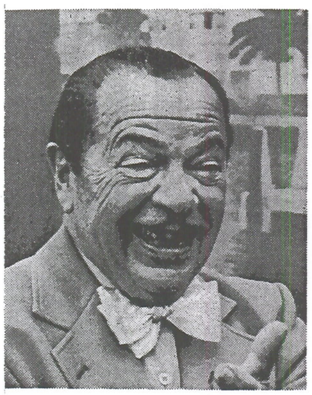
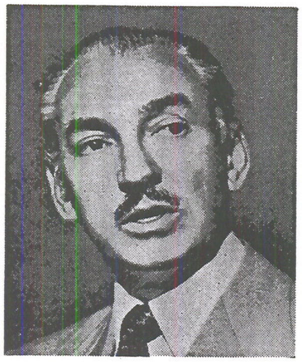
# Who's Who Among the Big Givers



W. CLEMENT STONE

RAY A. KROC

MAX PALEVSKY



ALEJANDRO ZAFFARONI

TRYING to track who gives what to whom is like determining the number of real blondes in the U.S. If the Republicans have their way, for example, nobody will ever know where the more than $10 million came from that Maurice Stans collected before the disclosure law took effect on April 7. Nearly every big giver of both parties routinely shards his gifts into $3,000-and-under bits and scatters them among dozens of committees. Against all odds, the nonprofit Citizens' Research Foundation, headed by Herbert E. Alexander, a political scientist, attempts an accounting each election year, based on voluntary disclosures made by candidates and statements filed. Such a system cannot ferret out those determined to conceal their gifts, but it does at least give an indication of what the honest men are up to. Herewith a necessarily incomplete gallery of top donors in this campaign through Aug. 31, prepared by TIME from the C.R.F.'s data:

**WALTER T. DUNCAN,** 45, a Texas real estate developer with an aversion to publicity and photographers. Gifts: Hubert Humphrey, $300,000; Nixon, $257,000. "McGovern goes too far," said Duncan in explaining his post-primary Republican switch.

**W. CLEMENT STONE,** 70, Winnetka, Ill., chairman and chief executive officer of Combined Insurance Co. of America (assets: $319,725,000). Gifts: Nixon, $25,000; Republican National Committee, $11,000. Stone, who was Nixon's biggest financial backer in 1968, says that he has given a total of $500,000 to Nixon so far this year, the bulk of it before the Federal Election Campaign Act of 1971 went into effect in April.

**RAY A. KROC,** 70, Chicago, chairman and chief executive officer of McDonald's Corp., Oak Brook, Ill. Gifts: Nixon, $255,000.

**MAX PALEVSKY,** 48, Los Angeles, founder of Scientific Data Systems, largest single stockholder in Xerox, interests in films *(Marjoe)* and publishing, chairman of Straight Arrow Publishers *(Rolling Stone)*. Gifts: McGovern, $126,852; McCloskey, $9,825. Loans: McGovern, $230,000.

STEWART MOTT

FOSTER G. McGAW

J. IRWIN MILLER

of the contributor's net worth.

Insiders in both parties insist that nothing is ever promised the donors in any of these dialogues. Indeed, any direct connection between a donation and a later official favor is almost impossible to prove. The law long intended to govern such giving but scandalously ignored was the Federal Corrupt Practices Act of 1925, which continued a ban on contributions by corporations or national banks. Its main thrust was to require that the candidates report what they spent.

This law was expanded somewhat by the Hatch Act in 1939 and an amendment in 1940. They limited contributions from any one individual to $5,000 a year and banned any political committee operating in more than one state from spending more than $3 million a year. Any business or individual working under a federal contract was also barred from contributing. Federal employees could not take any part in national campaigning. A permanent prohibition against contributions from labor unions was added in the Taft-Hartley Act of 1947.

The ineffectiveness of the Corrupt Practices Act is demonstrated by the fact that no one was ever successfully prosecuted under it—even though countless candidates filed no spending reports at all. When this was called to the attention of the Justice Department in various administrations, the buck was usually passed back to either the clerk of the House or the Secretary of the Senate, to whom the reports had to be made. These officials, respectful of their legislative bosses, let the matter die. Any candidate could claim that he was unaware of the expenditures in his behalf and so did not report them. McGovern took this loophole in not revealing any of his 1968 re-election expenses.

