

Teamsters Report No Move Yet to Cite Kleindienst

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By A. H. RASKIN

A Chicago attorney for the principal welfare fund of the International Brotherhood of Teamsters confirmed yesterday that the fund was considering citing Richard G. Kleindienst as an individual defendant in its \$14 million fraud suit against five insurance companies, but he stressed that no final decision had yet been made.

A spokesman for the Central States, Southeast and Southwest Areas Health and Welfare Fund had reported Thursday that the formal complaint was already in process of revision to include the former Attorney General's name along with those of other corporate and individual defendants.

However, James L. Coghlan, the fund's lawyer, said that a definitive judgment would be deferred until the fund had completed its efforts to chart the flow of millions of dollars it had paid in insurance premiums earlier this year through a maze of corporate shells reputedly used to divert much of it into the pockets of four alleged conspirators.

Mr. Coghlan said it would take at least 10 days to complete the review.

"Anybody that had any contact with the flow of that money from the day it left our bank is under consideration as a possible defendant, in greater or lesser degree," the lawyer added.

In testimony before the Securities and Exchange Commission on Sept. 3, Mr. Kleindienst acknowledged that he had served as middleman in persuading Frank E. Fitzsimmons, president of the teamsters, to swing the fund's insurance business to the old Security Life Insurance Company of Kansas City. He shared a \$250,000 fee for that service with Thomas Webb Jr., another Washington attorney.

Civil Suit by S. E. C.

A civil suit subsequently filed in Washington by the S.E.C. names Old Security and four smaller companies as instruments in a plot to misappropriate more than \$3 million. The same companies are defendants in the teamster suit.

Mr. Coghlan disclosed that Mr. Kleindienst's role in the transaction had not been confined to lining up the original

contract. He said that the former Attorney General had accompanied John A. Boden, one of the alleged conspirators cited by both the S.E.C. and the union, to a Chicago meeting June 24 and 25 in the offices of Daniel J. Shannon, executive director of the welfare fund.

The purpose of the meeting, according to Mr. Coghlan, was to seek the fund head's permission to switch the insurance account from Old Security to the National American Life Insurance Company, a smaller company, over which Mr. Boden and his associates had established control.

Mr. Shannon flatly rejected the proposal, but on June 28 he received a letter from National American telling him that the account had been transferred to it anyway. "From the timing it is clear that the transfer had occurred before Boden and Kleindienst even came to see Shannon," Mr. Coghlan said.

As part of its suit the S.E.C. has asked that receiver be appointed for National American Life, a company based in Baton Rouge, La., and that the assets of all five companies be frozen.