

Bid to Grumman For Nixon Fund In '72 Is Charged

NYTimes — SEP 14 1976
By SEYMOUR M. HERSH

Special to The New York Times

WASHINGTON, Sept. 13 —The former head of a Grumman Corporation subsidiary told a Senate subcommittee today that a White House aide urged the company to contribute \$1 million to the 1972 Republican re-election campaign in return for President Richard M. Nixon's "assistance" in arranging an aircraft sale to Japan.

Dr. Thomas B. Cheatham, the former president of Grumman International, said that the aide, Richard V. Allen, made the recommendation during a meeting in the Executive Office Building in April 1972, four months before Mr. Nixon held a summit meeting in Honolulu with Japan's Prime Minister, Kakeui Tanaka. At the time, Mr. Allen was deputy assistant to President Nixon for international economic affairs.

Dr. Cheatham, who left Grumman later in 1972 and now is a private consultant, told the Senate Foreign Relations Subcommittee on Multinational Corporations that he subsequently arranged some meetings between Mr. Allen and other Grumman officials. He did not know whether any contributions were, in fact,

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made to the re-election campaign, Dr. Cheatham said.

The subcommittee was told that Grumman had yet to sell the E2C reconnaissance airplane to Japan.

Meeting on Aircraft Recalled

In a telephone interview, Mr. Allen, who now is an international economic policy consultant, recalled meeting with Dr. Cheatham to discuss one of Grumman's aircraft but heatedly denied any involvement in campaign finances.

"It's so far out—it's ludicrous," Mr. Allen said. "Anybody and everybody knew that I had nothing to do with raising campaign funds."

In a statement issued later by the Grumman Corporation's headquarters in Bethpage, L.I., John C. Bierwirth, its chairman, said that Grumman "never contributed to Mr. Nixon's campaign, or to any other political campaign, at any time."

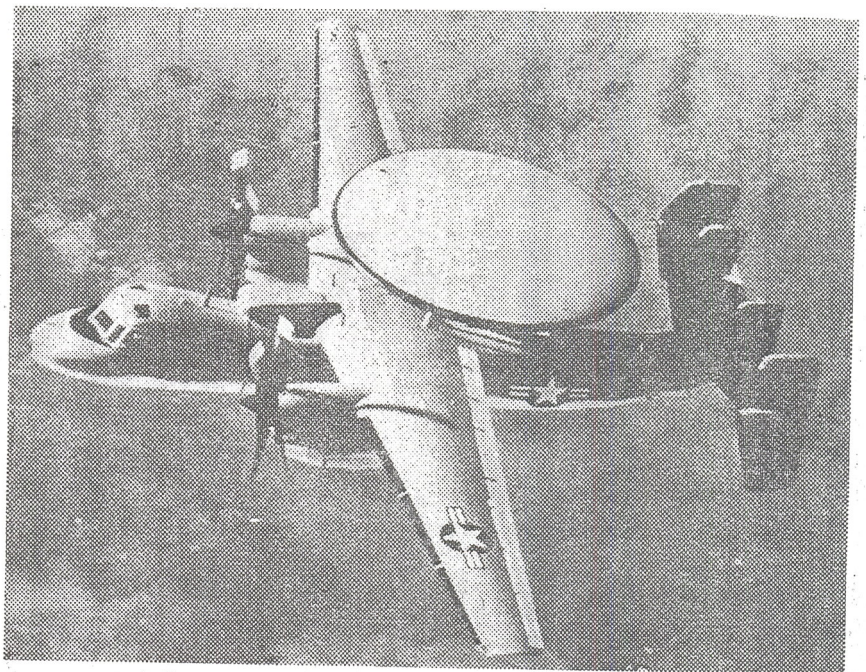
Told of the denials, Dr. Cheatham reaffirmed his testimony in a telephone interview. "That's what happened," he said. "I stand by it."

Support by White House Sought

Dr. Cheatham told the subcommittee, which is headed by Senator Frank Church, Democrat of Idaho, that he had gone to visit Mr. Allen to urge White House support of Grumman's efforts to sell the carrier-based reconnaissance plane to the Japanese.

Grumman specifically wanted President Nixon to discuss the E2C in his talks with Prime Minister Tanaka, Dr. Cheatham recalled.

