

KLEINDIENST ASKS TO REBUT CHARGES

NYTimes MAR 2 1972
Senate Panel Calls Session
on Alleged Improprieties
on I.T.T. Antitrust Action

By FRED P. GRAHAM

Special to The New York Times

WASHINGTON, March 1—Deputy Attorney General Richard G. Kleindienst will appear before a special session of the Senate Judiciary Committee tomorrow to answer under oath allegations of improprieties growing out of the Justice Department's settlement of an antitrust action against the International Telephone and Telegraph Company.

The open hearing was scheduled after Mr. Kleindienst, whose nomination to become Attorney General was approved without dissent by the committee last week, requested an opportunity to deny the allegations.

At issue are charges published this week by Jack Anderson, the syndicated columnist, that three antitrust suits against I.T.T. were dropped after one of the company's subsidiaries pledged \$400,000 to help finance the Republican National Convention next August in San Diego.

In his column yesterday, Mr. Anderson published material from a memorandum that he said was written by Mrs. Dita D. Beard, a Washington lobbyist for I.T.T., who told her superiors that Attorney General John N. Mitchell agreed last May to settle the case along the lines that it was later settled.

Today, Mr. Anderson said in

Continued From Page 1, Col. 4

a second column that Mr. Kleindienst had "told an outright lie" when he stated publicly that he had not been involved in the negotiations preceding the Government's decision to settle the cases.

Mr. Anderson quoted Felix G. Rohatyn, a New York investment banker who is a director of I.T.T., as saying that he discussed the settlement in private with Mr. Kleindienst roughly a half-dozen times while it was being worked out by staff lawyers in the Justice Department.

Last night and today Mr. Kleindienst held a series of meetings on Capitol Hill with key Senators, in which he reportedly denied taking any hand in the negotiations of the settlement.

Sources close to the discussions reported that Mr. Kleindienst conceded that he did have conversations with Mr. Rohatyn early in 1971, and that he arranged for Mr. Rohatyn to meet with Richard W. McLaren, then chief of the Justice Department's Antitrust Division.

According to these sources, Mr. Rohatyn had told Mr. Kleindienst that if I.T.T. were forced to divest itself of the Hartford Fire Insurance Company, it would encounter serious liquidity problems, which would adversely affect the United States' overseas balance of payments.

Mr. Kleindienst reportedly said that he had arranged for a meeting, at which Mr. Rohatyn and other representatives of I.T.T. made a presentation of these economic arguments to Mr. McLaren, members of his staff, and representatives of the Treasury Department.

Inquiry From O'Brien

In his column today Mr. Anderson said Mr. Kleindienst lied when he wrote a letter on Dec. 13 answering an inquiry about the matter from Lawrence F. O'Brien, chairman of the Democratic National Committee. Mr. Kleindienst wrote that the settlement "was handled and negotiated exclusively" by Mr. McLaren, and that Mr. Kleindienst had had no role other than to concur in Mr. McLaren's recommendation.

In an interview today in Chicago, Mr. McLaren, who is now a Federal District Judge said that there had never been any pressure from his superiors to settle the case, and that he and his staff had negotiated the settlement.

"John Mitchell never had anything whatsoever to do with the I.T.T. case," Mr. McLaren declared. "He had disqualified himself, as he had been counsel for one of the company's divisions when in private practice."

"I worked up a settlement formula in conjunction with the career trust staff of the Antitrust Division. It was approved by Mr. Kleindienst and negotiation of the details was carried out by myself and the trust staff with lawyers for I.T.T.," Mr. McLaren asserted, and added:

"This was a \$1-billion divestiture, the largest in antitrust history, thus an order against major acquisitions. It was an excellent settlement from the department's standpoint."

At a meeting of the Republican National Committee in Washington, R. L. Herman, vice chairman of the convention arrangements committee, said

Continued on Page 21, Column 1

<p>that neither the San Diego committee nor the National Committee would accept the alleged \$400,000 offer from I.T.T. as "it would be improper to take such a disproportionate share of the Republican party's convention needs from a single source."</p>	<p>run from \$10,000 to \$25,000. The Senate minority leader, Hugh Scott, who presided over a meeting last night in his Capitol office between Mr. Kleindienst and other Senators, said, "He has a full and adequate answer."</p>	<p>Edward M. Kennedy of Massachusetts, John V. Tunney of California and Philip A. Hart of Michigan.</p>	<p>was some prospect that the hearing could last several days or more, as the committee staff was reportedly informed that Mrs. Beard is seriously ill and unable to testify.</p>
<p>Mr. Herman said that, so far as he knew, the Republican party had not received any funds from I.T.T. or from the Sheraton Corporation of America, an I.T.T. subsidiary. But he said he hoped that the party would be able to sell the companies advertising space in the convention program. Page rates</p>	<p>Another meeting was held this afternoon in the office of the Senate majority leader, Mike Mansfield. In the course of the two meetings, Mr. Kleindienst gave his explanation to Senator Roman L. Hruka, Republican of Nebraska, and the following Senate Democrats: James O. Eastland of Mississippi, Birch Bayh of Indiana,</p>	<p>Mr. Kleindienst was said to have indicated that Mr. McLaren would appear with him to testify tomorrow, and that Mr. Mitchell and Mr. Rohatyn would testify if needed.</p>	<p>This could delay the confirmation of Mr. Kleindienst's nomination, which was reported to the Senate floor yesterday and was expected to have been approved tomorrow without serious opposition before the I.T.T. matter arose.</p>
		<p>A Justice Department spokesman said tonight that no plans had been made for Mr. Mitchell to testify.</p>	<p>Efforts were being made by various Senators to invite the following persons as witnesses: former Gov. Louie B. Nunn of</p>

<p>Kentucky, host at the Kentucky Derby party at which Mrs. Beard discussed the I.T.T. case with Mr. Mitchell; W. R. Merriam, head of I.T.T.'s Washington office, who was allegedly the addressee of Mrs. Beard's memorandum, and Harold S. Geneen, president of I.T.T.</p>	<p>day night when Mr. Hume interviewed Mr. Rohatyn, said today that the I.T.T. director said he talked "continuously" with Mr. Kleindienst during the period last year when the negotiations were going on.</p>	<p>retary said today that he was out and that she did not know when to expect him back.</p>
<p>Others who are expected to testify are Mr. Anderson, Brit Hume, one of his investifators, who interviewed Mr. Rohatyn; and Ruben B. Robertson 3d, an associate of Ralph Nader, the consumer advocate.</p>	<p>Mr. Rohatyn was said to have insisted that his role was limited to dealing with "the economics and business aspects of the divestiture."</p>	<p>It became known late last summer, several weeks after San Diego was named as the Republican Convention site, that the Sheraton Corporation of America had agreed to underwrite a major portion of the \$400,000 needed from "private sources" there to gain the convention.</p>
<p>Mr. Robertson, who listened on a telephone extension Sun-</p>	<p>Mr. Rohatyn is a senior partner of Lazard Freres & Co. in New York, an investment firm that concentrates on assisting clients interested in merging with other businesses. His sec-</p>	<p>The Justice Department announced on July 31 that it had settled three suits it had brought to make I.T.T., a huge conglomerate, divest itself of subsidiaries.</p>