

Tax Counts Denied in 3M Case

MINNEAPOLIS, Feb. 3 (AP)

The 3M Co. and two of its board members pleaded innocent today to federal income tax charges stemming from \$634,000 allegedly channeled into a secret fund and used for illegal political contributions.

Bert S. Cross, 69, former board chairman, and Irwin R. Hansen, 61, former vice president for finance, entered the pleas during a brief court appearance before U.S. Magistrate J. Earl Cudd and were released on \$1,000 personal recognizance bond. Both Cross and Hansen are current 3M board members.

Charlton Dietz, secretary and assistant general counsel for 3M entered the innocent plea on behalf of the corporation. 3M, Hansen and Cross were indicted by a federal grand jury on Jan. 23.

The three are charged with one count each of income tax conspiracy. In addition, 3M and Hansen are charged in two counts each of filing false corporate tax returns for 1968 and 1969.

The indictments allege that 3M wrote off \$634,000 as deductible insurance and legal expenses, but actually funneled the money into a political fund through a Swiss bank account and a Swiss lawyer.

Minnesota Mining and Manufacturing Co., based in St. Paul, is a diversified manufacturing company with sales last year of \$3 billion and a net profit of \$302 million.

The indictment alleges that the fund was set up by drawing money from a corporate bank account, then falsifying the account books to show the transactions as payment of insurance premiums and legal expenses.

The firm then conspired to deduct the amount of the donations from corporate tax returns for 1963 through 1969, the government charged.

3M pleaded guilty Jan. 22 to five state charges of making illegal political contributions. The company was fined \$5,000 and Hansen, who pleaded guilty to aiding and abetting the illegal donations, was fined \$3,000.

The state charges stem from distribution of the \$634,000 in more than 390 contributions from 1963 to 1972.

In October 1973, the company pleaded guilty to a federal charge of illegally contributing \$30,000 to former President Richard M. Nixon's re-election bid in 1972. The company was fined \$3,000 and board Chairman Harry Heltzer \$500.

Heltzer, Hansen and Cross will pay \$425,000 to the corporation to repay campaign contributions under an agreement approved by a federal judge last week. The repayment plan is the result of an out-of-court settlement reached on a lawsuit brought by 3M stockholders.