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Rohatyn-Peterson Bjt 460
By DICK BARNES

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Associated Press Writer
WASHINGTON AP - Felix G. Rohatyn, who made controversial contacts with the White House and Justice Department concerning an antitrust settlement for giant ITT, is the sole trustee for the personal fortune of Peter G. Peterson, new secretary of commerce and former adviser to President Nixon.

Peterson was questioned briefly about his trustee arrangement during a confirmation hearing last Feb. 16, two weeks before Rohatyn burst into prominence through the ITT controversy.

Rohatyn is a general partner in the New York investment firm of Lazard Freres and Co., and director of International Telephone and Telegraph Corp.

Peterson joined Nixon's staff from the Bell and Howell photographic equipment firm in February 1971 as assistant to the president for international economic affairs and executive director of the Council on International Economic Policy. He was nominated to succeed Maurice Stans as secretary of Commerce last January.

Peterson signed a blind trust agreement with Rohatyn May 25, 1971. Such agreements, a common practice among wealthy government officials, are designed for the trustee to invest the assets of the beneficiary without telling him what specific investments have been made. This is to protect against conflicts of interest.

Peterson outlined this relationship with Rohatyn to the Senate Commerce Committee at his confirmation hearing: "This particular firm, Lazard Freres, was at one time . . . the investment banking firm for Bell and Howell. They are a major firm in the field and this particular individual was one whom I grew to respect because he worked with our particular company."

Because of this, he said, "it seemed to me that would be an appropriate place to invest whatever funds I had."

Peterson's assets were worth nearly \$1.5 million in February. They originally consisted principally of Bell and Howell stock, but Peterson said he had instructed that all or most of that stock be sold to avoid any possible conflict of interest.

When Sen. Daniel Inouye, D-Hawaii, said "It has been suggested that a corporate trustee would be much more preferable to an individual," Peterson replied:

"I have thought of this being handled by the firm of Lazard, Freres which as you perhaps know is in the investment field. Quite candidly, senator, this individual (Rohatyn) is one that I worked with from 1959, I guess, or '50 to '64; was somebody that I knew in the field, and I thought he would do a good job of investing my funds . . ."

During the hearing it was not mentioned that Rohatyn was an ITT director, nor was there discussion of ITT's interest as a worldwide conglomerate in Peterson's areas of responsibility.

Rohatyn emerged into public prominence amidst accusations that ITT had pledged between \$200,000 and \$400,000 in connection with the 1972 Republican National Convention in exchange for the negotiated settlement of a major antitrust case against the firm.

Rohatyn had discussed the antitrust matter at the White House with Peter Flanigan, a top advisor, and with then Deputy Atty. Gen. Richard Kleindienst. The ITT controversy has held up a Senate vote on Kleindienst's nomination to be attorney general. Flanigan later succeeded Peterson as the international economics adviser to Nixon.