

# Lobbyist 'Stupor' Detailed 3/8/72 Ex-Governor Says ITT Aide Irked Mitchell

By Sanford J. Ungar  
Washington Post Staff Writer

Former Gov. Louis B. Nunn of Kentucky told a Senate committee last night that lobbyist Dita D. Beard collapsed in a stupor at his party after last year's Kentucky Derby, after she had doggedly pursued then Attorney General John N. Mitchell about a Justice Department antitrust settlement.

Nunn, a surprise witness in the continuing investigation of whether the settlement was linked to a large contribution to the Republican National Convention, said Mrs. Beard returned to see him the next day, "obsessed about losing her job" with the International Telephone and Telegraph Corp.

But the ex-governor, a Republican, emphatically denied the statement in a controversial memorandum by Mrs. Beard that her "several conversations with Louie" had been part of an alleged deal concerning the antitrust case and the GOP convention in San Diego.

Nunn conceded, however, that Mrs. Beard and Mitchell "could have" had a private conversation during a breakfast at the Kentucky governor's mansion in Frankfort before the Derby.

Nunn's appearance before the Senate Judiciary Committee came at the end of a day-long session of the special hearings convened at the request of Richard G. Klein-

dienst, President Nixon's nominee to replace Mitchell in the Cabinet.

In other developments during the day:

- The Justice Department produced a letter from New York lawyer Lawrence E. Walsh, written last April 16, saying that Kleindienst had "already been consulted with respect to the ITT problem."

Walsh's letter also indicated that ITT, then pressing for settlement negotiations, felt there was a "high probability" that the government would win if it pushed several antitrust cases against the conglomerate to the Supreme Court.

- Richard W. McLaren, a federal judge in Chicago who formerly headed the Antitrust Division at Justice, acknowledged that he had gone through White House aide Peter M. Flanigan to recruit an outside financial analyst to evaluate ITT's claims of "hardship" if the Justice Department should succeed in the cases.

- Sen. John V. Tunney (D-Calif.), possibly provoking a confrontation with the White House on the doctrine of executive privilege, indicated that

See ITT, A6, Col. 2

# Nunn Details ITT Lobbyist 'Stupor'

ITT, From A1

he would seek testimony from Flanigan.

• Syndicated columnist Jack Anderson who originally published Mrs. Beard's memo, said he had evidence that ITT's pledge of up to \$400,000 for the GOP convention was negotiated, in part, between White House aide William Timmons and former presidential aide Jack A. Gleason, who now does consulting work for ITT.

• The Justice Department revealed that Dr. Victor L. Liska, a cardiovascular surgeon from Arlington who testified Monday that Mrs. Beard was "disturbed and irrational" at times, had been under investigation for alleged Medicare frauds but has been cleared. His wife, Dr. Catherine V. Green, was still being investigated.

• The Rocky Mountain Osteopathic Hospital in Denver, where Mrs. Beard is a heart patient, said that she had suffered a relapse yesterday after reading newspaper stories about the Senate investigation.

• Flanigan's brother, Robert M. Flanigan, GOP state chairman for Colorado and program chairman for the San Diego convention, said in Denver that "we are worried about money for the convention" in light of the Senate probe.

(Republican officials already have said they would not accept an amount as large as \$400,000 for the convention from ITT or its subsidiary, the Sheraton Corp. That amount in cash or services allegedly was offered by Sheraton to convention host committees in San Diego. R. L. Herman, vice chairman of the arrangements committee for the convention, said last week the host committee's contributions would not be accepted if such a "disproportionate share" came from a single corporation.

In Sacramento yesterday, California Gov. Ronald Reagan said he understood the Republican National Committee has decided to reject such an offer.)

• Sen. Majority Leader Mike Mansfield (D-Mont.) said Kleindienst's confirmation as Attorney General would be blocked "for a reasonable amount of time" until Democrats on the Judiciary Committee are satisfied about the facts in the ITT case.

• Kleindienst and Sen. Edward M. Kennedy (D-Mass.) clashed sharply over the Justice Department's refusal to make available internal memoranda concerning development of antitrust cases against ITT.

Kennedy suggested that there was a conflict of interest for Kleindienst, as acting Attorney General, to be making decisions about what documents should be provided in a case in which he is a principal figure.

When the Judiciary Committee recessed at 6:30 p.m., Tunney observed that the Democrats felt "we are not any closer to the truth."

The committee is to convene again this morning to resume questioning of Kleindienst, McLaren and ITT director Felix G. Rohatyn, who met privately with Kleindienst on four occasions last year as settlement negotiations were getting under way.

Anderson and Mitchell may also take the witness stand today in the investigation.

