

U.S. Bars the Re-election Of 3 to Board of I.T.T.

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A Federal judge in Philadelphia has ruled that three directors of the International Telephone and Telegraph Corporation may not stand for re-election at the company's annual meeting in Memphis today.

The ruling came late Monday in response to a lawsuit filed by a Temple University law student who charged that I.T.T. had failed to disclose in its proxy statement that three suits were pending against the three directors.

They are Harry V. Williams, R. Newton Laughlin and Hart Perry. The judge said all have been charged in civil suits with trading stock in their personal accounts on the basis of inside information.

An I.T.T. spokesman said the company would appeal the ruling and maintained its proxy statement had met all the requirements of the Securities

and Exchange Commission, in the opinion of outside legal counsel.

Although the ruling by Judge A. Leon Higginbotham Jr. left open the possibility of re-election of the three men at a later date, the company did not comment on its intentions in filling the 20-man board.

Judge Higginbotham's ruling was in response to an amendment to a \$200-million suit originally filed in March by John W. Rafal against the directors of I.T.T., charging negligence in entering into an alleged agreement to underwrite costs of the Republican National Convention.

The amendment also asked that the court enjoin the concern from holding its annual meeting today, but that request was turned down.

The I.T.T. annual meeting

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has generated an unusual amount of interest, partly because of the company's involvement in the recent Senate Judiciary Committee hearings into an alleged connection between an I.T.T. antitrust settlement and a large contribution by the company toward the Republican National Convention.

The National Educational Television network asked for permission to videotape the company's annual meeting for use on its "This Week" show, led by Bill Moyers. I.T.T. denied the request.

The suits that Mr. Rafal said were not reflected in the proxy statement were filed last August, two of them in New York and one in Cincinnati, according to Leonard Barrack, Mr. Rafal's attorney.

The three directors who were temporarily prevented from standing for re-election had a combined total of 14 years of service on the I.T.T. board.

The newest was Mr. Williams, chairman of the I.T.T. Contingent Insurance Company, an I.T.T. subsidiary, who joined the I.T.T. board in 1970. Mr. Laughlin, chairman of the I.T.T. Continental Baking Company, another I.T.T. subsidiary, has served as a director since 1968; and Mr. Perry, I.T.T.'s executive vice president-finance, joined the concern in 1961 and has been a director since 1964.

In his ruling, Judge Higgin-

botham said "the proxy materials were particularly misleading as to those directors who are standing for election and who have been sued for allegedly trading for their personal accounts in violation of the 'insider trading' rule of the Securities and Exchange Commission."

He enjoined I.T.T. from electing more than 17 directors at today's meeting, but ruled that "after there has been a full disclosure to the shareholders . . . a stockholders meeting may be held for the election of the three remaining positions on the board of directors."

The judge said Directors Williams, Laughlin and Perry could be candidates for re-election if there is proper disclosure. He also said I.T.T. could mail out "fair and truthful" proxy material, whose suitability was subject to the court's review.