

2 Airlines Accused of Illegal Gifts

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Braniff International was charged yesterday with violating its strict accounting rules—and possibly federal law—in building up a massive fund of at least \$641,285 from 1969 to 1973 for use in unaccounted-for spending, including illegal political contributions.

In a separate case, American Airlines was accused of making a series of illegal political contributions between 1964 and 1973 of at least \$275,000.

Both actions were initiated by the Civil Aeronautics Board's Bureau of Enforcement, whose previous director committed suicide Feb. 17 and left a note complaining of lack of action against at least eight airlines for possibly illegal campaign activities.

The Bureau of Enforcement recommended that the CAB consider an unprecedented removal of Braniff's authority to carry on in the airline business. If that sweeping action were rejected, the complaint proposed withdrawing Braniff's authority to serve Latin America as a lesser penalty.

The Bureau of Enforcement complaints yesterday culminated nearly a year of investigations into special funds. The Aviation Consumer Action Project, a group tied to Ralph Nader, first asked the CAB to investigate the fact that numerous airlines did not account for campaign contributions.

Complaints by the Bureau of Enforcement must be acted upon or dismissed by the entire CAB, whose acting chairman, Richard J. O'Melia, previously headed the Bureau of Enforcement.

William M. Gingery, who took his life in a Northern Virginia apartment Feb. 17, had succeeded O'Melia as head of the enforcement agency late in 1973.

Both Braniff and American Airlines, as well as their top officials, pleaded guilty to Watergate special prosecution charges of making illegal con-

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tributions to former President Nixon's 1972 campaign.

Braniff was fined \$5,000 for a \$40,000 contribution and American was fined \$5,000 for a \$55,000 contribution.

American is the nation's third-largest airline and fifth-largest transportation firm, with routes throughout the United States. In terms of revenues, Braniff is the seventh-largest airline.

Braniff announced last night that it "will immediately move to answer all of the allegations and is confident the matter can be quickly resolved."

A spokesman for American said that since all of the information concerning American was previously made public by the Watergate special prosecutor and a stockholders' suit there was nothing to which his firm could respond at this time.

The CAB's Bureau of Enforcement asked the agency to require American and its officers to stop violating CAB laws and halt deceptive practices and to submit a series of reports over at least five years detailing oversight of receipts and disbursements.

In the case of Braniff, however, the bureau asked in addition that if the airline is found to have violated the law, the board should then determine "whether Braniff, with its present management, remains fit, willing, and able to conform" to provisions of the Civil Aeronautics Act, in respect to general operations or its specific Latin American services.

Also, the bureau said, the CAB should decide whether public necessity requires that Braniff's authority be altered, amended, modified or suspended until management succeeds in getting control over the firm.

The CAB bureau named Braniff Chairman Harding L. Lawrence and President C. Edward Acker and other officers as giving their "knowledge and consent" to a plan under which at least 3,626 Braniff tickets were sold—but the proceeds were not deposited in the corporate bank accounts.

Instead, the bureau alleged, these monies were distributed for use by Braniff management as they "saw fit and at least in part for unlawful purposes."