

Kleindienst linked to union bilking

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CHICAGO — Former U.S. Atty. Gen. Richard Kleindienst—while serving as a Washington lawyer for the giant Teamsters union pension fund—was the attorney in a complex set of insurance deals that have allegedly bilked a second Teamster fund of \$1.8 million.

Investigators studying the insurance deals claim that Kleindienst had a key role in the deals and that he may be called for further questioning.

In a \$14 million damage suit filed this week, Chicago pension fund executives claimed the deals were meant to defraud the union's health and welfare fund.

Kleindienst was said by his Washington law office to be on vacation and unavailable for comment.

He first appeared in the insurance matter when he was named as a defendant in an Arizona civil suit filed June 24. The suit, filed by state officials seeking access to records of a small Arizona insurance firm, charged illegal transfer of \$1.8 million of life insurance premiums paid out by the Teamsters union pension fund.

An Arizona official said Friday that Kleindienst—who was the attorney for the Arizona company and for a California firm which received the \$1.8 million—was dropping from the suit when he produced an affidavit swearing that he had resigned as the attorney and had no real role in the case.

However, an investigator said that because of other information uncovered in the complex and spreading investigation, they now believe "Kleindienst put together the whole package."

Kleindienst, who resigned in 1973 after a year as attorney general, pleaded guilty to a misdemeanor charge of testifying inaccurately in a 1972 Congressional hearing about the ITT anti-trust suit. The plea, one of the most controversial steps taken by Watergate prosecutors, resulted in a one-month sentence of probation for Kleindienst.

Following a short suspension from the bar, Kleindienst joined the Washington D.C. law firm of Welch & Morgan.

An attorney for the Chicago-based Teamsters pension fund, the Central States Southeast and Southwest Areas Pension Fund, confirmed that Kleindienst was hired about a year ago to represent the fund in Washington. The attorney, Ronald Guild, praised Kleindienst, calling his performance for the fund "workmanlike."

Asked how Kleindienst could represent the fund and at the same

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time represent insurance companies now charged in the Chicago suit with helping to defraud a Teamsters health & welfare fund, Guild said:

"You fellows make a lot about the same people being on the boards of different companies at the same time and all that . . . as far as I'm concerned, we hired Kleindienst to perform work for us and he has provided excellent representation."

Asked to describe Kleindienst's duties, Guild said the former attorney general has "represented us in problems over (real estate) valuations and so on."

Edward Morgan, a partner in the Washington firm, said that the Teamsters matters have involved

real estate cases which have been handled by Samuel M. Bradley, a 32-year-old lawyer in the firm. But Morgan added that, while he could not speak for Kleindienst, "I'm quite sure Mr. Kleindienst conferred on the cases."

Guild, who called Bradley the "workhorse" in the Teamsters cases, acknowledged that Kleindienst "was the man that the fund made the initial contact with." Guild said that the Teamsters fund was unhappy with its previous lawyer and that it had had a business dealing in Phoenix with Kleindienst "some years before he went into the government, so we knew of his capabilities."

The Central States fund shares its name, Chicago offices and a budget with the Teamsters health and welfare fund, which is involved

in the Arizona suit.

The Arizona suit charged that life insurance premiums paid by the health and welfare fund under a contract with Old Security, a Missouri insurance company were illegally funneled through firms in Arizona and California. The funds ended up in the coffers of a Louisiana company, American National Insurance Co.

According to the suit, Kleindienst was the attorney for Great Pacific, a California holding company and its subsidiary, Family Provider insurance company, a small Arizona firm.

"The problem here in Arizona," commented state's Attorney General Bruce Babbitt, "is the unauthorized transfer of \$1.8 million to Great Pacific. The money is just gone."