

# Northrop Guilty in Gift Case <sup>5/2/74</sup>

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The Northrop Corp. and its chief executive officer pleaded guilty here yesterday to felony charges of making illegal donations of \$150,000 to President Nixon's re-election campaign.

The Watergate special prosecutor's office said the case was the first brought under a 1940 statute prohibiting political contributions by government contractors. Previous illegal campaign financing charges filed by the special prosecutor's office have been under misdemeanor provisions prohibiting campaign contributions by corporations in general.

Northrop, based in Los Angeles, is a prime defense contractor with substantial government contracts. Both the firm and the special prosecutor's office said there is no evidence that the company received special consideration on its contracts as a result of the contributions.

U.S. District Court Chief Judge George L. Hart Jr. immediately fined the firms the maximum \$5,000 and imposed a similar sentence on its board chairman, Thomas V. Jones.



United Press International

Thomas V. Jones, chairman of the board of the Northrop Corp., leaves federal court after pleading guilty to felony charges of making an illegal donation to President Nixon's re-election campaign in 1972.

prevent "any future unauthorized use of corporate funds" and is conducting a special audit to assure that all funds and expenses have been properly reimbursed to the company.

The company conceded that the illegal transaction was "an abnormal departure from the high standards of business conduct," but said that its board of directors has determined that Jones should continue as chief executive officer. He became president of Northrop in 1950

Jones could have received up to five years in jail.

In the same hearing, Northrop Vice President James Allen pleaded guilty to the misdemeanor charge of making political contributions with corporate funds and received the maximum \$1,000 fine. He could have been sentenced to one year in jail.

Hart said during the sentencing that it was "outrageous" that the law against contributions by government contractors had never been enforced.

"This is a very serious charge," he said, indicating that he was imposing no jail term because the law "has been openly flouted" since it was signed.

Hart added, however, that "if there ever comes before me a violation of this statute committed on or after this date, somebody will surely go to jail."

Assistant Watergate Special Prosecutor Thomas F. McBride said after the sentencing that while defendants in

previous campaign financing cases had government contracts, they amounted only "to a small percentage of the firm's total business."

However, he added, "In this case, given the very substantial amount of government contracts held by the Northrop Corp. the special prosecutor's office felt that the responsible discharge of our prosecutive discretion required the application" of the felony statute.

According to an information filed in open court against Northrop and Jones, the money was contributed to the Nixon re-election campaign by funneling corporate funds through a European consultant of Northrop's.

Northrop backdated certain documents to cover the contributions, the prosecutors added, and the entire illegal transaction was aided and abetted by Jones.

Northrop said in a statement that it has taken steps to