

American Airlines, Goodyear

By Lawrence Meyer

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Two principal executives of major American corporations testified yesterday that they arranged for illegal campaign contributions to be made from their firms' funds to the Nixon re-election committee after being solicited by President Nixon's personal attorney and by former Commerce Secretary Maurice H. Stans.

The testimony, by former American Airlines chief executive officer George A. Spater and by Goodyear Tire and Rubber Co. chief executive officer Russell DeYoung, reflected the now familiar pattern of solicitations made by re-election committee officials for sizeable donations and the response of corporation officers to take money from their firms to meet the request.

The testimony came as

the Senate select Watergate committee was scheduled to question former Treasury Secretary John B. Connally Jr. in a private session concerning his knowledge of the relationship between a \$427,500 campaign contribution to the Nixon campaign from milk producers and a decision by the administration to increase government milk support prices. The committee also has subpoenaed Treasury Secretary George P. Shultz to question him along the same lines.

In his testimony before the committee during yesterday's hearings, Spater told the committee how Herbert W. Kalmbach, then President Nixon's personal lawyer, approached him in the fall of 1971 and asked him to give \$100,000 to the Nixon campaign. Spater said Kalmbach told him that contributors of \$100,000 would be in a "special class."

Spater said Kalmbach did not ask that American Airlines itself be the source of the money and that he made no offers or threats in connection with the request. "I guess, from my point of view," Spater testified, "not thinking myself capable of being in that special class because I am not financially able, I thought he was referring to American Airlines, but he didn't use the name . . . He said, 'We want you to be a member of the special class.'"

Spater said that he was aware that Kalmbach also was a lawyer for one of American's principal competitors, United Air Lines, that Kalmbach was Mr. Nixon's personal lawyer and that the President has authority to approve or veto matters affecting individual airlines.

Spater said that he was aware of two possibilities in considering Kalmbach's

request: "Would you get something if you gave it or would you be prevented from getting something if you didn't give it?"

The approach by Kalmbach was unique in two respects, Spater told the committee. "One, the individual who made the solicitation or the solicitations and, two, the amounts. Now if you are talking about high jumping, you ask somebody to jump two feet, he can do it and if you ask him to jump eight feet, he can't do it, and I think one of the results was that the amounts were so enormous that they drove people to do things they didn't want to do. Certainly, I didn't find any relish in doing this."

American Airlines was the first of several corporations to come forward last summer and voluntarily disclose that it had made illegal contributions to the Nixon cam-

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paign. The corporation pleaded guilty and was fined \$5,000 for the offense.

Goodyear Tire and Rubber Co. was fined \$5,000 after pleading guilty to making an illegal contribution. DeYoung was fined \$1,000 after pleading guilty to a misdemeanor charge. Six firms have now pleaded guilty to similar charges and several more are under investigation.

Spater, who was deposed as board chairman and chief executive officer of American Airlines Sept. 19, said that he asked for a subordinate to arrange to raise \$100,000, without specifying how it should be raised. Spater said a false voucher was written to pay a Lebanese agent \$100,000 through a Swiss bank account, the Lebanese agent converted the money to cash and returned it to American.

Spater said that \$75,000 —

the amount he decided should be given — was paid to the re-election committee in cash in four installments. Spater said he used \$55,000 of American Airlines funds and \$20,000 given to him by a "friend" whom he did not identify. The \$55,000 was later returned by the re-election committee in August at the airline's request.

Kalmbach contacted him in April and said the re-election committee needed names of contributors to pair with the contributions, Spater said. At that point, Spater said, he decided he could not carry the matter further, sought counsel and ultimately went to the special Watergate prosecutor. Spater disclosed the contribution publicly on July 6.

DeYoung told the committee that former Commerce Secretary Stans asked him about a campaign contribution in February,

1972, and that DeYoung said he would send someone to see Stans.

Goodyear vice president Arden E. Firestone was dispatched with \$20,000 in cash to give to Stans, DeYoung said, but Stans indicated he was hoping for at least \$50,000.

DeYoung said he sent Firestone back with another \$20,000 in cash plus two checks—one from DeYoung and one from his wife—totaling \$5,000. Asked why he gave only \$45,000 instead of the \$50,000 that Stans asked for, DeYoung replied, "We never gave anybody as much as they asked for."

The \$40,000 in cash, DeYoung said, was part of funds that had been removed some two years earlier from a Swiss bank account and transferred to the United States where they were kept in a "company safe." DeYoung said that the

\$40,000 was later returned when Goodyear lawyers asked the committee for the money back.

Like Spater, DeYoung testified that Stans made no offer or threat to obtain the donation, which DeYoung said was made "solely because we thought the re-election of the President was in the best interest of the country."

Both Spater and Young said that the re-election committee was not told until a refund was requested that corporate funds had been used to make the donations.

DeYoung said he decided to disclose the illegal contribution voluntarily to avoid publicity and not out of principle.

The committee will resume its hearings Nov. 27 when it is expected to begin looking at the campaign contributions from milk producers to the Nixon campaign.