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Rockefeller and Banker Brother Tied To a Secret Triborough-M.T.A. Pact

By FRANK J. PRIAL

On Feb. 9, 1968, the Governor of New York and the chairman of the Chase Manhattan Bank met at the Governor's townhouse on West 55th Street and apparently signed a secret agreement that paved the way for the take-over later that year of the Triborough Bridge and Tunnel Authority by the Metropolitan Transportation Authority.

The bank represented the bondholders of the Triborough Authority and the Governor represented the M.T.A. The bank chairman was David Rockefeller, and the Governor was his brother, Nelson.

The author of the agreement, whose full terms have never been disclosed, is said by many to have been Dr. William J. Ronan, whom recent disclosures have shown to be the recipient of \$500,000 in gifts from the former Governor, his longtime mentor. Dr. Ronan was chairman of the M.T.A. at the time of the settlement and served until earlier this year.

Senator Seeks Details

Yesterday Senator Jess A. Carolina, urged that the Senate Rules Committee subpoena the agreement between the two Rockefeller's if its contents were not disclosed in future testimony before the committee by Mr. Rockefeller and Dr. Ronan.

Shortly after the two Rockefeller's signed the agreement, it was taken before then State Supreme Court Justice William C. Hecht Jr., who sealed the papers and thus effectively cut off any chance at that time for the public to learn the full details of the deal.

Justice Hecht, who is now a special referee appointed by the Appellate Division of the State Supreme Court, said yesterday that he had sealed the agreement at the request of both parties to it. He said he had not dealt with the matter since then and would have to study it again to see if it could be unsealed if subpoenaed.

Senator Helms, a foe of the Rockefeller nomination as Vice President, cited an account of the settlement by Robert A. Caro in his book on Robert Moses, "The Power Brokers." If the Caro account is true, Mr. Helms said, "then a question of conflict of interest arises."

"Even if the description of events should not be correct in every detail," he went on, "the question of personal gifts to Dr. Ronan and to other political figures raises a grave question of propriety."

The agreement between the Rockefeller brothers settled out of court Triborough bondholders' suit seeking to prevent the M.T.A. from diverting Triborough toll surpluses to cover bus and subway operating expenses.

Suit Not Prosecuted

According to Mr. Caro in his book, "almost every legal expert on municipal bonds and public-authority bonds" was convinced that the suit would have been successful if it had been prosecuted vigorously.

"The suit was not prosecuted vigorously," Mr. Caro wrote. "Why it was not prosecuted vigorously is not known."

Mr. Caro said yesterday that he chose not to elaborate on what he had said in his book.

According to Mr. Caro, Robert Moses, then the chairman

of the Triborough agency, originally planned to fight both the merger of his authority into Dr. Ronan's M.T.A. and the diversion of its surpluses to cover mass-transit deficits. But after a meeting with Governor Rockefeller, Mr. Caro reports, Mr. Moses backed away and dropped his opposition to the merger.

Mr. Caro implies that Mr. Moses was offered several high positions by the Governor in exchange for his support. These offers, Mr. Caro writes, the Governor later reneged on.

An important outcome of the townhouse meeting was that Dr. Ronan finally consolidated power as the state's sole transportation chief at the expense of Mr. Moses.

Mr. Moses, who was vacationing in Bermuda yesterday, declined to comment on his role in the M.T.A.'s absorption of the Triborough Bridge and Tunnel Authority.

Bank's Role Unclear

The Chase Manhattan Bank served as trustee for the Triborough bondholders in the lawsuit. But the bank was not listed as an owner of any of the bonds in a statement sent by Dr. Ronan to all bondholders at the time of the merger.

"What Chase got in exchange [for not pressing the suit on the bondholders' behalf] is not known," Mr. Caro wrote, "although it continued to head syndicates—as it had in the past—that underwrote and purchased tens of millions of dollars in state bonds, immensely profitable to banks."

What was made clear as part of the arrangement was



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the increase in interest payments to the Triborough bondholders of an extra quarter of 1 per cent, plus a guarantee of the state's credit as backing for the bonds. This amounted to some \$12-million extra over the lifetime of the bonds, most of which were held by large commercial banks and insurance companies.

According to Theodore W. Kheel, who has long made a study of transportation in the metropolitan area, the original deal called for no extra interest. But then, he said, one of the big banks balked. There was some hard bargaining, Mr. Kheel said, and finally the one-quarter of 1 per cent was agreed upon.

According to Ralph Nader's Study Group Report on the First National City Bank, the bondholders did not actually agree to the transfer of surplus Triborough funds until June, 1970.