Just as the committee returned from a roll call vote on the Senate floor at 4:25 p.m. yesterday, Sen. Marlow W. Cook (R-Ky.) interrupted cross-examination of Kleindienst and McLaren to announce that Nunn was eager to be heard and to return to Kentucky.

Nunn testified that the confrontation between Mrs. Beard and Mitchell at the post-Derby party occurred after the then Attorney General joked about his wife, Martha's, propensity to use the telephone to call politicians and newsmen.

"The Attorney General told some story about Martha and the telephone and mentioned ATT" (the American Telephone and Telegraph Corp.), Nunn said.

"Mrs. Beard said something to the effect that (AT&T) was a dirty word and why didn't he say something about ITT and what the Justice Department was doing to it," Nunn continued.

After Mitchell pushed her aside with the comment that he had disqualified himself from the ITT cases, Nunn said, Mrs. Beard "came back and raised the issue again" at least twice.

"The Attorney General became very disturbed about it," Nunn recounted. "He said he was sick and tired of hearing about this and of the things she had done."

That was apparently a refer-

ence to Mrs. Beard's lobbying efforts on Capitol Hill and elsewhere in official Washington about the allegedly harsh position the Justice Department was taking toward ITT.

"Next thing I knew," Nunn said, Mrs. Beard had "become ill and was laid out on the floor." He said he assumed that the cause was "a light heart attack" or her "excessive drinking."

Nunn testified that he knew Mrs. Beard well, and that whenever he saw her she was "usually" drinking. "Sometimes she was drinking more, sometimes less," he added.

Pressed by Tunney for some "color" about Mrs. Beard's encounter with Mitchell, Nunn caused uproarious laughter in the hearing room when he said that all he could remember was that "the chairs were green."

Earlier in the day, the hearing was serious, and occasionally tense, as committee Chairman James O. Eastland (D-Miss.) invoked a 10-minute rule, which kept the questioning hopping from one aspect of the ITT case to another.

On at least three occasions, Eastland cut off Kennedy and other Democratic senators who were bearing down on Kleindienst and McLaren for exceeding their time.

McLaren read from a "supplementary statement" yesterday in which he acknowledged that Kleindienst had been in on Justice Department meetings concerning the ITT cases as early as April, 1969, when he supervised a meeting at which ITT lawyers urged reconsideration of a McLaren decision to seek a preliminary injunction to prevent the conglomerate's acquisition of the Canteen Corp.

The Justice Department did back down from its strong position in the Canteen case, but McLaren rejected press reports as "untrue" that he had threatened to resign over that issue.

McLaren also acknowledged to reporters during a break in the hearing that it was "unusual" that Justice accepted a suggestion from attorney Walsh to delay its appeal to the Supreme Court in another case, involving ITT's acquisition of the Grinnell Corp., until "interested federal departments" had an opportunity to comment.

Walsh's letter of April 16,

1971, said he had been specifically asked by ITT President Harold Geneen to "prepare a presentation" to Kleindienst "on the question of whether diversification mergers should be barred."

A prominent Republican, Walsh is a former deputy attorney general and federal judge who has more recently been chairman of the American Bar Association's Standing Committee on the Federal Judiciary, which passes on potential federal judgeship nominations.

McLaren's voice began to quiver early in the day when he was quizzed on the appropriateness of going through Flanigan to recruit Richard J. Ramsden for an assessment of ITT's claims of "financial hardship." He also showed emotion when asked for comment on a former staff member's denunciation of the ITT settlement.

The former assistant Attorney General said he was "perfectly justified" in contacting Flanigan, since the White House aide had previously produced Ramsden to do a similar report on a case involving Ling-Temco-Vought, Inc.

"After all," McLaren said, "this is all one government we are working for."

He insisted that Flanigan had served only as a "conduit" and had no part in negotiating the settlement.

McLaren suggested that Tom Sussman, a staff aide to Kennedy, had "poisoned" Kenneth Elzinga — formerly the antitrust chief's economic adviser — against McLaren during a weekend discussion.

After the discussion, Elzinga denounced the ITT settlement as a "bad one" on a television program and complained that he had not been consulted about it, although Ramsden was.

McLaren pointed out that he had received "a very warm letter" from Elzinga in January, when he was named to the federal judgeship in Chicago. "If he thought I was a crook then, he certainly had a funny way of saying it," McLaren added.

Kleindienst yesterday confirmed all of the new revelations about his involvement with the ITT cases, despite his earlier assertion to Democratic National Chairman Lawrence O'Brien that the settlement had been handled "exclusively" by McLaren.



By Charles Del Vecchio—The Washington Post

Syndicated columnist Jack Anderson (right) talks with consumer advocate Ralph Nader during Senate hearings.

