

# ASHLAND OIL PAID BY C.I.A. IN SECRET

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Over Five-Year Period—

Purpose Undisclosed  
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WASHINGTON, July 8—The Central Intelligence Agency secretly paid Ashland Oil, Inc., nearly \$99,000 in five recent years—more than \$50,000 of it in cash—for undisclosed purposes.

The C.I.A. payments to Ashland, which has petroleum operations in some 70 countries, was disclosed in a report filed by Ashland with the Securities and Exchange Commission.

The report was the result of an internal investigation carried out for Ashland, the nation's largest independent oil company, by lawyers and accountants as part of the settlement of a law suit brought by the S.E.C. against the company.

The suit was based on the company's failure to report to its shareholders payments it had made both here and abroad. The oil company pleaded guilty in 1974 to five counts of making illegal domestic campaign contributions.

### Purpose Unknown

The S.E.C. has held in such suits that contributions and payments to Government officials and others are "material" information which the securities laws requires be divulged to shareholders. Asked today what the C.I.A. payments to Ashland were for, however, an S.E.C. spokesman said, "no comment."

Spokesmen for both the C.I.A. and Ashland also said, "no comment."

It is known that the C.I.A. has asked American concerns to put intelligence operatives on their foreign payrolls so as to provide a cover for the operatives. It is not known, however, that this occurred in the case of Ashland.

The C.I.A. payments were uncovered by Coopers & Lybrand, the independent auditing firm called in by Ashland to look at its books and interview its officials in the wake of the suit. Lybrand called the payments to the attention of a special committee of Ashland's board of directors in a letter dated June 18 and marked "confidential."

### Amounts Detailed

According to the letter, the C.I.A. transferred the following amounts to Ashland in cash: \$10,557 in December, 1968; \$9,911 in July, 1969, and \$30,000 in February, 1971.

The C.I.A. also wrote two checks to Ashland: one for \$37,500 in June, 1972, and one for \$11,000 in March, 1973.

The accountants said that they had been "informed by officers of Ashland that the cash, \$50,468, had been put into a safe at Ashland's home office and not recorded on the corporate books until October, 1973, when a total of \$56,800 was taken from the safe and deposited in a corporate bank account."

The letter went on to say that "the subject of C.I.A. funds received by Ashland was discussed at a meeting held at the offices of the Securities and Exchange Commission . . . in Washington on March 31, 1975."

### Data Verified

It closed by noting that an S.E.C. attorney, Joel S. Gally, "had verified that the data we had received from the company were correct and that there were no additional payments made by the C.I.A. to Ashland."

Asked why the commission refused to explain the reason for the agency's payments in light of its own record of pressing for the fullest possible corporate disclosure, S. James Rosenfeld, a spokesman for the S.E.C., would only reiterate, "no comment."

The Ashland report raised another important issue for the securities commission. It did not name the recipients of the company's political contributions but listed them in a separate document, schedule I, which was given to Ashland's directors, but not to the S.E.C.

The commission must therefore decide whether it will be satisfied with a report from a company that acknowledges having made illegal contributions but does not name the recipients.

While Stanley Sporkin, director of the S.E.C.'s enforcement division, is widely known to feel that moral issues are involved, the commission must wrestle with the legal question of whether its charter to require information "material" to stockholders' decisions to buy and sell fairly requires the disclosure of the identities of recipients.