

Tax Dodge: Millions Go Uncollected; City Hall Protects the Favored Few  
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Genevieve Short was raising hell again.

It was Jan. 22, 1987, the regular Thursday morning manager's meeting in the city's Bureau of Revenue, the week after New Orleanians voted down Mayor Sidney Barthelemy's bid for a \$ 15 million-a-year millage tax. The mayor, most members of the New Orleans City Council and the superintendent of police all campaigned heavily for the measure. The city, they all said, desperately needs the money. To no avail. New Orleanians voted it down, two to one.

Five days later, money was the primary focus of the fiery Genevieve Short, the analyst in the Bureau of Revenue's delinquent tax unit. Although she had a different perspective, she too was complaining that the city needed more money.

Her point was simple. She knew where to get at least some of what the city needed — from hundreds of local businesses that are delinquent in paying their sales taxes. If the city is so hard up for cash, she asked, then why isn't the Bureau of Revenue collecting what the city is owed? Why are some people being protected from paying taxes, taxes that, in most cases, have already been collected from John Q. Public?

Short's job is to know who is paying and who is not — at least in roughly 300 cases. In those 300, the Bureau of Revenue has signed "settlement agreements" with businesses that have been chronically delinquent. Short's job at the moment is to track those 300 cases. For some reason, she was again complaining, the collector's office was letting a whole lot of them ride. Her question was simple: Why?

As usual, the meeting was being held in Joan Buttigig's office. Buttigig is the collector of revenue for the city of New Orleans. As chief of the Bureau of Revenue, Buttigig is the person in charge of collecting the city's taxes: sales taxes, occupational license taxes, alcoholic beverage permits and amusement taxes, among others.

On this morning, also as usual, Short's dissident barbs were aimed at Buttigig. She wanted to know why a riverbend boutique named Collection III, among others, was being allowed to slide.

"Do you know how much money these people have?" Short reportedly asked of her boss. She knew the answer, of course: a lot. Collection III, Short said, is owned by a wealthy Uptown family, people from a posh neighborhood just off St. Charles Avenue. You know these people have the money to pay, Short said, so why don't we make them?

Collection III, whose president is Frances S. Robinson of 22 Audubon Place, was more than \$ 25,000 and many months behind in its sales tax remissions.

Buttigig, who has been with the Department of Finance — of which the Bureau of Revenue is one of seven divisions — since the Landrieu administration, tried to mollify the angry Genevieve. Yes, Buttigig reportedly said, it is true that the Robinsons have "substantial" personal wealth, but Collection III, the corporation, is nearly broke.

At that point, according to a source in a position to know, Judith Watts, the revenue collection supervisor for the delinquent tax unit, pitched the papers she was holding into the air.

Watts' position is one of five new middle-and upper-management positions added to the Bureau of Revenue in late 1985 in an effort to increase the bureau's efficiency. One of Buttigig's assistant collectors, Carl Robinson, Watts and the other new middle-level managers have been in a bureaucratic tug-of-war with Buttigig and a circle of her loyalists since the reorganization began.

"Does it occur to you," Watts is said to have retorted, "that if we closed that business down, then maybe that family would be inclined to take some of those substantial resources and put them into the business and pay the taxes?"

"Well," Buttigig reportedly responded, "that's called politics. That case came from upstairs. You know," she went on, "when you get orders, you take orders. You don't have to like them, but you have to follow them."

### **Orders from upstairs**

"Upstairs": The order to layoff the owners of Collection III came from someone higher up than Buttigig — or so Buttigig implied to her top seven staffers. Above Buttigig are Mayor Sidney Barthelemy, chief administrative officer Kurt Steiner and director of the Department of Finance Paul Mitchell.

That word came as no surprise to most of them. Buttigig's top Bureau of Revenue staffers received orders directly from Paul Mitchell in a series of regular weekly staff meetings that began last summer to "back off" six favored businesses, according to several Department of Finance sources — a contention Mitchell emphatically denies.

Six businesses our sources say Mitchell wanted left alone include Georgie Porgie's restaurant and discoteque in the Hyatt Hotel; Nexus, a disco on Elysian Fields; Diego's East, a disco on the I-10 service road; Blaine Kern, the Mardi Gras floatmaker; and Perry's Discount Pharmacy. Remco, the appliance rental firm partially owned by state senator and former mayoral candidate William Jefferson, has recently joined the list.

Blaine Kern, Ernest R. Perry Sr. of Perry's Discount Pharmacy, and Noah Hopkins of Nexus all denied that their companies received any preferential treatment by the Bureau of Revenue. To the contrary, each of them said, if they were given preferential treatment, they would hate to see what happens to an enemy. Principals of the other three firms and Collection III did not respond to *CityBusiness'* inquiries.

But multiple Department of Finance sources say they have personal knowledge that Mitchell did indeed issue such orders to the Bureau of Revenue supervisory staff. On one occasion, our sources recall, Mitchell told them that "there are only a handful who are not to be touched and you know who they are."

