

Alleged Memo Ties I.T.T. Trust Action To G.O.P. Funding

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WASHINGTON, Feb. 29 — A memorandum purportedly written last June by the chief lobbyist for the International Telephone and Telegraph Corporation and disclosed here today linked the settlement of an antitrust action against the company with a subsidiary's pledge to help finance the Republican National Convention this year.

The purported memorandum, labeled "personal and confidential" and concluding with a request that it be destroyed, was dated June 25, 1971.

That was a month before the Justice Department announced on July 31, that it had reached a settlement with I.T.T. out of court in three major antitrust cases involving the acquisition of other companies.

On July 23, the Republican National Committee selected San Diego as the site of the party's 1972 Presidential Convention. Not until several weeks later did it become known in San Diego that the city's bid for the convention had included a pledge by the Sheraton Corporation of America, an I.T.T. subsidiary, to underwrite a ma-

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portion of the \$400,000 needed from "private sources" to gain the convention.

The memorandum, attributed to Mrs. Dita D. Beard of I.T.T., was made public by Jack Anderson, the syndicated columnist. The implications contained in it were denied by Attorney General John N. Mitchell, and by the company, but neither would discuss the authenticity of the document.

It urged W. R. Merriam, an I.T.T. vice president here, to keep the financing pledge quiet because "if it gets too much publicity you can believe our negotiations with Justice will get shot down. Mitchell is definitely helping us," it said, "but cannot let it be known."

Involvement Denied

Mr. Mitchell denied in a statement today that he had been involved "in any way" in negotiations on the Republican Convention site or in settlement of the I.T.T. antitrust action.

The company also issued a statement saying that "there was no deal of any kind to settle our antitrust cases."

But the Democratic National Chairman, Lawrence F. O'Brien, seized on the report as a political issue, contending that the memorandum raised "grave questions about the very integrity of the Nixon Administration." There were unconfirmed reports that Democrats in Congress would seek an investigation of the antitrust matter.

Purported Reaction

The purported memorandum stated that Mrs. Beard was upset that White House officials were discussing the Sheraton Corporation's pledge.

"Other than permitting John Mitchell, Ed Reinecke, Bob Haldeman and Nixon (besides Wilson, of course) no one has known from whom that \$400,000 commitment had come," the memorandum said.

Mr. Reinecke is the Republican Lieutenant Governor of California, H. R. (Bob) Haldeman is Mr. Nixon's chief of staff in the White House and Bob Wilson is a Republican Representative to Congress from San Diego.

Confirmation Reported

Mr. Anderson reported today that Mrs. Beard had confirmed the authenticity of the memorandum in an interview with one of his associates, Brit Hume.

According to Mr. Hume, Mrs. Beard said that she discussed antitrust action extensively with the Attorney General when both attended a Kentucky Derby cocktail party given last May by the then-Governor of Kentucky, Louie B. Nunn.

"I am convinced, because of several conversations with Louie [Nunn] re Mitchell," the purported memorandum said, "that our noble commitment has gone a long way toward our negotiations on the mergers eventually coming out as Hal wants them."

The "Hal" referred to in the memorandum is Harold S. Geneen, president and chairman of I.T.T.

Mrs. Beard and other officials of the company were not available for comment today. Inquiries were directed to Bernard Goodrich, a public relations officer here, who declined to take any questions.

The copies of the memorandum made available by Mr. Anderson contain the notation that "certainly the President has told Mitchell to see that things are worked out fairly."

Mitchell Statement

Mr. Mitchell's statement said that he had removed himself from "all consideration" of the antitrust action.

"I have not discussed the subject with anyone from I.T.T. or in the [Justice] Department, with one exception—the exception being that at a reception in the Executive Mansion of the State of Kentucky, a Mrs. Beard approached me on the subject," Mr. Mitchell said.

"I advised her that I was not familiar with the matter and that the appropriate people representing I.T.T. should take the matter up with the appropriate people in the Department of Justice," the Attorney General's statement continued. "That was the only time I have ever seen Mrs. Beard and the above is the extent of our conversation on the subject."

According to Mr. Anderson, Mrs. Beard said that she had spent more than an hour discussing the antitrust cases with Mr. Mitchell and that he had criticized her for attempting to put pressure on the Administration through members of Congress to settle the cases.

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The Attorney General then asked, according to the Anderson account, "What do you want?" and Mrs. Beard recounted the settlement that I.T.T. would like.

The columnist quoted Mrs. Beard as having said that the settlement announced by the Justice Department conformed to the details she had outlined to Mr. Mitchell.

The agreement required I.T.T. to divest itself within two years of its holding in the Canteen Corporation, a food and vending service company,

and the Fire Protection Division of the Grinnell Corporation, a water sprinkler manufacturer.

The corporation would also have to choose within three years between surrendering control of the Hartford Fire Insurance Company—one of the companies involved in the antitrust action—or giving up four other holdings—Avis Rent-a-Car, I.T.T.-Levitt & Sons, I.T.T.-Hamilton Life Insurance Company and I.T.T. Life Insurance Company.

The Justice Department also agreed to halt antitrust actions over I.T.T.'s acquisitions of

the Canteen Corporation and the Grinnell Corporation, as well as to drop the suit over acquisition of Hartford Fire.

The department had opposed the merger with Hartford Fire on the ground that the creation of a \$7-billion company would contribute to "substantial lessening of competition."

Both the Justice Department and I.T.T. said that the antitrust action was settled entirely through negotiations with Richard W. McLaren, the Assistant Attorney General in charge of the Antitrust Division.

The purported memorandum

said that all that stood between arrangement of a settlement was "McLaren's Mickey-Mouse."

This was apparently a reference to Mr. McLaren's reputed policy of stern enforcement of antitrust legislation.

Mr. McLaren was appointed to the Federal District Court in Chicago last month by the President. The appointment followed reports that Mr. McLaren had been dissatisfied by the refusal of the Deputy attorney General, Richard G. Kleindienst, to authorize a suit to block the merger of two major pharmaceutical companies, one of them

the client of the former law firm of the President and the attorney General.

Mr. O'Brien, the Democratic Chairman, sought today, however, to link the I.T.T. case to Mr. McLaren's departure and to suggest that it raised "serious doubts" about the pending nomination of Mr. Kleindienst to become Attorney General. Mr. Mitchell is resigning to become manager of the President's reelection campaign, a role he performed in 1968.

Mr. O'Brien said that Mr. Kleindienst assured him last December that Mr. Mitchell had not been involved in the I.T.T.

case, but the Democratic leader added that "it is now clear that these are not the facts, and Mr. Kleindienst knew it."

The vote on Mr. Kleindienst's nomination had been set for tomorrow afternoon, but has now been put off until Thursday or Friday. There were no indications whether the issue would be raised before the Senate votes on the nomination.

It was known, however, that the Senate antitrust subcommittee, whose chairman is Senator Philip A. Hart, Democrat of Michigan, was considering the possibility of holding hearings into the I.T.T. case.