The old laws spawned the creation of countless dummy committees operating either in single states, and thus beyond reach of the law, or in the District of Columbia. Individuals wanting to give more than $5,000 could escape detection by giving to such nonreporting committees—and thus easily evade the limits on both spending and giving. Another purpose served by the phony committee—often just a name and a mailing address—was to enable large donors to avoid the gift tax that must be paid on any contribution exceeding $3,000. They merely had to break their donations down to $3,000 checks among various committees. The saving is no small matter. In 1968 Mrs. John D. Rockefeller Jr. admirably refused to use such a dodge when she gave $1,432,625 to the presidential effort of her stepson, Nelson Rockefeller. As a result, she paid a federal gift tax of $854,483.

Other evasions of the spirit if not the letter of the law were commonplace. Companies often got around the ban on corporate giving by awarding top officers special bonuses, with the understanding that they would be used as individual political contributions. It is probable that many gifts by executives somehow wind up on company books as income tax deductions for business expenses. Labor unions merely set up political-action committees, relying on the "voluntary" contributions of their members to finance them.

Congress last year tried to tighten up the financing laws by passing the Federal Election Campaign Act. It repealed the hopelessly corrupted Corrupt Practices Act and requires that all candidates and their committees report

**DR. ALEJANDRO C. ZAFFARONI,** 48, president of Alza Corp., a Palo Alto, Calif., pharmaceutical firm. Gifts: McGovern, $226,000; McCloskey, $11,000. Zaffaroni, a developer of contraceptives and a drug researcher, is also a Uruguayan citizen and thus will not be able to vote in the presidential election.

**STEWART RAWLINGS MOTT,** 34, New York City philanthropist, son of the General Motors pioneer and major stockholder Charles Stewart Mott. Gifts: McGovern, $212,361; Lindsay, $5,000; McCloskey, $5,500. Loans: McGovern, $377,500.

**FOSTER G. McGAW,** 75, Evanston, Ill., honorary chairman and founder of American Hospital Supply Corp. Gifts: Nixon, $196,298, and $3,000 to a Republican Party committee.

**MR. AND MRS. JOSEPH IRWIN MILLER.** Miller, 63, is chairman of Cummins Engine Co., Columbus, Ind. Gifts: Lindsay, $150,000; McCloskey, $18,500.

**JOSEPH M. SEGEL,** 41, Merion, Pa., president of the Franklin Mint, Inc., a manufacturer of commemorative coins and medals. Gifts: Nixon, $114,000.

**EVAN P. HELFAER,** 74, Milwaukee, major stockholder in Colgate-Palmolive Co. Gifts: Nixon, $110,261.

**DWAYNE O. ANDREAS,** 54, Miami Beach, chairman of First Interoceanic Corp., chairman of the executive committee of Archer-Daniels-Midland Co. (flour and soybean products). Gifts: Humphrey, $75,000; Nixon, $25,000. His money earmarked for the Nixon campaign was later found by the FBI in the bank account of one of the original Watergate Five.

**ANTHONY T. ROSSI,** 71, Bradenton, Fla., chairman and president of Tropicana Products Inc. Gifts: Nixon, $100,000.

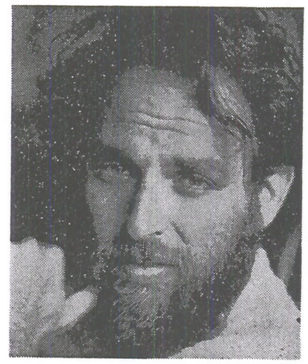
**HENRY L. KIMELMAN,** 51, chairman of the West Indies Corp. and various other corporations in the Virgin Islands, and McGovern's national finance chairman. Gifts: McGovern, $76,740. Loans: McGovern, $290,000.

**MARTIN PERETZ,** 32, an assistant professor of social studies at Harvard whose wife has holdings in the Singer Company. Gifts: McGovern, $76,000. Loans: McGovern, $114,000.