In another meeting last fall, our sources say, Mitchell told Bureau of Revenue supervisors that the Perry's Discount Pharmacy account, which was being represented by former Mayor Dutch Morial's powerful CAO, Reynard Rochon, was to be left alone. According to the Bureau of Revenue's October report of all sales tax audit accounts, Perry's outstanding balance was in excess of \$ 800,000. That account, Mitchell reportedly told them, could only be settled by Mitchell and Reynard Rochon "in a room alone."

In another meeting last fall, Mitchell, who had previously been urging Bureau of Revenue supervisors to pursue aggressively collection of a \$ 200,000-plus delinquent account against Georgie Porgie's, suddenly reversed that order, reportedly telling them to back off the Hyatt-based disco. His abrupt about-face, Mitchell told them, came courtesy of orders from CAO Kurt Steiner — something Steiner denies.

When the name of Nexus and its delinquent \$ 170,000 balance came up in a December staff meeting, according to our sources, Mitchell said, "Oh, he'll pay another way." Nexus went into Chapter 11 bankruptcy a few weeks later.

Remco has been added to the protected businesses list within the last few months, according to our sources. "I don't want y'all to go after Remco," Mitchell reportedly said at a recent staff meeting.

Protecting businesses that are "connected" to City Hall or certain people in the Bureau of Revenue from the city's taxman is apparently a common and time-honored practice in the bureau, our sources say. It is something Genevieve Short has been complaining about almost from the time she transferred in eight months ago. Other people there have been raising the same questions since the reorganization of the bureau began in earnest in late 1985.

When Barthelemy was sworn in, the *CityBusiness* investigation into the alleged improprieties suggests, he inherited a heavily entrenched mechanism long-accustomed to protecting dozens and perhaps hundreds of businesses from paying their taxes on time or, in an unknown number of cases, from paying the full tab.

Several Bureau of Revenue supervisors were reportedly uncomfortable, even offended, by Mitchell's orders to leave the favored few alone. But most were convinced that those six were a tiny leak from the revenue collection bucket, compared with the large number of other accounts they believed to be under the protection of Joan Buttigig and her circle.

With Buttigig's claim that the protection of Collection III came through orders from "upstairs," however, a new question was raised: Has the new administration adopted the friends of the old administration, some of them asked themselves, or is Buttigig's old guard hiding deals of its own beneath the veil of Paul Mitchell's unguarded admissions?

### **Mitchell denies it all**

Paul Mitchell disputes *CityBusiness*' findings.

"I've done a remarkable job," Mitchell told *CityBusiness* in an interview in his office on Feb. 6. "I would say (it has been) really . . . outstanding."

There have been a few errors made, Mitchell conceded, but nothing of any real importance. He admitted there is a serious factional feud being thrashed out in the Bureau of Revenue between the old guard of management and the new. Even in that tense atmosphere, however, Mitchell said, "we are collecting more taxes than anybody ever collected."

He added, "We've sent more people to municipal court in the last six months than they've sent in the last four years combined."

Mitchell said he has instituted a program where Bureau of Revenue agents visit all licensed alcoholic beverage outlets to make sure their taxes are all paid before the new year's permits are issued. On March 1, in another change, he said, everyone who is delinquent will be notified.

"For the first time in several years we are sending out notices on a regular basis," Mitchell continued. "I'm implementing a new sales tax program and we're doing all those things to improve our internal controls to prevent the kinds of things that you're talking about."

And the various allegations of hanky-panky? Nothing to them. Mitchell stated he had never said any of the things attributed to him by "a disgruntled employee," especially not in an open staff meeting in front of eight witnesses. "You gotta be crazy," Mitchell said. "I stick my tongue out like that?"

Mitchell said he has never told any Bureau of Revenue supervisors to back off the collection of any taxes from anyone — not Nexus, not Diego's East, not Remco, not

Georgie Porgie's, not Blaine Kern and not Perry's Discount Pharmacy. There have been no favors for anyone, from anyone.

Did he ever tell his staff to lay off the Perry's account, that it could be settled only when he and Reynard Rochon sat down together, alone, in a room with no one else around?

"I deny that," Mitchell said.

Craig Varoga, the city's assistant director of public information, and present at the interview of Mitchell by *CityBusiness*, interjected, "As a matter of clarity, what is Rochon's involvement with Perry's Discount?"

Mitchell: "What is Rochon's involvement with Perry's Discount?"

*CityBusiness*: "My information is that he was a consultant, and that he represented Perry's in negotiations with Mr. Mitchell."

Mitchell: "And nothing's unusual about that."

*CityBusiness*: "That's true?"

Mitchell: "Could be."

*CityBusiness*: "Yes or no?"

Mitchell: "Yes, it is."

