

Dean to Testify Today on Role In Sudden Shift of I. T. T. Files



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William J. Casey



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John W. Dean 3d

Transfer by S. E. C. Was Defended by Casey

By E. W. KENWORTHY

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WASHINGTON, May 22 — John W. Dean 3d, dismissed White House counsel, is to testify under oath tomorrow on his role in the sudden shift of the International Telephone and Telegraph Corporation last October from the Securities and Exchange Commission to the Justice Department in order to forestall examination of the files by Congressional committees.

At a hearing of the House Commerce subcommittee on investigations last Dec. 14, William J. Casey, then the S.E.C., chairman, gave two reasons for the removal to the Justice Department on Oct. 6 of 34 boxes of I.T.T. files and for twice denying the request of the chairman, Harley C. Staggers, Democrat of West Virginia, to let the subcommittee staff examine them.

First, Mr. Casey said that the S.E.C. investigation of the merger of I.T.T. and the Hartford Fire Insurance Company, begun in 1971, was still continuing, and examination of the files by outsiders, including Congressional committees, might jeopardize the rights of defendants if a suit were filed, or of innocent third parties.

Investigation Cited

Second, Mr. Casey said, the Justice Department was simultaneously conducting an investigation for possible perjury by I.T.T. officials at the resumed hearings of the Senate Judiciary Committee the preceding spring into the nomination of Richard G. Kleindienst to be Attorney General.

These resumed hearings were requested by Mr. Kleindienst following disclosure by Jack Anderson, the columnist, of a memorandum from Dita Beard to her superior, W. & Merriam, I.T.T. vice president for public relations. The memo suggested that I.T.T. was trying to arrange a favorable settlement of an antitrust suit against the Hartford merger in return for a \$400,000 contribution for the Republican Presidential con-

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vention, then scheduled for San Diego, Calif.

Mr. Casey told the staggers subcommittee that the full commission had met Oct. 4, 1972,

and decided, in a 10-minute session, to send the I.T.T. files to the Justice Department, where the two investigations might be consolidated. But he also made plain that, by dispatching them to the Justice Department, the S.E.C. would put the files out of reach of the Staggers subcommittee and the Senate Judiciary subcommittee on administrative practices and procedures.

Senator Edward M. Kennedy,

Democrat of Massachusetts, the chairman of that subcommittee, had been trying since the preceding April to get hold of the files to examine them for possible perjury by I.T.T. officials in the Kleindienst hearings.

In the course of the Dec. 14 hearing, however, several things came out that raised doubts in the minds of the Staggers subcommittee that the principal motivation of Mr. Casey and the commission in

denying access to the documents was the jeopardizing of a subsequent enforcement action.

In reply to a question by Mr. Staggers on what Mr. Casey meant by saying the commission wished to avoid "improper publicity," Mr. Casey said:

"Mr. Chairman, I don't think any of us have to be naïve about this. There had been continuing efforts on the part of other committees in the Congress seeking the files not to examine our handling of the case but seeking particular documents . . . which might have political interest. . . . I think . . . the commission had to recognize that this was a

particularly bad time for documents to be floating around."

The election was a month away.

Then, under questioning, Mr. Casey disclosed that, on Oct. 3, a few days after he had visited Mr. Staggers in his office and told him he would reconsider his request for the files, he had gone to see Mr. Dean at the White House.

Mr. Casey said he had talked with Mr. Dean about sending the files to the Justice Department to keep them from the subcommittee. Asked whether it was not unusual to

"involve the White House" in a matter before the independent S.E.C., Mr. Casey said that it w

not since "this was a matter of executive responsibility and privilege.

Then the following exchange took place:

Q. Did Mr. Dean indicate to you that he would talk to Justice about this case?

Mr. Casey: Yes, he did.

Q. Did Mr. Dean advise you that you should transfer the files to the Justice Department?

Mr. Casey: No. He knew that Justice was conducting another investigation and that the two were related.

Mr. Casey repeatedly told the subcommittee that Assistant Attorney General Ralph W. Erickson had called him that same day, Oct. 3, and requested that

the files be sent over. The Justice Department told another story. In commenting to reporters, it said that Mr. Casey had called Mr. Erickson and offered the files and that Mr. Erickson said that if the commission wanted to send them over, all right.

'Happy to Have Them'

(In an interview with the Chicago Sun-Times last Sunday, Mr. Erickson was quoted as having said that "I did not initiate the contact," that Mr. Casey volunteered the files, and that he said, "We'd be happy to have them.")

In an event the commission, in a quickly summoned meet-

ing on Oct. 4, approved the dispatch of the files in 10 minutes. They were shipped to the Justice Department early on the morning of Oct. 6, despite a call a few minutes earlier from Senator Kennedy's office saying that the shipment be delayed until the Senator could discuss it with Mr. Casey, or at least until the S.E.C. had made copies.

Finally, in the Dec. 14 hearing, Charles S. Whiteman 3d, executive assistant to Mr. Casey, gave the Staggers subcommittee an inkling of what documents Mr. Casey did not want "floating about." Besides the 34 cartons, Mr. Whiteman said, there was a separate