

CAB Levies Big Fine for Airline's Contributions

Washington

The Civil Aeronautics Board fined American Airlines a record \$150,000 yesterday for using corporate funds for political contributions, including a \$55,000 contribution to the re-election campaign of former President Nixon.

American earlier had admitted the contribution to Mr. Nixon to the Watergate special prosecutor and was fined \$5000 by a federal court for that offense. The CAB action came after the board began its own investigation into political contributions by airlines under its regulation.

The fine was the result of a negotiated settlement in which American agreed to pay the money.

The CAB then had to agree in return and yesterday it did just that.

The board had announced earlier this year it was investigating the accounting procedures of American and of Braniff International Airways because of admissions by officials of those airlines

of illegal corporate contributions.

No action has been announced against Braniff.

The CAB said it found that American had illegally channeled about \$275,000 into political contributions to candidates for federal and state offices between 1964 and 1973.

The CAB said it would have fined American an even greater amount had it not been for the airline's voluntary disclosure of the illegal payments, its cooperation with the investigation and the repayment of \$125,-

000 to the airline by company officials from their personal resources.

"This penalty should stand as a warning to others . . .," said CAB Chairman . . .

The board's order provides that American cannot include the penalty amount nor related legal and accounting expenses in its accounting procedures when figuring air fares. The CAB said this would assure that the illegal expenditures could not be passed on to air travelers in the form of higher air fares.

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