

Weather

ALABAMA: Rain or thunder showers through Wednesday. Highs, 70s north; 70s south. Lows, 60s north; 60s south.

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'Project' hints at wide coal conspiracy

By WANDA CANTRELL
Advertiser Staff Writer

"Coal miners desirous of obtaining long-term coal sales contracts with Alabama Power Company must have their coal brokered through firms which are controlled directly or indirectly by four (unnamed) Alabama politicians."

"The Alabama effort has revealed instances where coal operators were told that they would never get a power company contract unless funds were paid."

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This statement was made by Tom Krebs, director of the Alabama Securities Commission, in a 17-page memorandum circulated to various

law enforcement agencies to gain attention to what he terms in the report a conspiracy of which this nation has never seen the equal.

The investigation, termed the Michael Project, into "organized crime in the coal industry," is being directed by Krebs in conjunction with other state agencies and officials.

One source says the Michael Project findings have prompted the federal Securities and Exchange Commission to look into possible securities and bank fraud in this state.

The director of the Alabama Securities Commission alleges in the memorandum: that certain elements are in the process of acquiring substantial interests in the American coal industry, are defrauding foreign

buyers and bankrupting domestic coal producers through the use of foreign coal purchase contracts, are defrauding domestic investors and facilitating tax frauds through the sale of limited partnership interests in coal mining ventures and are heavily involved in the theft and interstate transportation of stolen mining equipment.

Krebs says in the report that confirmed cases of fraud can be tried on the state level, but added that the multi-state investigative effort has been thwarted many times because of jurisdictional problems.

"The usual constraints upon state action, limited jurisdiction and criminal laws which leave much to be desired, render state action rather

much like chopping off one of the hydra's heads," Krebs writes.

Allegation one, concerning criminal figures who are acquiring interests in the coal industry, deals with persons who are known to be actively involved in fraud, according to Krebs. He mentions Peter Francis Crosby, who is living in Birmingham, as a central figure in the coal dealings.

Also mentioned is Akiyoshi Yamada, who was convicted in federal court in New York for fraud and who is presently under probation. Yamada is living in Fort Payne with his wife Shelia Hammond, the daughter of former Public Service Commission member Kenneth Hammond, who was convicted of bribery.

"The foreign coal purchase contract is used to leverage domestic coal producers so that they become vulnerable to a tender offer or take over," says Krebs, referring to fraud in bankrupting domestic producers with foreign contracts.

Following the transfer of the company once the pre-planned bankruptcy occurs, the acquired company's coal leases are syndicated in limited partnership offerings of tax sheltered investment securities, according to Krebs' report.

Persons investing in the company may never have their investment returned, but their substantial tax write-off of limited partnership debts more than compensates for the lost investment.

When a lease is acquired from a near-bankrupt coal company and subsequently offered as a tax shelter, there are almost always three frauds to be found, according to the memorandum.

These include wire fraud in relating the quality of coal for a foreign buyer, securities fraud in connection with materially false representations and commissions made to investors, and tax fraud when investors claim deductions to which they are not entitled. These are all a part of the overall scheme to take over the coal companies, Krebs writes.

The fourth allegation relates to "the rather large market" for stolen

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Waters breach levees

By DAVID L. LANGFORD
Associated Press Writer

Weary volunteers worked in incessant rains Monday to fight back the Red River, which rose to its highest point this century at East Grand Forks, Minn. Its waters breached dikes and spilled through city streets and affluent neighborhoods.

More rain also bode more trouble for Columbia, Miss., on the Pearl River, where half the town's 500 residents have been homeless for several days, waiting for the flooding river to recede. More than 2 inches had fallen since Sunday, and the national Weather Service had predicted 3 or more inches could send the river back up again.

In southeast Texas, where flooding late last week caused damage estimated at up to \$175 million and claimed at least seven lives, sandbag levees also were at work along the Nueces River, which was 8 feet above flood stage and rising in the amount area. But in the Houston and Monroe areas the water was receding and mopping up had begun.

Police loudspeakers roused thousands to help sandbags and shore up almost three miles of



AP wirephoto

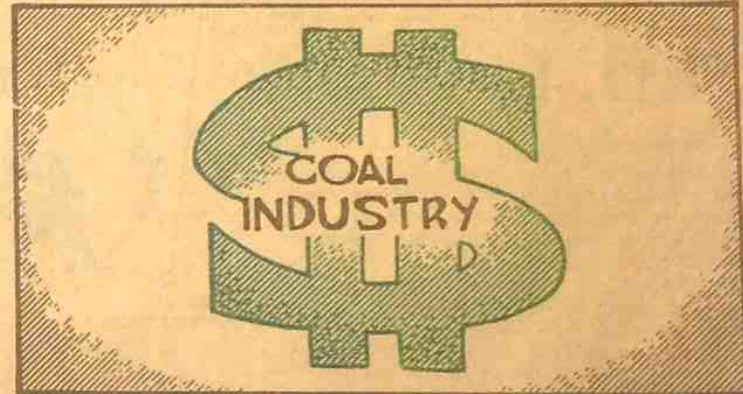
Citizens reinforce East Grand Forks dike

8,400 just across the border from its sister city of Grand Forks, N.D., population 54,000.

