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Charge Naming the I.T.T. Is Reported Cut in S.E.C.

Casey Took Lead in Advocating Deletion Although Decision Was Unanimous, Sources on Capitol Hill Say

NYTimes By MICHAEL C. JENSEN MAY 21 1973
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WASHINGTON, May 20—A proposed charge of fraud against the International Telephone and Telegraph Corporation was deleted from a commission draft complaint last year, even though it had been recommended by the agency's top staff officials, according to Government sources.

William J. Casey, then chairman of the S.E.C. and now an Under Secretary of State, took the lead in advocating the deletion, but the decision was a unanimous one by the whole commission, according to sources on Capitol Hill and in regulatory agencies.

The charge revolved around the failure of I.T.T. to make known to the S.E.C. and to the investing public details of a controversial sale of stock to an Italian bank. The complex transaction made possible I.T.T.'s \$1.5 billion merger with the Hartford Fire Insurance Company.

Mr. Casey's role at the S.E.C. has recently been called into question in another matter

where a New Jersey financier, Robert L. Vesco, was deleted from an S.E.C. complaint against Mr. Vesco. Mr. Casey has denied that he had knowledge of any wrongdoing in this case.

G. Bradford Cook, who succeeded Mr. Casey as chairman of the S.E.C. resigned in the wake of that disclosure, although Mr. Casey was his boss at the time of the controversial deletion.

Government sources said the deletion of the fraud charge against I.T.T. was made even though the charge was supported by the agency's two top enforcement officials, Stanley Sporkin and Irving Pollack, and by Mr. Cook, who was then serving as the commission's general counsel.

Congressional investigators say they are looking into the complex deal, in which I.T.T. sold a large bloc of Hartford Fire stock to Mediobanca, an Italian bank, in order to qualify for a tax-free merger. In effect, I.T.T. had to dispose of the Hartford stock it already owned before it was allowed to

where references to a secret \$200,000 contribution to the Nixon re-election campaign by