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## Clayton Trust probe slated

**MacFarlane  
cites 'smell'**

By KAREN BAILLY  
and LOUIS KILZER  
News Staff

The state attorney general said Wednesday that his office will intervene in the financial affairs of Denver's Clayton College for Boys.

Citing decades of "highly questionable transactions" by the City Hall supervisors of the orphanage's trust funds, Attorney General J.D. MacFarlane said he will decide soon on a legal strategy.

"We strongly feel that there are some highly questionable transactions, even in recent years, that have occurred with regard to that trust," MacFarlane said. "I'm not at liberty at the present time to detail which those are."

"I wouldn't go so far as to say that they are clearly, unequivocally unjustified, but certainly they have that smell on the face of it."

"How far back that goes is anybody's guess. As far as we can tell, there have been some problems with the trust almost since its inception."

He said his two major options are to handle the investigation himself or ask Denver Probate Judge James Wade to appoint a guardian for the trust beneficiaries who would do the investigation.

The biggest problem, MacFarlane said, is finding a way to pay for the work.

"We estimate at the present time it will take a minimum investment of \$100,000 to pay for the necessary appraisers, investigators and experts — exclusive of attorney time — in order to get involved in this matter."

He said his office would need a special appropriation from the Colorado Legislature "to undertake a full-fledged investigation" of the trust.

"I'm sure that litigation on the issue would take years to resolve," MacFarlane said, smiling.

he said he was certain that any court ruling against the trust's City Hall supervisors would be "hotly contested and appealed" by city officials.

MacFarlane said one possibility might be for his office or the guardian to be reimbursed for legal expenses out of proceeds the investigation might net for the trust, perhaps in the form of penalties ordered paid by the city or its three-member Clayton Trust Commission.

Under an early-1900s City Council ordinance, Clayton Trust finances are directly supervised by the mayor, the manager of revenue and the City Council president.

MacFarlane said he is awaiting the return of Wade from a month's vacation to obtain the probate judge's view of the best strategy.

The trust was created by pioneer Denver millionaire George Washington Clayton in the late 19th century to provide a refuge for poor orphans. He appointed the city to look after its finances.

The Rocky Mountain News reported Sunday that many of the trust's assets have been tied up by City Hall in non-productive investments. The entire Park Hill Golf Course is owned by the trust although it produces almost no income for the benefit of the Clayton boys.

Trust funds were spent to build an \$80,000 clubhouse on the course, while buildings and a drainage problem on the Clayton College campus, located at Colorado and Martin Luther King boulevards, have gone without needed repairs.

Mayor William H. McNichols Jr., chairman of the city commission that controls the Clayton Trust's finances, was unavailable Wednesday for comment.

Earlier in the week, MacFarlane had taken a gentler tone about Clayton Trust affairs. He said he wasn't sure his office would intervene and that it would be at least a month before any decision was made.



## Bush brings message to Denver

Vice President George Bush told oilmen in Denver Wednesday that the Reagan administration believes in "economic democracy" of

well as political democracy. He said the administration certainly has no "anti-oil industry bias." STORY, PHOTO ON PAGE 4