

# Pratt & Whitney increases for jet parts probed

From the Chicago Tribune

Washington — A federal grand jury in Miami is investigating allegations that large price increases in Pratt & Whitney Air Force jet-engine parts went to finance lavish entertainment, travel and other questionable costs rather than the bolts, rivets and other components the bills specified.

Documents made available to the *Chicago Tribune* indicate the company billed the Pentagon for at least two banquets at South Florida country club resorts. The banquets were charged to "overhead accounts."

One invoice delivered to federal prosecutors indicates the company also tried to

write off a \$67,000 donation to acquire Impressionist paintings for an Oklahoma City art show by increasing the price of jet-engine spare parts charged to the Air Force.

The receipts were obtained as the result of an inquiry into such questions as why the company had raised the price of each stove bolt from \$4.44 to \$15.47.

At the center of the disclosures is Pentagon auditor George Spanton, who won a reprieve Tuesday from the federal Merit Systems Protection Board that prevents Defense Department officials from transferring him from the Florida office, where he is assigned to audit the books of Pratt & Whitney's Government Products Division at West

## Palm Beach.

Mr. Spanton, who works for the Defense Contract Audit Agency, has issued a series of reports in the last two years charging that the firm's management practices were driving up prices it charged for Air Force jet-engine parts.

Invoices given to federal prosecutors show that two parties for Pratt & Whitney executives and employees — one costing \$16,995 and the other \$43,672 — were billed to accounts at the Pentagon designated to finance the purchase of spare parts for the F-100 jet engines used in the F-15 and F-16 jet fighters.

The \$16,995 billing financed Pratt &

Whitney's 1981 Christmas party at a resort in Palm Beach, Fla., called the Breakers, receipts indicate.

Guests consumed \$3,750 worth of cocktail shrimp, \$3,400 worth of crab claws and another \$2,775 in assorted appetizers, the invoices show. Another \$1,148 was spent for wine and \$4,268 for cocktails.

The \$43,672 billing covered the price of a June 19 company banquet for employees with 25 years of seniority at the PGA Sheraton Resort in Palm Beach Gardens, Fla. Receipts show that hors d'oeuvres at the affair cost \$7,085, while the drinks cost \$9,243.

That inquiry has developed into a crimi-

nal investigation of whether Pratt & Whitney increased such prices to cover entertainment, travel and gifts for company employees and relatives, the documents indicate.

These documents — obtained by the reform group Project on Military Procurement — have been subpoenaed by a federal grand jury in Miami, Pratt & Whitney officials in Florida confirmed.

In July, Mr. Spanton sent the Pentagon a report by an Air Force official at Tinker Air Force Base near Oklahoma City that outlined how Pratt & Whitney had increased prices on 34 engine parts an average of 300 percent.

The official, Robert Hancock, noted that a 24-cent rivet now costs \$1 and that a \$4.44 bolt was being sold for \$15.47 by Pratt & Whitney. One component price, for a cowling mount, had been raised from \$14 to \$3,033, the Hancock report noted.

Mr. Hancock called such price increases "incredible" and urged Gen. J. T. Edwards, commander of the Oklahoma City Air Logistics, Center and the officer in charge of purchasing engine parts, to make reforms.

Since that time, however, General Edwards has become a target of charges in the parts-pricing inquiry after it was learned that he had solicited a \$67,000 donation from Pratt & Whitney to help finance an art show in Oklahoma City.

That money was taken from the

company's Pentagon overhead accounts, Pratt & Whitney spokesman Jerry Browning acknowledged. He said that once the company was questioned about the propriety of charging the art donation to an Air Force account, Pratt & Whitney reimbursed the Pentagon account from corporate funds.

The board of the Oklahoma Art Center used the \$67,000 donation to bring a display of 75 classic Impressionist paintings to Oklahoma City for a show that ended early this year. General Edwards's wife is a member of the center's board, and the general made the request for Pratt & Whitney money at the same time Mr. Hancock was urging him to find the reason for the cost growth in spare-parts prices, the documents indicate.

Mr. Browning acknowledged that General Edwards requested the funds and said the \$67,000 was a small part of "millions" the company donates annually to charitable causes from corporate accounts.

But Mr. Browning defended charging office parties to Pentagon overhead accounts by saying that such outlays enhance morale and contribute to company efficiency.

Last week, the federal Merit Systems Protection Board, a body established to protect federal employees who become whistleblowers, sided with Mr. Spanton and ordered his transfer blocked, pending an inquiry into the matter.

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