

The Man in the Middle



Attorney General-designate Richard Kleindienst was surrounded by photographers as he waited to testify yesterday

AP Photo

Kleindienst Tells of Secret ITT Meetings

United Press

Washington

Backed by the chief Federal negotiator in the case, Attorney General-designate Richard G. Kleindienst swore under oath yesterday that the Administration did not approve the largest merger in corporate history in exchange for a pledge of up to \$400,000 in contributions for the GOP national convention this year. But Kleindienst, who in-

sisted previously that neither he nor former Attorney General John N. Mitchell had been involved, acknowledged that he himself did help smooth the way for the out-of-court settlement with the International Telephone and Telegraph Corp. By holding four secret meetings with an ITT director.

Moreover, Kleindienst confirmed during a special hearing by the Senate Judiciary Committee that his talks with the ITT official took place while the head of the Justice Department's Antitrust division, Richard W. McLaren, was seeking to work out the settlement that was made public last July.

McLaren, who resigned recently as assistant attorney general to take a Federal judgeship in Chicago, also testified before the Senate committee. He said neither Kleindienst nor Mitchell ever tried to influence him in the ITT case or any other one and that he would have resigned if they had, under an arrangement made in 1968 to rule out "political" settlement of antitrust cases.

The special committee session was arranged by chairman James O. Eastland (Dem-Miss.) at Kleindienst's request following charges by columnist Jack Anderson that the ITT settlement was linked to a promise from the firm to provide up to \$400,000 to underwrite the Republican convention next August in San Diego.

Mitchell and ITT denied the allegations earlier in the week and Kleindienst asked to reappear before the Senate panel to answer Anderson's charge that Kleindienst had had several meetings with ITT director Felix Rohatyn.

Although Kleindienst confirmed having those talks with Rohatyn, he told the committee that he "categorically and specifically" den-

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AP Wirephoto

KLEINDIENST Poured a glass of water for ITT Director Felix Rohatyn. The two were waiting to testify before the Senate Judiciary Committee on alleged improprieties.

ied knowing at that time that ITT was planning to help the GOP to finance the convention. Anderson, citing an alleged memo from ITT files, has charged that the agreement was discussed in May, 1971, by Mitchell and the ITT lobbyist in Washington.

The lobbyist, Dita Beard, referred in the alleged memo to a "\$400 - thousand commitment" to the GOP by ITT and said it "has gone a long way toward our negotiations on the mergers eventually coming out as Hal (ITT President Harold Geneen) wants them."

Rohatyn told the committee yesterday that the figure was only \$200,000 and, in San Diego, the chairman of the city's host committee for the GOP convention, said that only \$100,000 had been made available so far.

Under the final settlement reached between the government and ITT, the company was permitted to retain control of the Hartford Fire Insurance Co., with estimated annual premiums of \$1 billion, and part of a second newly acquired firm, Grinnell Inc. That made the merger the largest of all time.

However, ITT agreed also to set a record for stock divestiture by giving up control over the Canteen Corp., a large food vending firm; the Avis Rent - a - Car system; Levitt & Sons Inc., a homebuilding firm; two small insurance companies and the fire protection division of Grinnell.

In separate suits, the government had sought, beginning in mid - 1969, to block ITT's acquisition of Hart-

ford, Canteen and Grinnell on grounds that they violated antitrust law by being in restraint of trade.

The Senate Judiciary Committee voted last week, 13 to 0, to approve Kleindienst's nomination as attorney general and Chairman Eastland made clear that yesterday's session did not constitute a reopening of confirmation hearings.

Kleindienst told the panel that at no time did he put

any pressure on McLaren to settle the ITT case to the company's advantage. McLaren and Rohatyn, seated alongside Kleindienst at the hearing, joined him in saying they knew nothing about the political donation from ITT until they read about it in the newspapers after the case was over.

In addition, they said they had never heard of Mrs. Beard and McLaren termed the implications of her

memo "absolutely incredible."

Kleindienst said he first met on April 20 with Rohatyn, who came to his office to claim a \$1-billion loss to ITT stockholders and a major balance of payments loss to the nation if ITT were forced to get rid of Hartford.

Kleindienst said he then arranged a meeting on April 29 between Rohatyn, McLaren and other antitrust offi-

cials. Kleindienst attended but McLaren said he sat off to the side and never said a word — a "passive participant."

Kleindienst said Rohatyn came to him again on June 29 and July 15 to protest the "punitive" nature of the anti-trust division's proposed out-of-court settlement.

"I told him I would not inject myself into the negotiations," Kleindienst said.
