

Justice Dept. Blamed

Nader Sues on ITT Deal

By Jack C. Landau

WASHINGTON — (NNS) — Consumer advocate Ralph Nader has publicly requested the federal courts to void the Justice Department's settlement of the International Telephone & Telegraph Corp. antitrust case.

The carefully plotted Nader law suit — believed to be the first of its kind — claims that the \$1 billion an-

titrust settlement should be set aside because the Justice Department "concealed" from the courts the "true reasons" for permitting ITT to keep control of the Hartford Fire Insurance Corp.

Powerful Tools

The law suit, filed yesterday in Hartford, Conn., seeks to give the consumer movement two new, powerful tools:

First, that the average consumer has a right to be heard in the settlement of civil antitrust cases, especially in cases like ITT, where no competitor or other party questioned any of the terms of the settlement.

Second, that the Justice Department must divulge to the courts all the facts underlying the decision to settle antitrust litigation and that consumers have a right to question the validity of the Justice Department's position.

If Nader is even partially successful, the law suit could change the whole pattern of government antitrust litigation because 60 percent of all antitrust cases are resolved by consent decree settlements.

As evidence for his allegations that the Justice Department "did not carry out its responsibility" to properly enforce the antitrust laws against ITT, Nader cites testimony from the Senate Judiciary Committee hearings on acting attorney general Richard Kleindienst and his role in the ITT antitrust case settlement.

Stock Market

According to Kleindienst and to former antitrust chief (now judge) Richard McLaren, ITT was permitted to keep Hartford Fire Insurance because the loss of Hartford could cause a downward "ripple effect" on the stock market; would "damage ITT stockholders"

and might adversely affect "the balance of payments" due to the effect on ITT's foreign holdings.

None of these facts were mentioned to the federal district court in Hartford which approved the settlement, the Nader suit said. Sen. Philip Hart (D-Mich.), the Senate's antitrust expert, said during the hearings that — until now — the antitrust laws have not sanctioned settlements based on the stock market, damage to stockholders and problems with foreign investors.

The legal standard in antitrust litigation involving conglomerates, such as ITT, is whether the merger would tend to lessen "actual or potential competition."

McLaren, during the hearings, claimed that the merger would not affect competition because ITT divested itself of about \$1 billion in other companies in order to keep Hartford.

Nader plans to contest McLaren's judgment later, if he is given permission to intervene in the antitrust case.