

# No Nixon Role In ITT Case, Mitchell Says

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Former Attorney General John N. Mitchell last night emphatically denied testimony at a Senate hearing that he had received instructions from President Nixon to "lay off" the International Telephone and Telegraph Corp.

The President's name was introduced for the first

time yesterday in the investigation of whether an ITT anti-trust settlement was related to the conglomerate's offer to subsidize the Republican National Convention in San Diego this year.

Brit Hume, an associate of syndicated columnist Jack Anderson, told the Senate Judiciary Committee that ITT lobbyist Dita D. Beard had recounted to him a conversation with Mitchell in Kentucky last year, during which the then Attorney General allegedly said the President had personally intervened in the ITT case.

But Mitchell, now director of Mr. Nixon's reelection effort and the next scheduled witness at the Senate hearings, issued a statement rebutting the fourth-hand account of the President's instructions.

"The Hume testimony attributing statements to me involving the President is totally false and without foundation," Mitchell said.

"I categorically deny that I ever had any such conversation or that I ever made any such statement anywhere or at any time. The President has never, repeat never, made any request to me directly or indirectly concerning the settlement of the ITT case, and I took no part in that settlement."

Hume, who testified with Anderson all day yesterday, said Mrs. Beard told him of her alleged conversation last year with Mitchell on the night

of Feb. 24, when Hume visited her at her Arlington home to verify the authenticity of her controversial memorandum linking the antitrust settlement to the convention contribution.

As Hume recalled it, Mrs. Beard said that the Attorney General told her the President had directed him to "lay off" ITT. Later, Hume said, she corrected herself to explain that the President's alleged instructions were to "make a reasonable settlement" with ITT rather than pushing the anti-

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trust cases to the Supreme Court.

In the audience during Hume's testimony was Martha Mitchell, the former Attorney General's wife.

She later said she "came up to see this three-ring circus. I wanted to see why they're wasting the taxpayers' money."

Yesterday's session was the sixth in the special hearings, convened at the request of Richard G. Kleindienst, Mr. Nixon's nominee to succeed Mitchell at the Justice Department.

Anderson testified yesterday that Kleindienst is "unfit to be attorney general" because he is not a "man who understands the law and respects the truth."

He claimed that ITT "is planning an all-out effort to discredit Dita Beard" and to portray her as "a crackpot and a drunk."

"The public record on this episode is blotted with falsehood," Anderson said, as he attempted to discredit virtually every witness to appear before the committee so far. "The aura of scandal hangs over the whole matter," he said.

The columnist's testimony drew sharp rebukes and bitter denunciations from Republican members of the committee. Sen. Marlow W. Cook (R-Ky.) introduced into the record Anderson columns which he said were false and cast doubt on Anderson's credibility in general.

But the sharpest debate was stimulated by Anderson's assertion that the ITT promise of up to \$400,000 to help finance the GOP convention "is a crime."

"Conventions all over America are bought all the time by business communities, and everyone in this room knows it," observed Sen. Roman Hruska (R-Neb.).

Hruska produced an advisory letter from John C. Kenney, chief of the Frauds Section in the Criminal Division of the Justice Department saying that contributions "made for the primary purpose of bringing the political convention to the community with the reasonable expectation of financial return to the contributor" do not violate the Corrupt Practices Act, as Anderson contended.

But that letter later became

a subject of controversy, when it was revealed that it was written in response to a request from a law firm that represents President Nixon and does substantial fund-raising for Republicans.

The letter, from the firm of Kalmbach, DeMarco, Knapp and Chillingworth in Los Angeles, specifically asked about the legality of contributions to attract the GOP convention to San Diego.

Sen. Edward M. Kennedy (D-Mass.) suggested that private lawyers are not ordinarily permitted to obtain advisory opinions from the Justice Department, but that "Mr. Nixon's friends are able to."

At that point, Cook cut in to say, "I think it's President Nixon, senator."

After yesterday's hotly contested session, committee Chairman James O. Eastland (D-Miss.) said once again that "I certainly have not" heard anything to make him believe that the Senate should turn down the Kleindienst nomination.

But he agreed that the hearings must go on, probably through next week, because, "I think this thing's got to be explained."

Eastland was skeptical that committee members would go to Denver Monday to interview Mrs. Beard at the Rocky Mountain Osteopathic Hospital, where she is a heart patient. He said he would ask the Justice Department to use its usual procedures to ascertain whether she is really too ill to return to testify in Washington.

