

Many Sacksful Destroyed

ITT Shredded Files To Avoid 'Misuse'

3/1/72
By Sanford J. Ungar
Washington Post Staff Writer

The Washington office of the International Telephone and Telegraph Corp. destroyed files which could "cause unwarranted embarrassment if published" after learning that columnist Jack Anderson had obtained a confidential internal ITT memorandum.

Howard J. Aibel, senior vice president and general counsel of ITT, told the Senate Judiciary Committee yesterday that "many sacks" of documents were put through the office shredding machine here on February 24.

On the orders of William R. Merriam, head of ITT's Washington office, the conglomerate's 19 employees here culled through their papers to get rid of those which could be "misused or misconstrued" and cause embarrassment or which were "no longer needed," Aibel testified.

Aibel said that he understood ITT lobbyist Dita D. Beard, author of the memo obtained by Anderson, "sort of got into the swing of things and said, 'Why do we need this?' 'Why do we need that?'"

After an internal investigation that he coordinated, Aibel

said, he is convinced that none of the destroyed documents "directly or indirectly" linked settlement of three antitrust cases against ITT with the conglomerate's financial contribution to help bring the Republican convention to San Diego.

Democratic members of the Judiciary Committee were less than convinced, however, and demanded a list of the material destroyed by ITT.

The committee, which completed the tenth day of hearings yesterday, was convened at the request of Acting Attorney General Richard G. Kleindienst after Anderson published Mrs. Beard's memo.

The memo said there was a direct connection between settlement of antitrust cases by the Justice Department on terms allegedly favorable to ITT last July 31 and ITT's offer to help bring the GOP convention to San Diego, ten days earlier.

ITT President and Chairman Harold S. Geneen, on the witness stand again yesterday, continued to insist that there was no such connection.

Geneen asserted that the financial commitment by ITT to

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he San Diego Convention and Tourist Bureau was a "damned good business investment" and "not by any means a political contribution."

He said that ITT's Sheraton subsidiary, with two hotels in San Diego and another scheduled for completion this summer, expected to earn back more than its commitment during the GOP convention alone.

Geneen also insisted that the total ITT commitment was \$200,000. Rep. Bob Wilson (R-Calif.), who originally negotiated the commitment with Geneen, told reporters as recently as last week that the amount was "definitely \$400,000."

At the same time, a subcommittee of the Judiciary Committee prepared to go to Denver Monday to interview the ailing Mrs. Beard in her room at the Rocky Mountain Osteopathic Hospital.

Chairman James O. Eastland (D-Miss.) yesterday added Sen. Quentin Burdick (D-N.D.) to the subcommittee, which already had three Democrats and three Republicans.

The subcommittee was planning to interview Mrs. Beard, who is suffering from a heart ailment, for a maximum of four one-hour sessions, two each on Monday and Tuesday.

But Mrs. Beard's osteopathic physicians in Denver objected strenuously last night to the subcommittee's plans and complained that they had not even been contacted about medical questions concerning the interview.

(The Judiciary Committee dealt with cardiologists appointed especially to evaluate Mrs. Beard's physical ability to tolerate testifying.)

"We are going to have an

All-American circus coming up," said Dr. Lewis R. Radetsky, an osteopath who has cared for Mrs. Beard for the last two weeks. Officers of the Colorado Medical Association also were reportedly upset about ethical questions concerning the plans for Mrs. Beard's testimony.

In another development, Sen. Marlow W. Cook (R-Ky.) produced a photograph showing Mrs. Beard with Opal Ginn, a secretary to Anderson, at a party at the Sheraton Carlton Hotel here on January 27.

Cook has charged and Anderson has denied, that the ITT lobbyist and the columnists's secretary were "drinking companions."

After reading Anderson's denial into the committee record yesterday, Cook said, "If I owe Mr. Anderson an apology, I will extend it." In the meantime, he said, he is awaiting the results of further research on any links between Anderson and Mrs. Beard.

Senate Republicans continued to protest what they feel is the excessive length and scope of the Judiciary Committee investigation.

Sen. Roman Hruska of Nebraska, ranking minority member of the committee, yesterday labeled it a "smear-a-day campaign masquerading as a Senate confirmation hearing."

(Kleindienst's confirmation by the Senate has been held up, pending determination of whether there were any improprieties in the settlement of the ITT antitrust cases and the financial commitment to the GOP convention.)

Following the daily complaints of his Republican colleagues on the committee, Hruska charged that "the whole thing is pushed along by publicity that is more con-

cerned with sensation than sense."

Aibel, who was called to the witness stand as he submitted his report on the special internal ITT investigation to Geenen, gave this description of the shredding of documents at the ITT office here:

After being confronted by Brit Hume, an associate of Anderson, with the Beard memorandum, Aibel testified, Merriam "telephoned ITT headquarters in New York and requested that a security officer be sent to check the security arrangements at the Washington office."

During a regular weekly Thursday morning staff meeting, Merriam raised the "possibility that documents were being illegally removed from the office files for the purpose of the office files for the purpose Anderson," Aibel said.

Merriam then directed destruction of any files that were obsolete or potentially embarrassing, Aibel said, according to the guidelines of ITT's "record retention policy."