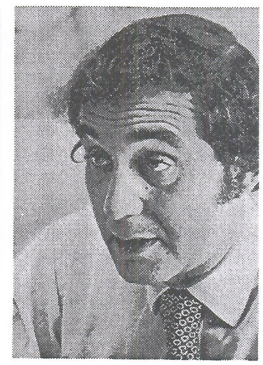
**MR. AND MRS. MILES L. RUBIN.** Rubin, 42, is a Los Angeles manufacturer and industrialist. Gifts: McGovern, $58,300; Muskie, $2,000; McCloskey, $4,600. He has also loaned McGovern $225,000.

ANTHONY T. ROSSI

HENRY KIMELMAN



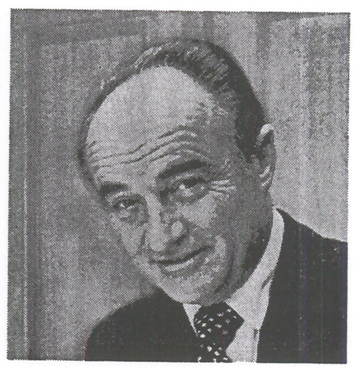
MARTIN PERETZ



MILES L. RUBIN

JOSEPH M. SEGEL

EVAN P. HELFAER



DWAYNE O. ANDREAS

the name, address and vocation of anyone giving them more than $100. Anyone to whom the committees pay more than $100 must also be listed. The act limits what a politician or his family can give to his own candidacy ($50,000 in a campaign for President or Vice President, $35,000 for Senator, $25,000 for Representative). For the first time, a ceiling is placed on what a candidate can spend for television, radio, newspapers, magazines, billboards and automatic telephone equipment. Within the overall limit (10¢ per voting-age resident of the relevant electoral region), only 60% can be spent on broadcasting.

So far, the major impact of the new law, which took effect April 7, has been to loose an avalanche of lists and papers. First came a 72-page manual of instruction from the Comptroller General, who supervises presidential campaigns, then a 15-page Senate manual and a six-page House booklet. Since as many as 10,000 separate committees may be required to report (all groups spending more than $1,000), the paper work seems overwhelming. The Senate secretary, Francis R. Valeo, anticipates handling 200,000 sheets of paper this year. Looking over some of the early reports of contributors and expenditures in Senate races is enough to glaze the eyes. The report for just one of the reelection committees for Texas Republican John Tower runs to nearly 1,400 computer readout pages on microfilm.

About the only other discernible result of the new law has been to scare off some contributors who are shy of publicity. Disclosure produces some adverse effects on even the best-intentioned big giver. It can hurt his business by identifying him with a candidate that some of his customers might not like or invite reprisals by mean-minded officials if his candidate loses. Moreover, the donor seeking no favors at all could later be legitimately tapped for a government job or given a favorable agency ruling—and reporters, checking back, might link this with the gift.

In practice, such innocence is the stuff of a Diogenic quest. Usually operators on both sides are too sophisticated to demand openly a *quid pro quo* deal. But money by itself can carry a message. Some examples of situations that do not appear innocent:

- The motives of special-interest givers are suspect when the recipient is a Congressman who holds power on committees with jurisdiction over the donors' activity. When the givers do not reside in the candidate's state, it is especially clear that they are seeking to influence him, rewarding him for past help, or appreciative of his friendly attitude and fearful of his opponent. Democratic Senator Jennings Randolph of West Virginia is getting money from at least eight out-of-state business executives, all presidents of cement companies. It is hardly coincidental that he chairs the Public Works Committee.
- Executives of the securities industry and savings and loan firms are contributing to the re-election of Massachusetts Republican Senator Edward Brooke. Brooke, who promises to be an easy re-election winner, is a member of the Senate Banking, Housing and Urban Affairs Committee and its securities subcommittee.
- The Massachusetts Bankers Association held a $99-a-plate fund-raising dinner in Boston. All the money was distributed to out-of-state Senators: Democrat John Sparkman of Alabama, Republican John Tower of Texas and