### **Settling Perry's account**

Ernest R. Perry Sr., who was then president and owner of Perry's Discount Pharmacy at 8480 Morrison Road, first came to blows with the city over delinquent sales taxes before Christmas in 1983. Dec. 23 was the day city attorneys filed suit against Perry to enforce an assessment of delinquent sales taxes for the cool sum of \$ 841,680. The assessment covered a 33-month period from January 1980 through September 1983. Only \$ 577,703.40 of that bill was for Perry's unpaid sales taxes. The balance, less about \$ 8,000 dedicated to Perry's unpaid occupational license, was for penalties and interest — a little better than \$ 250,000.

Sounds like big money — and it is. But Perry's was then averaging \$ 10,000 in daily receipts, according to documents the company filed in the ensuing legal battle, a figure that would add up to nearly \$ 10 million in gross receipts over a 33-month period.

Perry denied that he owed any such amount, but the Morial administration was in no mood to dicker about it. On Jan. 5, 1984, using a special court order called a

warrant of destraint, the city seized \$ 62,311.68 from Perry's bank account. In early April and again in late May, the city repeated the process, seizing another \$ 23,850 by sending in officers of the court to snatch the entire business day's receipts directly from Perry's cash register.

By then the city had gotten Perry's attention, and the two parties began to negotiate between their courtroom sparring matches, looking for a less traumatic procedure to solve their dispute. Eventually, Perry and the city agreed to collect several thousand dollars a week from the Morrison Road store and put it in an escrow account, awaiting the day of settlement. That account ultimately grew to \$ 394,000.

Ernest Perry Sr. told *CityBusiness* that, although he was able to convince the court that he couldn't possibly owe the city that much in delinquent taxes, the issue remained unresolved in the courts and unresolved on the city's tax rolls until it was finally settled sometime in the last few months. Until then the city's tax rolls, as late as October 1986, continued to show Perry's tax liability at more than \$ 800,000 while the \$ 394,000 continued to sit in escrow.

Perry, in contrast, continued to show the liability at the amount of the originally assessed delinquent tax, \$ 557,703.40, when he filed legal documents reorganizing his business affairs in January 1986.

None of this might be important except for the unusual circumstances in how the case was finally settled, circumstances that Paul Mitchell is none too pleased to talk about.

Just how was the Perry's account settled?

Mitchell said he would like to tell the whole story, but he was advised by the city attorney to stay mum. Mitchell said the problem was that there is a state statute guaranteeing the confidentiality of the tax returns of all taxpayers. Anyone who discloses any information obtained from a taxpayer's tax return can be jailed for up to two years. Mitchell said that makes it impossible to talk specifics about any tax account, delinquent or otherwise.

Did he meet in a room alone with Rochon, regardless of what the numbers were, and settle the Perry's account?

"Rochon represented Perry's Pharmacy," Mitchell said. "That's a statement of fact."

*CityBusiness*: "And the account's been settled, and it was settled by you and him?"

Mitchell: "We settled an account out of court."

*CityBusiness*: "Who else was involved in that settlement? Anybody? Who else participated? You and Rochon, correct?"

Mitchell: "Exactly."

What were the terms of the settlement? Mitchell couldn't say, for reasons of confidentiality. Rumor around the Bureau of Revenue, however, has it that Rochon and Mitchell settled the Perry's account for \$ 265,000, with the city returning the balance of the escrowed \$ 394,000 to Perry. Was that true? Mitchell couldn't say, noting the confidentiality statute tied his hands.

Ernest Perry Sr., for his part, said that he didn't owe the city that much anyway, that the account had been settled for \$ 325,000, and that he'd taken the \$ 69,000 difference and been glad to have it back.

Is there anything wrong with that?

Maybe. Under city code, the director of finance is able to waive penalties and interest in a settlement conference, but not taxes. The taxes have to be paid.

If that is indeed the case, Mitchell was asked, then how could any of the \$ 394,000 in escrow be returned to Perry? Again, Mitchell said, he couldn't talk specifics, but he suggested that it is entirely possible for the penalties and interests to be more than the actual tax.

Was he saying that the settled amount, \$ 325,000 by Perry's reckoning — a number the intra-office rumor mill puts at \$ 60,000 less — was the actual tax owed by Perry's, that the remainder was all penalties and interest?

"I can't comment specifically on any taxpayer," Mitchell said.

### **Mass confusion**

Nobody knows exactly how many cases like Perry's Discount Pharmacy the city has on its tax rolls. Somewhere in the neighborhood of 35 percent of the city's businesses eligible to pay sales and amusement taxes are consistently delinquent, sources in the Department of Finance say — at least, that's what Bureau of Revenue officials guess.

Although roughly 8,000 delinquency notices are sent out each month now, a small percentage, perhaps 10 percent, respond immediately or within a few days. The rest require constant management. The difficulty of that task, sources say, is compounded because Bureau of Revenue officials don't know how many of the suspect 8,000 continue to operate.

Nobody knows, for that matter, how many real tax accounts are on the rolls. The official number of businesses on the tax rolls, according to our sources, is in the neighborhood of 43,000 — but nobody knows how many of those are in operation.

Bureau of Revenue officials can only say that the actual number is much smaller. How much smaller? Who knows?

