

G.O.P. Said to Seek End of I.T.T. Accord On Convention Aid

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SAN DIEGO, March 9—San Diego Republicans, who helped to arrange International Telephone and Telegraph's \$400,000 financing guarantee for next summer's Republican National Convention, are coming under strong pressure from party leaders in Washington to cancel the deal as quickly as possible.

Authoritative sources here say that although they believe there was nothing improper about the agreement, the Republican National Committee in Washington regards it as prudent to break off the controversial arrangement. As a result, these sources say, there now is a frantic search underway for new convention financing.

These developments appear to be a result of the recent allegations in Senate hearings in Washington that Acting Attorney General Richard G. Kleindienst and former Attorney General John N. Mitchell played a role in arranging to have three antitrust suits against I.T.T. dropped as a result of the \$400,000 financing guarantee. The charges have been denied.

Meantime, sources here have disclosed extensive details on the steps that led up to the financing agreement, reached last May 12.

There is considerable soul-searching going on among Republicans, here and in Washington, as to whether a cash

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donation of \$100,000 from I.T.T.'s subsidiary, Sheraton Hotels—already in the host committee's hands—should be returned in order to completely rescind the secret deal made last May.

Gov. Ronald Reagan, at a press conference in Sacramento early this week, said the G.O.P. National Committee had decided to reject all funds from I.T.T.-Sheraton.

This was denied by Representative Bob Wilson, a Republican from the San Diego area who says he initiated and handled the negotiations leading to the \$400,000 I.T.T. guarantee. Mr. Wilson is chairman of the Republican Congressional Campaign Committee. Any decision whether to retain or reject the Sheraton donation, or cancel the larger I.T.T. guarantee, is up to the San Diego host committee and not the party's national committee, he said.

In Washington, Bob Tuttle, acting communication director for the national committee, said no decision had been made not to accept the money or the I.T.T. surety.

Craig Maurer, press secretary for the Republican National Committee, who currently is in San Diego, said that "as yet there had been no change from previous G.O.P. statements that no one person or business would be permitted to contribute a "disproportionately large" share to the convention costs.

Governor Reagan, in Sacramento, said that Lieut. Gov. Ed Reinecke might have been right in stating that the San Diego Republican leaders should refuse to accept I.T.T.-Sheraton's financial support in order to "play it super clean and super safe."

"But," added the Governor, "I understand it's a moot question anyway because the Republican National Committee has already made the decision to reject any such contribution."

Inquiry here indicates that, although there may be no actual "rejection" of the I.T.T.-Sheraton commitments—since that might be construed as a confession of guilt and wrongdoing—Republican party leaders in Washington are urging the local fund raisers and convention planners to "get out from under" the I.T.T. arrangement as quickly as can be done.

Round of Discussion

As a result, the local host committee has begun a round of urgent discussions with San Diego industrial and financial leaders in an effort to quickly collect \$300,000 to \$400,000 in cash to replace the I.T.T. surety.

If these efforts are successful and the full \$400,000—the amount of I.T.T.'s guarantee of last May 12—can be raised locally, then all of the Sheraton \$100,000 donation may be returned. It has been kept intact in a special account in a San Diego bank since it was handed over last August.

Phil Phillips, of the host committee staff, confirmed that efforts would be made to return a portion, if not all, of Sheraton's \$100,000.

Aside from I.T.T.'s offer last May 12 to stand as surety for eventual collection of up to \$400,000 from local sources (needed for the \$600,000 cash portion of San Diego's successful \$1,521,800 bid for the convention), its Sheraton subsidiary pledged and paid in over \$100,000 and agreed that, if necessary, it would contribute up to another \$100,000 on a matching basis. Sheraton has two hotels in San Diego and is completing a third—with 500 rooms and a large convention center—on Harbor Island.

The Washington pressure, which some informants believe reflects White House wishes, is understood to come from Richard L. Herman, chairman of the G.O.P. convention arrangements committee.

Mr. Herman, according to these sources, cautioned Leon Parma, San Diego industrialist and chairman of the host civic committee, that the party could not accept any "disproportionate share" of the convention financing from I.T.T. or any other single source.

