

Firm's 'Bonuses' Aided Campaign

11/14/73

By Lawrence Meyer
Washington Post Staff Writer

Two officials of the American Shipbuilding Company testified in detail yesterday that they participated in an elaborate kickback scheme through which the company made illegal contributions to the 1972 Nixon re-election campaign.

According to the testimony, the company, at the direction of its chief executive officer, paid about \$40,000 in fake bonuses to eight executives to put together \$25,000 in contributions for the Nixon campaign. The company's chief executive, George M. Steinbrenner III, also contributed \$75,000, the Senate select Watergate committee was told.

Testifying under a grant from the committee of limited immunity to prosecution, the

company's purchasing director, Matthew E. Clark Jr., said that on April 6, 1972, he was told by the corporation's secretary, Robert E. Bartlome, that he was being given a \$5,000 bonus and "that I was to make out a check for \$3,000 to a Committee to Re-elect the President."

According to records to records subpoenaed by the committee from American Shipbuilding, a total of \$40,000 was paid to eight executives of the firm—including Clark and Bartlome—on April 6, 1972. After deductions were made for federal and local taxes, the eight employees received a net amount of \$26,200.

Clark told the committee
See HEARING, A8, Col. 1

HEARING, From A1

that he wrote one check for \$3,000 to the Loyal Americans for Government Reform, a fund-raising arm of the Nixon re-election finance committee.

In addition, Clark testified, he wrote a \$100 check to the Stable Society Council, another Nixon re-election committee arm, as well as making some cash contributions under the direction of Bartlome. In all, Clark said, he made contributions of \$3,700—the net total he received from American Shipbuilding.

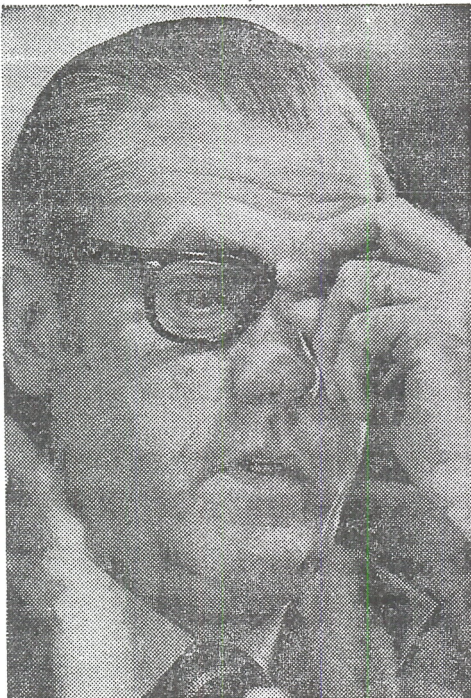
Although it is illegal for corporations to donate funds to candidates running for federal office, several firms and their executives have come forward this year to admit that they made illegal campaign contributions to the Nixon campaign in 1972.

The payment of the bonuses and the immediate writing of checks by the executives to the Nixon re-election committee on April 6, 1972 constituted an attempt to avoid public disclosure of the contributions under a new federal campaign finance law that took effect the following day, Clark testified.

Yesterday's testimony highlighted the vulnerability to pressure for political campaign contributions of certain industries, such as those engaged in shipbuilding, because of their dependency on government contracts and subsidies for their existence.

Bartlome, who also testified under a grant of limited immunity, told the committee that in 1970, when the first fake bonuses were paid to employees of American Shipbuilding, Steinbrenner said he was under "pressure" to make campaign contributions. In 1972, Bartlome said, Steinbrenner told him that there was a "need" to make contributions. In neither instance, Bartlome testified, did Steinbrenner identify the source of the pressure.

Bartlome said Steinbrenner directed him to assemble all of the checks and send them to Herbert W. Kalmbach at the Nixon re-election committee. Kalmbach, who was a principal



ROBERT BARTLOME



By Larry Morris—The Washington Post

MATTHEW CLARK

... testify concerning officials' bonuses from the American Shipbuilding Company.

fund-raiser for the Nixon campaign in its pre-April 7 period, was President Nixon's personal attorney at the time.

Under questioning, Bartlome said that he had no evidence that the re-election committee or Kalmbach knew that the contributions were from corporate funds or that anyone had threatened or coerced Steinbren-

ner to induce him to make the contributions in 1972.

According to Bartlome, Steinbrenner was given a \$75,000 bonus by the firm in 1970, but it was not clear whether this bonus was intended to be the contribution that Steinbrenner made in the same amount on April 6, 1972 chief committee counsel Samuel Dash told a reporter that Steinbrenner's lawyer has said he would invoke the Fifth Amendment when questioned about the contributions.

Clark, 36, is paid \$16,300 a year as purchasing director of American Shipbuilding. He said that in April, 1973, Bartlome asked him to sign a statement that said his contribution to the Nixon campaign had been voluntary and that the bonus was unrelated to the contribution.

Although Clark said he told Bartlome "You've got to be kidding," after reading the statement, Clark said he signed it. Clark acknowledged yesterday that the statement was false and that he had improperly dated it Dec. 30, 1972, at Bartlome's instruction.

Bartlome testified that the statement had been prepared by a lawyer for American Shipbuilding who was identified throughout yesterday's testimony only as "Mr. Melcher."

In August, 1973, just prior to being interviewed by the FBI, Clark said Melcher told him to tell the FBI that the contribution was voluntary.

Bartlome said that in August, 1973, Steinbrenner suggested a story that he might tell the FBI—that a group of American Shipbuilding executives "determined that they wanted to make contributions to the Committee to Re-elect the President, that we had approached Mr. Steinbrenner, asking him if there was a manner in

which we could make a contribution and were told if it was a small contribution, to do it locally, if it was a large contribution, he would furnish us the names of committees, and that the money could be delivered in Washington."

Bartlome said that he gave that story to the FBI. Clark testified that he also gave the FBI a false story during his interview.

Later, Bartlome and Clark testified, after the federal grand jury in Washington issued subpoenas to the American Shipbuilding executives, they decided that they would not perjure themselves before the grand jury. Bartlome said Steinbrenner was "distracted" when he learned that the executives would testify truthfully.

Under questioning, Bartlome confirmed a statement by Dash that Steinbrenner "laid his head on the desk and said he was ruined, the company might be ruined and he mentioned something about jumping off a bridge."

Clark and Bartlome subsequently testified before the federal grand jury after receiving grants of limited immunity from prosecution from the special Watergate prosecutor.

Six corporations already have pleaded guilty to charges of making illegal campaign contributions to the Nixon campaign. American Shipbuilding is still under investigation. Officials of several of those corpora-

tions are scheduled to testify before the committee during this third and final phase of its hearings.

Bartlome also told the committee that he understood from another company official that in April, 1973, Steinbrenner destroyed records of the distribution of bonuses paid to American Shipbuilding officials.

During his testimony, Bartlome told the committee that American Shipbuilding had built ships for the federal government prior to 1972 although it was not building ships for the government during that year.

The American shipping industry and labor unions concerned with the maritime in-

dustry have a long history of illegal contributions to federal campaigns. In 1970, two shipping companies—American President Lines and Pacific Far East Lines—pleaded guilty and were fined for having contributed a total of \$8,200 to unnamed House and Senate candidates of both parties in 1966 and 1968.

The American maritime industry is heavily subsidized by the federal government, which in 1972 granted a 43 per cent subsidy of \$284 million on contracts to build 16 merchant ships. The contracts were awarded to five shipyards. American Shipbuilding was not among the firms awarded the contracts.