Neither does anyone know exactly how far behind the Bureau of Revenue is in its collection of delinquent taxes businesses owe the city, but it is a lot — somewhere between \$ 10 and \$ 20 million.

It could conceivably be more. The Bureau of Revenue and its records are in such a state of disarray, sources close to the problem say, that the \$ 10 to \$ 20 million range is as close as they can come to "guesstimating" the backlog. It is an amount, some believe, that at least equals the budget shortfall that triggered the city's emergency austerity measures last fall.

How could things have gotten this bad?

Pure managerial incompetence, some say.

Deliberate, criminal incompetence, say some others.

Whether the incompetence is deliberate, criminal, or simply unconscious, all sources agree that the Bureau of Revenue's operations have been sliding downhill for a long time. Whether the slide began before Joan Buttigig became the city's collector of revenue is not clear, but she has been in the position long enough, most sources agree, to have addressed the problem long before now.

### **Reorganization and turf wars**

Pressure to reorganize the Bureau of Finance began during Dutch Morial's first term. At the time the bureau's managerial team consisted of just three people who were charged with overseeing the operation of more than 60 other employees in at least five different areas: auditing, bookkeeping, collections, data entry, and settlements and adjudications. One result of that arrangement was a steady deterioration in the bureau's performance. Management studies of the bureau's operations done for Morial's executive team recommended the reorganization and expansion of the bureau's supervisory staff.

Under the old guard, collector of revenue Joan Buttigig, whose name was then Joan Glennon, had two deputies: an assistant collector of revenue — a position held for several years by Lawrence Bentz, who retired in January 1986 — and a settlements and adjudications supervisor, a position that was also held for many years by Courtland Crouchet, who continues to be Buttigig's primary ally.

Under that arrangement, according to our sources, Buttigig and Crouchet, theoretically the bureau's number three official, held the power. But he and Buttigig were close allies, and Crouchet's position as the supervisor of most actual operations put him in a powerful and influential position.



Before the reorganization began for real in 1985, Crouchet was in charge of working out all settlements with reluctant businesses, a responsibility he and Buttigig shared. Crouchet also supervised the data entry unit, the delinquent tax unit and the auditing unit, however, powers that put him in a unique position. Under that arrangement, Crouchet was able to control every facet of any business' tax fate with the city.

Crotchet and reluctant business owners, except for the smallest, always dealt with either Buttigig or Crouchet, our sources say. Bentz, a small, dapper man of high personal standards, according to some who knew him, was largely pushed aside by Buttigig and Crouchet, being relegated to the miniscule tasks of which there were plenty. Everyone with a business or a tax bill of any size knew to ask for either Buttigig or Crouchet.

Morial's studies, meanwhile, recommended serious changes in the way the tax collector's office was run. The Bureau of Revenue, studies said, should have another assistant revenue collector. The responsibilities held by Crouchet should be divided and each of his areas of responsibility should have its own supervisor. The Bureau of Revenue also needed an administrative analyst. The Bureau of Revenue would suddenly go from three supervisors to eight if the recommendations were acted on. Eventually, they were.

Errol Williams was the first director of finance to move on the recommendations. In 1983 he asked a young official in one of the Finance Department's other bureaus, Carl Robinson, who was then directing the city's food stamp program, to spend some time analyzing the operations of the delinquent tax unit, make some suggestions and perhaps even improve the unit's efficiency.

One thing lead to another and Robinson, whose work pleased Williams and his successor, Bobby Major, became an increasingly permanent fixture in the Bureau of Revenue. In the fall of 1985, then-finance director Bobby Major moved to begin the formal implementation of the bureau's reorganization. Robinson was asked to become Buttigig's second assistant collector. Within a few months Lawrence Bentz would resign and Courtland Crouchet would be promoted to take his place as Buttigig's other assistant collector.

By the time Robinson actually came on board at the Bureau of Revenue, however, Bobby Major was on his way out, snagged by his unauthorized use of a city power saw and scaffolding in the renovation of a house. When Robinson was brought on, the other recommended supervisory slots were also created. One of them, collections supervisor in charge of the delinquent tax unit, was filled by the end of November by Judith Watts. The remaining three slots and the analyst position, however, remained empty until the new administration came on in May.

Before being shown the door following his arrest, our sources say, Bobby Major fired one parting salvo in what he apparently intended as a campaign to circumvent the death grip Buttigig and Crouchet held on the Bureau of Revenue. In September 1985, the police officer who had been detailed to the Bureau of Revenue for several years, Herbie Lund, suddenly retired.

The New Orleans Police Department keeps one officer detailed to the Bureau of Revenue on a full-time basis. In its role as tax collector, the Bureau of Revenue has a number of enforcement options available to it, several of which require either service or implementation by a police officer.

If, for instance, the bureau discovers that someone is in business without having paid an occupational license tax, he is subject to immediate closure. Usually, people are given one last chance, 72 hours after a formal warning, to come in and pay the tax. If they fail to act within that period, however, the doors are supposed to be locked. If that is the decision, the officer detailed to the Bureau of Revenue is the one who executes it.