The osteopathic physicians caring for Mrs. Beard said yesterday that she had suffered another relapse and might not be released as soon as originally expected.

Hume's extensive description of his conversations with Mrs. Beard before her memo was published in the Anderson column, also included these points:

- That Mrs. Beard said she had first discussed ITT's financial commitment to the Republican convention with California Lt. Gov. Ed Reinecke in January, 1971, when Reinecke was in Washington to discuss attracting the convention to San Diego.

- That she said ITT president Harold Geneen promised to underwrite San Diego's offer to host the convention

during a conversation with Rep. Bob Wilson (R-Calif.) last May 12 at the conglomerate's annual meeting in that city.

During his testimony, Hume referred to typewritten notes he said he had made after talking with Mrs. Beard the night of Feb. 24, and at one point Cook demanded that those notes be placed in the hearing record.

Hume and Anderson objected, however, that they were "confidential reporter's notes" which they would not turn over on the demand of any government body.

Hume also pointed out that the notes contained "many four-lettered words," which he said were part of his quotations of Mrs. Beard.

Later in the day, Cook withdrew his demand for the notes, after Hume said he might consider volunteering them for the record.

There was another confrontation when Sen. Edward J. Gurney (R-Fla.) demanded to know Anderson's source for the Beard memorandum.

Anderson would say only that his source was "inside ITT" and was not Mrs. Beard. Eastland intervened to defend the columnist's right to refuse to divulge his sources of information.

Gurney also asked Anderson if he ever pays for information used in his columns.

The columnist said "No." He added: "I object to that practice. I know our government does it. I know the FBI does it. But I don't approve. It seems to taint the information if it is paid for."

Anderson also clashed with Sen. Hiram Fong (R-Hawaii) over the columnist's contention that Kleindienst should have made public all of his private meetings with an ITT director concerning the anti-trust cases.

"Should I tell the whole public everyone I see every day?" Fong asked.

"It would be a good idea," Anderson replied.

"Would you do it?" Fong asked.

"I wasn't elected," Anderson answered. "But I'll tell you what, I will, if you do."

Anderson also contended that the Justice Department conceded a great deal when it settled with ITT last year, permitting the conglomerate to retain the Hartford Fire Insurance Co. and requiring divestiture of other businesses

worth \$1 billion.

In what could be an important barometer of Senate sentiment on the Kleindienst nomination, Sen. Sam J. Ervin Jr. (D-N.C.) said yesterday that he felt the nominee's participation in meetings on the ITT settlement amounted only to a "proper discharge of his duties."

Ervin, added, however, that he was concerned about other aspects of the case yet to be developed in the hearings.



By Charles Del Vecchio—The Washington Post

Columnist Jack Anderson and an associate, Brit Hume, testify during yesterday's ITT-Kleindienst hearings.

## ITT Planning Proposal To Sell to Russians

Representatives of the International Telephone and Telegraph Corp. will visit Moscow April 11 to present a sales proposal to Soviet officials, ITT and government sources said yesterday.

Reports of a secret deal involving a large commercial sale by ITT to the Soviet Union were denied.

White House and State Department spokesmen said ITT informed the government in December that it had agreed to make a sales presentation in Moscow.

These officials said that between 75 and 100 American companies have made such presentations in the last year in the hope of making sales to the Soviet Union.

There is no pending license request from ITT involving any transaction of a major kind with the Soviet Union, White House press secretary Ronald L. Ziegler said.

"The government has no information at all about a sales arrangement between ITT and the Soviet Union," Ziegler said.

An ITT spokesman in New York said ITT was invited originally in February, 1971,

"to make a presentation on its activities and capabilities to the State Committee for Science and Technology."

The invitation was later reconfirmed in December, the spokesman said, and ITT informed the State and Commerce Departments of its intention to make a sales presentation.

Sources familiar with ITT's training said the company seemed to have in mind a wider-ranging deal than other U.S. companies contemplate. ITT reportedly contemplates presentations including telecommunications equipment, hotel management, housing and food and consumer products and processing.

A large number of industrial items may be sold by American companies to the Soviet Union without a license. Other items of a more sensitive nature require a Commerce Department license.

Industry sources have said the Russians indicated to ITT they were primarily interested in telecommunications equipment, including new technologies such as integrated circuits.

