Phillips Petroleum Discloses Political

By Morton Mintz
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Phillip Petroleum Co. has disclosed that it made political cntributions of about $685,000 over a 10-year period from a secret corporate fund.

A statement released by the firm at its headquarters in Bartlesville, Okla., Friday night did not specify how much of the money may have gone to candidates for federal office. The criminal code forbids corporate contributions to congressional and presidential candidates.

The statement said the sum included $100,000 given by former board chairman and chief executive officer W. W. Keeler to President Nixon's re-election drive.

Last Dec. 4, Keeler and the company, the nation's 10th largest oil producer, pleaded guilty in U.S. District Court here to making an illegal contribution and were given maximum fines—$5,000 for the company, $1,000 for Keeler.

The Finance Committee to Re-elect the President refunded the $100,000. Now, the Phillips statement said, Keeler has reimbursed the company for its fine, legal expenses and loss if interest, in the total sum of $82,182.

Company spokesman George Durham refused to go beyond the company's formal statement, which identified no recipients of the $685,000 other than Mr. Nixon.

At the time of the sentencing, Thomas F. McBride, an assistant Watergate special prosecutor, disclosed that Phillips had contributed up to $60,000 to "a substantial number" of candidates for Congress in the 1970 and 1972 elections.

He said the firm would not be prosecuted for these violations, but that his office was making an "active investigation" of the candidates. If the candidates are to be prosecuted successfully, they must have known that the money came from Phillips' corporate treasury, McBride said.

Yesterday, McBride told a reporter that his office, headed by Leon Jaworski, and the Justice Department are continuing to investigate contributions to congressional candidates by Phillips and other corporations, but that no prosecutions have been instituted thus far.

The company statement said the $685,000 in political contributions was discovered in an investigation "undertaken at the direction of directors of Phillips."

The statement, apparently released in connection with an Internal Revenue Service investigation, said that Keeler withdrew the $100,000 from a cash fund which was "maintained at the company's principal office"—by whom, Phillips did not specify.

The investigation established that approximately $746,000 had remained in the fund. That money and the $100,000 refund now have been desposited in the company's bank account and the fund eliminated, the statement said. This action could be protection against possible litigation by stockholders.

Gifts of $685,000

"There is no evidence that any part of this fund was estalbished and used at any time for he personal benefit of any company officer or employee," the statement said. "To the contrary, the investigation discloses that the fund was used exclusively for political contributions."

Money for the fund originated "in foreign transactions," and transfer of the cash to the United States made it subject to taxation here, the statement said.

"These events have not been reflected on the company's books or tax report at the time of their occurrence, nor did the company pay any taxes which may have been due as a result of them," the company continued.

The firm went on to say that its board had directed it to make a voluntary disclosure to the IRS and to request the agency to determine if there is a tax liability.

This has led to an investigation by the IRS's Intelligence Division "to determine whether there may have been violations of the tax fraud and allied provisions of the Internal Revenue Code," the statement revealed.

The firm has retained independent tax lawyers whose opinion is "that no such violations by the company or its directors, officers or employees have occurred," the statement said. It added that the tax liability potentially involved, while "appreciable, would not materially affect" Phillips' financial position.