Theoretically, our sources say, the police officer detailed to the Bureau of Revenue is supposed to work closely with the 19-person auditing staff and the 16-person delinquent tax unit. Auditors, during the course of their work week, are expected to spot check several businesses a day to ensure that all their city taxes and licenses, especially the occupational licenses, are up to date.

Agents for the delinquent tax unit are similarly dispatched on a regular basis to hunt down tax-dodgers and initiate the process intended to eventually bring them to heel. Auditors and delinquent tax unit agents generate a continuing work load for the NOPD officer detailed to the bureau — at least in theory.

Each time a bureau agent finds a business whose annual occupational license has expired, for example, an enforcement notice is issued and a copy of that notice is turned over to the detailed policeman. His job is to notify the taxpayer, issue the 72-hour warning, and then follow it up at the end of the warning period if the license has not been renewed. That means a trip to the business to lock its doors until the tax is paid. Under the bureau's continuing practice, businesses that aren't paid to date on their sales and amusement taxes are denied an occupational license renewal — although the city apparently has no legal authority to do so.

Under Buttigig, however, according to our sources, the detailed police officer was under standing orders to clear every enforcement action with Buttigig before proceeding. The net result of that practice, the sources say, was that enforcement actions were few and far between and easy for Buttigig to control.

Bobby Major intended to put a stop to that practice. He wanted to see the city's enforcement actions increased. After interviewing several police officers for the position, Major settled on a man named Eric Danner. Danner was not to bother clearing his normal enforcement actions with Buttigig, Major told him. When he

received an enforcement notice from an auditor, Danner was told, do your job and don't let Buttigig stop you. One more thing, Major told Danner: Keep me posted about what's going on down there.

Danner had been on the job several weeks when Major was arrested for the use of the city's saw. During that time Danner issued roughly 60 citations and closed many businesses for a few hours each. But when Major was arrested, officer Danner found himself in a new world, a limbo land where the rules of the game went back to the old ways.

Major's position as director of finance for the six months left in Morial's term was taken by Joseph J. Thompson, a caretaker career civil servant on the verge of retirement. Although the beginnings of reorganization had taken shape with the appointments of Robinson and Watts and the selection of Danner, according to *CityBusiness'* sources, the whole process essentially ground to a halt again until the new administration came in.

### **Eric Danner**

When Sidney Barthelemy was elected mayor a year ago, officer Eric Danner decided to roll the dice. Something was rotten in the Bureau of Revenue, Danner was convinced, something that ought to be rooted out.

With that in mind, our sources say, Danner went to an unnamed friend in the Barthelemy transition team and told him everything he knew and everything he suspected.

Some people, some businesses, were being taken care of at the Bureau of Revenue, Danner is said to have told the friend. There is a circle of people, beginning with collector of revenue Joan Buttigig and her closest lieutenant, Courtland Crouchet, who he believes are protecting some businesses from paying their sales, amusement and occupational license taxes, Danner reportedly said.

Then Danner laid out to his friend all the reasons he had come to believe what he was saying: the pattern of non-enforcement by Buttigig; Buttigig's refusal to let him follow up on many recommended enforcement actions; the way certain businesses were issued occupational license permits when, under similar conditions, the requests of others were denied, and on and on.

Don't worry about Joan Buttigig, Danner's friend reportedly told him. Don't worry about any of these people. When we take over, we're going to remove them. Less than a month after Barthelemy took office, however, Eric Danner was the man who was removed from the Bureau of Revenue.

In a certain sense, Danner never saw the truck that hit him until it was driving away. He was at a relative's funeral the day he found out that he was being transferred off

the Bureau of Revenue detail. It came as a complete surprise, Danner later told friends. Barthelemy had run as a reform candidate. That's why he went to his friend in the first place.

Paul Mitchell, then the newly appointed director of finance, was the man behind Danner's transfer, according to Police Superintendent Warren Woodfork. "He was transferred," Woodfork said, "because a new director came in (to the Department of Finance), and he asked for a new officer."

When asked about Danner's transfer in the interview with *CityBusiness*, Mitchell said first that he had no knowledge that Danner or anybody else had ever raised any questions concerning the propriety of the conduct of either Buttigig or Crouchet. "I'm going to deny that I was ever informed of that by anybody," Mitchell said. "There's no evidence of it in writing." If Danner had such knowledge, he continued, then he should take it to the District Attorney.

What about Danner's transfer?

"What about that?" Mitchell asked.

"Why did that happen?"

"I've got no comment on that," the finance director said.

"Did you request that change?"

"The requested change?" Mitchell said. "Yes."

Why?

Because, Mitchell said, "as a department head and to get things done the way I wanted, I wanted some changes down there. Besides, Mitchell said, he thought that the officer he chose to replace Danner was "more aggressive."

Whether the officer who replaced Danner was the more aggressive of the two is difficult to assess. What is perhaps even more difficult to assess is how Mitchell came to that conclusion himself. Danner, according to *CityBusiness* sources, put in several requests to speak to Mitchell in the time between Mitchell's taking office and the time he had Danner replaced. By Mitchell's own admission he never spoke to Danner before choosing the new officer, although he did interview several others for the position.