I.T.T.'s guarantee includes the \$100,000 Sheraton donation. Thus, if Sheraton's \$100,000 should be returned with thanks but regrets, the city would have to find \$400,000 locally. To make up the rest of the \$600,000 cash portion of the convention bid, \$100,000 has been pledged by the San Diego County Board of Supervisors and \$100,000 by the San Diego Convention and Visitors Bureau. Each has paid in cash half of its commitment, and the \$100,000 has gone in to the Republican National Committee.

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\$300,000 Short

Because of inability to collect on its large local pledges, the host committee is \$300,000 short of the amount it should have turned over to the national committee at this time. It has paid only \$100,000 and, according to the national committee's original schedule for payments, the final \$200,000 payment of the \$600,000 was to be given to the national committee by April 1, 1972.

Mr. Herman specifically asked that none of the \$100,000 received from Sheraton be sent to Washington, at least until it is determined whether the hotel chain's donation is in line with what other hotel chains and industries in San Diego are giving.

Still undecided, apparently, is whether to accept any of Sheraton's \$100,000 now in the host committee's hands.

Mr. Phillips said Tuesday

that the local convention planners were not unduly concerned about the Washington pressure and did not share the national committee's apparent concern that I.T.T. might appear to be "bankrolling" the party's convention.

"We are not concerned because we never doubted for a moment that the \$400,000 could be raised locally, to take I.T.T. off the hook," he said. "We never intended that I.T.T. or Sheraton would pay a disproportionate share."

He confirmed that there was "a very determined drive"

under way to come up with \$300,000 to \$400,000 locally in hopes that an early announcement could be made that the I.T.T. guarantee was no longer operative. Among those understood to have been approached, in the efforts to raise sizeable chunks of finding, is C. Arnholt Smith, multi-millionaire San Diego financier who is reported to have raised more than \$1-million for the Nixon-Agnew ticket in 1968, including some \$250,000 of his own money. On election night in November, 1968, he sat with Mr. Nixon in the latter's New York hotel suite watching the election returns on television.

Mr. Phillips would neither confirm nor deny that Mr. Smith had been asked to come to the rescue of the San Diego fund raisers, and help remove their dependence on I.T.T.

Local Republican leaders complain that the I.T.T. guarantee and Sheraton's cash pledge have been misunderstood. It is being assumed by many, they say, that Sheraton made a pledge to contribute \$400,000 in cash to help finance the convention.

Actually, they say, I.T.T. only pledged to stand good for any

shortage that might develop in efforts to raise the \$600,000 cash commitment contained in San Diego's successful convention bid. The guarantee, they said, was obtained for I.T.T. to enable San Diego to meet the deadline for convention bids and was in the nature of a "backstop" for money that the San Diego Republicans assured I.T.T. would definitely be raised locally. I.T.T. they added, only went on the city's note as a co-signer.

From Representative Wilson, Mr. Parma and others involved, it is possible to fill in the story of the San Diego Republicans' dealings with I.T.T. and Sheraton, aside from whatever understanding may or may not have been reached between I.T.T. and the government regarding a settlement of the Justice Department's antitrust action against I.T.T.

The story would appear to support the wry observation of one Republican leader here who said: "If there was, in fact, any quid pro quo deal between I.T.T. and the Government involving a settlement of the antitrust action in exchange for I.T.T.'s 'bankrolling' the convention, then the Government got the short end of the stick, because I.T.T. never committed itself to paying \$400,000 and neither it nor the San Diego Republicans ever expected it to."

The story, as put together here, is this:

Last spring, in April, San Diego politely turned down an invitation to bid for the Republican convention — because it felt it could not afford it could not provide the 15,000 hotel rooms required, and (perhaps most importantly) because it feared a repetition of the disorders of Chicago, 1968.

Also, the convention came in the midst of the city's lucrative tourist season and many year-after-year visitors would have to be turned away.

Then, late in April, word leaked out that Mr. Nixon would like to have the convention held here in San Diego, which he described immediately after his 1968 election as "my luck city."

