

Reports Show Second Wave

By Morton Mintz

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The names of some of the new super-spenders in this year's presidential campaigns have started to become familiar. Men such as W. T. Duncan,

the elusive Texas entrepreneur who gave Democrat Hubert J. Humphrey \$300,000 and is now listed for \$305,000 to Republican Richard M. Nixon. Stewart Mott, the heir to a General Motors fortune who

says his gifts to Sen. George McGovern will total \$400,000. Ray A. Kroc, the McDonald's hamburger tycoon, listed for \$255,000 to the President.

But last week a second wave of new big contributors emerged in thousands of pages of election financing reports filed with the General Accounting Office for the period Sept. 1 through Oct. 16. And a third wave may come after the final pre-election reports are filed Thursday.

At the head of the list of second-wave contributions to President Nixon, with gifts totaling \$257,075, is Sam Schulman of Beverly Hills, Calif., former vice chairman of National General Corp., an insurance, book publishing and theaters conglomerate, and part owner of professional football's San Diego Chargers and basketball's Seattle Super-sonics. His 1968 gifts to the Republicans totaled only \$23,000, according to incomplete data.

Close behind Schulman—by unofficial tallies—is John J. Louis of Chicago with \$255,805. He is chairman of Combined Communications, Phoenix, Ariz., holding corporation for outdoor advertising, broadcasting and publishing enterprises.

Third, with \$195,000, is Jack J. Dreyfus Jr., senior partner in the investment firm bearing his name. In 1968 he was listed for \$76,000 to Mr. Nixon—and at least \$169,000 to Democratic presidential candidates Humphrey and Eugene J. McCarthy.

John J. Newington of Greenwich, Conn., retired from the investment business, was recorded for \$142,824. Each of three other second-wave donors is down for \$100,000 or close to it. And the first wave included three more contributors whose gifts ranged be-

tween \$100,000 and \$200,000. In all cases, gifts made by wives are combined with their husbands.

Others gave still larger sums before April 7, when the new election-financing disclosure law took effect. Richard M. Scaife, an heir to the vast Mellon industrial and banking fortune, acknowledged last week, for example, that he had given \$1 million. W. Clement Stone, the Chicago insurance magnate, has said he gave at least \$500,000.

The super-donors account significantly for the uncommon prosperity of Richard Nixon's re-election financial balance sheets.

A total of \$28.3 million had been spent between April 7 and Oct. 16 by leading Nixon

units: the Finance Committee to Re-elect the President, its four national affiliates and all but one of its 53 state and territorial branches; the Victory '72 Dinner Committee; Democrats for Nixon and three other units.

Even so, these committees were left with cash on hand of \$4.7 million—a reflection of the residual balance of \$10 million to \$20 million given by officially unreported donors before April 7. Since then their combined receipts from individual contributors is almost \$17 million.

Contrast with the McGovern campaign remain stark, although precise comparisons are all but impossible because of differing accounting methods. The finances of the Democratic presidential contender are expected to brighten in the reports due Thursday.

McGovern's two principal committees, after spending \$17.3 million since April 7, were out of pocket by \$129,992

on Oct. 16 and had debts of \$5.7 million. The biggest lenders were two young heirs to the Eli Lilly & Co. pharmaceutical fortune, Nicholas and Daniel Noyes. Their combined loans totaled \$500,000, of which \$100,000 has been repaid.

Dr. Alejandro Zaffaroni, the Uruguayan who developed a synthetic birth control hormone, continues to lead the new wave of McGovern contributors with approximately \$207,000 raised by selling stock. Zaffaroni lives in Ather-ton, Calif.

Another California resident, Max Palevsky of Los Angeles, who was McGovern's chief financial backer until he broke with the Democratic nominee during the July national convention, returned to the list of contributors with \$174,000.

His former wife Joan gave \$96,923, all in identical amounts of \$2,289.75 distributed to several dozen committees.

Palevsky, a millionaire shareholder in the Xerox Corp., toted up his gift through dozens of identical contributions of \$2,900.35.

Chicago psychologist Bruce Allen contributed \$99,000 in equal, \$1,000-allotments to 97 separate McGovern campaign committees that bore names like "Mental Health Workers for McGovern," and "Sixth St. McGovern for President Committee."

