

ITT Link to Cabinet Chief

WASHINGTON — (CST)

A key figure in the International Telephone & Telegraph Corp. controversy is the sole trustee of the personal fortune of Commerce Secretary Peter Peterson, Senate testimony shows.

The trustee of Peterson's \$1.5 million holdings is Felix G. Rohatyn, the ITT director who made critical contacts with government officials leading to settlement of anti-trust suits against the conglomerate.

Peterson said through an aide that he had never discussed ITT affairs with Rohatyn. He added that it was "implausible, if not ludicrous," to believe that his contacts with ITT president Harold Geneen could involve conflicts of interest.

Blind Trust
Peterson, former head of Bell and Howell in Chicago, disclosed his personal financial connection with Rohatyn at his confirmation hearings as Commerce Secretary on Feb. 16, about two weeks before Rohatyn came into national prominence with the ITT case.



PETER PETERSON

A link to ITT

Peterson told the Senate Commerce Committee that he signed a "blind trust" agreement with Rohatyn on May 25, 1971, shortly after being named President Nixon's top adviser on international economic policy.

Confirmation Hearings
The blind trust is an arrangement frequently employed by wealthy government officials to avoid conflicts of interest. The trustee manages an official's money

without telling him specifically where it is invested.

At the time of Peterson's confirmation hearings, Rohatyn was identified only as a partner in the New York investment house of Lazard Freres and not as a director of ITT and a member of its executive committee.

Nor was there any discussion of ITT's interest as a worldwide conglomerate in Peterson's areas of responsibility.

Peterson's executive assistant, Brandon W. Sweitzer, said in a phone interview that he "assumed" members of the Senate Commerce Committee would have known of Rohatyn's connection with ITT.

Conflict of Interest
Rohatyn's activities on ITT's behalf became widely known to the public in early March, when the Senate Judiciary Committee began hearings on allegations that an ITT contribution to support the Republican National Convention was a payoff for settlement of anti-trust suits against ITT.

Rohatyn was identified as having set events in motion



FELIX ROHATYN

Peterson's trustee

that led to the settlement. He met four times with Acting Attorney General Richard Kleindienst on antitrust matters and the subject came up at least once when Rohatyn met with White House aide Peter M. Flanagan, Peterson's successor as Nixon's foreign economic adviser.

The hearings also showed that Geneen met twice with Peterson while he was presidential adviser.

Asked whether his private connection with Rohatyn and his public involvement with ITT concerns might involve conflict of interest, Peterson said in a statement, "Of course not. In what way could there be a conflict of interest?"

Presumption

"I suppose," he said, "the presumption would be that, if Mr. Geneen didn't like my views on international economic policy, he would then seek to determine who my individual trustee was and then, upon learning it was Mr. Rohatyn, who was a professional in the field, suggest that he do a poor job of handling my investments.

"That is surely implausible, if not ludicrous.

"Conversely, if Mr. Geneen liked my attitude on international economic policy, would he then, instead, urge my trustee to do a good job in handling my investments, which he is presumed to be doing anyway?"

"And, finally, I, of course, do not what the investments are, since this is a blind trust."