

S.E.C. 'Secret Fund' Suit Against Northrop Settled

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WASHINGTON, April 17—The Securities and Exchange Commission formally announced today the settlement of its suit against the Northrop Corporation and its board chairman, Thomas V. Jones, and a former vice president, James Allen.

The company and the individual defendants consented to the entry of permanent injunctions, in United States District Court here, that bar them "from making materially false for fictitious entries in corporate books and records and from establishing or maintaining any secret or unrecorded fund of corporate monies or other assets."

As a matter of legal technicality, neither the company nor the officials admitted to any of the allegations against them.

The S.E.C.'s lawsuit had charged the company and the two men with violations of the Securities Exchange Act for failing to disclose what uses had been made of significant sums of money. The agency alleged the existence of a "secret fund" from which "in excess of \$476,000" had been distributed in political contributions, "a substantial portion of which was unlawful."

Records Called Inadequate

The S.E.C. also said that the company had disbursed "approximately \$30-million in corporate monies" without keeping records that were adequate to show that the money had

been used "for the purposes indicated."

The company said in a statement today that the \$30-million "consists of fees and sales commissions that have been or will be paid over a number of years in relation to sales of company products and services abroad totaling \$777.4-million."

The S.E.C. complaint of yesterday and its announcement of today both made clear, however, that the agency had been unable to find out what the \$30-million had been used for, and that it found the company had kept inadequate records to show what it had been used for.

In addition, the S.E.C.'s complaint said, "Consultants and commission agents to whom a substantial part of the \$30-million was purportedly disbursed refused to confirm even the receipt of said funds or whether any corporate monies were returned to Northrop or others or subsequently disbursed at the direction of Northrop or others."

C.A.B. Sues United

CHICAGO, April 17 (AP)—The Civil Aeronautics Board sued United Airlines today in an attempt to prevent it from "destroying, altering, or removing" records of contributions to the Committee for the Re-election of the President.

In an emergency hearing late today, Judge Frank McGarr of United States District Court



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Bernard S. Meyer in his law offices in Mineola, L.I., yesterday.

denied the board's request for a temporary restraining order that would have required United to keep the documents intact.

He said that he was satisfied with the promise of H. Templeton Brown, an attorney for United, that the records would not be destroyed.

A letter attached to the suit disclosed that the board was reopening its 1973 investigation of contribution that United's chairman, Edward E. Carlson, made to former President Nixon's re-election committee.