

Files of S.E.C. Show Slush Funds In Use Decades Before Watergate

NYTimes

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MAY 18 1977

Special to The New York Times

WASHINGTON, May 17 — American companies began creating slush funds from which they made political contributions and other secret payments decades before the practice was exposed during the Watergate scandal, according to Securities and Exchange Commission files made public today.

American Airlines, for example, was running an unrecorded fund in Mexico in the early 1940's and Ashland Oil Inc. appears to have made a corporate contribution to the Presidential campaign of John F. Kennedy in 1960.

The material on nine companies was

released by the S.E.C. in response to Freedom of Information Act requests by news organizations.

Shortly after the arrival of Harold M. Williams, its new chairman, the commission last month voted to make investigatory files public as soon as it marks the cases closed. This new policy, which the agency regards as required under the information act, marks a major change in business-Government relations, one Mr. Williams fears may make businessmen more reluctant to share confidences while seeking advice or cooperation with investigators.

Variety of Companies

Today's material consisted of the initial files of five companies—American Airlines, the American Ship Building Company, Braniff Airways, E. I. du Pont de Nemours & Company and the Butler National Corporation—and addition to files of Ashland Oil, the Minnesota Mining and Manufacturing Company, the Phillips Petroleum Company and Waste Management Inc. that were supplied earlier.

Among the highlights were these:

Besides a contribution to the Kennedy campaign, which Ashland's chairman, Orin E. Atkins, told the S.E.C. might have come from the personal resources of the company founder, Paul Blazer, Ashland contributed \$12,000 to Louie B. Nunn's Kentucky gubernatorial campaign in 1967. It also used a slush fund to pay directors of its Indian unit, who were

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restricted in taking money out of their country, and to pay \$40,000 a year to John Paul LeGrande, a Parisian oil consultant with a Swiss bank account. Ashland previously admitted making almost \$500,000 in questionable payments to Government officials and consultants in Nigeria, Gabon, the Dominican Republic and Libya.

Phillips Petroleum, according to a memorandum used to prepare for a conference with the S.E.C., had four unrecorded funds that contained \$200,000 when they were discontinued a few years ago. Money in these accounts was generated abroad—in part from rebates from an unidentified foreign airline on tickets bought by Phillips employees—but none was used in this country. Phillips and its former board chairman, William W. Keeler, had previously pleaded guilty to illegally contributing \$100,000 to President Richard M. Nixon's re-election campaign and the company also admitted contributions to dozens of Congressional candidates, including Gerald R. Ford.

Butler National, a tiny Kansas company that makes aeronautical equipment, identified the foreign agent who received 30 percent sales commissions totaling \$102,500 as Roberto Kobeh Gonzalez, an employee of the Mexican agency that

bought navigational gear from Butler. The company's lawyers argued last year that the competitive consequences of this disclosure might be "mortal" to the company but they failed to prevent the commission from bringing a suit, which contained general allegations. Gerald R. Smith, Butler's president, said today the company had not done any business in Mexico since the S.E.C. went to court and that it was still losing money. Mr. Smith said the company could not afford to seek an order barring today's disclosure, which he said would probably be futile in the end.

Bell Assails Leaks of Information About Inquiry on F.B.I. Wrongs

WASHINGTON, May 17 (UPI)—Attorney General Griffin B. Bell today denounced recent leaks about the investigation of past Federal Bureau of Investigation wrongdoing as "unethical and inexcusable" and said they represent attempts to "manage me."

"It is doubly shocking that the leaks should apparently come from attorneys and other (Justice) department personnel who are sworn to uphold the law, not to abuse it," Mr. Bell said.

"Those doing the leaking are trying to manage me and channel the course of the investigation through their leaks," Mr. Bell said. "They will not succeed."

Mr. Bell made his comments in a speech prepared for an annual judicial conference of the United States Court of Customs and Patent Appeals.