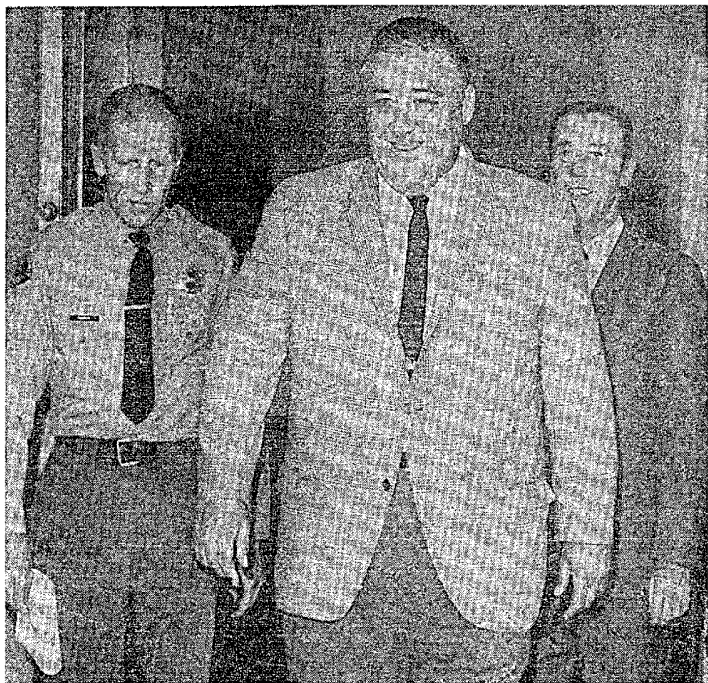


Grand Jury Indicts Shepard, Pierson, Pierson: 11 Counts of <span ...

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AFTER INDICTMENT. —Former Recreation and Park Commissioner Mel Pierson and City Councilman Thomas D. Shepard, on right, are escorted by deputy

sheriff from court where they surrendered after being indicted on bribery and conspiracy charges. They were taken to county jail, then released on bail.

Times photo by Bill Murphy

Grand Jury Indicts Shepard, Pierson

11 Counts of Bribery, Conspiracy Returned in Valley Zoning Cases

BY RON EINSTOSS

Times Staff Writer

City Councilman Thomas D. Shepard and former Recreation and Park Commissioner Mel Pierson were indicted by the County Grand Jury Thursday on a total of 11 counts of bribery and conspiracy in the rezoning of land in the San Fernando Valley.

It was the first indictment of an elected city official since charges were brought against then Councilman Harold Harby in 1941. He was convicted of willful misconduct in office.

The indictments were returned unexpectedly after an explosive three-week probe which reached all the way to Mayor Sam Yorty's office.

The indictment names Shepard, 42, in one count of conspiracy to receive a bribe and obstruct and pervert justice, and in eight bribery counts.

Four Counts Duplicated

Four of the eight bribery counts are duplicates and will be dismissed when it is determined whether he acted in his capacity as a councilman or as an executive officer.

Pierson, 44, was indicted on two counts of conspiracy to aid and abet in the acceptance of a bribe and obstructing and perverting justice and on three counts of bribery.

Shepard and Pierson surrendered before Superior Judge Richard Schauer Thursday afternoon and were arraigned.

Shepard pleaded innocent and a trial date of Nov. 18 was set. Pierson requested additional time to plead. His next court appearance will be on Oct. 11.

The grand jury heard 44 witnesses in the probe, which reportedly broke wide open when attorney Irving D. Shapiro agreed to testify in exchange for immunity from prosecution.

Shapiro's disclosures reportedly

provide added ammunition for an investigation already under way into the Recreation and Park Commission. It may also be used for another probe into the actions of the Harbor Commission.

Both commissions awarded architectural contracts to Shapiro totaling more than \$300,000. Pierson, a business associate of Shapiro, helped him get three of the contracts from the Recreation and Parks Department. The fourth contract was for a harbor administration building. None of the four projects ever was built.

These transactions were detailed in The Times last June following a lengthy investigation.

The indictments against Shepard and Pierson had not been expected until next week but were brought in early following a high-level strategy session held in the offices of Dist. Atty. Evelle J. Younger and Atty. Gen. Thomas Lynch, which shared responsibility in the investigation.

Summing-up of Evidence

Dep. Atty. Gen. Jack Goertzen and Dep. Dist. Atty. Harold Stanley appeared before the grand jury at 9 a.m. and summed up the evidence in the case before the grand jury voted to return the indictments.

Grand jury foreman L. E. McKee and 19 other members of the panel then went to Judge Schauer's court and announced they had business to transact.

