

Panel to Probe SEC Conflict

By Paul E. Steiger
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The former No. 2 man in the Justice Department said Wednesday he agreed to take charge of a politically sensitive Securities and Exchange Commission file only after pressure from former SEC Chairman William J. Casey and former White House counsel John W. Dean III.

The action, described by Ralph E. Erickson before a House subcommittee, helped keep the documents out of the hands of congressional Democrats until after the November election.

Sources at the subcommittee—the Special Subcommittee on Investigations of the House Commerce Committee—said that in light of Erickson's testimony, it is likely that Casey will be recalled to explain an apparent discrepancy between Erickson's version and Casey's testimony last December.

Casey, now under secretary of state for economic affairs, is in Paris this week.

Some of the documents in question—since made public—are internal memos subpoenaed by the SEC from the files of International Telephone and Telegraph Corp. They indicate that several top administration officials—including former Attorney General John N. Mitchell, former Treasury Secretary (now special adviser to the President) John B. Connally Jr., and former Commerce Secretary Maurice N. Stans—took part in the handling of the case in which ITT tried to derail a Justice Department anti-trust suit against it.

Democrats had got wind of the potentially incriminating material last summer, and the subcommittee chairman, Rep. Harley O. Staggers (D-W.Va.), asked Casey Sept. 21 to let him examine the documents.

Casey resisted, then wrote Staggers on Oct. 6 saying the file had been sent to the Justice Department. The department had requested the papers, Casey wrote, because it suspected there might have been a criminal obstruction of justice in connection with the SEC's civil probe of ITT's affairs. Once the papers were in the Justice Department's hands, Staggers and his Democratic colleagues had no chance to force their disclosure before the election.

investigations the Justice Department was already conducting, including the probe of possible perjury in the hearings of March, 1972, on the nomination of Richard G. Kleindienst as Attorney General.

Erickson said he told Dean that "There did not appear to me to be any basis for transferring the files to the Department of Justice," Erickson said.

He said Dean then asked him to call Casey and get Casey's view as to why the file should be referred to the Justice Department.

The next morning, Casey gave him much the same reasoning as had been advanced by Dean the day before, Erickson said.

Casey also told him, Erickson said, about the Staggers subcommittee's interest in the file, complaining that early disclosure of the papers would jeopardize the government's ability to win a future enforcement action in court.

After checking with subordinates, Erickson said, he called Casey back at 2:40 that afternoon to repeat that there was no reason for the Justice Department to take the file.

By 3:30, Erickson said, Casey arrived at his office to press the case once more. This time, Erickson said, he was able to convince the SEC chairman that the file was not relevant to the Kleindienst investigation.

But as they discussed the matter further, Erickson said, "I learned for the first time that there might be the basis for an obstruction of justice charge against certain individuals involved in the SEC-ITT investigation." Among the possibilities, for example, was the question of whether documents required under a government subpoena had been hidden or shredded.

Erickson said he told Casey he would be willing to accept the papers if Casey or the commission as a whole would send over the file with a recommendation for such an investigation.

That did not quite satisfy Casey, Erickson said. The SEC chairman still wanted the Justice Department to be showing the initiative in the matter.

Erickson said he demurred. But in a subsequent phone call, the two men worked out a compromise on that point, also.

"I told him that it was up to him to construe our conversation of that afternoon insofar as the commission was concerned," but that the Justice Department would consider the initiative to lie with the SEC, Erickson said.

The papers were delivered to the Justice Department in 34 boxes, plus a manila envelope containing the particularly sensitive papers.

From the beginning, Justice Department spokesmen stated that it was at Casey's initiative, not theirs, that the file was sent over. But Erickson's testimony Wednesday was the first public description of pressure by Dean and Casey together to get the Justice Department to take the file from the SEC.

Erickson testified that he first learned of the file's existence on the afternoon of Oct. 3 from Dean, who said that he had heard the SEC's files might be relevant to in-