(San Diego County, together with neighboring Orange County to the north, in 1968 gave Mr. Nixon his biggest victory in the nation—more than half of his national plurality came from these two counties.)

Several Californians close to Mr. Nixon, including his adviser, Robert H. Finch, and his communications director, Herbert Klein worked behind the scenes in favor of San Diego, but nothing appeared to come of their efforts because of San Diego's lack of interest.

On May 12, 1971, I.T.T. held its annual shareholders meeting here, at the Westgate Plaza Hotel. By coincidence, Congressman Wilson was in town; so were Mr. Finch and Lieutenant Governor Reinecke. Mr. Reinecke said that, as of that time, he had been working for a month to bring the convention to San Diego.

That evening, Mr. Wilson got together for dinner at the Half Moon Hotel on Shelter Island (a Sheraton Hotel), with Harold S. Geneen, president of I.T.T., and Howard R. (Bud) James, president of Sheraton. Mr. Geneen and Mr. Wilson were old fishing friends. Mr. James was formerly a San Diego resident. Mr. Geneen was one of the largest contributors to Mr. Nixon's campaign in 196

Prior to the dinner, Mr. Wilson had talked with Mr. Finch, who had told him of the Pres-

ident's personal desire to have the convention here. e had also talked about the subject with Mr. Reinecke. But both Mr. Einecke and Mr. Finch left town before the dinner at the Half moon Hotel.

(Mrs. Dita R. Beard, whose memo regarding the I.T.T., Sheraton contribution and its favorable antitrust settlement was the intial cause of the dispute, was in San Diego for the shareholders meeting, but was not at the intimate little dinner at the Half Moon hotel. Mr. Wilson says, however, that he talked with her later about the convention and the I.T.T. arrangement in Washington.)

Congressman Wilson says that this was the first approach made to I.T.T.-Sheraton to support the convention, that he took the initiative, and that there was not one word said at the dinner of the then-pending Justice Department suit against I.T.T.

Mr. Wilson, in discussing the background of the affair, stressed that the dinner meeting on May 12 occurred a week and a half after the alleged I.T.T.-Justice Department "deal with then-Attorney General Mitchell at a Kentucky Derby party on May 2, as related in the Beard memo.

Mr. Wilson said that it was the first approach to I.T.T.-Sheraton about supporting San Diego's bid for the convention, and that it was taken on his initiative, after Mr. Finch had told him that morning of the President's interest in holding the convention here.

Mr. Wilson, for some time previous to May 12, had been trying to persuade Mr. Geneen to move I.T.T.'s headquarters here from New York. I.T.T. has large holdings here—two Shera-ton hotels in operation and

the third on Harbor Island now nearing completion, as well as its I.T.T. cable Division, I.T.T. Hamilton Life Insurance, I.T.T. Terryphone Corporation, I.T.T. World Communications, Inc., Inc., and Avis Rent-a-Car.

At the threesome dinner at the Half Moon Inn, Mr. Wilson said, he broached the idea of seeking the convention for San bdiego, and Mr. Geneen and Mr. James were enthusiastic, particularly after learning that Mr. Nixon would like to have it held here.

Mr. Wilson then explained that the arrangement would be difficult to work out, particularly in raising the required cash guarantee to meet a June 1 deadline set by the Republican National Committee, after an earlier extension from May 1.

Mr. Wilson said he had not he slightes doubt that the required cash commitments of about \$600,000 could be raised, given time, bu hat "we were up against the hay-cutter."

At this point, Mr. Geneen is said to have stated: "I'll back you up to the extent of \$300,000, until you can raise the money." Later, as the discussion continued, he upped the figure to \$400,000.

"We'll stand behind you, as surety for your pledges," Mr. Geneen is quoted as having said.

The talk then turned to what the convention in San diego would be worth to Sheraton and its three hotels here. Mr. James explained that, in Hawaii, some \$200,000 had been spent on pre-opening promotion for its new Waikiki Beach hotel. It was agreed then, and in later negotiations, that Sheraton would put up \$100,000 and, if it became necessary, would add another \$100,000 on a matching basis.