

# Kleindienst Reports \$250,000 Fee Tied to Teamsters

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WASHINGTON, Sept. 28 —Richard G. Kleindienst, an Attorney General in the Nixon Administration, said he received a \$250,000 fee last spring for about five hours' work helping an insurance company obtain business from the Teamsters Union.

Mr. Kleindienst, now a Washington lawyer, disclosed his role in this transaction and others under investigation by the Securities and Exchange Commission in testimony he gave here early this month and filed in Federal District Court today.

The fee, he said, was subsequently split evenly with another intermediary, Thomas Webb of Washington, who was paid by a check issued by Mr. Kleindienst's firm, Welch, Morgan & Kleindienst. It appeared that Mr. Kleindienst's role resulted only from a long-standing friendship with Frank Fitzsimmons, the Teamster president.

## Major Negotiating Role

The S.E.C. charged in Federal District Court here last Friday that the Teamsters insurance premiums were fraudulently diverted by four men who devised an elaborate ploy —described by the commission as "a textbook case" —to loot the companies that received them.

Mr. Kleindienst was not named as a defendant, but his testimony filed by the commission with the court disclosed that he played a major negotiating role in two



Associated Press

Richard G. Kleindienst

transactions other than the one by which the Old Security Life Insurance Company of Kansas City acquired the Teamsters insurance business.

The former Government official was neither at his office nor at home this afternoon and could not be reached for comment on his testimony.

A woman at the law firm confirmed rumors that Mr. Kleindienst was leaving

the three-man partnership Oct. 1 but said this had nothing to do with his involvement with those charged by the S.E.C.

Mr. Kleindienst said during his appearance before the S.E.C. on Sept. 3 —one that produced 157 pages of testimony —that it was Mr. Webb who introduced him to Joseph Hauser, one of the principal figures behind the alleged insurance-looting plan.

Mr. Kleindienst said he met both Mr. Webb and Mr. Fitzsimmons at a Washington country club while he was Deputy Attorney General from January 1969 to March 1972.

When asked about his discussions with Mr. Fitzsimmons involving the insurance deal, Mr. Kleindienst replied that he told the union official that he had been employed by Old Security and that he repeated to him what he had been told by Mr. Webb.

"Old Security Life Insurance Company was one of the life insurance companies that had been recommended to the Central States Pension Fund as qualified to write this kind of business, that it was a good company, that it had submitted the lowest bid and that if those facts indeed were true, that anything Mr. Fitzsimmons could do to help cause to bring that result about I'd appreciate," Mr. Kleindienst testified.

Mr. Kleindienst added that Mr. Fitzsimmons had said, "Old friend, I'll look into it and call you back."

The business was later awarded to Old

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Security, which then, in effect, contracted it out under reinsurance agreements to companies controlled by the defendants.

In all, more than \$3 million was misappropriated, the S.E.C. charged.

The specific transaction about which Mr. Kleindienst testified was the acquisition of the National American Life Insurance Company by the National Pacific Corporation, both corporate defendants in the S.E.C. complaint. National American is not related to the American Life Insurance Company.

## Bill Submitted Never Paid

Mr. Hauser retained Mr. Kleindienst to negotiate this deal as well as the two others that eventually fell through —acquiring an Arizona real-estate development and a New Jersey company, the Great American Life Insurance Company. The bill he submitted for this additional work was never paid, he said.

Mr. Kleindienst said he did not know the source of the money to pay his fee for getting the Teamsters insurance business and added: "I'm positive that it was deposited in our firm account."

Normally, Mr. Kleindienst said, his usual billing rate for legal work is \$125 an hour. To earn the \$125,000 that his firm kept in the end "I made some contacts and some telephone calls," Mr. Kleindienst said. "I contacted primarily Mr. Frank Fitzsimmons."

The union, as well as the S.E.C., has brought charges against those allegedly involved in the misappropriation of union premium payments.

Since his resignation from office in May 1973, Mr. Kleindienst drew public attention when it was reported that he was employed by the Algerian Government as a \$120,000-a-year representative of that country's interests, particularly on energy matters, in the United States.

In June 1974, he received a suspended sentence of a \$100 fine and 30 days in jail for misleading a Senate committee investigating White House involvement in the antitrust case against the International Telephone and Telegraph Corporation.