

RECORDS OF I.T.T. DISCLOSE EFFORTS TO BAR TRUST SUIT

Corporation Sought Aid of
High Administration Men
for Hartford Merger

COLSON'S MEMO CITED

One Document Quoted Is
Letter Sent to Agnew by
Company Vice President

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WASHINGTON, Aug. 2 —

Corporate documents that the White House feared would come to light last year disclose a well-orchestrated effort by the International Telephone and Telegraph Corporation to enlist the aid of top Administration officials in blocking an anti-trust suit against the company's merger with the Hartford Fire Insurance Company.

These documents, together with a number of inter-governmental memos on the I.T.T.-Hartford merger litigation, were mentioned in a memo from Charles W. Colson to H. R. Haldeman during the Senate Judiciary Committee hearings on the nomination of Richard G. Kleindienst to be Attorney General. The memo was dated March 30, 1972. Mr. Colson was then a Presidential special assistant and Mr. Haldeman White House chief of staff.

The corporate documents were referred to in the Colson memo that was introduced into evidence yesterday at the Senate Watergate hearings. Copies of some of the I.T.T. memos have been obtained by The New York Times from other Congressional committees.

Memo Is Quoted

Mr. Kleindienst had asked

that the hearings on his nomination be reopened, following the publication by the columnist Jack Anderson on Feb. 29, 1972, of a memo by an I.T.T. lobbyist, Dita D. Beard, dated June 25, 1971, to her chief, William R. Merriam, in charge of I.T.T.'s Washington relations.

The memo said that I.T.T.'s "noble commitment" of \$400,000 for the Republican National Convention "has gone a long way toward our negotiations on the mergers eventually coming out as Hal (the I.T.T. president, Harold S. Geneen) wants them."

One of the documents referred to by Mr. Colson was a letter to Vice President Agnew.

On Aug. 7, 1970, following a meeting of Attorney General John N. Mitchell with Mr. Geneen, Edward J. Gerrity, an I.T.T. vice president for public relations, sent a letter and an enclosed memo to Mr. Agnew. The letter, addressed "Ted," read:

"I deeply appreciate your assistance concerning the attached memo. Our problem is to get John [Mitchell] the facts concerning McLaren's [Richard

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W. McLaren, then Assistant Attorney General, antitrust division] attitude because, as my memo indicates, McLaren seems to be running all by himself.

'Rather Strange'

"I think it is rather strange that he is more responsive to Phil Hart [Democratic Senator from Michigan] and Manny Celler [then chairman of the House Judiciary Committee] than to the policy of the Administration."

In the enclosed memo, Mr. Gerrity wrote:

"Before we met, Hal had a very friendly session with John... John made plain to him that the President was not opposed to mergers per se, that he believed some mergers were good and that in no case had we been sued because bigness is bad... John said he would talk with McLaren and get back to Hal.

"While you and I were at lunch, Hal and Bill Merriam... met with Chuck Colson and John Ehrlichman [a top Presidential assistant]. Ehrlichman said flatly that the President

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was not enforcing a bigness-is-bad policy, and that the President had instructed the Justice Department along these lines."

Commenting on this in his memo to Mr. Haldeman, Mr. Colson said that the Gerrity memo "tends to contradict John Mitchell's testimony [at the Kleindienst hearings] because it outlines Mitchell's agreement to talk to McLaren.

"Both Mitchell and Geneen have testified they discussed [antitrust] policy only, not this case, and that Mitchell talked to no one else... In the context of these hearings, that revelation [of the President's instructions] would lay this case on the President's doorstep."

Another I.T.T. Memo

Mr. Colson mentioned in his memo to Mr. Haldeman another possibly embarrassing I.T.T. memo, this one from John F. Ryan to Mr. Merriam, following Agenw-Gerrity and Geneen-Mitchell meetings in August, 1970. Mr. Colson said that this memo "is not in the hands of the S.E.C."

The Securities and exchange Commission was then investigating the I.T.T.-Hartford merger and had subpoenaed all I.T.T. files on the merger that had not been shredded following disclosure of the Beard memo.

Mr. Colson told Mr. Haldeman, "We believe that all copies of this have been destroyed."

He was wrong.

In that memo, Mr. Ryan wrote "Hal's posture" is "that Justice [McLaren] is unfairly harassing us." He then goes on to say, "If Kleindienst follows through, this may be the break for which we have been looking."

