

Kleindienst Will Testify in ITT Quiz

Examiner News Services

WASHINGTON — The Senate Judiciary Committee, at the request of Deputy Attorney General Richard Kleindienst, tomorrow will take testimony from himself and others on allegations that the Justice Department dropped an antitrust case after the defendant pledged funds to help finance the Republican National Convention.

The panel will examine reports by columnist Jack Anderson that government antitrust action against International Telephone & Telegraph Co., was dropped after an ITT subsidiary pledged \$400,000 for the GOP convention next August in San Diego.

Anderson claimed the \$400,000 donation was to come from two Sheraton hotels in San Diego which are part of a subsidiary of ITT.

Kleindienst, whose nomination to succeed Atty. Gen. John Mitchell already has been unanimously approved by the committee, requested the unusual hearing, Chairman James O. Eastland (D-Miss.) told a reporter yesterday.

Other witnesses, Eastland said, will be Anderson, Richard W. McLaren, former

head of the Justice Department's Antitrust Division and now a federal judge in Illinois, and a representative of ITT, a giant conglomerate.

Sen. Philip Hart (D-Mich.), chairman of the Judiciary Committee's antitrust and monopoly subcommittee, is gathering documents and other pertinent matter, sources here said, to determine whether formal hearings should be held on the ITT case.

The name of Kleindienst — who was approved for Mitchell's spot last week by the Judiciary Committee — was propelled into the case by Democratic National Chairman Lawrence F. O'Brien.

O'Brien said that "directly contrary to Mr. Kleindienst's written statement to me last December, Attorney General John Mitchell was personally in charge of arranging a quiet settlement of the ITT merger case."

By this settlement, ITT promised to divest itself in three years of operations having annual sales of at least \$1 billion, including — among others — either Hartford Fire Insurance Co., or

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a group of operations comprising Avis Rent-A-Car.

Raised Questions

O'Brien said he "raised . . . questions" of Mitchell's reported involvement in the settlement in a letter to the Attorney General and received a reply from Kleindienst.

The latter, reported O'Brien, said that Mitchell "has removed himself from any matter coming before the Department of Justice which could or has involved ITT."

O'Brien continued:

"The reason for this, Kleindienst said, was that Mitchell's (and President Nixon's) former law firm 'has performed legal services for some of the subsidiary corporations of ITT.'

Consequently, said Mr. Kleindienst, the ITT settlement 'was handled and negotiated exclusively by Asst. Atty. Gen. Richard W. McLaren.'

"It is now clear that these were not the facts, and Mr. Kleindienst knew it," O'Brien said. "He should now be required to explain himself before he assumes the foremost law enforcement position in the country."

O'Brien said he had been promised last December by Kleindienst that McLaren—then out of the country—would explain the ITT settlement "and its relationship to the San Diego arrangement."

"I have yet to hear from Mr. McLaren, who in January was suddenly spirited off into a Federal judgeship," commented O'Brien.

McLaren has said that the ITT settlement's "broad outlines" were drawn up last June, and that Mitchell "had no connection whatsoever" with it.

'Satisfactory Explanation'

Kleindienst met last night in the office of Republican leader Hugh Scott of Pennsylvania, a Judiciary Committee member, with Eastland and Sen. Roman L. Hruska (R-Neb.) the ranking minority member of the committee.

Hruska told a reporter that Kleindienst gave them "a very complete and satisfactory answer" to the allegations. Similar statements were made by Scott and Eastland, who said they could see no threat to Senate confirmation of Kleindienst.

The committee reported the nomination to the Senate late yesterday. Eastland explained that tomorrow's session does not constitute a reopening of the nomination hearing because that could be done only if the committee recalled its favorable report from the Senate.

Mitchell Denied

He said that after taking the testimony about the settlement of the antitrust cases against ITT, the committee will decide what to do.

Mitchell, whose resignation to direct President Nixon's re-election campaign

became effective today, has denied Anderson's reports. So has ITT.

"Agreement was reached with the Justice Department only after hard negotiations between our outside legal counsel and the then-Assistant Attorney General Richard McLaren and his staff," the company said in a statement.

Anderson, in columns yesterday and today, sought to link settlement of the antitrust cases to a pledge by the Sheraton Corp. of America, an ITT subsidiary, to help finance the convention. And he pictured both Mitchell and Kleindienst as taking part in the negotiations.

In one column he quoted a memo attributed to a lobbyist for ITT, Mrs. Dita D. Beard, as saying "our noble commitment has gone a long way toward our negotiations on the mergers eventually coming out" as the company president wanted.

Party in Kentucky

Mrs. Beard was quoted also as saying in the memo that she came to an agreement with Mitchell on the antitrust cases at a party last May in the Kentucky governor's mansion arranged by then Gov. Louis Nunn.

An out-of-court settlement was announced by the Justice Department last July 31. It permitted ITT to keep part of three firms it sought to acquire by merger, including the Hartford Fire Insurance Co., if it would divest itself of certain other holdings.

'Secret Meetings'

Kleindienst, replying last December to the inquiry by O'Brien, wrote that the settlement between the Justice Department and ITT was handled exclusively by McLaren as head of the antitrust division.

In his column today, Anderson said that Kleindienst

"held roughly a half-dozen secret meetings on the ITT case with a director of the company before the settlement was reached."

Anderson said "the director, Wall Street financier Felix Rohatyn, conceded to us that he met in private with Kleindienst" and quoted Rohatyn as saying "I was supposed to make the case on the economic side of it."

Hruska said Kleindienst was prepared to answer questions about the ITT matter during the Judiciary Committee's hearings on his nomination but no one asked him about it.

A spokesman for the Republican convention planners said the Republican National Committee had received no convention pledge from ITT and if one was made it would have been to San Diego groups raising the convention money.

'Disproportionate'

He added that the arrangements committee "feels it would be improper to take such a disproportionate share from one source."

Campaigning in New Hampshire, Rep. Paul McCloskey (San Mateo) called for a "full disclosure" of the facts surrounding the alleged pledge by ITT to the GOP and for the reopening of Senate Judiciary hearings on the nomination of Kleindienst.