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**3M, 2 Executives  
Indicted in Gifts  
Fund of \$634,000**

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The Minnesota Mining and Manufacturing Co. and two of its board members were indicted yesterday on criminal income tax charges involving a secret \$634,000 slush fund maintained to make illegal corporate campaign contributions.

The indictment, returned by a federal grand jury in St. Paul, Minn., was the first of its kind resulting from the Watergate investigation of illegal corporate contributions to the 1972 presidential campaign.

Other indictments of corporations and corporate officers are being sought, government sources said, as the Internal Revenue Service and the Justice Department continue investigations into how American corporations disguised funds that were later used to make illegal campaign contributions.

For the corporate officers involved, the IRS investigations represent a large jump in the seriousness of the alleged offense. A number of corporations and individuals have pleaded guilty and been fined for making illegal campaign contributions, but few defendants have gone to jail and nobody for as long as a year.

Tax violations such as those alleged in the 3M indictment, by contrast, are felonies carrying jail terms of up to five years for conspiracy and up to three years for filing a false tax return.

In the 3M case, the government alleged that the two corporate officers had conspired with an independent auditor to disguise the political contributions by listing them on the company's books as insurance payments or legal fees.

The indictment charged that the company established a Swiss bank account to handle the money and retained a Swiss lawyer who billed the company for services not performed. The money was then returned to the company and kept in one of the executives' office safe.

Named in the indictment besides the company itself were Bert S. Cross, 69, the company's chief executive officer from 1963 through 1970 and a director since 1970, and Irwin R. Hansen, 60, the company's former vice president for finance and a director since

1968. Neither could be reached for comment.

The auditor, Burgess F. Geib of the firm of Haskins and Saskins and Sells, died in 1972. He was named as an unindicted co-conspirator.

The company has already admitted to the bare outlines of the government's case—but not to the criminal charges. On Dec. 31, 1974, the company notified the Securities and Exchange Commission that from 1963 to 1973, it maintained the secret political fund. It said that \$634,000 was transferred to the fund through bogus bookkeeping procedures and that all but \$167,600 of the money was spent.

The firm made the disclosure following a stockholder's suit in which it was charged that corporate officers had illegally used corporate funds to make political donations. The suit itself was triggered by 3 M's admission in 1973 that it had contributed \$30,000 illegally to President Nixon's 1972 campaign.

In yesterday's indictment, the government charged that the two executives and the company had conspired to list nondeductible expenses—the political contributions—as deductible expenses, legal payments and insurance premiums.

The government also charged that Hansen and the company itself had violated the law by filing false tax returns in 1968 and 1969.

In addition to the criminal penalties, the company may be liable for civil penalties—as much as 50 per cent of the tax liabilities. That penalty would be separate from the back taxes the company may owe the government—plus 6 per cent annual interest.

In all, 3M told the SEC last December that total penalties and back taxes could amount to as much as \$11 million.