The Ryan memo did not say how Mr. Kleindienst was to follow through, but in his memo to Mr. Haldeman, Mr. Colson pointed out the danger of disclosure. He wrote that the Ryan memo "suggests that Kleindienst is the key man to pressure McLaren, implying that the Vice President would implement this action."

Then there is this paragraph in the Ryan memo under the heading "Dita and Dollars." It reads, "I was asked by Ned [Gerrity] to get some feel for you from Dita as to what is required. I have a little note on this which I will give you."

No Comment by Colson

The date of the Ryan memo is almost a year before the I.T.T. agreement to provide up to \$400,000 for the San Diego convention, but the "Dita and Dollars" item suggests that some such plan was already being considered by I.T.T. Mr. Colson made no comment on this paragraph.

Another I.T.T. document ob-



Associated Press

Federal Judge Richard W. McLaren, a former head of the Justice Department's Antitrust Division.

tained by the S.E.C. was a letter to the then Secretary of the Treasury, John B. Connally, from Mr. Merriam. It is dated April 22, 1971—a time when there was a series of meetings at Justice on the suit. It read in part:

"Pete Peterson [then White House assistant on foreign economic policy] and I thought you would be interested in the results of the calls of Harold S. Geneen and I made on Friday, April 16, when he discussed antitrust matters and their impact on the economy of the country.

"I am sure you heard that the Justice Department agreed to postpone for 30 days their filing of jurisdictional papers on the I.T.T.-Grinnel case. This, of course, was a great plus and will give us time to work out a settlement. Actually, the 30-day Administration-sponsored delay came as a surprise, because we understood that on Monday morning Dick Kleindienst had been negative about a delay.

"You might also be interested in knowing that Felix Rohatyn (of the investment house of Lazard Frères, who was advising I.T.T. on the financial aspects of the merger) had a very productive conversation on Tuesday of this week with Mr. Kleindienst. The purpose of this was to explain to the Deputy Attorney General all of the domestic and international economic ramifications if I.T.T. had to divert Hartford. A meeting between Mr. Rohatyn and Mr. McLaren is now scheduled for May 5 at 3 P.M. Mr. Kleindienst plans to sit in and monitor this meeting.

"I will, of course, keep you posted. In the meantime, if there is anything further you think Hal or I should do with other members of the Administration, please do not hesitate to let us know.

"Hal and I are most appreciative of the fact that you were able to see us the other day on such short notice. We are certain that you and Pete were most instrumental for the delay."

The Justice Department had brought three antitrust suits against I.T.T. to force divestiture of three subsidiaries—Hartford Fire Insurance, Grinnell and Canteen corporations. United States District Courts had ruled against the Governments in both the Grinnell and Canteen cases.

At that time the Canteen case was being appealed to the Supreme Court. The Grinnell case had already been appealed, but Solicitor General Erwin Griswold had not forwarded the required "jurisdictional" statement.

Just after the deadline for submitting this statement, Mr. Griswold asked for a 30-day delay. This delay, which I.T.T. lawyers very much wished, gave them a chance to seek a settlement involving both Hartford and Grinnell.

Another letter by Mr. Merriam on April 30, 1971, to Peter G. Petersen at the White House said:

"Hal Geneen thought you would be interested in seeing a copy of the application for further extension of time, which was submitted by Mr. Griswold as a result, I am sure, of action on the part of certain Administration principals. Hal is particularly impressed with the last paragraph of the application, which states:

"The additional time is needed for further study of the case and to permit consultation among various interested

Government agencies with regard to whether the Government should perfect its appeal."

"We are all hopeful, of course, that during the next 20 days Paul and the two Johns [Mitchell and Connally] can convince the department that the merger policy as now practiced will be suicidal for the economy of the country. I am sure you agree with us that Hal's memorandum which we left with you several weeks ago could serve as a guideline for future merger policy.

"The work you and your associates have done has been highly effective — so much so that the antitrust division seems to show some evidence of concern. This is a step in the right direction."

Mr. Colson's comment to Mr. Haldeman on these two letters was as follows:

"These files [turned over to S.E.C.] would undermine Griswold's testimony that he made the decision not to take the appeal to the Supreme Court. Correspondence to Connally and Peterson credits the delay in Justice's filing of the appeal to the Supreme Court in the Grinnell case to direct intervention by Peterson and Connally."

Yesterday, Mr. Griswold said that he had not known of any involvement by Mr. Connally or Mr. Peterson in delaying his appeal, but that Mr. Colson's statement did not surprise him.

"There was a delay," he said. "Mr. Kleindienst directed me to ask the Court for an extension of time. I knew somebody wanted a delay, but I never figured out who."