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Clements' Oil Firm Cited in '64 Report Alleging Corruption

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A company headed by William P. Clements Jr. and other American oil companies negotiated contracts with the Argentine government in a "frame of profound immorality and corruption," Argentine legislative investigators said on a 1964 report.

The company headed by Clements, President Nixon's nominee to be deputy secretary of defense, was singled out by a special chamber of deputies committee because, it said, there was evidence it paid illicit commissions.

Clemente, 55, is chairman of Dallas-based Sedco, Inc., an oil drilling firm formerly called Southeastern Drilling Co.

Efforts to reach Clements for comment on the Argentine report were unsuccessful.

Sedco general counsel Tom B. Rhodes said in a telephone interview from Dallas that the report was put out by politicians and "politicians say any damn things they please . . . They do anything they damn please and don't give anybody a chance."

Clements and Southeastern are among defendants in a civil suite in federal court in Dallas. They are accused by an Argentine businessman of hiding profits earned from the 1959 to 1963 contract with the Argentine government's oil monopoly which catapulted Sedco into a worldwide operation and made Clements a multimillionaire.

In the report dated Oct. 20, 1964, the special Chamber of Deputies committee bitterly denounced companies such as Esso, Shell and Sedco, along with the government of President Arturo Frondizi. The Frondizi regime was ousted two years earlier, largely over the highly political issue of foreign oil contracts.

The chamber's investigators said the contract with Southeastern Drilling was one they gave special consideration because, they said, there was evidence of illicit commissions with "in this type of operation normally is hard to nail down."

The report recommended prosecution of Frondizi, his

economics minister and Arturo Sabato, the head of the government oil monopoly.

In 1967, after the government had changed again and the nationalistic fervor against foreign oil companies had subsided somewhat, a judge cleared the three former officials of all charges of wrongdoing.

Southeastern, which Clements founded in 1947, was awarded an Argentine contract to drill 1,000 wells.

Sedco officials say the contract was one of the best ever for the Argentine government, breaking the tradition of foreign oil companies producing and selling Argentine oil to the Argentines. Southeastern's contract was the first in which a company drilled the wells, sold the equipment to the government and left.

Clements, three associates, Southeastern Drilling of Dallas, and two subsidiaries set up to handle the contract are named in the civil suit brought in Dallas by an Argentine businessman, Antonio A. Diaz of Buenos Aires.

Diaz has accused Clements and the others of cheating him of \$1.2 million commissions due for his help in obtaining the contract. Court records show Diaz already has been paid \$736,000.

Diaz claims that Southeastern earned more than \$25 million in net profits on the contract instead of the \$18 million the company has reported.

The report by the Argentine chamber said that while Diaz claimed he was paid for an advertising campaign through film companies he owned, actually he was paid for influence peddling.