

GULF OIL ACCUSED BY S.E.C. OF HIDING \$10-MILLION FUND

Money Was Allegedly Used
to Make Illegal Political
Gifts From 1960 to 1974

AN EX-AIDE ALSO NAMED

Company Agrees, as Suit Is
Filed, to an Order to Bar
It From Similar Action

By EILEEN SHANAHAN

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WASHINGTON, March 11 —

The Securities and Exchange Commission charged the Gulf Oil Corporation today with falsifying its reports to hide the existence of a \$10-million secret fund that was used to make illegal political contributions between 1960 and 1974.

The \$10-million secret fund is by far the largest corporate political fund that has been alleged to exist by any law-enforcement agency since disclosures of illegal corporate campaign contributions began in 1973, as an outgrowth of the Nixon Administration scandals.

The S.E.C. simultaneously announced the filing of its suit against Gulf, in United States District court here, and the company's agreement to an order against it that will bar it from taking similar illegal actions.

Additional Steps

The company will also be required to take some additional steps to determine just how the illegal fund was set up and by whom and to correct its false reports.

The S.E.C.'s complaint also named as a defendant the former head of Gulf's Washington office, Claude C. Wild Jr., who was also a vice president of the company. Mr. Wild has not

agreed to a settlement of the charge against him.

In a case brought by the Watergate special prosecutor's office, he pleaded guilty in November, 1973, to contributing illegally \$100,000 in corporate funds to the 1972 Nixon re-election campaign. He was fined \$1,000.

The S.E.C.'s complaint did not say to whom the illegal campaign contributions had been given. The complaint merely said that "in excess of \$10-million in corporate funds" had been channeled to Bahamas Exploration Company, Ltd., a wholly owned Gulf subsidiary,

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and other subsidiaries, beginning in 1960.

A total of \$5.4-million went to Bahamas Exploration Company and was "converted to cash and returned to the United States for political contributions and related expenses, a substantial portion of which was unlawful," the S.E.C.'s complaint said.

According to testimony that was taken in late 1973 by the Senate Watergate committee, Gulf had a system whereby Mr. Wild, in Washington, decided what political candidates should receive campaign contributions, and he ordered the controller of

the various Bahamian subsidiaries, William C. Viglia, to transmit the needed amounts of cash to him for transmission to the candidates.

The Watergate committee did not ask who in the company had authorized such a system, and there was also nothing in the S.E.C.'s complaint today that shed any light on that question.

Mr. Viglia, who has since left the company, was named in the complaint as the disbursing officer "at least \$5.4-million in cash." Another former Gulf official, Royce H. Savage, onetime general counsel and a director of the company, was said in the complaint to have known of some allegedly illegal political contributions.

Neither Mr. Viglia nor Mr. Savage was named as a defendant and an S.E.C. official said that he could not discuss why Mr. Wild was the only individual named as a defendant.

Mr. Wild, now "purportedly an independent consultant" in Washington, according to the S.E.C.'s lawsuit, was not in his office, and his secretary said that she did not know his whereabouts.

The violation of the securities laws with which Gulf is charged involves the alleged falsification of a long list of corporate reports and filings in which, the S.E.C. said, the true financial condition of the company was hidden, to the extent that the \$10-million or more in diverted funds was improperly accounted for.

Phillips Case Recalled

Similar charges were filed by the commission recently against Phillips Petroleum Company and a number of its officials in what was previously the biggest case of its kind, involving an alleged \$2.8-million in funds illegally diverted to political use.

The S.E.C.'s current complaint asks the District Court to order Mr. Wild to repay to Gulf "all corporate funds of Gulf which Wild caused Gulf to expend for unlawful political contributions or other unlawful purposes." This part of the suit will presumably go to trial.

Gulf, on the other hand, while not agreeing to the appointment of a special master to investigate the whole situation, as originally asked by the S.E.C., did agree to set up a special review committee to complete the investigation of the illegal campaign funds and make recommendations for action.

The chairman of the review committee is to be someone not affiliated with the company.