

Approval Set Today

Judge To Allow ITT Merger

By THOMAS D. WILLIAMS

U. S. District Court Judge M. Joseph Blumenfeld Thursday said he will approve legal papers today allowing the largest corporate merger in history, the purchase of the Hartford Fire Insurance Co. by the International Telephone and Telegraph Corp. (ITT).

The judge also indicated he would sign approval of another final judgment requiring ITT to divest itself of the fire protection division of the Grinnell Corp. within a two-year period.

According to Raymond Carlson, a Justice Department attorney, Judge Blumenfeld's action will cause simultaneous approval of a third government-ITT consent decree by a federal judge in Chicago, Ill. The Chicago judge told government lawyers he is waiting for Judge Blumenfeld's decision before allowing a compromise which would require ITT to divest itself of the Canteen Corp. within the same two-year period.

In the most significant agreement, ITT must sell its holdings in Avis Rent-A-Car, ITT Levitt and Sons Inc., ITT Hamilton

Life and ITT Life Insurance of New York in order to keep Hartford Fire.

Agreements Intertwined

Both government and ITT lawyers maintain that the three consent agreements are intertwined. They were brought about by antitrust suits initiated by the Justice Department against ITT.

Judge Blumenfeld indicated that he would not sign the two decrees until he had further studied a brief filed by lawyers for consumer advocate Ralph Nader who opposes the compromise between the government and ITT.

During Thursday's hearing, Attys. Dwight Owen Schweitzer and Reuben Robertson, Nader's representatives, were present, but the judge never asked for their oral arguments. The two lawyers appeared anxious to speak; however, it is the judge's prerogative to decide whether their comments would be appropriate.

At the end of the hearing, Judge Blumenfeld said his only concern was an "innuendo" in the Nader brief which hinted

there might have been either "bad faith or malfeasance" in the government-ITT agreement.

Last Friday the judge allowed Nader's attorneys to enter the ITT-Hartford Fire antitrust case as amicus curiae (friend of the court). In legal papers they charged that the compromise had at least three "severe deficiencies."

The alleged faults were:
—Allowing the merger of ITT and Hartford Fire "in violation of the Clayton Antitrust Act."

—Failing to spell out adequate divestiture (selling of the companies) enforcement standards and procedures.

—Not making adequate anti-reciprocity provisions (those agreements preventing cooperative sales between ITT and other companies).

Puzzled by Answers

Nader lawyers also indicated they were puzzled by some Justice Department answers to questions posed by ITT in June, one month before they agreed to a compromise settlement.

One of those questions asks

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Atty. Carlson whether he believes injunctive decrees issued by federal courts adequately protect the public interest in stopping reciprocal agreements between corporations.

Carlson answered at that time, "a decree would not adequately protect the public interest."

Carlson wrote that with the merger every ITT supplier would be "a prospective Hartford insurance customer . . ." "ITT's purchasing leverage will thus be applied, to the competitive disadvantage of other insurance companies, regardless of any prohibition against reciprocal dealing running against the

defendants (ITT)."

Despite Nader's objections, it would appear that the merger of ITT and Hartford Fire is assured within a three year period set out in the final judgment. Nader's lawyers are also working on a Superior Court appeal of former Insurance Commissioner William R. Cotter's decision to allow the merger.

At Thursday's hearing, Atty. Carlson said Connecticut's Insurance Commissioner Paul B. Altermatt has indicated he reviewed the consent judgements and found no violations of either Cotter's order or the state statutes. Earlier, Altermatt hinted he might oppose the ITT-Hartford Fire merger.