

4 Gulf Oil Officers Forced to Resign

Pittsburgh

Gulf Oil Corp. directors, embarrassed by a recent report that charged that the company maintained a \$12-million political slush fund during a 13-year period, forced the resignations yesterday of board chairman Bob R. Dorsey and three other Gulf officers implicated in the report.

The executive house-cleaning is the most drastic step yet taken by a corporate board in response to revelations that its company made illegal or improper domestic and foreign political contributions. Most other boards in similar situations have admonished the responsible officials while retaining them.

Gulf is the country's seventh-largest industrial corporation, with estimated 1975 sales of \$16 billion and with \$50,000 employees around the world. Its illegal domestic political contributions totaling more than \$5 million are the most massive uncovered at a single company.

Dorsey, who had been with Gulf since 1940 and served as chairman since 1972, resigned effective noon yesterday. At 63, he has two years from the company's mandatory retirement age.

The directors unanimously named Jerry McAfee, 59, president of Gulf Oil Canada Ltd. (a two-thirds-owned Gulf subsidiary) to replace Dorsey as chairman, chief executive and Gulf director. The appointment is subject to approval by Gulf Canada's board.

In addition, the directors

accepted the resignation of William L. Henry, 50, president of Gulf Oil Real Estate Development Co., one of Gulf's seven divisions; Fred Deering, 51, Gulf's senior vice president for finance, and Herbert C. Manning, 58, vice president and corporate secretary.

The ousters occurred at a meeting held to study and implement the report of a special review committee headed by New York lawyer John McCloy. The report was submitted to the board 15 days ago.

The report, the result of a ten-month investigation into the use of Gulf corporate funds, said the more than \$12 million in domestic and foreign political contributions funneled through a secret Bahamas slush fund were "shot through with illegality."

In accepting the report, the board said it would follow recommendations to tighten its accounting and auditing procedures and said it "condemned the illegal and improper practices" that were disclosed, adding it was determined that "such conduct will never again occur within Gulf."

Gulf's current troubles began when the Watergate special prosecutor forced the company to admit that it illegally contributed \$100,000 to President Nixon's 1972 re-election campaign. Subsequent proceedings by the Securities and Exchange Commission revealed the existence of the long-standing, secret slush fund established by a Gulf Bahamas subsidiary.

The fund, it turned out, was used to make illegal corporate



AP Wirephoto

BOB R. DORSEY
Ex-chairman of board

contributions to a wide range of federal, state and local officials in the United States and substantial political payments in South Korea, Italy, Bolivia and other countries where Gulf does business.

Yesterday's resignations, it is understood, were instigated by the five directors on Gulf's 14-member board who represent Mellon family interests.

The Mellons, one of the wealthiest families in the United States, are Pittsburgh's premier financial, industrial and philanthropic power. The Mellon family founded Gulf in 1901, and its members own an estimated 15 to 18 per cent of the company's stock.

The McCloy report, in assessing responsibilities for the slush fund payments, said it could not determine whether Dorsey had direct knowledge of the illegal domestic political contributions. But it said he "was not sufficiently alert" and "perhaps chose to shut his eyes to what was going on."

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