

# How ITT Officials Hid Political Gifts

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New York Times

## New York

The International Telephone and Telegraph Corp., which is being investigated for its 1972 political activities, allegedly devised a systematic plan to extract campaign contributions from its executives and then reimburse them with company funds as early as 1960, according to documents filed in U.S. District Court here.

Some ITT executives subsequently were questioned by the FBI about dealings with Robert G. Baker, former secretary to Senate

Democrats, but the investigation was hampered by unusual restrictions, according to a former official of the corporation.

On June 8, Attorney General Elliot L. Richardson announced that he was shifting to Archibald Cox, the special Watergate prosecutor, authority to investigate the 1971 merger of ITT with the Hartford Fire Insurance Co. on the grounds that "the ITT inquiry has begun to overlap with the Watergate investigation."

## ACTIVITIES

Allegations of an offer from the big conglomerate to contribute up to \$400,000 toward the Republican Na-

tional Convention last year, in exchange for a favorable antitrust settlement and of an offer to donate up to \$1 million to the Nixon administration to influence a presidential election in Chile, have provoked increased scrutiny of ITT's political activities.

The information about ITT's political contributions in 1969 is contained in a little-publicized notarized deposition and affidavit written in 1964 by John T. Naylor, a former vice president and chief executive of the corporation's telecommunications operations.

Naylor, who divides his time between residences in the Philippines and in Florida, alleged in the documents that he had been under pressure by ITT executives to contribute \$1200 to Lyndon B. Johnson's vice-presidential campaign in 1960.

He was also told by ITT that he could recover the money in his traveling expense account, Naylor said.

## OFFER

The Naylor document, containing the account of an alleged offer by ITT to reimburse political gifts, was corroborated by another former executive of the corporation, who asked not to be identified.

In his affidavit, which was filed last February as an exhibit in a civil law suit against ITT, Naylor said that on Oct. 18, 1960, he handed a personal check to Baker, the former Democratic aide, in the office of the corporation's vice president and legal counsel.

Baker later served a 17-month prison sentence after he was convicted in 1967 of fraud, theft and tax evasion.

## SOLICITED

Earlier, Naylor said, William Marx, who was then an ITT senior vice president, had solicited the campaign donation in the name of the company's directors and of Harold S. Geneen, then the company's president and now its chairman.

Naylor quoted Marx as saying: "Hal (Geneen) and the board have a program that is very important to political protection and business development.

"Hal has given me a selected list of top executives to contribute to the election campaign. You are down for \$1200. This can be financed for you by the company if necessary; Jim Lillis (comptroller) will handle it.

"You will be expected to recover the amount by covering it up in your traveling expense account. The board of directors wants us all to cooperate."

Later, Naylor said, when he balked at writing out his check for Baker, he asked for and got a further explanation of the plan from Marx.

"Hal and the board have it set up to 'butter' both sides so we'll be in a good position whoever wins," Naylor quoted Marx as saying.

"Baker is Johnson's man, and the Washington representative of the Johnson committee. We can 'juggle' the list if you insist, but you are in town and Baker is collecting today.

"Of course, if there ever were an investigation, you would have to testify that this was all voluntary and simply a personal payment made from your home.

"We have to have your personal address on the check. The way we handle this, anybody ever checking

up is very remote and the board wants it: Their other companies are doing this."

Naylor said in the affidavit that he had decided not to seek reimbursement from the company, and had later resigned following a personal confrontation with Geneen.