

PHNOM PENH SURRENDERS TO REBEL FORCES AFTER OFFER OF A CEASE-FIRE IS REJECTED

Saigon Peril Grows as Troops Near Xuan Loc Fall Back

S.E.C. Says Northrop Kept \$30-Million Secret Fund

By EILEEN SHANAHAN
Special to The New York Times

WASHINGTON, April 16 — The Securities and Exchange Commission filed suit today accusing the Northrop Corporation of maintaining a secret fund of \$30-million for political and other purposes, at least some of them illegal.

The company immediately announced that it had agreed to settlement of the suit. The alleged fund was the largest that any company has so far been accused of maintaining for such purposes and far exceeded the \$12-million that Northrop had previously admitted maintaining as an illegal fund from which political contributions were made.

Northrop, a relatively small company in the aerospace industry, has specialized in making jet fighters. Its F-5 has been used in as many as 17 air forces. In 1972 its total assets were some \$400.9-million. The industry's leader, Boeing

Company, has assets of more than \$2-billion.

The suit, similar to ones filed recently by the S.E.C. against such companies as the Gulf Oil Corporation, the United Brands Company and the Phillips Petroleum Company, formally accused Northrop of securities law violations over which the S.E.C. has jurisdiction. These are confined to charges that the companies failed to make proper disclosure in their reports to stockholders and to the Government of what they were doing with significant sums of money.

Northrop, Thomas V. Jones, its board chairman, and James Allen, former vice president and board member who retired in December, were all named as defendants in the suit filed in United States District Court here.

The S.E.C.'s complaint also charged that Northrop had

BIEN HOA POUNDED South Vietnam Force Abandons Port City of Phan Rang

By MALCOLM W. BROWNE
Special to The New York Times

SAIGON, South Vietnam, Thursday, April 17 — Government units holding the approaches to the devastated city of Xuan Loc, 38 miles northeast of here, were falling back yesterday as the military situation for Saigon appeared to worsen.

A thousand shells again fell on Xuan Loc, where resistance continued, but many Government troops were also polling back with crowds of refugees from the fighting.

Communist gunners firing at Bien Hoa air base, 15 miles northeast of Saigon, seriously disrupted fighter-bomber traffic.

In a further blow to Saigon, the enclave held by Government forces at the port city of Phan Rang, 150 miles northeast of the capital, was abandoned.

Enemy reinforcements sent to the military situation for the Government appeared markedly worse tonight than at any time since the central part of the country was yielded to the Communists two weeks ago.

The Nor Vietnamese have been rushing, in divisions from central Vietnam to the fighting northwest of Saigon, and there are indications that some of these forces are now in combat.

Several days ago, long-barreled 122-mm. artillery with a range of 15 miles, about equal to that of the Communists' 130-mm. gun, was brought to bear on Bien Hoa as well as on Xuan Loc and the surrounding area.

In barracks yesterday, about 60 shells fell on or near the Bien Hoa air base. A Government spokesman, reporting that two persons had been killed, conceded that air traffic had been hampered by damage from the shelling and from the explosion two nights ago of a large bomb storage dump. That blast apparently was set off by a commando attack.

The Bien Hoa air base is the main remaining center of Government air operations against the Communists.

The Communists' 122-mm. guns and other heavy artillery



Insurgents manning a 105-mm. howitzer in an attack on Cambodian Government forces in positions around Phnom Penh, according to the caption with this photograph. It was radioed from Peking and relayed from Warsaw.

REPORT IS ON RADIO Government Soldiers Are Directed to Cease Combat

By United Press International

The Cambodian Government surrendered to insurgent forces today, the Cambodian radio announced. The Phnom Penh Government ordered all its troops to stop firing and lay down their arms.

Brig. Gen. Mely Sichan, chief of operations for the Cambodian Government Army, went on the radio and said

Text of cease-fire proposal is printed on Page 18.

soldiers and functionaries should cease all combat and invite the rebels to take power. This announcement was monitored in Saigon.

