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1964 Report Scored Clements Company

WASHINGTON, Dec. 21 (AP)—American oil companies, including one headed by William P. Clements Jr., negotiated contracts with the Argentine Government in a "frame of profound immorality and corruption," Argentine legislative investigators said in a 1964 report.

The company headed by Mr. Clements, President Nixon's nominee to be Deputy Secretary of Defense, was singled out by a special Chamber of Deputies committee because, the panel said, there was evidence it had paid illicit commissions.

Mr. Clements, 55 years old, is chairman of Dallas-based Sedco, Inc., an oil drilling concern formerly called Southeastern Drilling Company.

Efforts to reach Mr. Clements for comment on the Argentine report were unsuccessful.

Sedco's general counsel, Tom B. Rhodes, asked in a tele-

phone interview from Dallas if he knew of the report, said, "No, sir. We didn't keep track of that too well. We'd already completed our contract by then."

Then he said that the report had been put out by politicians and added, "Politicians say any damn thing they please. They do anything they damn please and don't give anybody a chance."

At a news conference in Dallas on Monday, Mr. Clements said that he and his company had always had a "fine relationship with the Argentine government—I even get Christmas cards."

It was reported earlier this week that Mr. Clements and Southeastern were among defendants in a civil suit in United States District Court in Dallas.

An Argentine businessman accuses them of hiding profits, some due to him that were earned from the 1959-1963 contract with the Argentine Government oil monopoly. The con-

tract catapulted Sedco into a worldwide operation and made Mr. Clements a multimillionaire.

In the report to the Chamber of Deputies, dated Oct. 20, 1964, companies such as Esso, Shell and Sedco were bitterly denounced along with the Government of President Arturo Frondizi, which was ousted two years earlier, largely over the highly political issue of foreign oil contracts.

#### 'Hard to Nail Down'

But, said the Chamber's investigators, the contract with Southeastern Drilling was one they gave special consideration because, they said, there was evidence of illicit commissions which "in this type of operation normally is hard to nail down."

The investigating committee represented a cross-section of all political parties, except Mr. Frondizi's.

The report, approved by the Chamber Nov. 17, 1964, recommended prosecution of Mr. Frondizi, his economics minister and Arturo Sabato, the head of the Government oil monopoly, YPF.

In 1967, after the Government changed again and the nationalistic fervor against foreign oil companies subsided somewhat, a judge cleared the three former officials of all charges of wrongdoing.

The report said that an Argentine involved in obtaining the contract for Southeastern was "evasive" in testimony in 1963 in which he said he had received \$100,000. The report said there were indications that the amount was far larger.

#### \$800,000 Collected

An audit filed in Federal District Court at Dallas shows that the Argentine, Daniel Houston, and his brother, Robin, had been paid \$30,000 by October,