

I.T.T. STOCK SALES FOLLOWED TALKS

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S.E.C. and Senate Records
Show Executives Traded

After Parleys With U.S.

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A study of records at the Securities and Exchange Commission and of testimony from the Senate hearings into possible political influence of the International Telephone and Telegraph Corporation indicates that some of the corporation's officers sold large blocks of stock last year immediately after key, private meetings or communications between the company and Government officials.

Meanwhile, the commission is quietly continuing its investigation into the propriety of the stock sales, which the corporation defends as unrelated to the settlement of Federal antitrust actions against it.

Sharp Drop in Stock

Although the disclosure of the "insider" trading in the corporation's stock is not new, the apparent link between specific dates of trading and of meetings or communications with the Government was not evident before testimony was taken last week by the Senate Judiciary Committee.

Some officers of the corporation also sold stock in the weeks immediately before the public announcement last July 31* that the corporation had agreed to divest itself of some of its largest subsidiaries. The

Continued on Page 22, Column 3

Continued From Page 1, Col. 7

price of the stock declined sharply on that news.

Regulations of the securities commission and the New York Stock Exchange prohibit a company's officers from trading stock on the basis of information not passed by the public.

The commission's records disclose that at least eight I.T.T. officers and directors sold more than \$1.5-million in the corporation's stock in the 11 weeks immediately before the company's settlement of the antitrust cases with the Justice Department. For some of the executives, it was their first sale of the stock since joining the company.

The corporation maintains that in some cases the apparent proximity of sale dates to the significant meetings with the Government resulted from clerical errors or coincidence.

Price Down 7 Points

The stock's price dropped from \$62 to \$55 on the New York Stock Exchange last Aug. 2 on the first trading day after the antitrust settlement was announced. It later recovered, after some additional losses, and now stands at about \$61, still well below its 1971-72 high of more than \$67.

Most of the sales by officers of the corporation from May through July, 1971, took place when the stock price ranged from \$62 to \$66.

The following information in the stock sales is contained in the commission's record:

¶On May 13, one day after Harold S. Geneen, president and chairman, committed International Telephone to help finance the Republican National Convention in San Diego, William R. Merriam, head of the corporation's Washington office, sold 1,000 of his 3,500 shares of stock. It was his first reported sale since 1967.

¶Fourteen days later, John Seath, vice president of the corporation, sold 2,200 shares, his first sale in four years.

¶On June 17, the corporation was privately informed by Justice Department officials that the Government would settle the antitrust cases out of court but would require International Telephone to divest itself of two other companies. The next day Howard J. Aibel, a senior vice president and general counsel, sold 2,664 shares, his first sale since 1966.

¶About the same time, Mr. Geneen reportedly gave testimony to the Securities and Exchange Commission about the company's antitrust cases. Mr. Aibel was present during that testimony.

¶Three weeks later, on July 6, 7, and 8, Harry V. Williams, an I. T. director and chairman of its new subsidiary, the Hartford Insurance Group, sold 8,500 shares of preferred stock.

¶In mid-July, about two weeks before the corporation's agreement with the Justice Department, four officers of the corporation sold large blocks of stock. They were Hart Perry, a director and executive vice president, 2,000 shares; John J. Navin, the corporation's secretary, 1,500 shares; Frank J. McCabe, a vice president, 3,000 shares, and Herbert C. Knortz, a senior vice president, 5,000 shares. Mr. Navin had no other reported sales in the nineteen-sixties or seventies, and Mr. Knortz last sold shares in 1967.

¶Mr. Geneen sold 55,000 shares of International Telephone common stock in five days in late August and early September, 1970, amounting to nearly one-third of his holdings. It was his first sale of the common stock since he joined the company as president in 1959.

Inquiry Continues

The Securities and Exchange Commission does not comment on investigations in progress, but other sources said that the commission was continuing its study of the stock sales and was watching the Senate hearings closely.

International Telephone, when queried about the sales, has repeatedly denied that they were unusual. Last August the company said that Mr. Aibel sold his stock "well before the time when it appeared possible that an agreement [between International Telephone and the Government] might be reached."

Now, with testimony on the record that the company had been informed of a settlement outline by that date, the company contends that Mr. Aibel was not informed until at least 48 hours later.

Mr. Aibel said in a telephone interview that the stock had been sold for purely personal financial reasons, and that he had received written approval from the company to make the sale. He said he ordered his broker to sell on June 17.

A corporation spokesman said that Mr. Merriam ordered his broker to sell some shares last April when he was in Europe, with the transaction taking place April 7.

A commission form signed by Mr. Merriam, however, gives May 13 as the date of the sale. The corporation said that this was a "clerical error."

'Oversight' Is Claimed

Nor was this the only error claimed by International Telephone in the insider trading records filed by its executives. The company also attributed to an "oversight" the filing of two such reports a month late.

The late reports were from Mr. Aibel and Richard Bateson, a vice president who sold 200 shares on June 21, three days after Mr. Aibel sold his 2,664 shares.

Mr. Aibel filed his statement on Aug. 3, and Mr. Bateson on Aug. 4. The Securities Commission requires that such reports be filed within the first 10 days of the month following the transaction.

In further defending itself, the company said that some of its officials had been discussing antitrust matters with a variety of Government officials for two years; and that no particular importance attached to the telephone call from the Justice Department on June 17.

Although some company officials were aware of the impending consent agreement in which International Telephone was required to divest itself of some subsidiaries and limit further domestic acquisitions, the investing public was surprised enough at the news to send the price of the stock plummeting 7 points on August 2.