

# Richardson Shifts Inquiry Into I.T.T. Merger to Cox

## Attorney General Explains To Eastland That the Antitrust Case Has Begun to Overlap With Watergate

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WASHINGTON, June 8—Attorney General Elliott L. Richardson announced today that he was shifting to Archibald Cox, the special Watergate prosecutor, authority to investigate all the ramifications of the merger of the International Telephone and Telegraph Corporation with the Hartford Fire Insurance Company.

The object of the investigation would be to seek any evidence of perjury and obstruction of justice on the part of I. T. T. and Government officials.

In a letter to Senator James O. Eastland, Democrat of Mississippi who is chairman of the Senate Judiciary Committee, Mr. Richardson said he was giving Mr. Cox this authority because "the I.T.T. inquiry has

begun to overlap with the Watergate investigation, particularly in the area of subjects for interview."

This was apparently a reference to the fact that many Government figures under investigation in the Watergate affair met with I.T.T. officers prior to a consent decree issued on July 31, 1971, in an antitrust case against the international conglomerate.

Meanwhile, Senator Sam J. Ervin Jr. announced that the Senate Watergate Committee, of which he is chairman, would expand its investigation to include the burglary of Dr. Daniel Ellsberg's former psychiatrist in September, 1971.

Under the consent decree of

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1971, the Justice Department required I.T.T. to divest itself of several acquisitions, including Avis, Inc., Canteen Inc., the fire protection division of Grinnel, I.T.T. Levitt & Sons and two small insurance companies to keep the \$1.5-billion Hartford Fire Insurance Company.

This decree has set off two investigations in the Department of Justice.

### Possible Perjury Studied

The first is an inquiry into possible perjury by I.T.T. officers and Government officials during the second hearings in March and April, 1972, on the nomination of Richard G. Kleindienst to be Attorney General.

The hearings were resumed at Mr. Kleindienst's request after Jack Anderson, the syndicated columnist, printed on Feb. 29, 1972, a memo by Dita D. Beard, I.T.T.'s Washington lobbyist, to her chief, William R. Merriam, I.T.T. vice president for Washington operations. The memo, written June 25, 1971, suggested that the company would get a favorable settlement of the Hartford antitrust suit in return for a pledge of \$400,000 to the Republican Presidential convention then planned for San Diego.

On June 30, 1972, the Senate Judiciary Committee asked the Justice Department to examine the 1,700-page hearing record for evidence of perjury.

The second inquiry by the

Justice Department was a by-product of another investigation by the Securities and Exchange Commission following the 1971 consent decree. The S.E.C. inquiry was into possible violations of law and regulations by I.T.T. in connection with the Hartford merger.

The S.E.C. subpoenaed I.T.T. files, but the documents delivered did not include the Dita Beard memo, as Stanley Sporkin, the commission's deputy director of enforcement, discovered following the publication of the Anderson column.

Thereupon Mr. Sporkin asked Joseph H. Flom, an I.T.T. attorney, whether any other documents had been withheld. Mr. Flom delivered 13 of them. They were interoffice memos and letters from I.T.T. to Administration officials, dealing with meetings on Government antitrust policy in general and three antitrust suits against the corporation in particular.

Last October the S.E.C. sent the 34 boxes and the envelope containing the 13 "politically sensitive" documents to the Justice Department to keep them out of the hands of the House Commerce Subcommittee on Investigations.

Although Ralph E. Erickson, then Deputy Attorney General, told William J. Casey, the S.E.C. chairman, that Justice did not need the files for its investigation into possible perjury in the Kleindienst hearings, he finally agreed to accept them when Mr. Casey said they might form

the basis for a charge of obstruction of justice.

The basis of such a charge, Mr. Casey indicated, might be, first, that I.T.T. on its own admission had shredded some of its files following disclosure of the Dita Beard memo, and, second, the initial withholding of some "politically sensitive" documents raised the question of whether other documents had been withheld.

The Justice Department, in the view of the senate judiciary Committee and the House Commerce subcommittee, has not been very aggressive in the two investigations. Committee and staff members point to a statement by L. Patrick Gray 3d, during hearings on his nomination to be director of the Federal Bureau of Investigation that the F.B.I. did not get orders to conduct interviews until last Dec. 5.

In any event, Mr. Richardson has now directed that the responsibility for the investigation of perjury in the Kleindienst hearings and of obstruction of justice shall be taken over by Mr. Cox.

The 34 boxes of I.T.T. files and the 13 sensitive documents will be transferred to Mr. Cox's office, and some of his staff attorneys will begin going through them next week, according to his office.

Mr. Richardson did not mention any names, but the following Administration officials who met with I.T.T. officers prior to the consent decree have also figured in the Watergate in-

vestigation: John N. Mitchell former Attorney General; H. R. Haldeman, former White House chief of staff; John D. Ehrlichman, former White House chief domestic adviser; former Secretary of Commerce Maurice H. Stans and Charles W. Colson, former special counsel to the

Reuben Robertson, a lawyer working with Ralph Nader, the consumer advocate, who has made a specialty of I.T.T., welcomed Mr. Richardson's action.

"I think this is a very good move," he said. "The Justice Department was going to sit on this egg until it rotted. The Dita Beard memo has a new vitality today."

Meanwhile, the Project on Corporate Responsibility filed suit in Federal District Court here today seeking an order to require the Justice Department to permit public access to the I.T.T. documents under the Freedom of Information Act.

First the S.E.C. and later the Justice Department rejected requests of the Senate Judiciary Committee and the House Commerce subcommittee to inspect the subpoenaed documents.

Edward J. Gerrity Jr., I.T.T.'s senior vice president for corporate relations, said in response to a query that "at least half a dozen" of the company's officials, including himself, were questioned by the F.B.I. several months ago. Some of the questions related to the S.E.C. case, he said, and others to the Senate Judiciary Committee hearings.