## What Turned Mr. McLaren Around?

When Solicitor General Erwin N. Griswold says that the settlement of the ITT antitrust case was a "very substantial victory for the government," he may be right, if what he means is that there was a reasonable compromise which resulted in a sizable divestiture on the part of ITT; if you assume, as Mr. Griswold does, that the Justice Department was likely to lose the case in the end, leaving the ITT conglomerate intact, the settlement looks even more favorable to the government. And if that is so, then one may well ask why there would even be talk of a possible payoff by ITT in the form of a major contribution to the cost of this year's Republican Convention in San Diego. Having lost, why would ITT pay off? Without attempting to judge at this point whether, in fact, there is a connection between the convention financing and the out-of-court settlement of the antitrust suit, the explanation for why some people might suspect that there is one lies in the fact that the settlement was also favorable to ITT.

This, in short, is the crux of this affair: if the settlement can be said to have been in the larger interests of the government, it was also, as is so often the case in these matters, in the interests of ITT; the real loser, it becomes increasingly clear, was Mr. Richard McLaren, then head of the Justice Department's antitrust division, and an understanding of the way in which he lost is crucial to the central issue of the ITT affair, which is what, or who, caused Mr. McLaren to abandon his main purpose in bringing action against ITT, and to settle out of court. As the Wall Street Journal explained his main purpose, in an excellent account of the background of the ITT case the other day, the three suits against ITT and an earlier suit against Ling-Temco-Vought, Inc. (also settled out of court, in 1970) "were to have been Mr. McLaren's vehicles for gaining from the Supreme Court a highly significant expansion of the Clayton Antitrust Act." The Journal analysis continues:

*"When Mr. McLaren was named to head the antitrust division in 1969, his first priority was to halt the acquisition by huge conglomerates of leading companies in the steel industry and other industries. The campaign drew wide attention not only because of the magnitude of the ITT and LTV suits, but also because Democratic heads of the Antitrust Division had insisted the Clayton Act didn't apply to such conglomerate mergers, prompting much talk about whether Congress should pass a new antitrust law. Mr. McLaren urged Congress not to do so, and it didn't, pending the determination of his lawsuits. The suit against ITT's acquisition of Grinnell (one of the three suits involving ITT) already was at the Supreme Court when the package settlement concluding all three suits against ITT was signed."*

So there was this Republican trust-buster, trying to get the Supreme Court to write new law against conglomerate mergers and what makes the history of his efforts with respect to ITT and LTV all the more intriguing is that, by his own account, both

met almost precisely the same fate: in both cases, White House aide Peter Flanigan stepped in and produced a financial expert to argue against the divestitures which Mr. McLaren was trying to bring about by court action; in both cases the expert in question was Richard J. Ramsden, who recently spent a year as a White House fellow and now works for a New York investment firm. That is to say that in both cases, Mr. McLaren somehow was persuaded to go beyond his own antitrust division, and outside the rest of the United States government, to seek the advice of a private expert, furnished by the White House—and then to abandon the main objective which had caused him to bring suit in the first place.

This is the heart of the ITT affair, rather than the question of who won the case. Surely, the U.S. government gained something, if you believe, with Mr. Griswold, that the Supreme Court would have ruled against the government. But Mr. McLaren did not believe the case would have been lost; although he hedged on this point before the Judiciary Committee this week, last December he told this newspaper in a taped interview: "I think without question we'd have won them." Clearly ITT special counsel Lawrence Walsh also thought the government was going to win; he said as much in an April 16, 1971 letter to Richard Kleindienst, which urged that the Justice Department reconsider, with other government agencies, the economic consequences of a Supreme Court ruling against ITT. It was this view of Mr. Walsh's, presumably, that encouraged ITT to seek an out-of-court settlement; in particular, ITT wanted to negotiate an agreement which would exclude the Hartford Fire Insurance Co., the target of one of the three ITT suits, from divestiture. Or so it seemed to Mr. McLaren last December. In the same taped interview with this newspaper, he said "I think the defendants think we would have won them, too. Otherwise they wouldn't have agreed to the program of divestiture that they did agree to."

So the question isn't whether the ultimate program of divestiture was favorable to the government; it could have been, while at the same time being favorable to ITT. In any case, there is no doubt that ITT wanted an out-of-court settlement. And there can be no doubt that Mr. McLaren wanted a Supreme Court test. So it comes down to the crucial question of what, or who, turned Mr. McLaren around? And how? That is what the Senate is going to have to determine before it can confirm the nomination of Mr. Kleindienst as attorney general. For it was Mr. Kleindienst, after all, who told us categorically that the ITT settlement was "handled and negotiated exclusively" by Mr. McLaren and the evidence is already persuasive that it was not.

