

KLEINDIENST SAYS HE SET UP TALKS ON I. T. T. ACCORD

But Denies That He Pressed
Aides or That a Settlement
Was Tied to G.O.P. Fund

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WASHINGTON, March 2— Acting Attorney General Richard G. Kleindienst said today that he had played a role in events that led the Justice Department to drop three antitrust suits against the International Telephone and Telegraph Company.

But he denied "categorically and specifically" that he exerted pressure to gain a settlement or that it was linked to a contribution by a subsidiary of the company to underwrite part of the Republican National Convention.

Mr. Kleindienst said in Senate testimony that he arranged and attended a meeting last spring between corporate officials and Government lawyers that led to the antitrust decision. He also disclosed that he met privately four other times in his office with Felix G. Rohatyn, a director of the company, who argued that success by the Justice Department in the suits would have "dramatic economic consequences."

The decision by the company subsidiary to underwrite a large portion of the \$400,000 expense fund required to obtain the Republican National Convention for San Diego this summer was made about the same time the settlement was worked out.



Associated Press

TESTIFY ON I.T.T. SUIT: Richard M. McLaren, left, and Richard G. Kleindienst at Senate hearing on Mr. Kleindienst's nomination for Attorney General. Mr. McLaren was head of the Justice Department's antitrust section when I.T.T. case was settled.

Oppose Confirmation

Despite Mr. Kleindienst's explanation, several Democratic Senators made it clear that they would attempt to block his confirmation as Attorney General until the Senate Judiciary Committee heard testimony from Mrs. Dita D. Beard.

She is the I.T.T. lobbyist here who purportedly wrote a memorandum last June stating that the company had agreed to put up the convention money and that John N. Mitchell, then the Attorney General, "is definitely helping us" settle the suits.

Mrs. Beard has been missing since the memorandum, addressed to an official of the company, was published earlier this week by Jack Anderson, the syndicated columnist.

Today Senator James O. Eastland, chairman of the Judiciary Committee, said that he had issued a subpoena for her to testify. "I can assure you—we're going to get her," he said.

Mr. Kleindienst also denied that he misled the public when he issued a statement last December that the settlement of the suit "was handled and negotiated exclusively" by the former chief of the Justice De-

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partment's Antitrust Division, Richard W. McLaren.

"I set in motion a series of events by which Mr. McLaren became persuaded that he ought to come off his position" against the settlement, Mr. Kleindienst said. He insisted that he had taken no part in the negotiations but had merely arranged for Mr. Rohatyn to present the economic and financial arguments that changed Mr. McLaren's mind.

Mitchell to Testify

Mr. Kleindienst's statements to the Judiciary Committee were supported in testimony by Mr. McLaren, who is now a Federal district judge in Chicago, and Mr. Rohatyn.

But several Democratic members of the committee indicated that they were not yet satisfied, and tomorrow Mr. Mitchell is scheduled to testify.

Senator Eastland said after the hearing that the committee would hear Mr. Mitchell, who formally resigned as Attorney General yesterday to direct President Nixon's re-election campaign, and W. R. Merriam, chief of the telephone company's Washington office, to whom the purported memorandum was addressed.

Mr. Anderson was present in the committee room, waiting his turn to testify, during the long day of testimony today. Senator Eastland said that if the committee did not hear Mr. Anderson and other witnesses, the hearings would resume next week.

Told to "Get Out of Town"

In comments to reporters, Mr. Anderson said that when his office last talked to Mrs. Beard, on Sunday, she said "I.T.T. has told me to get out of town."

He added that Mrs. Beard had said that security officers for the company went into her office here last week and shredded documents pertaining to the three cases. One of these, she reportedly said, was a memorandum to Edward J. Gerity, Jr., the company's senior vice president for public relations, in which she disclosed her plans to attend a Kentucky Derby party in Louisville, to be held in Mr. Mitchell's honor, where she hoped to discuss the cases with the Attorney General.

Mr. Anderson quoted Mrs. Beard as saying that she had an hour-long conversation with Mr. Mitchell at the party, at which Mr. Mitchell agreed to the general outlines of the settlement that was later reached and announced on July 31. She reportedly denied, however, that the company had given the San Diego money, or any other improper contribution, in exchange for the settlement.

Large Cash Flow

The three cases were suits to force International Telephone and Telegraph, one of the world's largest conglomerate corporations, to dispose of three recent acquisitions—the Canteen $\frac{7}{8}$ Corporation, a food and vending service company; the Grinnel Corporation, a water sprinkler manufacturer, and the Hartford Fire Insurance Company.

The Hartford, with more than \$1-billion in cash flow each year in the form of premium payments, was considered by I.T.T. to be indispensable to its aggressive merger and expansion program, and the conglomerate's officials made it clear throughout the litigation that they would fight hardest to save it.

Mr. Kleindienst testified today that the subject first came up at a party near his suburban Virginia home when a neighbor, John Ryan, the second-in-command of the telephone company office here, complained of the suits and asked if the company could explain its case to him in detail. Mr. Kleindienst said yes.

