

Lockheed Settles Charges by S.E.C. Of Payoffs Abroad

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WASHINGTON, April 13—The Securities and Exchange Commission and the Lockheed Aircraft Corporation agreed today on a settlement of charges by the commission that the defense contractor had violated various securities laws in making secret payments to foreign government officials totaling at least \$25 million between 1968 and 1975.

Though the names of the recipients—protected from disclosure by a continuing court order—were not disclosed, the settlement appeared to confirm, for the first time, reports that some payments had been made directly to government officials. The company previously said it had paid agents, who asserted they had made disbursements to the officials.

In a separate development, the Internal Revenue Service assessed Associated Milk Producers Inc. with \$7.8 million in unpaid taxes and fraud penalties, bringing the total amount the Government is seeking from

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the big milk co-op to more than \$16 million

The Lockheed settlement, which followed months of negotiations, clears the way for the company's recapitalization plan, a key step in assuring its survival. In effect, the agreement turns the case over to a company-appointed special committee whose members are subject to approval by the S.E.C.

"The committee has four months in which to submit a public report of its investigation, and Lockheed is obliged to take the necessary steps to carry out its recommendations.

The defendants in the S.E.C. complaint were Lockheed; Daniel J. Haughton, its former chairman, and Carl Kotchian, its former president. All agreed to the judgments of permanent injunction without admitting or denying he allegations.

The agreement was signed in Washington by Judge John H. Pratt of the United States District Court.

Robert W. Haack, Lockheed's present chairman, said in a statement from company headquarters in Burbank, Calif., that the decree committed Lockheed management to avoid in the future "certain past business practices with respect to overseas business transactions."

He cited a new policy adopted last fall under which the use and payment of international consultants would be conducted. Only payments that would be deductible as business expenses in this country and that would comply with United States or foreign laws would be allowed.

The S.E.C. is now expected to approve quickly the com-

pany's proxy material so that its annual meeting can be held in June or July. Lockheed stockholders will be asked to approve an issue of preferred stock, which the company's lending banks agreed last spring to purchase. Some \$50 million of the banks \$595 million of loans to Lockheed will be converted to preferred, reducing the company's interest payments.

Specifically, the S.E.C. charged Lockheed and its top officials with violating the anti-fraud, proxy solicitation and reporting provisions of the Securities Exchange Act.

At least \$25 million of more than \$200 million Lockheed paid to consultants and agents were not spent for the purposes indicated on its books "but rather were expended for secret payments to foreign officials," the commission said. These payments, sometimes made in cash, were for obtaining and keeping contracts with government customers and in expediting related permits, the S.E.C. charged.

"In many cases these payments were made without adequate records and controls sufficient to insure that such transfers and disbursements were actually made for the purpose indicated," the S.E.C. said.

It also alleged that Lockheed had maintained a secret slush fund through which at least \$750,000 was channeled.

Lockheed also did not disclose the role of management in the payments and the possible business risks of getting contracts through bribery. The commission also said the company had issued false and misleading periodic reports and proxy material.

Lockheed, anticipating a settlement, named four men the review committee in February. They are Jack Horton chairman of the Southern California Edison Company; Dwight M. Cochran, former president of the Kern County Land Company; Fred M. Vinson Jr. of the law firm of Reasoner, Davis & Vinson, and Mr. Haack. Mr. Haack resigned from the committee upon being named Lockheed's chairman.

Last weekend the company announced plans to name three or four more persons to the review committee.

The agreement was somewhat unusual because it stated that the committee might want to seek court protection against public release of some findings that the Lockheed board believed might be harmful to the interests of the company and its stockholders.

In another Lockheed development, a company spokesman said that Lockheed had met the Tuesday deadline for delivering documents concerning the payments that were made abroad. The Senate multinational subcommittee had subpoenaed the information, including the names of Japanese officials who allegedly received bribes.