

Firm Agrees To Probe of Contributions

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American Ship Building Co. and its chairman, George M. Steinbrenner III, yesterday agreed to permit a "special master" to investigate company financial records to determine whether Steinbrenner should repay an estimated \$120,000 in alleged illegal campaign contributions.

In the consent decree, the Securities and Exchange Commission alleged the amount was more than \$120,000. But Steinbrenner, through an American Ship spokesman, said no amount has been determined yet.

SEC Attorney Robert G. Ryan said the special master will conduct audits of American Ship books and report his findings to the SEC and the company.

"If we're not satisfied with the findings we'll go back to court," Ryan said.

Steinbrenner and American Ship Building consented without admitting or denying guilt to a permanent injunction sought by the Securities and Exchange Commission. The consent decree was signed in U.S. District Court here.

Steinbrenner earlier had consented to Watergate Special Prosecutor Leon Jawor-

ski's charges of making illegal campaign contributions to the Nixon re-election campaign in 1972.

John Melcher, executive vice president and general counsel of American Ship, pleaded guilty in April to charges that he helped cover up illegal campaign contributions.

The SEC charged in its suit, filed April 15, that Steinbrenner and American Ship used "in excess of \$120,000" in corporate funds to make political contributions.

Federal law prohibits corporate funds to be used in political campaigns.

The SEC said the illegal contributions resulted in "false and misleading" financial statements being filed with the SEC and distributed to shareholders and the public.

The consent decree returned in the court yesterday authorizes the government to appoint "a special master to inquire into and examine books and records of American Ship Building and all other relevant matters in order to render a correct accounting of the company's financial position to this court and its company's shareholders, and to report all corporate funds which may have been used in political campaigns."

Special masters are judges or lawyers appointed in complicated court cases to gather evidence and make recommendation to trial judges.

The decree also requires that Steinbrenner repay to American Ship Building any funds used "for political purposes and other unauthorized corporate purposes."