

Accountant for Lockheed Replaces Fired AF Aide

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Last Tuesday, the Air Force fired A. Ernest Fitzgerald, the efficiency expert who uncovered the massive cost overruns in Lockheed Aircraft's C-5A.

That same afternoon, the Air Force hired as a consultant a partner in Lockheed's accounting firm, Arthur Young & Co. The Young firm is also a co-defendant with Lockheed in a suit alleging that the two companies bilked Lockheed stockholders by concealing the big overruns.

The new consultant, hired for \$107.92 a day, is John J. Dymont, 38. He has been assigned some of the same tasks performed by Fitzgerald, de-

termining how the Air Force can better oversee the cost and performance of its big contractors.

Dymont, who will turn his Pentagon fees over to the Young firm, was hired by Spencer J. Schedler, the Air Force assistant secretary for financial management and the man who handed Fitzgerald his walking papers. Schedler's wife, Judy, works as an auditor at Arthur Young's Washington branch for \$11,000 a year.

The decision to hire Dymont came to light yesterday and was promptly denounced by Sen. William Proxmire (D-Wis.), leader of the fight against the C-5A.

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Proxmire called it a "shocking conflict of interest because the C-5A constitutes one of the worst scandals in procurement in a long time."

The hiring of the Young firm, he said, "is emphatically contrary to the public interest" and "conspicuously contradicts the Air Force contention that Fitzgerald was fired for reasons of economy."

Rep. William Moorhead (D-Pa.) said the employment of the Young company "is like sending a bulldog to guard the hamburger."

Both Schedler and Dymont,

who were classmates at the Harvard Business School, strongly denied any wrongdoing.

Schedler, 38, said "I don't think there is any" impropriety because Dymont works in Young's management services division in New York and the alleged concealment of overruns concerns Young's auditing division in Los Angeles.

Dymont, he said, "is not working on anything concerning Lockheed as such. He won't be looking specifically at Lockheed reports. We monitor quite a few weapons systems. His chances of looking

at a Lockheed report are rather slim."

Schedler said he had heard little about the suit against Arthur Young and Lockheed but it wouldn't change his mind. "It's a straight arrow approach," he said.

The suit, filed in New York federal court last May by Lockheed stockholder Richard J. Stull alleges that Arthur Young "Aided and abetted the (Lockheed) management defendants in said acts of misconduct by omitting from their accounting reports certain losses sustained on such (C-5A) contracts by advising

management and by signing reports in such behalf which reports were disseminated to the public and shareholders."

Lockheed management is accused of acting to "artificially inflate the market price" of the company stock by failing to disclose the losses resulting from the soaring costs on the first 58 C-5A cargo carriers.

The Securities and Exchange Commission has been conducting an inquiry for months to determine whether Lockheed directors wrongfully profited from their inside knowledge.

Consultant Dymont, reached

by telephone in New York, said that he, too, saw no conflict of interest because "I know nothing of the audit side."

He said he was working for Schedler at a quarter of his normal consulting fee because he thought companies have a "responsibility to make this contribution" to the government. Dymont said Schedler wants him to provide "conceptual opinions" aimed at improving Air Force reports on the cost, delivery schedule and performance of major weapon systems.

Schedler said he expects to consult the Arthur Young

partner eight or ten times in a year.

The Air Force planned on paying \$3.4 billion for 120 of the big planes and their spare parts. Fitzgerald discovered that the costs have risen nearly \$2 billion.