

The original documents are located in Box 50, folder “President - Personal Phillips Petroleum Contributions” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.

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U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Official Notification

Pursuant to provisions of H. Res. 1099 (90th Congress), you are hereby notified by the Committee on Standards of Official Conduct that PART A of the Report of Financial Disclosure which you have filed with this Committee has been examined as indicated below. Permission for this examination was approved in compliance with provisions of House Rules.

37



JOHN J. FLYNT, Jr.
Chairman.

RESPONSIBLE PUBLIC INQUIRY

(For persons examining PART A of Reports on Financial Disclosure)

Rules of the Committee and of the House of Representatives permit only *one* Report (PART A) on Financial Disclosure to be examined at a time, and require examiner to *sign and complete two copies of this form prior to examination.*

PLEASE PRINT

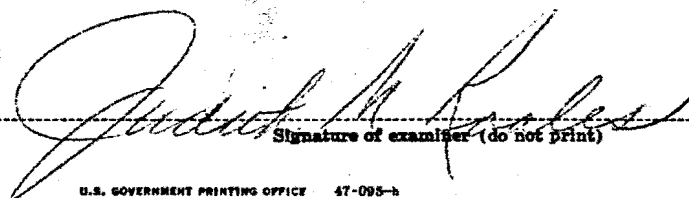
Date: 8/1/75

Examination of Report of: GERALD FORD (1968 to 72 Report)
Member, Officer or Employee of House of Representatives

Examination by: JUDITH ROALES REPORTER/DEL ST. NEWS
Name (print) Occupation Employee

Address: 4600 S 4 MILE RN. DR
ARLINGTON Phone: 641-8172

Reason for inquiry: NEWS


Signature of examiner (do not print)



14
U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Pres. (Personal)

Official Notification

Pursuant to provisions of H. Res. 1099 (90th Congress), you are hereby notified by the Committee on Standards of Official Conduct that PART A of the Report of Financial Disclosure which you have filed with this Committee has been examined as indicated below. Permission for this examination was approved in compliance with provisions of House Rules.

MF
John J. Flynt, Jr.

JOHN J. FLYNT, Jr.
Chairman.

RESPONSIBLE PUBLIC INQUIRY

(For persons examining PART A of Reports on Financial Disclosure)

Rules of the Committee and of the House of Representatives permit only one Report (PART A) on Financial Disclosure to be examined at a time, and require examiner to sign and complete two copies of this form prior to examination.

PLEASE PRINT

Date: 8/4/75

Examination of Report of: GERALD FORD (1968 to 72 REPORT)
Member, Officer or Employee of House of Representatives

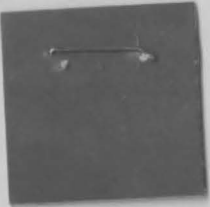
Examination by: JUDITH ROALES, REPORTER / DEL ST. NEWS
Name (print) Occupation Employer

Address: 4600 S 4 MILE RN DR ARLINGTON
Phone: 671-8172

Reason for inquiry: NEWS

Judith M. Roales
Signature of examiner (do not print)





Wednesday 8/13/75

4:40 Jack Calkins asked me to give you the following message:

"With respect to the conversation we had yesterday, the Committee records of 1970 and 1972 have been destroyed and, in addition, I have searched some personal records and notations that I kept during those years for my own guidance and I was unable to find any reference to the transactions that were discussed yesterday. That doesn't, however, preclude the fact that they might have taken place but simply that I have no record of them and no memory of them."

Will be leaving shortly and going on the plane at 8 p. m. this evening.





Honorable Philip W. Buchen
Counsel to the President
The White House
Washington, D. C. 20500

PERSONAL & CONFIDENTIAL



JOHN F. MILLS
1776 K STREET, NORTHWEST
WASHINGTON, D. C. 20006



1776 K STREET, NORTHWEST
WASHINGTON, D. C. 20006
JOHN F. MILLS
1776 K STREET, NORTHWEST
WASHINGTON, D. C. 20006

SPECIAL REPORT TO STOCKHOLDERS ON POLITICAL CONTRIBUTIONS BY PHILLIPS PETROLEUM COMPANY

Beginning in August 1973, the Company has reported in press releases, a proxy statement, and an interim report, information with respect to political contributions made by Company officers from corporate funds over a period of approximately ten years beginning in 1964. These reports were made in the course of investigation by the Company initiated by the Board in August 1973. Results of these investigations are summarized here.

In July 1973, the Company's General Counsel was informed by W. W. Keeler, then a Director of the Company, that he had made two contributions of corporate funds totaling \$100,000 to the Nixon campaign in February and March 1972. Mr. Keeler had been Chairman of the Board and Chief Executive Officer of the Company at the time he made these contributions, but had resigned as Chief Executive Officer on January 1, 1973, and as Chairman of the Board upon retirement as an employee in April 1973. The General Counsel immediately reported this information to W. F. Martin, who succeeded Mr. Keeler as Chief Executive Officer. Mr. Martin authorized the employment of outside counsel to investigate the circumstances of the contribution and to advise the Company.