For some unexplained reason, Allen doubled the amount to the 98th committee, and gave \$2,000 to "Accountants for McGovern." Under current Internal Revenue Service rul-

ings, a person can give up to \$3,000 to a single unit in a year without owing gift taxes.

Some of the backers who earlier loaned money to McGovern have begun writing off their loans, a process that began to show up in the reports with a series of fund transfers.

Marian Perlman, treasurer of the McGovern campaign, confirmed that the transfers were primarily paper transactions that put the lenders in a position to avoid paying some taxes.

For example, Frederic G. Worden, a physician at the Massachusetts Institute of Technology, was listed as assigning \$3,000 or less to each of 17 McGovern committees from the McGovern Central Control Fund.

The technique allows Worden to treat what was originally a large loan as a series of smaller gifts for tax purposes.

All of the forgiven loans were for \$50,000 or less.

A preliminary analysis of contributions to Nixon committees discloses numerous sharp clusterings of contributions from various industries and individual enterprises, including some with deep involvement—or trouble—with federal agencies. For example:

- A total of 278 contributors from securities and investment houses — a highly incomplete sampling — shows gifts of \$661,762, excluding \$149,348 gathered mainly for congressional races by the Securities Industry Campaign Committee and the political committees of Merrill Lynch, Pierce, Fenner & Smith, and Smith, Barney & Co. (one of whose vice presidents, Donald J. Bruckmann, is listed for \$44,000 to Nixon).

The \$661,762 total does include, however, the \$195,000 given by Jack Dreyfus, as well as \$42,000 given to Mr. Nixon by John L. Loeb, a senior partner of Loeb, Rhoades & Co. In June, he acknowledged to the General Accounting Office that he and his wife had given \$48,000 to the Humphrey campaign in the names of other persons. The GAO referred this "possible violation" of the Federal Election Campaign Act to the Justice Department, which has not acted. Loeb's son, John L. Jr., is listed for an additional \$10,000.

- Eighteen executives of E. I. du Pont de Nemours and members of the du Pont family are listed for \$68,625, led by Lamont D. Copeland with \$20,000.

- From the auto industry,

mainly from last month's "Victory Dinner," the President's campaign got \$32,900 from 37 General Motors executives.

- Officials of at least 11 pharmaceutical firms gave \$188,000, of which Warner-Lambert executives accounted for more than half. Honorary chairman and principal stockholder Elmer H. Bobst, whom the President has called his "honorary father," was listed for \$48,000, and executive committee chairman William Laddon for \$50,000.

Executives of Eli Lilly gave \$33,000, with chairman Eugene Beesley and executive vice president Thomas H. Lake accounting for \$22,000 of that. In May, 1971, at the close of a House subcommittee hearing on the advertising and promotion of prescription drugs, chairman L. H. Fountain (D-N.C.) charged that the record showed the Food and Drug Administration had given Lilly "preferential treatment" as compared with other large drug firms.

- Dwayne Andreas, the Minneapolis soybean magnate, is listed for \$74,501 — \$449 less than he had given earlier in the year to Humphrey. The Nixon contribution excludes the \$25,000 that he gave to a Nixon fund-raiser before April

7 and that was then deposited in the bank account of a defendant in the Watergate bugging case. After contributing the money, Andreas received a federal bank charter with such speed that the House Banking Committee has undertaken an investigation.

- In New York City, 26 members of the law firm of Brown, Wood, Fuller, Caldwell & Levy gave Nixon committees a total of \$18,780; eight members of Sullivan & Cromwell together gave \$14,000.

- In Houston last month, at the Texas Victory '72 Dinner for Mr. Nixon, 20 lawyers gave a total of \$23,000, 18 donors from the securities industry gave a total of \$28,000 and 38 contributors associated with the oil industry together gave \$55,000. Separately, seven Phillips Petroleum executives are listed for \$1,000 each.

- Five executives of Cargill, the Minneapolis grain firm that has come under fire in the Soviet wheat deal, gave \$12,000 on the eve of a House Agriculture subcommittee hearing.

This story was prepared with the help of Austin Scott, Nick Kotz, Wendy Sigal, Joan S. Spiegel, Pat Davis and Bridget Gallagher.