After his speech a "representative of the liberation forces" told all Government officers to report to the Information Ministry, site of the radio station, under a white flag of surrender.

"We enter Phnom Penh as conquerors," the insurgents' representative said. "We order the surrender of all officials of the Government."

It is possible that the rebels, as they would be known, are in the center of Phnom Penh, as this is being written, the sounds of shelling are fierce just outside the southern gates of the city. But there have always been crises. Two nights ago, near the hotel's

EXTRA TAX SOUGHT TO AID DOWNTOWN

Business Group Backs City Plan to Assess Area for Civic Improvements

By PAUL GOLDBERGER

The Downtown-Lower Manhattan Association, an influential organization of businessmen and civic leaders, has approved a city plan for a special real estate tax in lower Manhattan to pay for such urban amenities as pedestrian malls and park areas and to raise planning funds for new projects, such as the now-stalled Manhattan Landing.

The special assessment, which would raise the tax by approximately \$1.25 per \$1,000 of assessed valuation, would be limited to a five-year period and would apply in a district from river to river bordered on the north by either Chambers Street or Canal Street. It is expected to yield \$3-million to \$4-million annually.

The plan, developed by the city's Office of Lower Manhattan Planning, was called a "persuasive vote of confidence in lower Manhattan" yesterday by Mayor Beame, who said he "strongly supports this imaginative and sound approach."

Mr. Beame said that the

Business Leaders Assert Recession Nears a Low Point

By MICHAEL C. JENSEN

Even as it's caution, suffers from some of the grimmest economic conditions since the nineteen-forties, a number of industrialists and businessmen across the country say they are convinced that the current recession is reaching its low point.

"The worst that can happen already has," said Malcolm Baldrige, chairman of the Scott Paper Company in Waterbury, Conn. "Most businessmen are still very concerned with the present recession, but we've seen the beginning of the end."

In Washington yesterday the Department of Commerce, reporting on new home-building and individual income levels in March, found that the pace of the business downturn was slowing but disclosed no indication of an upturn. (Page 57.)

Ronald H. Jones, chairman of the General Electric Company, agreed that the rate of decline in the economy had clearly slackened. "We should reach bottom by the end of the second quarter, or the early part of the third quarter," he added.

The businessmen's views were sought in a canvass of a dozen executives in major

FORD ASSERTS U.S. HAS FAILED SAIGON

By PHILIP SHABECOFF
Special to The New York Times

WASHINGTON, April 16 — President Ford said today that the failure of the United States to meet its commitments to Saigon had created "this present tragic situation" in South Vietnam.

Responding to questions at the annual convention of the American Society of Newspaper Editors, the President compared the United States behavior toward its South Vietnamese ally unfavorably with what he characterized as the fidelity of Moscow and Peking to Hanoi.

He said that this country had promised Saigon when the Paris peace accords were signed in January, 1973, that it would supply replacement war materiel to South Vietnam. He said he assumed that the Soviet Union and China had made similar commitments to North Vietnam.

"It appears that they have maintained that commitment," the President said. "Unfortunately the United States did not carry out its commitment in the supplying of military materiel to South Vietnam."

The President said that he had maintained that commitment, but that the United States had failed to do so.

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Reporter's Notebook: Cambodia

The following dispatch by Sydney H. Schanberg accompanied his account of the battle for Phnom Penh.

PHNOM PENH, Cambodia, April 16 — Last night, with the city facing imminent capture by the insurgents who surmounted it, the National Bank of Cambodia sent a cablegram to the Irving Trust Company in New York, asking the American bank, where it presumably has dollar credits, to confirm that it was carrying out an earlier order to pay \$1-million to Marshal Lon Nol. The earlier order was sent by letter on April 1, the day that the marshal, Cambodia's former President, went into exile under American prodding.

Perhaps the marshal was worried that if Phnom Penh fell to the insurgents before the transaction was confirmed, he would never get the money.