NOPD Sergeant Danny Lawless — the man to whom Danner, his predecessor at the Bureau of Revenue, Herbie Lund, and his successor there, Gary Quaintence, all reported — thinks that Danner was as aggressive as they come.

"I never received any reports from Herbie Lund," Lawless said. "And I don't receive any right now from Quaintence."

Every time a police officer detailed to the Bureau of Revenue writes a citation or takes any other direct enforcement action, Lawless said, he is required to file a written report with the NOPD records room. When Danner was detailed to the bureau, Lawless said, he filed stacks of reports on his enforcement actions. Not to say that Lund and Quaintence didn't and aren't doing the job, Lawless said, but there is no doubt in his mind that Danner not only did it but documented it by the book.

Ultimately, our sources say, Danner believes that may have been his downfall. At the Bureau of Revenue, sources say, Joan Buttigig and Courtland Crouchet in particular have an aversion to putting anything in writing, especially their orders and their policies.

### **Patterns of protection**

When Bobby Major was busted on the city power saw deal, Eric Danner's life began to change. Within several days, he was again required to clear all his enforcement actions with Joan Buttigig, sources close to Danner say. While he was not called off immediately, Danner's work load soon began to diminish significantly.

Within a few weeks of Major's departure, the first of three incidents which occurred in three successive weeks finally brought his work to a nearly complete standstill by early December, a lull that did not pass until about the time of the March mayoral election.

Danner's first serious gaff occurred when he shut down Visko's Restaurant in Jax Brewery for a few hours because the company had not obtained an occupational license. While that action was no different from many of Danner's other enforcement actions since coming to the Bureau of Revenue, he later told friends, the response, a flurry of telephone calls and angry complaints from Councilman Mike Early and then-city attorney Sal Anzelmo, was immediate and vehement. Anzelmo, Major later told Danner, had already been pressuring Major to rein in Danner even before Major's arrest and removal. The Visko's closure, however, turned up the heat on Danner from Anzelmo substantially.

Roughly a week later, a similar incident occurred when Danner closed another restaurant, Mid-City Seafood on Canal Street. Mid-City was closed for only a few hours, but that action also brought a quick complaint from city attorney Anzelmo. Following the Mid-City closing, Danner later told friends, he and Buttigig, among others, were called into the offices of the caretaker director of finance, Joseph Thompson. Anzelmo had called him about the Mid-City closing, Thompson reportedly said, and "brow beat and bullied" him over Danner's enforcement actions against the two restaurants in particular. He wasn't going to back down. Thompson

reportedly said, but please make sure everything you do is strictly within the limits of your authority.

On Friday of the following week, sources say, Danner left the Bureau of Revenue with a stack of violation notices. Before he left the office, Danner went through his now-established routine. He checked the files for every violation notice he intended to serve to ensure that the current occupational license was in the file rather than in the possession of the business in question. If the license wasn't in the file, then perhaps the business had paid the tax and picked up the license since the time the notice had been written.

By Friday afternoon Danner was in a small French Quarter market whose owner did not have an occupational license. Danner, sources say, distinctly remembered having seen that license in the bureau offices earlier that morning. The owner, however, insisted that he had the license in the back room and disappeared behind a door. A few minutes later the man emerged from the back room, saying that city attorney Anzelmo was on the phone and wanted to speak to Danner.

Danner refused to take the call and the man disappeared again. On his next return the man said that now Joan Buttigig was on the phone and wanted to talk to Danner. Danner again refused to go to the phone. A few minutes later, our sources say, Danner received a beeper message to call Buttigig, which he did. Leave the guy alone, Buttigig reportedly told Danner; something has changed since you left the office this morning. Besides, you can't close them on a Friday afternoon. Come back to the office.

Danner complied, the store stayed open over the weekend, and on Monday the man came in, paid his tax and went away with his license. But that was the end of Danner's enforcement activities until election time. Sometime between that Friday afternoon encounter and the following Monday, according to our sources, Anzelmo, apparently with the aid of Buttigig, persuaded Joseph Thompson that Danner's tax enforcement activities would expose the Bureau of Revenue and Thompson personally to civil damage suits.

From that day forward, sources have told *CityBusiness*, even after the moratorium on Danner's enforcement work passed in March, any time Buttigig opposed any particular enforcement action on Danner's part she fell back on Thompson's fear of being sued, as did Crouchet from time to time.

Anzelmo, for his part, denies trying to have Danner removed. Yes, Anzelmo said in an interview with *City Business*, he did talk to various people about Danner's activities, but only because what Danner was doing was illegal. It exposed the city to suit.

When Danner was replaced by officer Gary Quaintence last June, according to *CityBusiness* sources, he still wasn't buying that argument. If enforcement was legal

before the market incident, he is said to have asked, and it was legal later, then what was illegal about it while Joseph Thompson was the director of finance?