Asks for Appointment

According to Mr. Rohatyn, this information was relayed to him by officers of the company in New York, and he telephoned Mr. Kleindienst in April to request an appointment.

At the meeting between the two in Mr. Kleindienst's office on April 20, Mr. Rohatyn said, according to both men's testi-

mony, that stockholders of I.T.T. would suffer as much as \$1-billion in market losses if the Hartford were severed. It was also said that "ripples" from the drop might touch off a general slide in the stock market, and that the conglomerate's lack of liquidity would handicap its foreign operations and damage the United States position in its balance of international payments.

Mr. Kleindienst said that he had asked Mr. McLaren, the antitrust chief, if he would permit Mr. Rohatyn to make his presentation to the staff of the Antitrust Division. Mr. McLaren agreed, and the meeting was held on April 29, with Mr. Kleindienst, Mr. McLaren, and various lesser officials of the Justice Department and Treasury Department present.

A Change of Mind

Until that time, Mr. McLaren said, he had been convinced that the conglomerate must

give up the Hartford company. But he said that he had been impressed by the presentation and had asked the Treasury Department and a New York analyst, Richard J. Ramsden, to give their opinions. When they agreed about the financial hazards of severing the Hartford company from I.T.T., he changed his mind and drafted a proposed consent decree that became the model for the eventual settlement.

Mr. McLaren went to Mr. Kleindienst's office on June 17 and announced that he had decided to agree to let the company keep the Hartford if it would agree to divest itself of the two other companies and make no major acquisitions for 10 years. The officials telephoned this to Mr. Rohatyn, who instructed the company's lawyers to begin meetings with Mr. McLaren to work out the details.

Under the final settlement, International Telephone and

Telegraph was allowed to keep a portion of the Grinnel Company and the monetary limit the size of the companies that it would be permitted to acquire was raised.

The settlement was announced on July 31, eight days after it was announced that the necessary financing had been arranged to permit the Republican convention to be held in San Diego.

Mr. Rohatyn, a New York investment banker, said he had never heard of the pledge of funds for the convention until it came out in the press late last year. He said that he had asked I.T.T. officers about it and had been told that the Sheraton Corporation of America, subsidiary, had pledged \$100,000. This was said to be a "normal" substitute for purchasing advertising in convention publications. He did not say if additional services had been promised.

Mrs. Beard implied in her

memorandum that the subsidiary had underwritten the entire \$400,000. It has been widely reported that the corporation's pledge or services, plus cash, approached that figure. Mr. Rohatyn did not make it clear if he was disputing that figure.

Both Mr. Kleindienst and Mr. McLaren testified that they had never heard of the San Diego convention pledge until they read about it in the press.

TEXT OF MEMORANDUM

Following is the text of a purported memorandum from Mrs. Dita D. Beard, a Washington lobbyist for the International Telephone and Telegraph Company, to W. R. Merriam, head of the company's Washington office, as released by Jack Anderson, the Washington columnist:

I just had a long talk with EJG [E. J. Gerrity, head of public relations for I.T.T.]. I'm so sorry that we got that

call from the White House. I thought you and I had agreed very thoroughly that under no circumstances would anyone in this office discuss with anyone our participation in the convention, including me. Other than permitting John Mitchell, [Gov.] Ed Reinecke [of California], Bob Haldeman [of the White House staff] and Nixon (besides [Representative Bob] Wilson [of California], of course) no one has known from whom that 400 thousand commitment had come. You can't imagine how many queries I've had from 'friends' about this situation and I have in each and every case denied knowledge of any kind. It would be wise for all of us here to continue to do that, regardless of from whom any questions come, White House or whoever. John Mitchell has certainly kept it on the higher level only. We should be able to do the same.

I was afraid the discussion about the three hundred/ four hundred thousand commitment would come up soon. If you remember, I suggested that we all stay out of that, other than the fact that I told you I had heard Hal [Harold S. Geneen, president of I.T.T.] up the original amount.

Now I understand from Ned that both he and you are upset about the decision to make it four hundred in services. Believe me, this is ~~now~~ what Hal said. Just after I talked with Ned, Wilson called me, to report on his meeting with Hal. Hal at no time told Wilson that our donation would be in SERVICES ONLY. In fact, quite the contrary, there would be very little cash involved, but certainly some. I am convinced, because of several conversations with Louie [B. Nunn, former Governor of Kentucky] re Mitchell, that our

noble commitment has gone a long way toward our negotiations on the mergers eventually coming out as Hal wants them. Certainly the President has told Mitchell to see that things are worked out fairly. It is still ~~on~~ [Richard W.] McLaren's [former head of the Antitrust Division] Mickey-Mouse we are suffering.

We all know Hal and his big mouth. But this is one time he cannot tell you and Ned one thing and Wilson [and me] another:

I hope, dear Bill, that all of this can be reconciled—between Hal and Wilson—if all of us in this office remain totally ignorant of any commitment ITT has made to anyone. If it gets too much publicity, you can believe our negotiations with Justice will wind up shot down. Mitchell is definitely helping us, but cannot let it be known. Please destroy this, huh?