Airline Asks Return of Campaign Gift

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American Airlines has formally requested a refund of $55,000 in corporate funds illegally contributed last year to President Nixon's re-election campaign, The Washington Post learned yesterday.

The company has acknowledged to the Finance Committee to Re-elect the President that the Nixon organization did not know the money came from corporate coffers rather than legally from individuals, a source close to American Airlines confirmed in reply to a reporter's inquiry.

The finance committee is expected to grant the request, although spokesman indicated that the matter awaits a final decision. The spokesman pointedly cited a committee statement on Friday that it never authorized "anyone to solicit or knowingly accept contributions from corporations."

The Post also learned that special Watergate prosecutor Archibald Cox is considering impaneling a special federal grand jury here to investigate the financing of last year's presidential elections, especially the Nixon campaign.

In announcing the illegal contribution by American Airlines Friday, Cox vowed "to get to the bottom of illegal funding practices" and invited other corporate executives who might have

See FUNDS, A14, Col. 1

FUNDS, From A1

been involved in them to come forward voluntarily.

Informed sources said the appeal was directed not only at business firms generally, but also at specific contributors to the Nixon campaign whose lawyers have made tentative contacts with Cox's office.

The broad-scale grand jury investigation is also expected to focus on the cash contributors named on the so-called White House "master list" of donations to the President's campaign before April 7, 1972, the effective date of the new federal campaign financing disclosure law.

The still-secret list of more than 2,000 names, all of whom gave at least $1,000, was first obtained by Common Cause from the White House last month in connection with the citizens' lobby's lawsuit demanding disclosure of all Nixon reelection campaign funds.

The list, which is at least a partial compilation of the pre-April 7 contributions, shows donations of more than $1 million in currency and $18 million in checks and securities. The names of contributors who gave currency are coded with a special notation and Cox' prosecutors are reportedly planning to contact them in the months ahead for questioning about why they gave in cash, where the money came from, and whether they had been reimbursed for the donations from other sources.

Both the Senate Watergate committee and Cox' task force on campaign financing, headed by prosecutor Thomas F. McBride, 44, have now obtained copies of the list, which was kept by Mr. Nixon's personal secretary, Rose Mary Woods, after other records reportedly had been destroyed. The list reportedly associates some contributors with particular companies, including defense contractors, electronics, automobile and oil firms.

Cox' investigation, sources said, will also focus on the Nixon campaign's "milk money" — contributions from three dairy farm groups that won a controversial 1971 increase in the government's price support for milk after a March meeting with Mr. Nixon at the White House.

The contributions, totaling $317,500 in 1971 alone, began shortly after the Agriculture Department refused to increase milk price supports and before the White House meeting.

A spokesman for Cox, special assistant James S. Doyle, confirmed yesterday that a special grand jury for presidential campaign financing was under consideration and said that "the decision on that should be made in a month or so." He refused to comment on the issues that have been singled out for scrutiny.

McBride has also been working with a federal grand jury in Houston, which is investigating $700,000 in mostly cash contributions to Mr. Nixon's re-election drive, including some money purportedly given by executives of three firms that won a billion-dollar contract to bring natural gas from the Soviet Union.

In Los Angeles, meanwhile, top officials of the California Finance Committee to Re-elect the President disclosed that they applied a "quota" system to prospective donors.

The Los Angeles Times said the system, although "flexible" and sometimes unworkable, called for contributions from a wealthy donor of 1 per cent of his net worth. In the case of corporation executives, the "quota" was an aggregate amounting to 1 per cent of a firm's gross annual sales.

The chairman of American Airlines, George A. Spater, disclosed Friday that Herbert W. Kalmbach, then President Nixon's personal lawyer, had told him that "we were among those from whom $100,000 was expected."

At Spater's direction, American officials made "A substantial response," turning over $55,000 in currency from the corporate treasury and $20,000 from "non-corporate sources."

The corporate contribution being illegal under federal law, the company was obligated to seek its return.

Spater, who voluntarily disclosed the contribution to prosecutor Cox, said he concluded that the "substantial response" was called for because he knew Kalmbach to be "both the President's personal counsel and counsel for our major competitor," United Airlines.

Spater, who took full responsibility for the decision, pleaded for "honest and sensible" new election financing laws. Under the existing ones, he said, "a large part of the money raised from the business community for financial purposes is given in fear of what would happen if it were not given."

Spater said that with his voluntary disclosure he wanted "to mitigate any resulting charges or penalties against the officials involved," as well as to put a spotlight on the hypocrisy of the present system.

The California quota system was confirmed by Henry Salvatori, a wealthy oilman and Nixon fund-raiser, and Thomas Bauer, executive director of the California Finance Committee.

Bauer said the California fund-raising efforts were "totally separate" from those conducted out of Washington by Maurice H. Stans, chairman of the parent Finance Committee.