Gary Quaintence, Danner's replacement at the Bureau of Revenue, was perhaps better equipped to know and understand those sorts of legal distinctions. Prior to being detailed to the bureau, Quaintence had been similarly detailed to Sal Anzelmo in the city attorney's office.

### **Routine writedowns**

Perhaps the most serious allegation leveled by *CityBusiness* sources against Joan Buttigig and Courtland Crouchet is that they frequently reduce audited sales and amusement tax balances for certain businesses without justification. (Through city officials, Buttigig and Crouchet deny all alleged improprieties raised by *CityBusiness*.) Under the city code, the director of finance can forgive penalties and interest charges on delinquent tax accounts, but no one can forgive actual taxes. Beyond that, according to sources, policy memoranda in the Bureau of Revenue limit to \$ 5,000 the amount of penalties and interest that can be forgiven by anyone but the director of finance.

Courtland Crouchet in particular, according to *CityBusiness* sources in a position to know, nevertheless often reduces the tax liabilities of selected businesses in private conferences between himself and the given business owner by 50, 70, even 100 percent. While Crouchet has in the past handled most of these situations himself — a practice director of finance Paul Mitchell has reportedly been trying to curtail — our sources say that Joan Buttigig knows about it and consistently protects Crouchet in that regard.

An audited account balance, in Bureau of Revenue parlance, means that an auditor has actually reviewed the sales receipts and any other pertinent records of a given business to determine the amount, if any, of its delinquent sales, amusement and occupational license taxes. Once the audit is completed, the owner is notified of the outstanding balance, given an opportunity to dispute it and make arrangements to pay. Penalties and interest charges, routinely included in the final balance, are subject to negotiation. The actual outstanding taxes, however, can only be legally reduced if the taxpayer can produce records or other "evidential" material showing that the tax or some portion of it is not owed.

Crouchet, our sources say, does not seem to be bound by those rules.

On Aug. 25, 1986, for instance, Crouchet dispatched a six-line letter to Roger C. Lambert of George's Plumbing and Appliance Store at 5226 Elysian Fields, forgiving the entire balance from Sales Tax Audit No. 0125-6637 — a total of \$ 104,444.63.

"Dear Mr. Lambert," Crouchet's letter reads, "On June 10, 1986, an assessment was mailed to you for additional sales taxes due in the amount of \$ 103,999.50 and

delinquent occupational licenses totaling \$ 445.13. I have reviewed both assessments and find no such liabilities to be due. In my opinion, I feel that your primary business is that of a contractor with some retail sales. As such, you were properly registered and reporting to the City of New Orleans. Therefore, I am proceeding to cancel the above referred assessments and should I need any additional information from you I will call." The letter was signed by Crouchet.

Auditors in the Bureau of Revenue, according to *CityBusiness* sources, have been complaining bitterly about this practice for years. They might work for days, weeks, even months, on an audit, turn in their results to Crouchet and then watch him settle the account for some fraction of the balance. Complaints to Buttigig reportedly fell on deaf ears. The auditor who completed the George's Plumbing audit, for instance, is said to have been livid about the way it was handled.

Whenever Crouchet was confronted, our sources say, his standard rejoinder has been that there was something wrong with the audit. When he has been asked to tell the auditor what his mistakes were, however, Crouchet reportedly finds a way to cast the conversation to the wind.

Paul Mitchell, when asked about the George's Plumbing account during his interview with *CityBusiness*, said he knew nothing about it.

"No," he said, "I'm not aware of it."

How could something like that happen?

Mitchell didn't know, he said, and he couldn't find out without going back to the tax file.

Is there anything wrong with it?

Couldn't say, Mitchell said, without looking at the file. Even if he did that, however, he would still not be able to speak about it publicly. Confidentiality.

Is he conducting an investigation of his own into these questions? "Are you looking at specific cases to make your own assessment of whether or not the writedowns have been valid?"

"I refuse to comment any further on that issue," Mitchell said. "I don't want any more files to disappear."

Exactly how many files have disappeared from the Bureau of Revenue filing system is not clear. The system itself has long been under the control of Crouchet and his secretary who, according to *CityBusiness* sources, have jealously guarded access to it. Over the past few years, sources say, whenever someone has questioned the way in which a particular account has been handled, the file often turns up missing.



## **Polling place**

What's it all about? Political favors? The exchange of brown envelopes in dark places?

Hard to say for sure. No CityBusiness source claims to have proof or even know about any inducements that anyone in the Bureau of Revenue or the Department of Finance might be receiving or might have received, other than some murky claims that Joan Buttigig was overheard on several occasions last Christmas telling people to send gifts to her home instead of the office. Why would people such as Buttigig, Crouchet and a few others they work with be willing to take such risks? Is it, as Joan Buttigig told her staff three weeks ago, "politics?"

Possibly.

Perhaps the clearest potential case in point from the current administration is the assertion that Paul Mitchell told the Bureau of Revenue staff to back off Georgie Porgie's disco. That order, Mitchell reportedly told them, came from chief administrative officer Kurt Steiner — an allegation Steiner denied through a spokesman from the city's public information office.

