according to Charles S. Snider, executive director of the campaign.

What will happen then to the money that is collected?

Mr. Snider replied:

"This office, as of Jan. 1,

will attempt to turn the Democratic party back to the people. I don't think the people would let us close."

Mr. Snider was "really encouraged" by Governor Wallace's showing in a recent Gallup Poll, taken before the highway scandal broke.

The poll found Mr. Wallace the No. 2 choice of Democrats to be the party's 1976 nominee. Only Senator Edward M. Kennedy of Massachusetts topped Mr. Wallace.

During the interview, Mr. Wallace chuckled appreciatively when the poll was mentioned but he refused to comment on it.

Mr. Wallace also chuckled about the Democratic party's recent relaxing of its rules regarding "winner-take-all" primaries, "unit-rule" convention delegations and delegate quotas.

He has been stymied by such rules for much of his political life, but was unable to do anything about them until the party came around to viewing him as a political force to be reckoned with. Then Wallace men were put on key party committees.

Political Accommodations

Mr. Wallace has begun making some political accommodations. Faced with a growing black vote in Alabama, he has begun to appoint more Negroes

to state positions and recently met with a group of black mayors only hours after crowning a black "Queen of Homecoming" at the University of Alabama, the school where a decade ago he stood in the door and tried vainly to stop integration.

He denies that he has changed or that he was ever a racist. During the interview, he said:

"This is nothing new. I haven't done any turnaround. There have been some differences on powerful, Federal bureaucratic control, but I've been meeting with blacks for years, right here in the Governor's office. I've always worked for the good of everybody."

How then would he like history to view him? He replied:

"I don't have that much sense of history. Let them say that he did his best, that I was the forum that the people of this country could express their hearts and minds through."

Then he said that if he had to live 1972 over again, even knowing he would be shot, he would not change the course. He added:

"People in public life have to accept the danger. I always thought that if anything happened to me, it would be fatal. I never thought I'd be paralyzed."

Wallace's Political Future