

American Airlines Tells Of Illegal Gift to GOP

Washington

American Airlines admitted yesterday that it illegally contributed \$55,000 in company funds to President Nixon's re-election campaign early last year.

The airline thus became the first corporation voluntarily to acknowledge an illegal political contribution in the current administration scandal.

George A. Spater, board chairman of the airline, said in a statement that the funds had been solicited by Herbert W. Kalmbach, Mr. Nixon's former personal attorney and Republican fundraiser. The initial Kalmbach request was for \$100,000, Spater said.

At the time, American, the nation's second-largest airline, had a plan for merger with Western Airlines pending before the Civil Aeronautics Board. One of Kalmbach's clients was United Air Lines, a major competitor of American, which was strongly opposing the merger.

"I knew Mr. Kalmbach to be both the President's personal counsel and counsel for our major competitor," Spater said. "I concluded that a substantial response was called for."

In all, he said, American contributed \$75,000 to the re-election committee, with \$20,000 coming from individ-

ual donors. All of the cash was delivered before the new federal campaign reporting law — ruling out secret cash contributions — that went into effect on April 7, 1972, Spater said.

An attorney for Kalmbach said last night he was authorized to state that "Mr. Kalmbach had no knowledge that American Airlines either planned to make or did make any illegal campaign contributions from corporate funds." The attorney said Kalmbach does acknowledge meeting with Spater and receiving a ledger for a \$100,000 contribution but "there was no mention of use of cash."

The CAB, by a 4 to 1 vote, rejected the proposed merger between American and Western last July, four months after the illegal gift was made. The board's action was upheld by Mr. Nixon.

Both the old and the new law forbid corporate contributions to political campaigns and state that the corporations and individual officers as well as the campaign committees and campaign officials can be charged with crimes when such contributions are made.

The current law provides a \$5000 fine for the violating

Back Page Col. 1

From Page 1

corporation along with fines of up to \$10,000 and jail terms of two years for individuals whose actions are determined to be "willful."

The illegal contribution was initially announced by Archibald Cox, the special Watergate prosecutor, who praised Spater's willingness to step forward. Cox pointedly urged other corporate officers to report similarly illegal contributions made before the April 7 cutoff date.

RAISED

There have been published reports that the Finance Committee to Re-Elect the President raised more than \$22 million before that date.

"It is fair to say," Cox noted in a statement, "that when corporate officers come forward voluntarily and early to disclose illegal political contributions to candidates of either party, their voluntary acknowledgement will be considered as a mitigating circumstance in deciding what charges to bring."

Cox issued this warning, however, regarding corporate executives: "Whether they come forward or not, we intend to get to the bottom of illegal funding practices."

EXTORTION

On June 21, the New York Times reported that Cox had set up a special staff under the direction of Thomas F. McBride, — special assistant, to determine whether the re-election organization used extortion and other illegal forms of fund-raising in 1971. McBride was said to be

considering a special grand jury investigation of the matter.

Officials said then that McBride had accumulated allegations indicating that Republican finance officials at one time drew up a list of corporations and individuals "who had problems with the government" and solicited funds in late 1971 and early 1972 on that basis.

In addition, there have been published reports indicating that high-ranking Republican campaign officials, led by Maurice Stans, the former secretary of Commerce who served as the chief fund-raiser in much of 1972, had set financial quotas for certain large corporations prior to the fund-raising effort.

DENIAL

Late yesterday, The Finance Committee to re-Elect the President issued this statement:

"The absurd charge has been made that this committee used extortion methods to secure contributions to the 1972 campaign. It has even been alleged that the committee obtained lists of corporations having matters pending before government agencies and used them improperly to make threats or promises in soliciting contributions.

"Such charges are nonsensical and the committee denies them emphatically. At no time were such tactics used. At no time did the committee authorize anyone to solicit or knowingly accept contributions from corporations."

New York Times