

'72 Fund Deal Is Alleged

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The former president of Grumman International Inc., testified yesterday that a White House official in 1972 proposed a \$1 million contribution to the Nixon re-election campaign in exchange for government help in selling military aircraft to Japan.

Thomas P. Cheatham Jr., the former Grumman official, told a Senate subcommittee that the proposal came from former White House aide Richard V. Allen

in a "pragmatic and realistic" talk during a walk in the corridors of the Executive Office Building.

Allen "specifically and categorically" denied the charge in a statement to reporters who reached him following the Senate testimony. Allen said he had no conversation with Cheatham or anyone else about campaign contributions while in government service.

According to Cheatham, his visit to Allen was to promote the sale to Japan of the E-2C radar-bearing airplane. Allen was a deputy

assistant to President Nixon for international economic affairs at the time.

Cheatham said he later learned that purchase of the E-2C had been recommended by a joint U.S.-Japan committee during Nixon's summit talks with then Premier Kakuei Tanaka in August, 1972. But, he said, the aircraft has never been sold to Japan.

Grumman Corp., in a press statement, said Allen had visited its headquarters in Bethpage, N.Y., for a
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meeting arranged by Cheatham in mid-1972. However, the statement said there was "no discussion of political contributions" at the time and that Grumman made no contributions to the Nixon re-election drive.

Spokesmen were unable to say whether any Grumman executives had contributed to the Nixon campaign. An authoritative study of 1972 campaign finance records by Herbert E. Alexander of Citizens' Research Corp. reported "no large political contributions of any kind" from officers or directors of Grumman Aerospace Corp., the planemaker's manufacturing subsidiary.

Cheatham, who has left Grumman and his a defense consultant, testified that Allen supported the idea of helping arrange the sale of the early warning aircraft during talk in Allen's office.

In the corridors on the way out of the building, Cheatham said, the conversation changed abruptly. He quoted Allen as saying that "people whom the White House made an effort for should be grateful" and that campaign contributions "would be very much in order."

"I think the E-2C is worth about a million dollars," Cheatham quoted Allen as saying. Cheatham said he replied that such a contribution was "beyond my capacity" but promised to arrange meetings with other Grumman officials and subsequently did so. The total dollar value of the contemplated sale was not revealed.

Subcommittee Chairman Frank Church (D-Idaho) said he will call Allen and former Grumman Corp. Board Chairman E. Clinton Towl, who met with Allen at Bethpage, to testify soon.

Allen left the White House in July 1972 and is now an international economic consultant in Washington.

Cheatham's testimony was given at

a hearing of the Senate Foreign Relations Subcommittee on Multinational Corporations into Grumman's foreign military sales promotion, particularly the successful effort to sell the F-14 fighter to Iran for almost \$2 billion.

Peter Oram, currently president of Grumman International—the firm's international sales subsidiary—testified that two close associates of former President Kennedy were introduced to him as officers of a sales firm which was paid a \$2.9 million commission in connection with the F-14 sale to Iran.

Oram said Albert J. Fuge, board chairman of Shaham S.A., a New Jersey corporation, was accompanied in 1974 meetings by former Sen. Benjamin A. Smith II (D-Mass.), a college roommate and close friend of the late President.

Oram said Fuge later told him Smith had been made board chairman of Shaham. Oram said Fuge also introduced him in 1974 to Kenneth P. O'Donnell, who had been Kennedy's White House appointments secretary, saying that O'Donnell was general counsel of Shaham.

Oram said he knew of no services which Smith or O'Donnell had performed for Grumman. Neither man could be reached for comment.

According to testimony and statements by subcommittee counsel Jerome I. Levinson, those who ultimately benefitted from a total of \$6 million in commissions on the F-14 sale included the Fouladi brothers, who were reportedly close to the then-commander of the Iranian Air Force (and brother in law of the shah), and the Rashidian brothers, who reportedly had a hand in bringing the shah to power in 1963 and are said to have direct access to him. The shah and his military chief opposed payments to sales agents in the F-14 contract, and demanded a refund from Grumman equivalent to the sums paid in such commissions.