# Tunney Seeks Flanigan ITT

By Morton Mintz

Washington Post Staff Writer

Sen. John V. Tunney (D-Calif.) said yesterday he will seek to have White House aide Peter M. Flanigan summoned by the Senate Judiciary Committee to testify about his role in the settlement of an International Telephone and Telegraph Corp. merger case.

If committee chairman James O. Eastland (D-Miss.) should agree to request Flanigan's appearance and he should refuse to come, as was expected, the result would be another in a series of confrontations, over many years, between Capitol Hill and the White House on the immunity of executive branch personnel.

Flanigan served as "a conduit" for a request for a financial analysis of the ITT case by investment consultant Richard J. Ramsden, Richard W. McLaren, the Justice Department's antitrust chief until a month ago, acknowledged to the committee yesterday. The Ramsden analysis figured in the department's agreement to the settlement.

Later in the day, Tunney disclosed to a reporter his intention to request Sen. Eastland to call Flanigan. Flanigan's name has come up in connection with other merger cases as well.

Flanigan told a reporter Monday that he would decline to testify because of "executive privilege."

## Information Withheld

Numerous Presidents have used these words—or an even vaguer substitute, such as "policy"—to refuse information sought by Congress.

Generally, Presidents Washington, Jefferson and Theodore Roosevelt did not delegate to subordinates the power to invoke "executive privilege." President Eisenhower, in 1954, delegated the power, however, to executive branch employees far down the administrative line.

In contrast, President Kennedy set a policy under which the privilege could be invoked only by himself. Presidents Johnson and Nixon did the same.

Flanigan's plan to invoke

"executive privilege" was reported by The New York Times, but White House press aides who were asked during the day to verify its accuracy had not done so by 7 o'clock last night.

Neither had the press aides replied to a reporter's questions about an assertion by Mr. Nixon that the "privilege" could be invoked only with his personal approval.

The President, replying on April 7, 1969, to an inquiry from Rep. John E. Moss (D-Calif.), then chairman of the House Foreign Operations and Government Information subcommittee, said that "the scope of executive privilege must be very narrowly construed."

"Under this administration, executive privilege will not be asserted without specific presidential approval," Mr. Nixon said.

"... this administration is dedicated to insuring a free flow of information to the Congress and the news media—and, thus, to the citizens," the letter continued.

"I want open government to be a reality in every way possible ... I am committed to ensuring that both the letter and the spirit of the Public Records Law will be implemented throughout the executive branch of the government."

White House press secretary Ronald L. Ziegler, at an afternoon briefing, was asked if a check had been made to see if Flanigan, who could not be reached, had conducted himself properly in the ITT case.

Ziegler said he would have no comment on a matter before the Senate Judiciary Committee.

"But regarding Mr. Flanigan, there is no concern that he has conducted himself improperly," Ziegler said.

Would White House aides be permitted to testify? Ziegler said his "personal opinion" was that "under the executive privilege process members of the White House staff would not testify."

## Testimony

# Medicare Fraud Allegation Going to Grand Jury

By Jay Mathews

Washington Post Staff Writer

An Alexandria federal grand jury will consider allegations of fraud against Dr. Victor L. Liszka's wife next week, and the Arlington County Medical Society will consider possible ethics violations of Dr. Liszka's congressional testimony Monday.

Officials said the grand jury will hear charges that Dr. Catherine V. Greene, Liszka's wife, billed Social Security for services rendered to a Medicare beneficiary that had not been given.

Federal officials say the case is unrelated to Dr. Liszka's Monday testimony on the physical and psychological condition of ITT lobbyist Dita Beard, who is his patient, or to Dr. Liszka's meetings on March 3 and March 5 with Justice Department aides.

In a letter to Sen. James O. Eastland (D-Miss.), chairman of the Senate Judiciary Committee, Assistant Attorney General Henry E. Petersen

said that Dr. Liszka had met with the Justice Department aides at his own request and did not discuss "any such personal problem which Dr. Liszka or his wife might have."

Petersen said the two Justice Department participants, Associate Deputy Attorney General Harlington Wood and John Duffner, executive assistant to acting Attorney General Richard G. Kleindienst, told them he was trying to "help correct what he considered to be an injustice being done as he had been a witness to a conversation which he did not consider had been correctly reported in the press."

The allegations against Dr. Greene, who practices in the same office as her husband, concern 12 cases in which Medicare bills bore signature of Dr. Liszka even though he had not signed them according to a Social Security spokesman in Baltimore. The Department of Health

Education and Welfare alleges that Dr. Greene had signed her husband's name and then submitted the bills, which totaled \$3,010 and involved purported overcharges to the government of \$1,166. Dr. Liszka submitted to intensive interrogation on Feb. 22, according to Petersen's letter, and "it was concluded on that date that Dr. Liszka was innocent of any wrongdoing."

U.S. Attorney Brian P. Gettings said the federal grand jury will convene in Alexandria on March 13 to hear evidence against Dr. Greene.

