

# Navy Defends Its Handling of Litton's Claim

By Morton Mintz

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A \$37 million claim by Litton Industries — said by Vice Adm. Hyman G. Rickover to have involved "misrepresentation, if not fraud"—was handled on its merits without "extra-legal action," a Navy spokesman said yesterday.

The contracting officer hanton division building three nuding the claim, made by a Litclear submarines, rejected the claim and referred it in August to an appeals board, the spokesman said. He declined to comment further on the ground that the case is now in litigation.

Two days after Navy and Litton negotiators reached a stalemate over the claim last July, Rickover wrote a memo about the case because he said plans to deal with it through unspecified "other channels" had been disclosed by Ned Marandino, president of Litton's Ingalls Shipbuilding Division in Pascagoula, Miss.

Rickover, deputy commander for nuclear propulsion in the ship systems command, recommended to Adm. Isaac C. Kidd Jr., chief of the Navy Materiel Command, that possible law violations in Litton's "grossly inflated" claim be investigated either by a special board or be referred to the Justice Department.

The memo was made available to The Washington Post, which published an article on it yesterday.

Litton has denied either that it engaged in any improprieties or that it went to

"higher" officials, as Rickover had presumed in the memo. The Navy has not yet disclosed what it has done about Rickover's recommendations for an investigation.

Related developments yesterday involved Gordon W. Rule, the high Navy procurement official demoted by Kidd after he had criticized Litton's performance and President Nixon's appointment of former Litton president Roy L. Ash to head the Office of Management and Budget.

Rule asked the Civil Service Commission to direct the Navy to reinstate him, saying he has no intention of complying with Kidd's "verbal—and obviously perverted use of—'reassignment' to update the curriculum" of the Navy Logistics Management School in Anacostia.

Sen. William Proxmire (D-Wis.) asked Kidd to appear before a congressional Joint Economic subcommittee next Wednesday to explain why he had turned down an invitation to testify, sent Rule in his stead and then demoted him—"his reward for acting as your stand-in."

• Civil Service Commission chairman Robert E. Hampton, replying to a request by Rep. Les Aspin (D-Wis.) to investigate whether the Rule demotion violates the promise of the civil service laws to protect persons "who disagree with the administration party line," said the commission is "looking into this matter to insure that Mr. Rule is not deprived of his rights."

• Deputy White House press secretary Gerald L. Warren

said President Nixon retains "full confidence" in Roy Ash following disclosure of the Rickover memo imputing possible fraud by Litton Industries. (Warren took the same stance Tuesday, when it was disclosed that Ash, while at Hughes Aircraft in the early 1950s, had been accused in litigation of participating in the submission of false affidavits to the Air Force).

• Sen. Lee Metcalf (D-Mont.), joined by Sens. Sam Ervin (D-N.C.) and Mark O. Hatfield (R-Ore.), introduced a bill to require Senate confirmation of Ash and succeeding OMB directors; Metcalf pointed out that confirmation now is required of relatively low-level assistant directors of the Office of Economic Opportunity and the Office of Emergency Preparedness.

Rule cleared Proxmire's invitation to testify not only with Adm. Kidd, but also with Navy Secretary John W. Warner.

Rule asked Hampton whether the laws and civil service regulations permit such "arbitrary and capricious" and "retaliatory" actions as his reassignment to be taken against a career civil service employee simply because he "honestly and candidly responds" to a congressional request for testimony.

Proxmire, announcing the hearing, said, "The basic principle of congressional review is at stake."