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**NYTimes MAR 24 1976**  
**A Discount Scheme,**  
**Gift to Nixon to Cost \$**  
**Braniff \$300,000**

**Braniff Fined Record \$300,000**  
**For Illegal Gifts and Ticket Deal**

By RICHARD WITKIN

Braniff Airways has agreed to a record civil penalty of \$300,000 resulting from failure to report an illegal \$40,000 contribution to the 1972 reelection campaign of President Richard M. Nixon and from a \$1 million scheme to hide ticket discounts, the Civil Aeronautics Board announced yesterday in Washington.

In another case, involving \$54,000 in illegal campaign contributions to the Nixon campaign, Dr. Armand Hammer, chairman of the Occidental Petroleum Corporation, was fined \$3,000 in Los Angeles and placed on probation for a year. [Page 47.]

The C.A.B. said in the Braniff case that the rebating scheme had come to light in the course of "exhaustive field investigations in Dallas and Panama City, Panama, aimed at tracing

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 the source of the \$40,000 political donation."

The announcement said Braniff had agreed "to the entry of a Federal court injunction prohibiting continuation" of the discount practices.

Among the Braniff officials named in the settlement were Harding L. Lawrence, its chief executive officer, and C. Edward Acker, who was president until his resignation in October, 1975.

The highest previous civil penalty paid the C.A.B. was a \$150,000 fine imposed on American Airlines in May, 1975, for illegally channeling about \$275,000 to various candidates for Federal and state offices between 1964 and 1973.

Among the donations was \$55,000 of company funds contributed to the 1972 Nixon campaign — an action that apparently hastened the departure of George A. Spater as company chairman in late 1973.

News of the American Airlines contribution in the summer of 1973 was followed soon by disclosure of the \$40,000 Braniff contribution, which came on top of an initial personal contribution of \$10,000 from Mr. Lawrence to the Nixon fund. But it was not until yesterday that details on the source of the \$40,000 in company funds emerged.

**Off-Book Cash**

The C.A.B. announcement said Braniff and some of its top officials had been charged with "unlawfully distributing airline tickets with a face value of almost \$1-million for the purpose of generating off-the-books cash" — the apparent source of the \$40,000 contribution.

The C.A.B. announcement also said Braniff had "acknowledged selling the special tickets principally for the purpose

of paying rebates and excessive commissions to travel agents throughout Latin America."

In November, 1973, Mr. Lawrence pleaded guilty to charges brought by the Watergate special prosecutor in connection with the corporate contribution to the Nixon fund. He was fined \$1,000. And, in the same case, the airline was fined \$5,000.

Major segments of the airline industry, both here and abroad, have been involved in the business of under-the-table discounts. The practice became especially widespread when the airlines began to suffer heavy financial losses two or three years ago because of the recession and the huge over-supply of seats on excessively large fleets of new jumbo-jet aircraft.

Last September, 19 United States and foreign airlines serving the heavily traveled North Atlantic market were fined a total of \$655,000 after pleading no contest to charges of giving rebates to both passengers and travel agents.

**Pacific Area Affected**

The Federal Government recently instituted similar proceedings in California against 13 United States and foreign airlines charged with illegal rebating practices in the Pacific market.

Referring to the previous cases, the C.A.B. noted yesterday that the Braniff settlement "would be the first to cover Latin American markets."

Despite the agency's broad campaign to rid the industry of the illegal discounting, at least in this country, there have been persisting reports that the practice is still fairly widespread here.

Many industry observers have predicted for a long time that the practice could not be completely brought under control unless the Government eventually handed down some criminal indictments.