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\$98,968 Paid

## By CIA to Ashland Oil

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The Central Intelligence Agency secretly paid \$98,968 to the Ashland Oil Co. between 1968 and 1973 for undisclosed purposes, according to a special report submitted yesterday by the company to the Securities and Exchange Commission.

The brief reference to the CIA was contained in an attachment to the voluminous report, which primarily detailed more than \$1 million in illegal domestic political contributions and foreign payoffs made by Ashland since 1967.

The 400-page Ashland report—prepared by three company directors with the help of Coopers & Lybrand, a large accounting firm—was filed with the SEC and the federal courts as part of a settlement reached last May with the SEC. The commission had charged the company with failing to account adequately for millions of dollars in questionable corporate expenditures.

"During our investigation, we became aware of receipt of funds by Ashland Oil, Inc., from the Central Intelligence Agency of the U.S. Government," Coopers & Lybrand

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said in a letter included in the appendix to the report.

The payments ranged from \$9,911 in 1969 to \$37,500 in 1972 for a total of \$50,468 in cash and \$48,500 in checks. The report did not say what the money was used for, and said the company had no records to substantiate the total funds received from the CIA.

"The money received from the CIA was absolutely unrelated to any illegal domestic political payments or foreign contributions made between 1967 and 1972," an Ashland spokesman said. Asked what the money was used for, he replied, "I can't say and honestly don't know."

The company and its board chairman pleaded guilty in 1973 to criminal charges brought by the Watergate special prosecutor's office in connection with contributions to the Nixon re-election campaign of 1972.

A CIA spokesman declined to comment.

Ashland, the country's biggest independent oil refiner and 50th largest industrial corporation, had extensive and expanding foreign operations in Africa during the period in question—particularly in

Libya, Nigeria and Gabon. Its Libyan holdings, however, were largely nationalized after the overthrow of the monarchy in 1969 by the military junta led by Col. Muammar Qaddafi.

A source familiar with CIA operations indicated that the agency probably paid the funds to Ashland to reimburse the oil company for employing CIA agents abroad as part of an agency deep cover operation.

He speculated that Coopers & Lybrand, who were hired to investigate questionable disbursements of funds by Ashland, ran across the CIA payments because Ashland may have used the CIA money for payoffs abroad. Such funds could be spent like laundered money the origin of which could not be easily traced, he said.

The Ashland report filed yesterday documents more than \$800,000 in illegal contributions the corporation made to federal, state and local government officials and political candidates in the United States between 1967 and 1972. It also lists \$275,000 in payoffs abroad, including \$190,000 in Gabon.

The report was carefully cleansed of the names of any

of the recipients of the illegitimate funds, although Ashland in earlier court actions admitted paying \$100,000 to President Nixon's 1972 re-election campaign, \$6,864.65 to Sen. Hubert H. Humphrey (D-Minn.) in 1970 and 1972, and \$2,500 to Sen. John G. Tower (R-Tex.) in 1970.

Ashland executives also contributed \$50,000 in corporate funds in 1971 to the Democratic National Committee and its then treasurer, Robert S. Strauss, in anticipation of the 1972 presidential election.

Two documents, containing the names of the apparent recipients of both the domestic and foreign payments, were separately turned over to Ashland's board of directors, but a spokesman for the Kentucky-based oil refiner said it was "not the intention of the company to release" the documents.

One name that did appear in the report, however, was that of New York Gov. Hugh L. Carey. Ashland said it made a \$5,000 contribution to his gubernatorial campaign last October, but noted that this is legal under New York law. Corporations are able to make campaign contributions up to a maximum of \$5,000 in New York.