In response to the allegation of having intervened on behalf of Georgie Porgie's disco or any other business or person for the purpose of providing preferential tax treatment, the spokesman said, Steiner "denies having done so." In his role as CAO, the spokesman said, Steiner does review specific cases with the director of finance, as well as ask him for periodic progress reports on those cases. But, the spokesman said, "he has always advised Paul Mitchell to do what he thinks is right."

Mitchell, for his part, said that, neither "Mr. Steiner nor anyone else in the administration has ever said to Paul Mitchell back off any taxpayer and leave them alone."

On the other hand, Mitchell said, he does "touch base" with various other officials in City Hall before closing any business for tax delinquency. Before any taxpayer is closed, he said, the city has already tried to reach them at least three different times.

"As a result of those contacts, those taxpayers contact various parties in the building. Some of them talk to me. Some of them talk to anybody they know.

"Not in an effort to do anything other than to say 'Look, I've got to talk to somebody. I cannot get in touch with the person in the Bureau of Revenue because the phone lines are always busy. I cannot get in touch with Mr. Mitchell 'cause I can't find him. Please help me. Tell him I want to pay my taxes.'

"When we do talk about closing a business down, I make the appropriate rounds to all the appropriate officials to make sure they have not been contacted. That contact

is not one of permission. It is one of: Has this person called you, because if he's making an effort to contact us to pay up his delinquent taxes, then we want to hear from him."

### **City Hall reacts**

One party Paul Mitchell did not want to hear from was *CityBusiness*, when we came calling to ask about the allegations and facts contained in this news story. For us the story started some months ago, but City Hall officials were not confronted with it until Feb. 5, when a *CityBusiness* reporter met a City Hall public information officer to ask to speak to Paul Mitchell, Kurt Steiner, Joan Buttigig, Courtland Crouchet and a number of others as well. *CityBusiness* also asked for the specifics of the tax accounts of all the businesses named here. During that meeting a broadbrush version of the facts and allegations was explained.

Interviews with anyone but Mitchell were refused. No other information was provided.

Roughly an hour later, Paul Mitchell stormed into the regular Thursday morning Bureau of Revenue supervisory staff meeting "in a rage," according to our sources. "Someone in this room doesn't like their job," Mitchell is reported to have said. "Someone has been talking to the press." Even before the meeting began, Carl Robinson reportedly told the group, Mitchell had already come into his office and accused him of being the leak. He would find out who the leak was, Mitchell said, and when he did, that person would be fired.

Later the next day, following the *CityBusiness* interview with Paul Mitchell, copies of state statutes and city ordinances prohibiting the release of tax information to anyone outside the Bureau of Revenue were passed out to all 65 Bureau of Revenue employees. The employees were warned that such releases were criminal offenses under state law, punishable by two years in prison and dismissal.

A few minutes after 6 p.m. chief administrative officer Kurt Steiner, who refused to speak to the reporter working on the article, called *CityBusiness* publisher William M. Metcalf Jr. in an apparent attempt to get Metcalf to kill the story.

Four days later, Feb. 10, Mitchell again met with the Bureau of Revenue supervisory staff. Again he threatened them with dismissal if and when he discovers who the sources of this story are. Mitchell also told them that the reporter writing the story was unreliable, that he had been fired from every job he'd ever had (not true) and that Mitchell intends to sue *CityBusiness* when the article is published.

When he sues *CityBusiness*, Mitchell warned, our sources will be named in court (not true), exposed, fired and possibly prosecuted.

During the same meeting Mitchell also passed around a copy of a telegram *CityBusiness* sent to Joan Buttigig and Courtland Crouchet on Feb. 9. When Mitchell barred contact between *CityBusiness* and anyone but himself, *CityBusiness* sent telegrams to both the homes and offices of Buttigig and Crouchet, urging them to respond to the allegations made against them.

Later that day *CityBusiness* received the following telegram signed by city attorney Okla Jones II:

"Your telegrams of 2-9-87 to Ms. Joan Buttigig and Mr. Courtland Crouchet have been turned over to me for response. In your telegram you make vague allusions to 'grave allegations of misconduct, possible criminal misconduct' by Ms. Buttigig and Mr. Crouchet, however, you give no further information.

"I have reviewed the matter and find no evidence of any wrongdoing by Ms. Buttigig or Mr. Crouchet.

"If you have conclusive proof of any of these allegations you alluded to in your telegram, then I feel it is your decision for you to do what you feel you must do.

However, if you do not have the necessary proof of any such allegations and you print your article, including the alleged wrongdoing, then this office will view your conduct as malicious."

Louisiana state statute R.S. 14:134, "Malfeasance in office," reads as follows:

"Malfeasance in office is committed when any officer or public employee shall:  
"(1) Intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or  
"(2) Intentionally perform any such duty in an unlawful manner; or  
"(3) Knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him, or to perform any such duty in an unlawful manner."

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