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Poster

# Biggest Loser In the ITT Case

*A Commentary*

*By Nicholas von Hoffman*

Very occasionally, they'll ask a question of Felix Rohaytn, the little, stock-jobbing fixer from ITT who went to Kleindienst to get an antitrust break for his wee, tiny multi-billion dollar conglomerate. More questions are directed to Richard W. McLaren, the former head of the Antitrust Division, who has succeeded Judge Julius Hoffman on the federal bench in Chicago.

Most of the questions go to Richard Kleindienst, the Attorney General-designate. A big man, and a grey and beefy one who smokes Marlboros and gets out of the nastier inquiries by prefacing his answers with, "To the best of my recollection . . . I can't recollect . . . refresh my recollection," but he's not under much pressure.

The Republican members of the Judiciary Committee either ask no questions or easy ones to allow him to get his breath, and more powerful Democrats do the same. Sam Ervin, who's the biggest ole country trust-buster you ever saw when he's dealing with professional sports, is positively meek when he plays in the economic big leagues. Eastland of Mississippi, the committee chairman, calls recesses and interrupts hostile interrogators whenever they get a chain of successful and damaging questions going. But what can you expect? This committee hasn't written an antitrust bill in 20 years, not since Estes Kefauver, long dead and badly needed.

The liberals—Hart of Michigan, Tunney of California and Kennedy of Massachusetts—work hard at getting to Kleindienst. Their staff, curly little guys with longish hair who look funny in business suits, stuff them with questions. The three try, but they're cool, polite men who don't know how to ad lib the killing question. They stay within good senatorial form, their sarcastic asides inaudible, their anger, if there is an indignant roaring inside them, quite invisible.

Still, there was one flurry when Kennedy with his pesty, persistent politeness almost got the proudly complacent Kleindienst reacting. "This isn't a trial for which I've prepared for two or three months," the Attorney General-designate ripped back to him. Then he looked at Teddy and said, "I have some feelings I'm trying to suppress . . . Sir, I have some feelings, too."

Perhaps he does, but they're not very delicate or discriminating ones. He is, after all, the man who testified in open court last fall that he was offered a \$100,000 bribe by Robert T. Carson, but didn't recognize it as such. Before his conviction, Carson, who offered it to Kleindienst in the form of a campaign contribution, was an administrative assistant to Sen. Hiram Fong, another member of this committee without questions to ask.

The reputations do fall in this committee room. There is the apparently discarded ITT lobbyist, Dita Beard, who has been called soft in the head by her

doctor and something very close to a falling-down drunk by the former governor of Kentucky. But maybe she's lucky; considering some of the people she associates with, she coulda got worse.

But it's also the respectables who're getting it. Like Muskie, for in his attempt to share the blame, Kleindienst let it out that little Felix the Fixer, Rohatyn, is a Muskie adviser on economic matters. The presidential candidate's headquarters confirmed this, saying Felix had worked with Muskie on an ignoble piece of legislation which allows stockbrokers to gamble with their customers' money.

The biggest loser is McLaren, the former head of the Antitrust Division, the guy who drew up the agreement that got ITT off the hook. He walked into that hearing room less than two weeks ago a highly respected man, one of maybe three, maybe four men who are thought to have done well in the job since the day of its creation by Teddy Roosevelt.

He also has had memory problems and other minor embarrassments, but the saddest was his fumbling to explain why he settled with ITT out of court on such easy terms. Sometimes he said it was because he didn't think he could win it in court, and sometimes he said he's positive he could, but at one point, while trying to explain, he said something very revealing. He said, "The problem was, could we afford to win it in the public interest?"

If the man who heads the Antitrust Division wonders if the public can afford his winning a case, you know what the problem is. The problem is that the government wants to lose, and the figures bear that out. In the last 12 years or so there have been more than 12,000 mergers, and yet at no time in the history of the Antitrust Division under Democrats or Republicans, have as many as 100 suits been filed in a single year . . . suits of any kind against conglomerates, mergers, monopolies, conspiracies in restraint of trade, price fixing, against any anticompetitive activity.

They don't want antitrust, not Felix the Fixer, not the troubled McLaren or Kleindienst, who says he can sleep at night.