At its meeting on August 13, 1973, the Board of Directors was advised that the preliminary investigation showed that these contributions had been made from corporate funds. The Board directed counsel to advise the Special Prosecutor investigating the 1972 election of these facts, to secure the refund of the contributions, and to conduct a thorough investigation of the circumstances of these contributions and make a full report to the Board.

On August 15, 1973, the Special Prosecutor's staff was advised of the contributions to the Nixon campaign. On the same day the Finance Committee to Re-Elect the President was informed that the contributions had been made from corporate funds and was asked to refund the contributions. On August 17, 1973, the \$100,000 was refunded and a press release covering these facts was issued by the Company.

On December 4, 1973, an information was filed in the U. S. District Court charging the Company and Mr. Keeler with a misdemeanor, the nonwillful violation of the federal law prohibiting corporations from making, and corporate officers from consenting to, political contributions to candidates in federal elections. The matter was heard by the court on that date. During the hearing it was made clear that the case would dispose of charges relating not only to the \$100,000 contribution, but also to additional contributions, which had been disclosed to the Special Prosecutor by the Company, to congressional candidates in 1970 and 1972. The total of those congressional contributions was between \$50,000 and \$60,000. Both the Company and Mr. Keeler entered pleas of guilty and were fined \$5,000 and \$1,000 respectively.

On August 13, 1973, the Board also directed that necessary steps be taken to pre-

vent illegal political contributions in the future. On that date, senior officers of the Company were advised orally of the Board's directions. Subsequently, Mr. Martin issued a written directive to all officers and department heads emphatically instructing them that laws prohibiting corporate political contributions must be strictly observed by all officers and employees and that violations of that policy will necessitate disciplinary action. Under the directive all officers and department heads are assigned the responsibility for making the policy known throughout the Company, for stressing its importance, and for reporting any violation.

Although no violation of this policy had been reported, on November 22, 1974, a directive reemphasizing the policy was issued by Mr. Martin to the heads of all operational groups and the corporate staffs established during the year in the Company's organizational restructuring. That directive instructed each organizational head to review compliance with the policy within his organization and prepare a written report describing the method of informing his employees of the policy. It was required that the report specifically advise whether there had been any violations. These reports have been received, establish that no violations of the policy have occurred, and confirm that an effective compliance program has been instituted.

The Proxy Statement dated April 1, 1974, contained a description of the corporate contributions to the Nixon campaign, the pleas of guilty which had been entered by the Company and Mr. Keeler, and the action which had been taken up to that time by the Board and the Chief Executive Officer to prevent illegal contributions in the future.

Mr. Keeler paid his own fine and legal expenses incurred as a result of the illegal contributions to the Nixon campaign. He also returned to the Company \$1,000 which he had received in cash reimbursement for tickets which he had purchased to a political fund-raising dinner. In June 1974, Mr. Keeler reimbursed the Company \$82,182.82 for the fine, legal expenses, and loss of interest incurred by the Company as a result of the illegal contributions.

The investigation undertaken by the Company disclosed that the funds used for the Nixon campaign contributions were drawn from a cash fund maintained at the Company's principal office for the purpose of making political contributions. In August 1973, when the Board was informed of the existence of the cash fund, it contained \$763,850. The cash fund was abolished and this money, together with the \$100,000 contribution refund and the \$1,000 refund from Mr. Keeler, was entered on the books of the Company and deposited in its bank account.

In August 1974, following several months of intensive investigation by outside counsel retained for this purpose, the Board established a Special Committee of Directors to evaluate the factual and legal questions arising from the creation, administration, use, and operation of the cash fund, and to recommend to the Board what further action by the Company might be appropriate. This Committee consisted of William Piel, Jr.,

W. Clarke Wescoe, and L. H. Johnstone, none of whom was in any way connected with the creation, administration, use, or operation of the cash fund, or aware of its existence prior to August 1973.

In the September 1, 1974 interim report to stockholders, and in a press release issued August 30, 1974, the Company reported the elimination of the cash fund, the deposit of the amount remaining in the cash fund, its entry on the Company's books, the reimbursement from Mr. Keeler, and the appointment of the Special Committee of the Board. It also reported that the investigation up to that time indicated that the cash fund had been established and used for the purpose of making political contributions and that such contributions over approximately a ten-year period amounted to about \$585,000, exclusive of the contributions to the Nixon campaign. (It should be noted that the subsequent investigation disclosed that this figure overstated the amount of such contributions by approximately \$100,000.) It was also reported that there was no evidence that any part of this fund had been used at any time for the personal benefit of any Company officer or employee, but rather that the fund had been used exclusively for political contributions.