Dr. W. Leonard Weyl, president of the Arlington County Medical Society of which Liszka is a member, said the group's 15 member executive committee planned to review a transcript of Liszka's remarks for possible violations of the American Medical Association's code of ethics.

Liszka testified before the Senate Judiciary Committee on Monday on the health of Mrs. Beard, 53, his patient for

nine years and a key figure in the controversy that has held up the confirmation of Kleindienst's appointment as attorney general.

Mrs. Beard is the alleged author of a memo obtained by columnist Jack Anderson suggesting a link between ITT's contributions to the Republican Party and a Justice decision to drop antitrust action against the giant conglomerate.

Liszka told the Committee Mrs. Beard was hospitalized in Denver with "an impending coronary occlusion" and could not safely be questioned by the Committee for several weeks.

He said she was emotionally distressed and "her thoughts do not flow in a logical order." Because of that, "she could have written an inaccurate memo," Liszka said.

Dr. Elmer G. Shelley, chairman of the AMA Judicial Council, said in a statement yesterday on the Liszka testimony: "A physician may not reveal the confidences en-

trusted to him in the course of medical attendance or the deficiencies he may observe in the character of his patient, unless he is required to do so by law or unless it becomes necessary to protect the welfare of the individual or the community." He said that he could not comment on Dr. Liszka's specific case because he did not know the full particulars.

Dr. Weyl, of the Arlington Medical Society, said he understood the AMA code to allow doctors to reveal confidences if the patient involved gives permission to do so. Liszka had said that Mrs. Beard gave her permission to tell the Committee details of her condition.

Dr. Weyl said he had requested a transcript of Liszka's testimony Monday after press reports that the doctor would testify but before Weyl knew the content of the testimony. "I like to know what's going on in the society," Weyl



Victor Zorza

# Huge ITT Deal With Russia Seen

PA 3/8/72

REPORTS of a secret ITT trade deal with Russia, of vast proportions, which is said to have been entered into with the administration's encouragement, are beginning to circulate in the Washington bureaucracy. The reports feed on the undoubted fact that ITT has postponed a secret visit to Moscow which some of its senior executives were to make last week.

Although there is no evidence so far that the postponement has any direct connection with the Senate Judiciary Committee's hearings on the ITT affair, some of its staff investigators are looking into the facts to see where the two cases are linked in any way, and whether the clues might lead them to any other high administration officials.

The facts are that ITT has been secretly negotiating with the Soviet government a deal which, when concluded, might dwarf any other such deal ever made. Last week's trip to Moscow was to be the second in a series which began in December. The first trip came on the heels of the much publicized visit made to Russia last November by Maurice H. Stans, who was then secretary of commerce. He has since resigned to become the GOP's chief fund raiser of the election campaign.

Stans had startled the experts by talking of a dramatic expansion of trade with Russia, from the present measly \$200 million to several billion in the next few years. State Department officials scoffed privately at his ignorance. Pentagon officials were alarmed at the contribution to Russia's military might which any such deal might make.

But Stans went on regardless, on the direct authority of the White House, without even taking with him to Moscow a representative of

the State Department,

SOME WASHINGTON officials thought at the time that he was laying the groundwork for Mr. Nixon's summit visit to Moscow, so that the President could come back with an announcement of a huge trade deal that would make all previous trade between the

two countries look puny by comparison. This, evidently, is where ITT came in. It was getting in on the ground floor.

Elaborate precautions were taken to maintain the secrecy of the December visit which, according to some officials, was made with the full knowledge and encouragement of the administration.

The ITT delegation was led by Frank Barnes, one of its senior vice-presidents. The delegation's main dealings were with Gherman Gvishiani, the top Kremlin official concerned with science and technology. Gvishiani dangled before ITT the prospects of a virtually limitless market in Russia. But there was one big difficulty. The Russians did not have the foreign currency with which to pay for the costly Western products and advanced know-how that they need so badly.

But ITT, as a conglomerate with a great many of the most varied offshoots, would be able to buy the Russian goods which have no ready market in the West and find an outlet for them in one way or another. This money would then be used by the Russians to pay for ITT goods. The idea came from the Russians, but ITT fell in with it readily.

ANY DEAL of the kind envisaged by ITT would require an easing of the embargo on the sale of strategic goods to Russia, and a lifting of some of the restrictions which now impede the import of Russian goods to this country. Some officials believe that ITT has been told by the administration that it could proceed with the negotiations on the assumption that the rules may be changed in time to complete the deal before the election.

ITT's intention was to reach agreement in principle during this week's Moscow visit which has now been postponed. The ITT delegation was again to have been led by Frank Barnes.

Its target date for the detailed final agreement was mid-year, soon after the Nixon summit.