

Justice Readies Antitrust Case Deal

By Jack Anderson

The Justice Department is quietly preparing to settle another multi-million-dollar antitrust case which, like the celebrated ITT case, will benefit contributors to the Republican cause.

ITT got a favorable settlement from the Justice Department after offering to help finance the Republican convention.

Now the department is about to let five big drug firms—Pfizer, American Cyanamid, Bristol-Meyers, Squibb and Upjohn—off the antitrust hook. Their corporate officers have filled the Nixon campaign chests with thousands on thousands of dollars.

The losers, as usual, will be the ordinary taxpayer who can't afford \$1,000 political gifts or \$100-a-plate tables at sumptuous fundraising dinners.

They stand to lose hundreds of millions in overcharges for the lifesaving drug tetracycline. The Justice Department in 1969 charged Pfizer with "fraud" in obtaining its tetracycline patent. The other pharmaceutical firms were accused in a civil suit of unethical practices and "unlawful conspiracies" in selling the antibiotic.

If the fraud charge can be proved, the drug firms could be forced to pay back huge sums to consumers, medical

groups, states and even foreign governments.

But a few months ago, whispers of a settlement reached the ears of federal Judge Miles Lord, the earnest St. Paul, Minn., jurist hearing the case. Disturbed, he took the extraordinary step of speaking personally with Richard McLaren, then the Justice Department antitrust chief, about the rumors.

Strange Understanding

Judge Lord's concern turned out to be well founded. Not long afterward, Lewis Bernstein, the Justice attorney in charge of the case, was ordered to inform the judge that a "general understanding" had been reached to settle.

Judge Lord listened, dumbfounded, to the Justice Department's proposal. Prosecution would be dropped. Bernstein reported, in return for a \$14.3 million payment by the drug firms. The money would go to the Treasury; the overcharged customers would get nothing.

Under this arrangement, not only would the patent fraud case be dropped but the drug firms would be fined only a fraction of what they would risk losing in court.

Judge Lord, hardly believing his ears, replied: "It stings me just a little bit when the rug is pulled out from under me . . ."

He indicated that the settlement would make it next to impossible for the victims to reclaim the millions they overpaid for tetracycline.

From competent sources, we have learned that the orders for a settlement came from then Attorney General John Mitchell, who is now President Nixon's campaign manager.

Richard Kleindienst, the new Attorney General, had nothing to do with ordering the settlement. But the compromise hasn't yet reached the state of a final, formal announcement. Final approval would now be up to Kleindienst.

A federal criminal case against Pfizer, meanwhile, is still pending after a conviction was reversed on technical grounds. Some consumer men are worried the Justice Department will try to kill these charges, too.

Footnote: Mitchell and McLaren failed to return our calls. Kleindienst told my associate, Les Whitten, that he had "no recollection" of the case.

Washington Whirl

Spirit of '76—Jack LeVant, the venerable executive director of the American Revolution Bicentennial Commission, has found an ideal spot to reflect upon the hardships of Valley Forge and the frigid

Delaware crossing. He chose the sunny beaches of Jamaica, where he contemplated the rigors of 1776 in splendid luxury. The cost to the taxpayers: \$121 a day. All told, LeVant has run up \$8,450 in travel bills in his efforts to revive the Spirit of '76. Reached in a hospital where he is recovering from a back problem, he grumped that our questions about travels were "threatening." Then he clammed up, citing doctors' orders.

Cover-Up—When we told how two high Federal Aviation Administration officials had received favors from an FAA contractor, the FAA should have started reforming. Instead, FAA Associate Administrator Gustav Lundquist immediately ordered FAA personnel to stop talking directly to the press. His aim, apparently, is to paper over, not to root out FAA's corrupt ways.

Drug Story—We recently reported that the Record Club of America, the nation's largest disc club, was marketing marijuana aids and other drug paraphernalia along with its records and tapes. The moment Vice President George Port learned of our story, he conferred with his aides by telephone at 3 a.m., re-evaluated the drug-oriented catalogue and decided the Record Club would drop it completely.