

Possibility of Some Litton Shady Doings

Washington

Comptroller General Elmer B. Staats said yesterday that government auditors have uncovered indications of possible criminal activity by officials of a Mississippi shipyard in the handling of government contracts.

Staats said General Accounting Office auditors have found evidence of conflict of interest, awards of contracts to other than low bidders and "pre-award" activities to influence contractor selection at the Ingalls Shipbuilding Division of Litton Industries in Pascagoula, Miss.

The evidence involves work under government contracts awarded to subcontractors by the shipyard, Staats said.

PROBE

He said, however, that the investigation "did not demonstrate that there were payments of fees or kickbacks."

The GAO study was made at the request of Senator William Proxmire (Dem-Wis.). Proxmire said the GAO report disclosed "the most appalling and improper behavior by officials and employees of Litton and by its subcontractors."

Litton said the cases cited by Staats were uncovered by the company "in the course of its regular operating procedures" and that "extensive corrective actions were taken long before the investigation by the General Accounting Office."

MEASURE

"These remedial measures," the company said, "included discharge of employees, recovery of sums improperly paid, the furnishing of information to the FBI and other government authorities, and cooperation with cognizant law enforcement officials."

Staats told a Joint Economic Committee panel headed by Proxmire that government auditors received good cooperation from Litton officials in their investigation.

The GAO report has been turned over to the Justice Department because of indications that federal criminal law may have been violated, Staats said.

Associated Press