Water pushed into downtown East Grand Forks and also forced officials to abandon a flood control headquarters in the Grand Forks police station when the river reached 48.82 feet Monday morning, 25 feet above flood level.

manent dikes, a temporary dike broke around the closed Sorlie Bridge and there was widespread seepage through the 15,000 feet of hastily constructed sandbag barriers.

"We're experiencing many new problems," said Orley Gunderson, director of East Grand Forks Disaster Emergency Services, who put out a call



Grand jury digs deeply

By WANDA CANTRELL
Advertiser Staff Writer

A 16-month-long probe of Alabama's coal industry by a federal grand jury in Birmingham has reached into the corporate records of Alabama Power Company and the coal companies with which the utility does business.

first of a series

ing equipment dealer who admitted on a national news broadcast that he has bribed federal officials, apparently gave U. S. Sen. Donald Stewart thousands of dollars in contributions and a closer examination of election

...of the father and his...
 ...Minister Menachem Be...
 ...vengeance for the blood of...
 ...ated...
 ...hand in Israel against a...
 ...od is on his head. We will...
 ...egin said at the service for...
 ...s daughters, Einat, 4, and

...Mrs. Heran accidentally smothered her two-year-old daughter in an effort to keep her quiet while they hid from the terrorists, authorities said. Her husband and other daughter were taken hostage and shot.
 The burial was in Kiryat Tivon, 10 miles east of Haifa. The fourth victim, police Sgt. Eliahu

...Haddad's irregulars are armed by the Israelis. They act as a buffer zone between Israel and their rivals for control in the area, the Palestinians, who have used southern Lebanon to stage raids into Israel.

City	Elevation	City	Elevation
Albany	102	Philadelphia	70
Albuquerque	5,653	Phoenix	1,086
Anchorage	377	Pittsburgh	412
Ann Arbor	226	Portland	163
Asheville	2,033	Providence	119
Astoria	13	Raleigh	83
Atlanta	1,066	Richmond	80
Aurora	569	St. Louis	54
Baltimore	40	San Antonio	81
Baton Rouge	10	San Diego	70
Birmingham	112	San Francisco	62
Boston	30	Savannah	79
Buffalo	192	Shreveport	70
Burlington	103	Spokane	47
Butte	5,243	Tampa	84
Cambridge	10	Washington	74
Charleston	10		
Chicago	179		
Cincinnati	109		
Cleveland	1,198		
Columbus	1,054		
Dayton	306		
Denver	5,280		
Des Moines	73		
Duluth	55		
El Paso	3,678		
Fargo	58		
Indianapolis	60		
Jackson	71		
Jacksonville	78		
Kansas City	66		
Las Vegas	81		
Little Rock	70		
Los Angeles	60		

Lake Elevations
 Lake Martin: 429.2
 Lake Jordan: 251.9

around the nation



Grand Jury

Sexual relations with a partner who is not a relative, guardian or someone who holds a supervisory position, such as a teacher or employer.

Assemblyman Chuck Hardwick of Union introduced legislation Monday to postpone implementation of the law for a year.

"The lowering of the age of consent for sexual relations to 13 years is, perhaps, the most glaring error in the new code, but it is one of a number of areas which are ambiguous and open to interpretation," Hardwick said.

In the meantime, the New Jersey State Coalition Against Rape and the National Organization For Women's Rape Task Force, defended the new penal code's provisions on sexual offenses.

"The lowering of the age of consent from 16 to 13 was based upon statistical information which supports the reality that there are increasing numbers of sexually active teenagers of 16 years of age and under," the organizations said in a joint statement.

"This lowering of the age of consent in no way advocates, licenses or promotes promiscuity among adolescents," the statement continued. "The mores of the children belong in the province of the family and not in the criminal justice system," the statement continued.

Medical report given in contamination trial

OKLAHOMA CITY (AP) — A former Kerr-McGee Corp. consultant who met with Karen Silkwood after her apartment was contaminated with plutonium said she appeared "very shaky and weak," but seemed reassured when he told her she could get special medical attention.

Dr. Charles Sternhagen said he and a former Atomic Energy Commission medical consultant met with Miss Silkwood, who was a Kerr-McGee nuclear fuel plant lab technician, a few days before she died in a car crash on Nov. 13, 1974.