Aibel said that the destroyed material included tourist brochures and other publicly available material concerning San Diego, news clippings, speeches and drafts of legislation.

Besides, the general counsel testified, it was high time that the Washington office's files be culled because "man's squirrel-like instinct is to keep everything."

Aibel insisted that Merriam had not told the employees of the contents of the Beard memorandum in Anderson's possession at the February 24 meeting.

At first he testified that only two people in the ITT office here knew of its contents, but that figure was expanded

to five before the end of yesterday's hearing.

It was also revealed in testimony that John F. Ryan, corporate deputy director of ITT here, had helped Mrs. Beard go through her files to select what should be shredded.

Kleindienst has testified that it was Ryan who originally approached him at a spring party in McLean, Va., about hearing the conglomerate's "financial hardship" argument against the government antitrust actions.

Then deputy attorney general, Kleindienst subsequently met five times with ITT director Felix G. Rohatyn.

Sen. John V. Tunney (D-Calif.) said that he was "shocked" by the description of the shredding. "It looks very suspicious and bad," Tunney complained. He suggested that sensitive documents could have been "put under lock and key" rather than being destroyed.

Hume has testified that Mrs. Beard told him one of the shredded documents included instructions from an ITT vice president on what she should say about the antitrust cases and the convention support to then Attorney General John N. Mitchell at a party after last year's Kentucky Derby.

After yesterday's session, Eastland adjourned the hearings until next Wednesday, after the subcommittee returns from Denver.

ITT Denies Suit Settlement Led to Sell-off

By James L. Rowe Jr.
Washington Post Staff Writer

A spokesman for International Telephone and Telegraph Corp. denied yesterday that a selloff of about \$1.5 million in ITT stock by the corporation's seven directors and officers was connected with prior knowledge of a major antitrust settlement.

The value of ITT stock fell \$7 on the first day of trading after the July 31 announcement of the settlement, which required the huge conglomerate to divest itself of a number of subsidiaries.

It was reported last August that five ITT executives sold stock in the six weeks before the settlement was announced publicly. Two more selloffs by so-called "insiders" have since come to light.

At that time, ITT denied that any of the executives were aware "of the intermittent, inconclusive" discussions with the Justice Department which went on for nearly two years but which "culminated in a settlement only in the last hours of July."

Hearings on the ITT settlement before the Senate Judiciary Committee the last few weeks revealed, however, that the Justice Department contacted ITT director Felix Rohatyn on June 17 to spell out the terms of the settlement, which allowed ITT to keep the Hartford Fire Insurance Co. but required it to divest itself of some other firms whose acquisition had been challenged by the Justice Department.

Rohatyn's testimony indicated that one of the executives might have known about the proposed settlement before selling some of his stock.

Rohatyn said that within 24

to 48 hours after a 10 a.m. June 17 phone conversation in which Justice Department officials outlined the settlement, he spoke to ITT general counsel Howard Aibel.

Securities and Exchange Commission records indicate that Aibel placed an order to sell 2,664 shares of common stock on June 17 and it was sold June 18. Contrary to Rohatyn's testimony, however, Aibel said in a telephone interview yesterday that he did not learn of the settlement until June 21.

Aibel said he had exercised an option to buy 3,000 shares of ITT stock in November, 1970, borrowing money from a

bank to do it. He said a financial advisory service told him that it would be wise to liquidate some of his ITT holdings (a total of 17,000 shares) because it was the only stock in his portfolio.

He said he had to wait until May under law to sell off his option, received permission on June 11 from ITT's compensation committee to sell and placed the order June 17.

SEC records of so-called insider filings indicate that seven ITT executives sold some of their ITT holdings between June 18 and July 31. Besides Aibel, they are:

- Richard Bateson, an ITT vice president, who sold 200 shares on June 21.

- Director Harry V. Williams, who sold 8,500 shares of preferred stock in three separate transactions on July 6, 7, and 8. The preferred stock could have been converted into more than 10,000 shares of ITT common stock.

- Martin Perry, a director and executive vice president, who sold 1,500 shares on July on July 15.

- Secretary John J. Navin, who sold 1,500 shares on July 16.

- Vice President Frank J. McCabe, who sold 1,900 shares on July 16, then another 1,100 shares on July 19.

- Herbert C. Knortz, a senior vice president, who sold 5,000 shares on July 19.

An ITT spokesman, Robert Kiernan, said all the sales by company insiders were coincidental.

SEC rules prohibit insiders—directors, executives and shareholders owning more than 10 per cent of a company's outstanding stock—from buying or selling stock in a company on knowledge which is not known to the general public.

Reliable sources report that the SEC is investigating the sales by the seven ITT executives for possible violations of its insider rules. Officially, the commission will neither confirm nor deny that an investigation is under way.

In addition to the stock sales by ITT executives, a subsidiary of the Hartford Fire Insurance Co., the only acquisition the settlement did not require ITT to divest, sold 26,666 shares of ITT stock the week before the settlement was announced.



By Bob Burchette—The Washington Post

ITT Washington office head William Merriam ordered his staff to shred documents, the committee was told.