

Litton May Face Probe of Claim Against Navy

By Morton Mintz

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Litton Industries faces a possible Justice Department investigation in connection with a claim for \$37 million in cost overruns on three nuclear submarines built by its Ingalls Shipbuilding division, the Navy disclosed yesterday.

A decision on whether to refer the case to the department will be made by Navy Secretary John W. Warner "within about two weeks," E. Grey Lewis, the Navy's general counsel, told the final session of a hearing by the point congressional subcommittee on economy in government.

Vice Adm. Hyman G. Rickover, "father of the atomic submarine," has accused Litton of "misrepresentation, if not fraud" in trying to blame the government for overruns "caused by its own poor planning, by its manpower shortages, by its late material purchases and deliveries and by mismanagement of the contract."

In a 1972 memo disclosed in The Washington Post last Jan. 4, Rickover termed the claim "grossly over-inflated," saying that only \$4 million to \$7 million "can be justified."

Rickover, acting as deputy commander for nuclear propulsion in the Ship Systems Command, recommended an investigation either by a for-

mal board or the Justice Department.

Litton, which has taken its claim for the \$37 million to the Armed Services Board of Contract Appeals, said yesterday that the Navy was at fault because the material was not only delivered late, but also was defective.

Navy counsel Lewis told subcommittee chairman William Proxmire (D-Wis.) that a lawyer on his staff made a year-long inquiry into the dispute and submitted a report to him in late September.

Lewis said he made a recommendation to Secretary Warner about 10 days ago as to whether the case should be referred for possible prosecution. He declined to say what the recommendation was.

Litton said yesterday that Ingalls, which is in Pascagoula, Miss., has tried since January to obtain material supporting Rickover's charges, "because obviously it is highly relevant" to the appeals board proceeding. "Our request was denied on the ground that the material was 'confidential,'" the company complained.

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