That business was the indictment of Shepard, who has represented the West San Fernando Valley in the City Council since July 1, 1961, and Pierson, who resigned his appointive post on March 18, 1968, in the midst of a City Council committee investigation of a golf course project in the Valley.

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Jury Indicts Councilman, Ex-Park Aide

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Pierson later took the Fifth Amendment when he was subpoenaed by that committee.

Pierson is the fifth commissioner appointed by Yorty to feel the sting of a County Grand Jury indictment.

Last year, four of Yorty's commissioners were indicted following a Times inquiry into irregularities in awarding of contracts by the Harbor Commission.

Two of them, former Harbor Commissioners Robert Nick Starr and Karl Rundberg (once a city councilman), were convicted of bribery. Both are appealing.

Another, former Harbor Commissioner George Watson, went on trial Thursday before Superior Court Judge William B. Keene on charges of bribery and conflict of interest.

Keith Smith, a former City Human Relations Commissioner, still is awaiting trial.

When the Times series on the Harbor Commission appeared, Yorty labeled it a "smear."

When the Grand Jury took up the allegations in the series, and subsequently returned indictments, Yorty responded that the investigation was politically motivated on the part of the district attorney's office.

Yorty said he had no comment on Thursday's indictments.

"How can I comment now?" he asked. "I haven't had a chance to examine the transcript."

Four Transactions

The indictment against Shepard involves four separate transactions on three zoning matters:

1—The rezoning in 1964 of about seven acres of property in Canoga Park from agriculture to R-3 (multiple dwellings).

2—The rezoning in 1965 of about nine acres in Reseda, also to permit the construction of multiple dwellings.

3—The granting of a conditional use permit in 1964 for the construction of a condominium complex on 92 acres in Chatsworth.

The fourth matter involves a reversal by Mayor Yorty of his veto on the rezoning of the Canoga Park property. Yorty was called as a witness by the Grand Jury.

After his appearance before the jury, Yorty said he had no recollection of the case, although it reportedly was the only such veto in a zoning case he had ever withdrawn.

Each of the three cases were in Shepard's district when the rezoning was sought and in each of them the City Council overturned a vote denying rezoning by the City Planning Commission.

2 Conspiracy Counts

Pierson was indicted on two counts of conspiracy to aid and abet in the acceptance of a bribe and obstructing and perverting justice and three counts of bribery.

The counts against Pierson involved two actions:

1—The reversal of Yorty's veto on the Canoga Park property.

2—The successful rezoning of about 10 acres on the southwest corner of Devonshire St. and Oakdale Ave. in Chatsworth to permit the construction of apartment houses.

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Bribery, Conspiracy Charged in Indictments

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That land, subsequently changed back to its original zoning, was located in former Councilman John P. Cassidy's district and the matter reportedly is to be one of the subjects of the continuing probe.

Cassidy, subpoenaed Wednesday, presumably will be asked about his actions in that case as well as an assertion by Mayor Yorty that Cassidy spoke to him about the case involving the veto.

Yorty said he doesn't recall such a conversation with Cassidy (who also said he doesn't remember the matter), but the mayor noted that a memo to that effect was found last weekend.

Details on how much money allegedly changed hands will have to await the filing of the Grand Jury's transcript.

In the Chatsworth case, Shepard received a \$3,000 campaign contribution from Bryan E. Gibson, Woodland Hills land developer and attorney, who last year was convicted of grand theft for his role in the case.

Shepard did not report the contribution as required by law.

The Canoga Park land is located adjacent to one former Big A Discount Store (now known as the Wonder World Big A and operated by new owners) and is bounded by Canoga Ave., Parthenia St. and Schoenborn Ave.

Zoning Bid

Arthur Toll, an attorney and one of the four owners of the property along with Joe M. Arnold, Gerald Chase and Wallace White, applied for rezoning on Feb. 21, 1964.

The Planning Commission voted to deny his application, but Toll successfully appealed to the City Council after gaining the approval on Aug. 17, 1964, of the council's planning committee.

Mayor Yorty vetoed the rezoning on Oct. 22, 1964, but a month later on Nov. 24, 1964 withdrew his objection.

According to the indictment, on Nov. 24, 1964, a "sum of money" was paid by White to Shapiro. On Dec. 8, 1964, after the withdrawal, Shapiro turned over a "sum of money" to Pierson, the indictment charged.

The dates contained in the indictment indicate that Shepard played a role in the City Council's decision and that he and Pierson both were involved in the move to get the veto withdrawn.

The ordinance which formally rezoned the property was adopted by the City Council on Dec. 14, 1964. On that date, according to the indictment, another sum of money was paid by Shapiro to Pierson.

The transaction comprises one of the conspiracy counts against Shepard and Pierson, as well as five John Does. Shepard's role in the matter cannot be ascertained from the indictment.

