

Simon and Wall Streeters Try to Block Antitrust Bill

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WASHINGTON, Jan. 28—In response to complaints from key Wall Street figures, the Administration is considering withdrawing support for a major section of antitrust legislation pending in the Senate.

The bill in question, which is awaiting action by the Senate Judiciary Committee, contains a section that would expand the Justice Department's powers to delay large corporate mergers while their legality, under the antitrust laws, was being litigated.

Complaints against the measure have come from such Wall Street figures as Felix G. Rohatyn, an investment banker who is now chairman of the Municipal Assistance Corporation; Bernard J. Lasker, a former chairman of the New York Stock Exchange and a member

of the executive committee of President Ford's Finance Committee, the national fund-raising organization, and Gustave L. Levy, a senior partner of Goldman, Sachs & Company. Mr. Levy is also a fund raiser for President Ford.

The bill's author is Senator Philip A. Hart, Democrat of Michigan, the chairman of the Senate antitrust subcommittee. The antimerger section was en-

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dorsed by the Administration last summer, after Senator Hart agreed to some changes.

The move within the Administration to withdraw endorsement for the section as written, is being led by Secretary of the Treasury William E. Simon, whose department has no official jurisdiction over antitrust matters.

Mr. Simon came into the Government from the investment banking business, having formerly been a partner in Salomon Brothers. Most of those who have been pushing for changes in the antimerger section of the Hart bill are also investment bankers or stockbrokers.

Mr. Simon said, in response to a question, that he had first heard about the objections of the securities industry to the Hart bill from Mr. Lasker.

After talking to Mr. Lasker and others, Mr. Simon took the issue to the Economic Policy Board, the Administration's coordinating group for economic issues, on Dec. 16, and tried to get the board to reverse the Administration's stand.

According to several persons who were present, Mr. Simon encountered strong counterarguments from Thomas A. Kauper, the head of the Justice Department's antitrust division and the upshot of the meeting was a decision that Mr. Simon and Mr. Kauper should talk further.

There have been several meetings since, chiefly between Richard R. Albrecht, the Treasury's general counsel, and Mr. Kauper. The antitrust chief has made several concessions, but the talks reached an impasse last week, according to both sides.

Challenged by Democrats

A resolution of the issue promises to be a difficult one for President Ford, if it reaches him, because he has asserted many times recently that he plans to step up the Government's enforcement of the antitrust laws.

That assertion has already been challenged by Democrats in Congress, including Senator Edward M. Kennedy of Massachusetts, who noted that the Government's budget for the next fiscal year contemplates him, because he has asserted the filing of exactly the same the current fiscal year.

The Justice Department had originally asked for enough money to add 20 lawyers and 31 nonlawyers to the staff of the antitrust division. But the Office of Management and Budget, in a decision in which President Ford was personally involved, provided funds to hire only three additional lawyers and 17 nonlawyers. A spokesman for the budget office said that the decision to use the additional funds mainly to hire clerical and paralegal workers was made by the Justice Department.

The probable outcome of the battle over the merger section of the Hart antitrust bill was uncertain. The measure has been on the committee's calen-

dar for months but the committee has never been able to muster a quorum on those days when the Hart bill was to be discussed. Some committee members believe that the absenteeism on the part of other members has been deliberate.

In addition to seeking support among members of the Ford Administration against the antimerger section of the Hart bill, various investment bankers have also been lobbying in Congress.

For example, Mr. Rohatyn, the Lazard Freres & Company partner who figured importantly in the resolution of last year's New York City financial crisis, has visited Senator Kennedy to discuss the bill, according to an aide of the Senator.

Profits Can Be High

Investment banking firms, such as Mr. Levy's and Mr. Rohatyn's, frequently are the actual initiators of corporate mergers. They find smaller companies that are willing to be bought by larger ones and bring them to the attention of acquisition-minded large companies. They receive finders' fees for this activity, which can run to millions of dollars.

In addition, the investment bankers can make amounts of money that exceed the finders' fees by buying and holding the stocks of one or both of the companies involved in a merger and profiting from the changes in the relative prices of the stocks as the merger moves toward fruition.

Mr. Rohatyn is a Democrat, unlike most of those who have been trying to get the anti-merger section of the bill dropped or changed.

Several persons in Congress and the Administration said that they believed Vice President Rockefeller was involved in the fight on the side of the investment bankers.

Hugh Morrow, the Vice President's spokesman, denied this, saying that Mr. Rockefeller had said, in response to an inquiry, that he had never discussed the matter with anyone.

Inquiries from Aide

However, both Mr. Kauper, the head of the antitrust division, and Mr. Albrecht, the Treasury general counsel, confirmed that they had had repeated inquiries from Raymond P. Shafer, counselor to the Vice President, about the progress of their talks on the legislation.

Mr. Shafer refused to make any comment about his involvement in the issue.

Mr. Levy, who had been reported among those lobbying against the section of the bill, similarly refused to say with whom he had talked.

"I know Bunny Lasker's been working hard on it" he said in a telephone interview but he added for himself only that he thought the bill was "very objectionable" and that he had therefore, "made my views known to some of my friends."

Those who are fighting against any further changes in the Hart bill say that it is the potential loss of earnings that is motivating the investment bankers. Mr. Simon and others who are siding with the

investment bankers argue, on the other hand, that many mergers are good for the nation, particularly when a company with inept or aging management is taken over by a more vigorous concern. They say the bill would simply prohibit many mergers by causing delays.

For the same reason, Mr. Albrecht argued that the delays that would be imposed if the Hart bill were enacted would make the Justice Department, in effect, a regulatory agency with the power to approve or block a merger. Under the Hart bill, as it currently stands, any company with assets of \$100 million or more would have to report to the Justice Department 30 days in advance of a planned acquisition of a company with assets of \$10 million or more.

During that 30 days, the Justice Department could go into Federal court and ask for a preliminary injunction, blocking the merger until its legality was decided.