

Cabinet Member's Tie to ITT Official

Washington

A financial relationship between Felix G. Rohatyn, a director of International Telephone and Telegraph Corp., and Commerce Secretary Peter G. Peterson came to light yesterday.

According to records of the Senate Commerce Committee, Rohatyn became sole trustee for Peterson's personal fortune last year at a time when Rohatyn was meeting with top government officials about ITT's antitrust problems.

Peterson, who at that time was President Nixon's assistant for international economic policy, said yesterday that he had never discussed ITT's problems with Rohatyn and defended the trustee arrangement as proper.

TUNNEY

Senator John V. Tunney (Dem-Calif.), a critic of the government's handling of the ITT dispute, said:

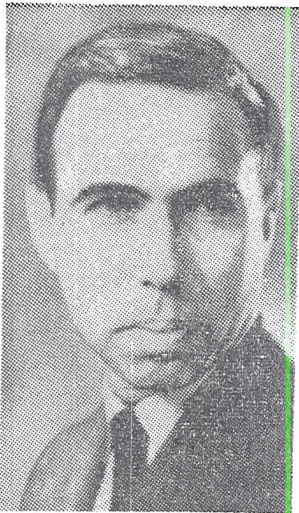
"It seems like every day we learn more about the length of ITT's tentacles."

"I think each of the high government officials whom ITT has admitted contacting should reveal the full extent of all their relationships with any of ITT's executives, directors or agents."

Rohatyn's arrangement with Peterson was spelled out in Peterson's confirmation hearings last February 16 — before the ITT case erupted. In those hearings Rohatyn, a Wall Street in-



PETER G. PETERSON
Commerce secretary



AP Wirephotos
FELIX G. ROHATYN
Trustee for Peterson

vestment banker, was not identified as an ITT director.

Peterson testified his assets were worth nearly \$1.5 million in February, 1971, when he resigned as an executive of the Bell and Howell photographic equipment firm and joined the White House staff.

TESTIMONY

He said he entered a "blind trust" agreement with Rohatyn as the sole trustee on May 25, 1971. Such an arrangement is intended to avoid a conflict of interest for a public official inasmuch as the trustee is supposed to handle the official's investments without informing him of details.

Although blind trusts are not uncommon in government, it is unusual for such a trust to be handled by a single individual.

Peterson testified he had known and worked with Rohatyn in private business since 1959. The committee approved the trust agreement before Peterson took office as Commerce Secretary late in February.

TIMING

The timing of the trust arrangement last May becomes significant in view of events since disclosed in Senate Judiciary Committee hearings into the nomination of Richard G. Kleindienst as attorney general.

Rohatyn's agreement with Peterson came at about the same time Rohatyn was

holding a series of five meetings with Kleindienst that eventually led to the anti-trust settlement last July 31. The Kleindienst meetings

The trust agreement also came in between three meetings held by Peterson and Harold S. Geneen, ITT's chief executive officer.

According to Geneen, these meetings with Peterson — one in April, 1971, and two in mid-1971 — were held to discuss international monetary policy and the government's general antitrust policy. Geneen said specifics of ITT's troubles were not discussed.

Presidential aide Peter M. Flanigan, who arranged for an outside consultant to make an economic study of ITT for the Justice Department last year, took over Peterson's White House duties when Peterson got a Cabinet appointment.