The rezoning of the Reseda property, on the east side of Wilbur Ave. at Kitttridge St., was sought on behalf of Richard H. Dunn on Jan. 30, 1963.

The Planning Commission denied his application in April, 1963, but it was

approved by the City Council.

Two years went by, however, before the council adopted the ordinance on April 19, 1965.

The dates mentioned in the indictment indicate that money allegedly changed hands around the time of the council's 1965 approval.

The \$3,000 campaign contribution to Shepard by Gibson came in December, 1964. Gibson's firm received its conditional use permit in October, 1964, and an extension of time for the beginning of construction a year later.

During Gibson's trial, Shepard said the money did not influence his vote. He said he supported the matter only because he thought it was good zoning.

At one point in the trial, Superior Court Judge Arthur Alarcon, who heard the case, likened the City Council's handling of the Gibson matter to a tale from "Alice in Wonderland."

Other Charge

In the other conspiracy charge, which involves Pierson and five John Does, it is alleged that on June 1, 1965, White raised a sum of money following a conversation with Shapiro.

On June 25, 1965, an application for zone change on the Devonshire and Oakdale property was filed.

On Sept. 28, 1965, the City Council planning committee recommended that the zone change be approved. White then allegedly paid a sum of money to Shapiro and Shapiro allegedly paid a sum of money to Pierson.

The City Council on Dec. 14, 1965 adopted an ordinance formally changing the zoning and on that same date, according to the indictment, Shapiro allegedly paid another sum of money to Pierson.

Many of the witnesses who testified the last three weeks were land developers.

They apparently were called to show a pattern in the handling of zoning cases by Shepard.

The councilman's attorney, John T. LaFollette, conceded, that his client borrowed large sums of money from developers and said it was to finance a defunct Canoga Park

beer bar, called The Gas Buggy.

That business reportedly was owned by Frank Stanton, also known as Frank Thibodeau, Shepard's close friend and field deputy.

LaFollette said Shepard was never corruptly influenced in his decisions on zoning matters brought to the City Council by persons from whom he borrowed money.

'Common Practice'

The attorney explained that it is common practice for public officials to borrow money or receive campaign contributions. He said this does not necessarily influence their decisions.

Shepard reportedly testified — testimony labeled as a "nonissue" by LaFollette — about such instances, but he made it clear that he did not consider that the persons he named had done anything wrong.

The case reportedly involved only Shepard in the beginning. He was the only witness invited to testify. Witnesses who are not suspects are subpoenaed.

The inquiry was based on the fact that in several instances Shepard received campaign contributions and loans of money concurrent with his actions in zoning matters involving persons who contributed and/or loaned the money.

The first break in the investigation apparently came during the testimo-

ny of one or all of the former owners of the Canoga Park land, particularly that of White, the indictment indicates.

This led to the surprise calling of Shapiro as a witness.

Shapiro was granted immunity before presumably testifying that "a sum of money" was paid in November, 1964 "to influence the removal" of Yorty's veto on the Canoga Park land.

Shapiro also apparently testified that in June, 1965, money was paid to "a public official" to influence the approval of a zoning change by the City Council.

Sections of Land

This, according to the indictment, referred to the land at Devonshire and Oakdale known as the Blakiston ranch.

The wording in the indictment reveals that Pierson was the "public official" to whom the money was allegedly paid by Shapiro in both 1964 and 1965. At that time Pierson was on the Recreation and Parks Commission.

Conviction of a city councilman for accepting a bribe (or conspiring to do so) carries a penalty of one to 14 years in prison and forfeiture of office. It also provides that he shall forever be disfranchised (removal of his right to

vote) and disqualified from holding a public office in California.

The conviction for bribery or conspiracy of an executive officer brings a similar penalty except that he is not disfranchised.

Shepard and Pierson both appeared confident when they surrendered to the court in the company of their attorneys, LaFollette for Shepard and Sander L. Johnson for Pierson.

LaFollette and his client said they were "happy" about the indictment because at last everything can come out.

The candid and voluble LaFollette, a highly suc-

cessful trial lawyer (al- though he specializes in civil rather than criminal cases), proclaimed Shepard's "complete innocence."

"We want this case to go to trial as soon as possible," he declared.

And, in an unusual move, he got his wish. Although defendants seldom enter pleas and request trial dates at arraignment, Shepard pleaded innocent and Judge Schauer set Nov. 18 before Superior Judge George Dell for trial. Schauer said he

couldn't arrange an earlier date because Pierson might want to make pretrial motions and both men presumably will be tried together.

The portly Pierson said he was "shocked and dumfounded" by the indictment.

Both Shepard and Pierson were booked into county jail, but they were released after posting bails of \$2,500 and \$250 respectively.