How did the marshal come by the money? It was always rumored here that he was deeply corrupt and had used American aid to build large bank accounts abroad. But no one could ever pin it down. Maybe Irving Trust can shed some light now.

In any case, it was only one of the many peculiar things that have happened here in the last few days as the insurgents closed in. Here are a few of them.

It is possible that the rebels, as they would be known, are in the center of Phnom Penh, as this is being written, the sounds of shelling are fierce just outside the southern gates of the city. But there have always been crises. Two nights ago, near the hotel's

U.S. Considers Corridor To Evacuate Vietnamese

By DAVID E. ROSENBAUM
Special to The New York Times

WASHINGTON, April 16 — admitted as temporary residents. (Page 18.)

Meanwhile, the rift between President Ford and Congress over aid to South Vietnam and the evacuation of Americans widened.

The President rejected as inadequate a Congressional plan that would give him \$200-million for emergency assistance and restricted authority to use troops for evacuation purposes.

Members of the Senate Foreign Relations Committee said they had been misled about the rate at which Americans were being evacuated and put off, at least until tomorrow, further action on legislation.

An accommodation over the amount of money to be made available still appeared possible.

At the same time, State Department officials said that the United States was expected to announce tomorrow that 980 Cambodian refugees would be

Truce Was Sought By SYDNEY H. SCHANBERG

Special to The New York Times

PHNOM PENH, Cambodia, Thursday, April 17 — The Cambodian military Government asked yesterday for an immediate cease-fire from the Cambodian insurgents, who were attacking Phnom Penh from all sides. The Government said it would turn over power to them.

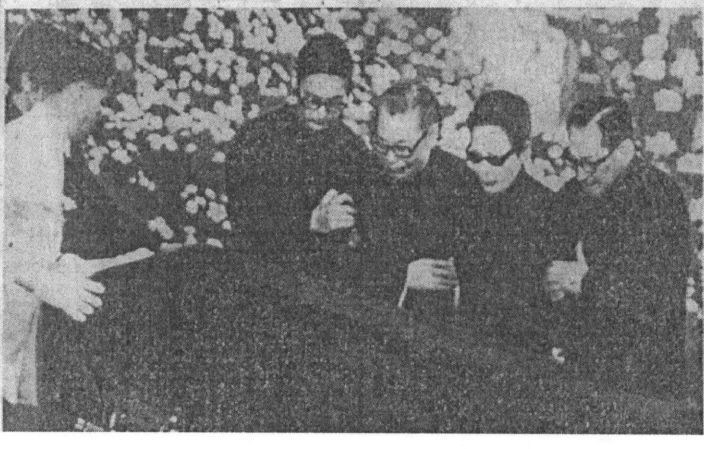
Several hours later, reports from Peking said that Prince Norodom Sihanouk, the nominal leader of the insurgents who is in exile there, had rejected the cease-fire proposal as unacceptable.

The Phnom Penh Government's proposal, which might be described as conditional surrender, had called for a complete transfer of power to the insurgent side under the supervision of the United Nations and representatives of the International Committee of the Red Cross who are now in Phnom Penh.

A second major point among the five in the proposal was a demand for assurances that there would be no reprisals against persons or organizations for their activities during the five-year war.

The cease-fire proposal, which was transmitted through the Red Cross delegation here, came as this suffering city of more than two million, relatively calm until now, began to show signs of collapse.

Throughout the day, the Com-



Soviet Politburo Drops Shelepin, Formerly a Contender for Power

By CHRISTOPHER S. WREN
Special to The New York Times

MOSCOW, April 16 — Aleksandr N. Shelepin, once considered a prominent contender for the authority assumed by Leonid I. Brezhnev, was removed from the Communist party's ruling Politburo today.

The departure of the 56-year-old trade union chief was viewed here as strengthening Mr. Brezhnev's hand by eliminating a long-standing and younger rival in anticipation of the 25th congress of the Com-

Radhakrishnan Dies

Sarvepalli Radhakrishnan, the philosopher and former President of India, died in Madras at 88, Page 42.

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