The investigation disclosed that the source of the cash had been in foreign transactions negotiated in 1963 and 1964. A subsidiary of the Company had contracted, for a fixed price, to construct a petroleum facility abroad. It was then arranged that a major subcontractor would pay \$2 million of the fee provided in the subcontract to entities to be designated by the subsidiary. Later a transportation contract was negotiated for the transportation of raw material to the foreign facility and in connection with that contract, the shipping company agreed to pay a transportation commission to a designated entity.

Two Swiss corporations were organized by Swiss nationals who held all of the stock of these corporations and served as their directors. The subcontractor paid the \$2,000,000 to these Swiss corporations in 1964, and \$661,000 was paid to these corporations in connection with the transportation contract between late 1966 and early 1972. In addition, these corporations had interest income and miscellaneous receipts of \$195,000. Thus, approximately \$2,856,000 was received by the Swiss corporations.

Of the amount received by the Swiss corporations, \$1,258,000 was paid to foreign associates in the construction project for services rendered by them, and approximately \$173,000 was paid in Switzerland for Swiss directors' fees, legal fees, taxes, and bank charges. \$1,350,000 was withdrawn from the accounts of the Swiss corporations in cash, transferred to the Company headquarters, and deposited in the cash fund. Approximately \$75,000 remains on interest bearing deposit in the account of one of the Swiss corporations and has been entered on the books of the Company.

In 1963, K. S. Adams was Chairman of the Board and Chief Executive Officer of the Company, and Stanley Learned was President and a Director. Mr. Learned became

Chief Executive Officer in April 1964, and continued in this position until July 1967, when he became Vice Chairman of the Board. Mr. Adams retired as an employee of the Company in September 1964, but remained Chairman of the Board until 1968 and a Director until April 1970. Mr. Learned retired as an employee of the Company in November 1967, but continued as a Director until February 1970. Mr. Keeler became President and Chief Executive Officer of the Company in July 1967, succeeding Mr. Learned. Mr. Keeler became Chairman of the Board, succeeding Mr. Adams, in September 1968, and served as Chief Executive Officer until January 1973, and as Chairman of the Board until his retirement as an employee in April 1973. He retired from the Board in April 1974. John M. Houchin was Executive Vice President in 1963 and continued in this position until 1967, when he became Chairman of the Executive Committee. In 1968 he became President and Chief Operating Officer, and in 1971 Deputy Chairman and Deputy Chief Executive Officer. He succeeded Mr. Keeler as Chairman of the Board in April 1973, serving in that capacity until April 1974, when he was succeeded by Mr. Martin. W. F. Martin became a Senior Vice President in 1965, Executive Vice President in 1968, President in 1971, and succeeded Mr. Keeler as Chief Executive Officer in 1973.

The Special Committee established by the Board on August 12, 1974, retained special counsel to review the results of the investigation by the Company and its outside counsel, make such further independent investigation as was necessary, and on the basis of the facts thus determined to advise the Committee as to the Company's legal rights against any past or present officers and directors. Following that investigation and study, and their detailed review by the Special Committee, the Special Committee reported to the Board in December 1974.

The Special Committee reported that during the period 1964 through 1973, a total of approximately \$585,000 was contributed in cash from corporate funds to or for the benefit of political candidates; that of this amount \$90,000 was contributed to political campaigns in states in which the making of such contributions was lawful; that the remaining \$495,000 was contributed in apparent violation of laws prohibiting such contributions by corporations; and, that the \$495,000 included the \$100,000 contribution to the Nixon campaign which was repaid to the Company in 1973, leaving a balance of such contributions of \$395,000.

The Committee analyzed the factual and legal bases on which the Company might assert a claim for reimbursement of this amount against former and present officers and directors of the Company, including the evidentiary, statutes of limitations and other legal difficulties of successful suit, the adverse effect which actions by the Company in this regard might have upon proceedings or potential proceedings brought against the Company, and the disruptive effect and expense of litigation.

Based on this analysis, the Committee recommended that the Company assert and attempt to reach a settlement of its potential claim in negotiations with the following

former and present officers: K. S. Adams, former Chief Executive Officer; Stanley Learned, former Chief Executive Officer; W. W. Keeler, former Chief Executive Officer; John M. Houchin, former Deputy Chief Executive Officer, former Chairman of the Board, and a present Director; and W. F. Martin, present Chief Executive Officer. It recommended that such negotiations be conducted by the Committee's special counsel in behalf of the Company. This recommendation was adopted by the Board.

As a result of these negotiations, Messrs. Adams, Learned, Keeler, Houchin, and Martin made a joint offer to pay to the Company the sum of \$150,000 in exchange for a release of all claims which the Company might have against them arising out of the use of corporate funds for political contributions and loss of interest on funds maintained for that purpose. The release did not extend to possible tax claims. At a special meeting on December 23, 1974, at which neither Mr. Martin nor Mr. Houchin was present, the Board, after thorough consideration of the matter, including special counsel's recommendation that the offer be accepted, voted to accept the offer. The Company has executed releases and payment has been received.

