

No Crime Seen in ITT Antitrust Case

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Watergate Special Prosecutor Leon Jaworski said yesterday that his investigating force has failed to uncover any criminal conduct by executives of the International Telephone and Telegraph Corp. in the 1971 settlement of antitrust cases against the giant conglomerate.

Moreover, Jaworski said there is "no present expectation" of a disclosure of a criminal offense in connection with the antitrust settlements and an ITT pledge of \$400,000 to support the 1972 Republican National Convention, then scheduled for San Diego.

But the prosecutor said that allegations that ITT improperly influenced Internal Revenue Service and Securities and Exchange Commission proceedings will be "vigorously pursued."

Also, Jaworski said, the Watergate Special Prosecution Force is not dropping its investigation of possible perjury by ITT executives and former federal officials.

Jaworski's comments were contained in a letter to Rep. J. J. Pickle (D-Tex.), who had complained last November that the special prosecutor's ITT probe appeared to be dormant.

Pickle is the second-ranking majority member of a House subcommittee that held extensive hearings into the ITT affair.

Jaworski's letter appeared to be an attempt by the special prosecutor to tone down public expectations of a dramatic development in the antitrust phase of the ITT probe, while at the same time reaffirming his intention to pursue the conglomerate's alleged misconduct in dealings with federal agencies.

In effect, Jaworski said that after a year of looking, the prosecuting task force

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*Dairy co-op explicitly told
White House of wishes.
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had been unable to come up with proof of a causal relationship between ITT's money pledge to the Nixon re-election campaign and a favorable antitrust ruling that allowed the firm to

keep possession of the Hartford Fire Insurance Co. and other subsidiaries.

"... Although the investigation is not being closed at this time, it is fair to say that there is no present expectation of a disclosure of such offenses," Jaworski told Pickle.

His statements came six days after the head of the ITT investigating task force resigned from the prosecutor's office, and two days after the remaining two staff attorneys quit the force.

The chief of the task force, Joseph J. Connolly, reportedly resigned out of dissatisfaction with the decision to let former Attorney General Richard G. Kleindienst plead guilty to misdemeanor charges connected with the ITT affair.

Kleindienst admitted failing to tell the Senate Judiciary Committee that President Nixon personally ordered him not to appeal one of the antitrust court decisions favoring ITT.

California Lt. Gov. Ed Reinecke, a Republican candidate for governor, has

been indicted for perjury in connection with his testimony before the same committee, and is awaiting trial.

Others who testified at the hearing include ITT executives and former Attorney John N. Mitchell. A spokesman for the prosecutor's office would not say to whom Jaworski was alluding when he told Pickle that perjury cases would be "actively pursued."

Jaworski said the allegations of misconduct by ITT in dealings with the SEC and IRS would continue "under new leadership and a reorganized staff."

He referred to the new task force head, Richard G. Davis, 28, as an "able prosecutor and experienced investigator." Davis formerly headed the investigation of the so-called "dirty tricks" during the 1972 presidential campaign.

With the focus of the investigation removed from the 1971 campaign pledge, Davis and his staff will be able to concentrate entirely on the complexities of the SEC and IRS matters involving ITT.

The previous staff had been looking into possible White House intervention in the SEC's case against the conglomerate, which allegedly involved "insider" stock trading by corporate officials.

In 1972, House Commerce Committee Chairman Harley O. Staggers (D-W. Va.) sought to get ITT documents connected with the case, but the SEC turned them over to the Justice Department instead.

SEC officials testified that they turned over the documents, some of them politically sensitive, after consulting with then-White House counsel John W. Dean III.

The IRS case involves a controversial tax ruling that cleared the way in 1969 for ITT to acquire Hartford Fire Insurance Co. by allowing a tax-free exchange of shares.

Last March, the IRS revoked the 1969 tax ruling on the basis of a challenge by an aide to consumer advocate Ralph Nader.