

30 CORPORATIONS UNDER S.E.C. STUDY

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Agency's Head Says Illegal Payoffs Are Involved—15 More Make Disclosures

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WASHINGTON, Jan. 14—The chairman of the Securities and Exchange Commission said today that some 30 corporations were under investigation for alleged improper payments such as bribes, kickbacks and illegal political contributions.

The chairman, Roderick M. Hills, said at a Congressional hearing that an additional 15 companies had voluntarily brought the results of internal investigations to the S.E.C. and that several had made public disclosures of questionable payments and activities.

[Directors of the Gulf Oil Corporation forced the resignation of Bob R. Dorsey, the chairman, and two other executives in the wake of the scandal involving Gulf's political payments. Page 47.]

In his testimony, Mr. Hills said that an 18-month investigation by the S.E.C. had led to court actions seeking injunctions against nine corporations. These included Gulf Oil.

Mr. Hills gave his rundown

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while appearing at the first of two days of hearings being conducted by Senator William Proxmire, Democrat of Wisconsin, into possible abuses of corporate power.

Mr. Hills declined to identify the companies under investigation although he acknowledged that a few corporations, such as the Lockheed Aircraft Corporation and the Occidental Petroleum Corporation, had been identified in court cases in which the S.E.C. had sought subpoenaed information on payments to foreign officials.

Stanley Sporkin, director of the S.E.C.'s enforcement division, and Mr. Hills told Mr. Proxmire that they had found that improper payments differed from company to company. Mr. Sporkin said that matters under investigation included commercial bribery, in which companies paid bribes to induce other companies to use their products, and evasions of foreign currency regulations.

"Every day I put in I find another wrinkle," Mr. Sporkin said.

Mr. Proxmire, who conducted the hearings as chairman of a subcommittee of the Congressional Joint Economic Committee, was the only legislator on hand.

"The numerous disclosures that have been made so far, involving some of the largest and most prestigious firms in America," Mr. Proxmire said, "suggest that at least an important part of the private sector is a house of marked cards, composed of kings of corruption, jacks of all illicit trades and aces of political influence."

Mr. Hills, who said that ex-

isting securities laws gave the S.E.C. adequate authority to require appropriate disclosure, said that the agency actions so far had focused on companies that "maintained secret funds outside the normal financial accountability system and engaged in a variety of illegal practices which were facilitated by the maintenance of false or inadequate corporate books and records."

"In each case," he added, "there was direct involvement and participation by senior management officials coupled with, in most cases, a concealment of the practices from the full board of directors and outside auditors."

Mr. Hills said that practices that had been uncovered "revealed problems of a serious magnitude." He said they ranged from bonuses to selected corporate employees, which were rebated for use as illegal domestic political contributions, to direct corporate payments to foreign governments in return for favorable business concessions.

"Payments aggregating tens of millions of dollars," he charged, had gone to consultants or commission agents. "In some cases the parties involved have stated that the payments were used to bribe foreign government officials in

order to procure business," Mr. Hills said.

"No foreign official has, however, yet confirmed the receipt of such monies for such purposes," he added, "and there still are large amounts of such payments for which no accounting has been made."

Mr. Hills said that the voluntary disclosures made by some companies had led him to believe that major changes had been made in corporate accounting practices, but Mr. Proxmire complained that in most cases the disclosures of improper activities had not led to "many firings" of top corporate officials.

In addition to Gulf Oil, Mr. Hills said the commission had brought civil injunctive actions against the following other companies: the American Shipbuilding Company, the Minnesota Mining and Manufacturing Company, the Sanitas Corporation, the United Brands Company, the General Refractories Company, the Phillips Petroleum Company, the Northrop Corporation and Ashland Oil Inc.

Mr. Hills said that in cases where settlements had been reached, the settling defendants neither admitted nor denied the S.E.C.'s allegations but were enjoined from further violations of the securities laws.

GOLD PRICE MIXED; DOLLAR MOSTLY OFF

BUSSELS, Jan. 14 (UPI)—The price of gold, currently at a four-month low, was mixed on bullion markets at the close today. The dollar fell on most European money markets.

Dealers said worries about the implications of International Monetary Fund gold sales on the market and the strength

of world stock markets continued to depress gold prices, which dropped \$5 yesterday.

Gold opened at \$133.50 in Zurich but fell in trading to a close of \$130.50, against yesterday's close of \$132. In London, it rose from \$131.75 to \$133.50 in early trading but fell at the morning fixing to \$129. However, in a very active market aided by short covering and buying interest, gold rose to close at \$132, up 25 cents.

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