While in Mr. Allen's office, Dr. Cheatham said, the conversation was technical and to the point. At its close, the former



A Grumman E2C airborne early warning radar aircraft



United Press International

Thomas B. Cheatham, former head of a Grumman Corporation subsidiary, during his testimony in Washington yesterday.

Grumman official said, Mr. Allen walked with him through the halls of the Executive Office Building, which is next door to the White House, to a street exit.

It was on that walk, Dr. Cheatham testified, that the subject "changed from the pragmatic to the realistic," with Mr. Allen explaining that he also was involved in fund-raising for the Nixon re-election committee.

"It started," he said, "with Allen pointing out that giving assistance to the sale

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to Japan would be a difficult thing and it would take a great deal of effort."

Officials at Grumman "should be grateful" for the White House aid, Dr. Cheatham further recalled the White House official as saying. He said he then asked Mr. Allen what such aid was worth.

"Oh, I think the E2C is worth about \$1 million," Dr. Cheatham quoted Mr. Allen as having said.

Dr. Cheatham said he told Mr. Allen that the request "was something I could not respond to" and arranged for later meetings with Grumman officials at Bethpage.

At that point, Senator Church specifically asked Dr. Cheatham whether he understood Mr. Allen to be saying that it would cost the company \$1 million in a re-election campaign contribution to gain President Nixon's help in arranging the sale. Dr. Cheatham answered, "Yes."

"If such a conversation took place other than in the White House," the Senator then asked, "wouldn't that be commonly referred to as a shakedown?"

"Well," Dr. Cheatham said, with a smile, "we have various words here in Washington," citing, among others, the "giving of advice." Asked again whether he considered Mr. Allen's request to be a shakedown, he said, "Yes, something of that sort."

Number of Witnesses Summoned

Today's testimony obviously caught members of the subcommittee as well as the Grumman Corporation by surprise. A number of witnesses had been summoned to testify about Grumman's payment of \$6 million in agents' fees and its selling campaign stemming from Iran's decision in 1974 to purchase \$2.2 billion worth of F-14 fighters.

Two current Grumman officials, Joseph G. Gavin Jr., the company's president, and Peter Oran, president of Grumman International, its foreign sales subsidiary, told the subcommittee that Dr. Cheatham's testimony was the first they had heard of the alleged payment request.

In response to questions, both men acknowledged that any payment decisions would have been made at levels above them at the time.

A check of newspaper files today showed no evidence that Grumman had become publicly entangled in the various investigations stemming from the Republican re-election committee's 1972 efforts to generate millions of dollars in cash contributions. Former Watergate investigators, questioned by telephone today,

also said they knew of no such involvement.

Dr. Cheatham testified that the proposed sale was formally discussed during the Nixon-Tanaka meeting in Honolulu.

That discussion, the former Grumman official said, apparently took place at lower-level talks involving Ambassador Marshall Green, who was Assistant Secretary of State for East Asian and Pacific Affairs, and his Japanese counterpart.

Ambassador Green, who is the State Department Coordinator of Population Affairs, was on vacation and could not be reached directly today. Speaking through his secretary, Miss Gloria Glasgow, however, Mr. Green said, "There was no White House pressure or any pressure to discuss the E2C" during the Honolulu summit. Mr. Green also was quoted as having said that he did not specifically recall any discussion of the aircraft. Any such talks, if they were held, he said, were "a minor issue."

After today's hearing, Senator Church said his subcommittee would "follow through" on the Cheatham allegations. Staff members also said the official records of the Honolulu summit meeting would be sought before the subcommittee's next scheduled public hearings on Sept. 24.

Iran Sales Drive Discussed

Along with the allegations of payoff requests, today's hearing also dealt with Grumman's F-14 sales campaign inside Iran prior to the Nixon Administration's decision in 1972 to permit the aircraft's foreign sales.

Mr. Gavin, the current Grumman presi-

dent, defended such efforts—which took place inside Iran as well as among Iranian military attaches—as "fully legal and proper."

"The issue is not one of legality," Senator Church said at one point, "but whether—in the sense of national security—such efforts should be made prior to a national decision of the United States Government that such a sale was in the country's best interests."

"Our concern," the Senator added, "is whether the Government is wagging the tail of the aircraft company or whether the aircraft company is wagging the tail of the Government," regarding the foreign sale of such classified weapons systems. "It's not an easy question at all."