

Beggs and General Dynamics cleared of fraud

Without passing word that an important statement was imminent, the Justice Department announced at 7:30 pm EDT on Friday, 19 June, after the network news broadcasts had flickered off television sets and deadlines had passed for the first editions of major East Coast newspapers, that it was dropping a contract fraud case against General Dynamics Corp and four past and present executives. The indictment had charged the officials with defrauding the Defense Department between 1978 and 1981 by overbilling \$7.5 million on a \$39 million Army contract to develop a prototype of the Sergeant York battlefield anti-aircraft gun. Among the four officials now exonerated is James M. Beggs, a former executive vice president at General Dynamics, who was forced to resign as administrator of NASA when the indictment was issued (PHYSICS TODAY, January 1986, page 55).

By asking the US District Court in Los Angeles to dismiss accusations against General Dynamics, the nation's number-one military contractor, Justice Department lawyers conceded, 19 months after the original charges, that they had no case. Even though the department's investigation began in the Carter Administration, the case became a symbol of the Reagan Administration's effort to get tough on overcharges and overruns in Defense procurement. Earlier this year, Assistant Attorney General William Weld said that the legal issues in the General Dynamics case "could be very significant for the direction and success of future prosecutions" of military contractors.

DIVAD. The main issue involved whether the billing of certain costs to the Army was allowed under the terms of the contract, not whether company officials were pocketing money. The Justice Department claimed that the company had mischarged costs of the DIVAD air defense gun to the Bid and Proposal or Independent Research and Development (known as IR&D in military parlance) accounts—a practice that is prohibited under "fixed price" contracts.

The defendants argued all along that the prosecutors simply did not understand accounting procedures in Defense contracts. DOD contracts are typically unlike ordinary buyer-seller agreements. The General Dynamics contract was not a fixed-price agreement, which requires the company to complete its work for an agreed-on sum. It called for the company to make its "best effort" to deliver the

product within the contract price. At a news conference a few days after the case was dropped, Weld explained that the department had erroneously assumed General Dynamics had to deliver a usable product and he still found it hard to believe the DOD contract allowed the company to spend \$39 million without producing something usable in return. Under the contract, DOD would have to be satisfied, claimed Weld, "if they failed and could deliver only a bucket of bolts."

Vindicated by the Justice Department's decision, Beggs told interviewers he was "not angry or bitter at the American judicial system," but claimed the case provided a lesson for government lawyers who rushed to react to public and Congressional pressures without proper understanding of the

issues. A month before Beggs's indictment was dismissed, the Justice Department dropped a more complicated case involving General Dynamics's billing on submarine contracts.

Beggs says he now is free to speak publicly about the status of NASA's space program, including what he thinks went wrong with the Challenger space shuttle. The Challenger tragedy occurred seven weeks after his indictment. The calamity and Beggs's sudden departure, say some NASA officials, left the space agency's leadership divided, demoralized and dazed. "His absence," says Burton I. Edelson, former NASA associate administrator for space science, "was almost certainly a major cause of our inability to get back on course after the Challenger tragedy."

—IRWIN GOODWIN

Washington Ins and Outs:

Hunter and Nelson named to DOE posts

President Reagan nominated **Robert O. Hunter Jr** on 23 June to succeed **Alvin W. Trivelpiece** as director of the Department of Energy's Office of Energy Research. Hunter's nomination continues Reagan's recent practice of avoiding academic scientists for science policy positions. Hunter, president of Western Research Corp, had been the frontrunner for the job of Reagan's science adviser until **James C. Fletcher** was appointed to head NASA and refused to accept **William R. Graham** as deputy administrator. Graham was appointed director of the White House science office and Hunter, who had already undergone the full FBI check-up and political litmus test, was told to wait in the wings for another opening. That came with the resignation of Trivelpiece, who became executive director of the American Association for the Advancement of Science at the end of April.

Opposition to Hunter is expected during the Senate confirmation hearings, mainly because his San Diego firm works almost entirely on Defense Department "black" projects that do not appear in the budget and cannot be evaluated by Congress. Hunter, a PhD in physics (1981) from the University of California at Irvine, was considered brilliant by many colleagues who worked with him in the Air Force Weapons Lab at Kirtland Air Force Base near Albuquerque and at Maxwell Laboratories, where he

was in fusion research. During Reagan's first term, **George Keyworth II**, then the President's science adviser, put Hunter on the White House Science Council; he served until 1984.

David Nelson has been named director of scientific computing in the Department of Energy's Office of Energy Research, succeeding **James A. Decker**, who held that post in addition to being deputy to Trivelpiece. In his new post Nelson heads DOE's Energy Science Computer Network as well as the National Magnetic Fusion Energy Computer Center at Lawrence Livermore Laboratory and Florida State University's Supercomputer Computations Research Institute. Just to make sure he's never idle, Nelson also has charge of the department's mathematics research program and its research into advanced computer architectures. The holder of a PhD in math from the Courant Institute at New York University, Nelson had been director of applied plasma physics in the Office of Fusion Energy before his new appointment.

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On 27 April Decker was named acting director of DOE's energy research office, a title he will hold until Hunter's confirmation by the Senate. A PhD in physics from Yale, Decker worked at Bell Labs on ion implantation for integrated circuits before joining DOE's fusion energy program.

—IRWIN GOODWIN □