Sternhagen, who is a radiation specialist, said Miss Silkwood "appeared to be very shaky and weak. She leaned up against a wall staring out a window."

of the Legislature to come under scrutiny of the grand jury when the State Ethics Commission last year turned over reports to the U. S. district attorney in Birmingham, J. R. Brooks.

It has been reported by The Advertiser that Fine, then a candidate for attorney general, received \$25,000 from W.T. Trapp, a Phil Campbell businessman and coal miner, in ex-

Clayton

31. "My little girl was in a classroom with 60 kids and you know how distracting that can be. Even in a classroom with a few, everytime one of them gets up everybody in the room pops up to watch them."

Mrs. Parmer recalls that the racial ratio in her daughter's first-grade class was four whites and 26 blacks. That was part of the reason they sent her to Eufaula. Another was the quality of the education she was receiving.

'Project'

heavy equipment. The equipment is often moved to another state when a company is about to go under and reported as missing, Krebs alleges.

Often the moving of hot equipment involves a large drug smuggling operation, Krebs says. "Stolen mining equipment and drugs appears to be at the core of the coal investigation."

Gunmen

The fighting is the third major ethnic violence in Iran since the revolution. In March, Kurdish autonomists in Sanandaj battled government forces for a week while Turkoman tribesmen in northeastern Iran early this month fought pro-Khomeini committees and soldiers in Gonbad-e-Qabous over autonomy and land rights.

Islamic firing squads executed nine more officials and supporters of the shah's government Monday.

change for arranging coal sales with Southern Company, the parent company for Alabama Power.

Fine received six checks from Sept. 22, 1976, through March 25, 1977, made payable to and endorsed by Fine's law firm. Fine says the \$25,000 from Trapp was for legal services, but Trapp denies this in a sworn deposition, saying that he paid Fine 50 cents per ton for the coal he sold to

"She would bring home math papers where she had made 100," Mrs. Parmer said. "And just looking over them I would find five or six she had missed that had been graded right by her teacher."

"When she went to Eufaula she was way behind in her reading," Parmer said. "They put her in a special reading class to catch her up. I don't think I can put her back in the public schools here. I can keep her at home and teach her just as much or more than she can learn there."

the synopsis of the Michael Project reports.

"One coal miner in Walker County uses the proceeds from the sale of pieces of stolen equipment to make runs to California where narcotics are purchased. The drugs are then brought into Alabama aboard Greyhound buses," Krebs writes.

Railroads challenge property tax law

Eight railroad companies have filed a federal court suit challenging Alabama property tax assessment ratios as being unconstitutional and discriminatory.

The railroads claim that assessment ratios set up in the Alabama tax law, amended last November, will violate federal law when applied to this year's taxes.

The suit says that federal law prohibits state and local governmental bodies from taxing railroad property at a higher ratio than that used in assessing other commercial and in-

APC. Wilson and Crowe, who represented coal-rich Walker County in the state Legislature, were not re-elected.

While no connection between the two former legislators and coal contracts with Alabama Power has been made, a spokesman for one small family-owned company in Walker County says they have been stymied

But for an unemployed 10th-grade dropout and a maintenance worker, \$990 tuition plus a bus club fee, monthly bus-user fee and books, private school will be a struggle at best.

Their only alternative is a public school system that must default on a loan or close its doors at the end of the month. One of two banks holding \$200,000 outstanding loan notes against the school system has called for total repayment by April 30.

At last week's meeting, angry pa-

"The buses offload the drugs in Birmingham and Cullman County," he continues. "The drugs are picked up from the bus depot and delivered to the coal company office... from that office to a strip mining pit where they are distributed to drug dealers by the drivers of the coal trucking firm."

in their efforts to sell coal to APC because they do not have the "political connections."

An inside source close to the investigation says that former Lt. Gov. Jere Beasley's connections with the industry are also under examination.

Legislators, past and present, working for Alabama Power Company are targets of the grand jury investigation, according to an authoritative source.

rents and teachers, as well as two board members, called for an accounting by the school superintendent. The board voted unanimously to direct the superintendent to negotiate with the Louisville Farmer's Exchange Bank in an effort to keep the schools open.

The school system's 1978-79 fiscal budget is currently being reviewed by the state Board of Examiners. School board members who requested the examination say they suspect misuse of funds.

Krebs also discusses murder, advance fee schemes, loan sharking, finance fraud and political and business corruption.

"The Alabama efforts have revealed the names of these foreign and domestic officials who are to receive bribes and kickbacks," he says.

Provisions relative debate

J. (AP) — New Jersey code, which goes into effect next year, lowers the age of consent for sexual intercourse to 13 in a law that has sparked a hot

tors introduced bills to change the law. The new law permits persons 13 years of age to engage in

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