

THE EVENING STAR

# Major Scandal Is Hinted as Hearing Opens

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A network of payoffs, kickbacks and favors such as villas and party girls in exchange for beer, liquor and other distribution rights has dominated the military post exchanges in Vietnam, senators were told today.

There were hints of a major scandal that could touch general officers and the top administrators of the PXs and servicemen's clubs as the Senate Permanent Investigations subcommittee, chaired by Sen. Abraham Ribicoff, D-Conn., opened hearings into supply operations of the club and PX systems.

## Duffy Leads Off

LaVerne J. Duffy, assistant counsel for the subcommittee, led off with a 45-page statement devoted mostly to activities of a liquor and slot machine distributor who left Korea after the war there with the Criminal Investigations Division of the Army investigating him for alleged corruption.

The distributor, William J. Crum, an American citizen born in Shanghai in 1918, ended up as one of the biggest businessmen in South Vietnam, with access to many of the top executives in the PX system, Duffy said.

Duffy said the subcommittee would show "that William Crum had considerable capabilities for extracting favors and contracts from sergeants who were club custodians, from senior officers and from ranking civilian officials.

"He apparently worked on the assumption that men thousands of miles from home and family, in an alien environment, can be bought for a price," Duffy said.

## Methods Cited

"At times in Crum's activities, the line between bribe and favor was hazy — the action might be questionable but not unlawful. On other occasions, the gift was blatant and obvious, a clear-out bribe or kickback and all parties to it knew its illegality," Duffy said.

According to Duffy's testimony, Crum used methods in Vietnam that he had been under scrutiny for in Korea, only more extensively.

He would smuggle merchandise into the country under the cover of post exchange manifest, then sell some of it either legitimately or on the black market without paying duty.

He would offer kickbacks to service club custodians and PX procurement officials in return for pushing his merchandise in the clubs and exchanges. And he would provide "lavish entertainment and gifts of value for U.S. civilian and military officials," the statement said.

Duffy read from records of sworn depositions showing that Crum was welcomed into the homes of general officers and was awarded in 1966 a "certificate of achievement" by Brig. Gen. Charles R. Meyer, then commanding general of the U.S. Army Support Command in Qui Nhon.

## Villa Supplied

In 1966 he supplied a lavish Saigon villa with six bedrooms and a corps of servants and often party girls for the commander of the Vietnam post exchanges, Lt. Col. John G. Goodlett Jr., now retired, according to a deposition from Goodlett which Duffy introduced.

Goodlett paid \$100 a month for food, but the villa cost \$1,600 a month in rent and another \$400 in maintenance, the testimony said. Crum said in a letter he spent \$5,000 decorating it, Duffy said.

Goodlett said that while he spent little of his time in the villa, "I know that arrangements were made for women to be part of the entertainment," Duffy said.

Besides Goodlett, the villa occupants included the top four civilians working in the exchange system, Duffy testified. They were:

Peter B. Mason, general manager of PXs in Vietnam, who controlled much of the system; Richard Lewellyn, chief of procurement, who set the levels of all needed merchandise; Clarence Swafford, chief of the food branch and concessions, who determined how much and what food was ordered, as well as the jukeboxes and slot machines and other entertainment devices, and Ralph White, who decided where retail exchanges were set up.

DATE 11-27

\$6 Billion Estimate

In this period, 1965-1966, the PXs were expanding from facilities catering to 150,000 men to an operation that could sell to 450,000, the testimony showed. The system grew to generate \$6 billion a year at its peak, the subcommittee has estimated.

Crum, who reportedly did jobs for the Central Intelligence

Agency in China shortly after World War II, controlled almost all sales and maintenance of slot and pinball machines, jukeboxes and other coin-operated amusements on U.S. military reservations from 1967 until last year.

Swafford recommended that a large jukebox contract be awarded to a company owned by Crum in 1966, while he lived in the Vietnam villa, and Lt. Col. Goodlett, who also had access to the villa, approved the contract, Duffy said.

Crum also represented the James B. Beam Distilling Co. of Chicago and the Carling Brewing Co. of Cleveland, whose products he promoted with the help of special promotion funds which the committee expects to show were used for payments to club operators and favors for procurement officers.

## Wrote of 'Old Buddy'

In 1965, according to letters Duffy introduced, Crum wrote to officials of the beer company saying, "An old buddy of mine is now the Navy chief in charge of stock records and distribution in Saigon. What could be greater? He has promised me to escalate our orders. . ."

The same friend, Crum told a Beam company vice president "has promised faithfully that he will not order any more Old Crow until it runs out, and also will increase his Jim Beam orders so we will be in the No. 1 position even during the month of June."

The committee was told that Crum has been invited to testify but has been eluding a committee subpoena. He lives on a palatial yacht in Hong Kong harbor. Mason, the chief civilian executive, is assuming permanent residence in Greece, having voluntarily given up his federal retirement funds because "to apply for them, Mason would have to return to the United States," Duffy said.

PAGE

The second scheduled witness is retired CIA investigator Augustine G. Manfredi, who probed Crum's dealings in Korea in the 1950s.

Ribicoff said among those to be called would be Martin J. Bromley, a colleague of Crum's in the slot machine distribution business; "officials in the beer and liquor industry" and military personnel, including former Brig. Gen. Earl F. Cole.

Cole was the Army's deputy chief of staff for personnel administration during this period, and chairman of the board of governors of the Vietnam Regional Exchange.

The Army recently reduced his rank to colonel and allowed him to retire.

## Court-Martials Announced

As senators opened the hearings today, the Air Force announced it will court-martial two majors and 12 sergeants on charges they mishandled funds belonging to Air Force clubs in Thailand.

Over the weekend, the Army announced it was removing more than 1,700 slot machines from its clubs in Vietnam on the grounds their presence was not practical in a war zone, the Associated Press reported.

The accused in the Thailand case were listed as: Maj. Roland R. Fox, East Portland, Maine; Maj. Jackie A. Nickerson, Muscatine, Iowa; Sgt. Robert D. Beaudan, Marshfield, Maine; Sgt. Bobby L. Estes, Oakland, Calif.; Sgt. Robert B. Morris, Columbia, Miss.; Sgt. James C. Bolin, Enumclaw, Wash.; Sgt. James C. Burgess, Bonham, Tex.; Sgt. George J. Dowdy, Abbeyville, Ga.; Sgt. Wallace J. Dubois, Yonkers, N.Y.; Sgt. James F. Mclelland, Pineville, La.; Sgt. Tilliman T. Teague, Vance, Okla.; Sgt. Romie C. Waljer Jr., Chandler, Ariz.; Sgt. Francis Shaw, Longmeadow, Mass., and Sgt. Albert Sears Jr., Keary, Ky.