

Shipping Head Is Spared Jail For Illegal Gift

By Christine Jindra
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CLEVELAND, Aug. 30—George M. Steinbrenner III, a shipping executive and part owner of the New York Yankees, was fined \$15,000 but spared a jail sentence today in U.S. District Court here for arranging and later covering up illegal campaign contributions.

Steinbrenner also could have been sentenced to six years in prison on the charges. Had he gone to trial on those and other charges originally brought, he could have faced 55 years in prison and \$110,000 in fines.

The American Ship Building Co. of which Steinbrenner is board chairman, was fined \$20,000 for conspiracy to violate federal election campaign contribution laws and for arranging an illegal contribution.

The relatively light fine and lack of a jail sentence surprised and disappointed prosecutors in Washington who had regarded the Steinbrenner case as one of the most serious yet prosecuted.

In addition to conspiring in illegal campaign contributions, the Cleveland industrialist had acknowledged attempts to cover them up and to mislead investigators and a grand jury.

Steinbrenner pleaded guilty a week ago to one count in an indictment which charged him with arranging contributions totaling \$31,200 to President Nixon's re-election campaign and \$29,000 to two Democratic congressional campaign dinners.

He also pleaded guilty to a criminal information that charged he helped American Shipbuilding and two of its employees try to avoid apprehension and trial.

That information said Steinbrenner devised a "false and misleading" explanation of one \$25,000 contribution and

caused the firm's employees to give the false story to FBI agents.

Furthermore, it charged he "endeavored to influence and intimidate employees" of the company so they would tell the phony story to a grand jury empaneled in Washington.

The charges were brought by the office of Watergate Special Prosecutor Leon Jaworski, which gathered evidence in Washington and brought it to a federal grand jury here.

Before the sentencing today, Steinbrenner's lawyer, Edward Bennett Williams of Washington, pleaded 20 minutes for leniency before U.S. District Court Judge Leroy J. Contie Jr.

Williams explained that Steinbrenner had inadvertently been caught up in the fundraising plans of the Commit-

tee for the Re-election of the President.

An old friend, Thomas Evans, AmShip's lawyer from the New York law firm of Mudge, Rose, Alexander and Guthrie, had arranged a meeting March 16 1972 between Steinbrenner and Herbert Kalmbach, Mr. Nixon's former lawyer to solicit a "very large" contribution, Williams said.

Soon afterward, Steinbrenner donated \$75,000 in personal funds, a legal contribution, and arranged donations of \$25,000 through his employees, Williams said.

Acknowledging that ignorance was not a defense, Williams said that Steinbrenner had relied on the advice of his corporate lawyer, Thomas H. Melcher Jr., that the employee contributions were legal.

Melcher on April 18 pleaded guilty in Washington to a misdemeanor to aiding and abetting Steinbrenner in the complex phony bonus scheme. Melcher, who has been on extended leave from the company, was fined \$2,500 and was expected to be an important witness against his boss if Steinbrenner had gone on trial.

Williams said today that when Steinbrenner wanted to "come forward and face the music" he was dissuaded by Melcher.

During Williams' explanation, Judge Contie interrupted several times to remind him that Steinbrenner had pleaded guilty to the charges and that Melcher's role had not been included in the charges.

Thomas F. McBride, an assistant Watergate special prosecutor, told the court that Steinbrenner was entirely responsible for the scheme and that he had continued to withhold information and urge employees to lie after Melcher had recommended that Steinbrenner confess to the crimes.

Before sentencing, a subdued and pale Steinbrenner said the past year had been one of anguish for him and his family.

Afterward, Steinbrenner said he was "gratified" that he had not received a prison sentence.

"My only contributions from this point on will be for the United Appeal," Steinbrenner said in answer to a question of whether he was through with politics.

The first 14 corporate executives to plead guilty to a wide assortment of election-law crimes served no single day in jail, according to CBS legal correspondent Fred Graham (8/31/74). Graham attributed discontent to the special prosecutor's staff when ^{on 8/30/74} shipping executive George M. Sycinbrenner, who is also a part owner of the New York Yankees baseball club, received only a fine as punishment after confessions that included conspiracy and obstructing justice. But in each case it is the special prosecutor who agreed to this ~~arrangement~~ plea-bargaining in which those whose illegally-contributed money made The Watergate possible all escaped any real punishment. The special prosecutor comes from the corporate world, which made him rich, famous and one of its own executives. He agree to those from his walk of social and economic life to remain free but he insisted that the hired hands who confessed serve time in jail. Without this being Jaworski's desire not one of his criminal peers would have escaped jail. And because he willed it, all did. He could and should have prosecuted. The cases were open and shut - and deeply subversive of any political system.