

# Ohio Probing ITT Stock Sale To State Fund

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The attorney general of Ohio announced last night that he is investigating a large sale of International Telephone and Telegraph Corp. stock last summer to that state's teachers retirement system.

Working with the Justice Department and the Securities and Exchange Commission, Attorney General William J. Brown said he is seeking to determine whether the teachers' retirement fund was "damaged" by "securities violations" and "insider trading" of stock by ITT officers.

According to information provided to him, the teachers may have incurred a paper loss of more than \$1 million since that time.

The retirement fund purchased a substantial quantity of ITT Series N preferred stock in July 1971, just as ITT was negotiating a settlement of three antitrust cases with the Justice Department.

That settlement included a forced divestiture of \$1 billion worth of assets by ITT. Days after it was reached, the price of all of ITT's stock issues dropped significantly.

An associate of consumer advocate Ralph Nader said yesterday that the Ohio teachers' fund bought a total of 120,000 shares of the ITT preferred stock at prices between \$78 and \$83 per share, more than half of it from a New York investment banking firm with close ties to ITT.

The ITT Series N stock closed yesterday on the New

York Stock Exchange at \$70 5/8 per share. If Nader's figures are correct, the Ohio teachers' fund's holdings were worth a million dollars less yesterday than they were last July.

Nader's charges came in a letter from Reuben B. Robertson III of the Center for the Study of Responsive Law to Chairman James O. Eastland (D-Miss.) of the Senate Judiciary Committee.

At the request of acting Attorney General Richard G. Kleindienst, the Senate committee has been investigating whether settlement of the ITT cases was linked to the corporation's pledge of at least \$200,000 to the Republican National Convention.

That link was suggested in a memorandum allegedly written by ITT lobbyist Dita D. Beard and published by columnist Jack Anderson.

Robertson's letter suggested that the secrecy in which the ITT settlement was negotiated "constitutes a clear abuse of the public trust . . . and in fact resulted in substantial economic injury to defenseless and unsuspecting members of the public," such as the Ohio teachers.

The Nader associate said Kleindienst, through his involvement with the antitrust settlement, has "possible responsibility for losses suffered by the thousands of victimized investors, pensioners and trust beneficiaries."

Robertson requested permission to testify before the Judiciary Committee during its Kleindienst hearings.

Under pressure from Repub-

lican members of the committee, Eastland has called an executive session of the Judiciary panel for Thursday to consider closing the hearings and asking for a floor vote on Kleindienst's nomination as Attorney General.

Senate Democratic sources said yesterday that the disclosure of the Ohio investigation of the ITT stock sales would add to their pressure for continuing, and possibly expanding, the hearings.

The SEC already is investigating large sales of stock by key ITT officials last year after private meetings with government officials and before the settlement of the antitrust cases was announced.

Among the sales under investigation is one by Howard J. Aibel, a senior vice president and general counsel of ITT. He sold 2,664 shares on June 18, the day after ITT learned of the impending settlement through a phone call from Kleindienst and then Assistant Attorney General Richard W. McLaren to ITT director Felix G. Rohatyn.

Rohatyn, a partner in the New York investment banking firm of Lazard Freres, which earned substantial commissions on ITT's acquisition of the Hartford Fire Insurance Co., had previously met privately with Kleindienst to press the corporation's argument of "financial hardship" if it were forced to give up the insurance company in the antitrust litigation.

The Ohio attorney general's statement last night pointed out that the teachers' retirement fund purchased its shares at the same time that "insiders" like Aibel were selling theirs.

Speaking through Ohio Assistant Attorney General Raymond Marvin, Brown refused to reveal his sources of information but said that he had "several attorneys" working on the case.

He promised "prompt and appropriate legal action" if securities violations should be uncovered.

Robertson's letter to Eastland charged that at least 70,600 of the ITT shares bought by the Ohio teachers had come directly from Lazard Freres. He pointed out that one sale of 30,000 ITT shares by Lazard Freres came around July 1, only two days after Rohatyn had met with

Kleindienst to check on the progress of the settlement negotiations.

Because stock transactions pass through brokers for both buyer and seller, it is ordinarily difficult to trace the identity of both parties.

But Robertson said his conclusions were based on "extensive study of trading patterns." He noted that a "staggering number" of shares of the ITT preferred stock were traded in July of last year.

James Sublet, executive director of the Ohio state teachers retirement system, confirmed in a telephone interview from Columbus that "we own substantial quantities of ITT stock."

He said that the fund has total assets of \$2 billion and takes the view that "stocks go down and stocks go up."

## GOP Turns Down Bulk Of Sheraton Donation

SAN DIEGO, Calif. April 3 (AP)—Republicans said today that they have accepted \$340,000 in convention pledges and expect to raise the final \$60,000 after turning down most of a controversial Sheraton Hotel offer.

A spokesman said all but \$25,000 of a contribution of \$100,000 by the Sheraton, a subsidiary of International Telephone & Telegraph Corp., is being declined.

The Senate Judiciary Committee has been holding hearings in Washington into charges that ITT offered up to \$400,000 to help secure a favorable antitrust settlement from the Nixon administration. ITT and administration spokesmen have denied it.

Elliott Cushman, finance chairman of the San Diego Civic Committee, said he plans to "fully disclose those contributing as soon as all cash is received and the commitment to the committee on arrangements is complete."

The convention, scheduled Aug. 21-24, was awarded to San Diego after a bid of \$1.5 million consisting of \$900,000 in services and \$600,000 in cash. Of the cash total, hotel and motel members of the Convention and Visitors Bureau are contributing \$100,000, with another \$100,000 coming from San Diego County funds.