The investigations disclose that the only disbursements from the cash fund were for the purpose of political contributions. The investigations further disclose that the existence and use of the fund had been known only to a very few officers, none of whom, other than Mr. Martin, is presently an employee of the Company or a director nominee.

With respect to Mr. Martin, the Special Committee found that his involvement commenced several years after the fund had been created and amounted for the most part to acquiescence in a program which had been earlier instituted by his superiors. Beginning in about 1967 or 1968, Mr. Martin was given the responsibility of monitoring payments made to the Swiss corporations in connection with the transportation contract, and was involved, at the direction of his superiors, in the transfer of cash from Switzerland to the Company headquarters. Although Mr. Martin was aware of the use of the cash fund, he did not take part in the making of contributions therefrom.

The Committee reported that, in early 1973, Mr. Martin reimbursed C. M. Kittrell and H. D. Brookby in the amount of \$500 each for the cost of tickets to a political dinner which each had purchased. For such reimbursement Mr. Martin used \$1,000 from cash which Mr. Keeler had given him a few months earlier. It does not appear that either Mr. Kittrell or Mr. Brookby knew the source of the funds or that such reimbursement was unlawful. They were not aware of the cash fund and took no part in the making of political contributions therefrom. The Special Committee discussed the situation with Mr. Kittrell and Mr. Brookby, requested that each return to the Company the \$500 which he received and each has done so. The Special Committee concluded that no further action with respect to Mr. Brookby or Mr. Kittrell was warranted.

Based on its meeting with Mr. Martin, the Special Committee made the following observations and recommendation in its subsequent report to the Board:

"While they are not to be condoned, Mr. Martin's activities with respect to the fund were in keeping with a standard of conduct which unfortunately pervaded many aspects of our national life during the years in question. During those years evasions of the election laws by one device or another were quite widespread. Mr. Martin was aware of that pervasive practice. There is no doubt that he believed, albeit mistakenly, that the making of political contributions was in the best interests of the Company, and that it could turn out to be detrimental to the Company not to do what various other corporations evidently were doing.

"The Special Committee met with Mr. Martin and was impressed by the sincerity with which he expressed his intention to avoid future violations of the election laws and to implement firmly the policies which have been established to avoid such violations by the Company. The standards of business conduct represented by those past violations of law are totally unacceptable as the basis for conducting any aspect of the business of Phillips Petroleum Company, and Mr. Martin clearly recognizes this proposition and agrees with it without reservation. The Special Committee believes that Mr. Martin is a most effective chief executive officer of the Company and finds no impediment to his continued effectiveness in that office by reason of his past participation in the program of unlawful political contributions. To the contrary, the Special Committee recommends as a matter of business judgment that it would be contrary to the best interests of the Company and its stockholders to interrupt Mr. Martin's employment or to take any action with respect to it which would distract him from or handicap his continuing performance."

The Board concurred in this recommendation of its Special Committee.

The investigations further disclosed that Mr. Carstens Slack, a Vice President of the Company, distributed some funds for congressional campaign purposes but had no knowledge that the funds belonged to the Company. Accordingly, the Special Committee concluded that no action by the Company with respect to Mr. Slack was warranted.

Of the \$495,000 in apparently illegal corporate contributions made from the cash fund over the 10-year period, the Company has recovered \$251,000. In addition, as pointed out above it has been reimbursed in the amount of \$82,182.82 for its fine, related legal expenses, and interest with respect to the contribution to the Nixon campaign. Further, it has taken effective steps to ensure that such illegal contributions cannot be made from corporate funds in the future.

The investigation disclosed that in connection with the original generation of the cash fund in foreign transactions and its transfer to the U. S., events subject to U. S. taxation, as to which taxes were not paid, may have occurred at or prior to the time that the funds were brought into the U. S. The Company voluntarily disclosed these facts to the Internal Revenue Service and requested a determination and settlement of any tax liability with respect to such funds which may have been incurred by the Company.

Following this voluntary disclosure, the Intelligence Division of the IRS commenced an investigation to determine whether there may have been violations of the tax fraud and allied provisions of the Internal Revenue Code. That investigation is continuing,

and has not been limited to the circumstances surrounding the generation of the cash fund and the making of political contributions.

In October 1974 the Securities and Exchange Commission authorized, and its staff undertook, a private investigation of Company activities relating to the use of corporate funds for non-corporate purposes, including illegal political contributions; the failure to disclose such use in reports and statements filed with the SEC and furnished to stockholders; whether such reports had been false and misleading because of the failure to disclose such use; and whether violations of the federal securities laws and regulations had occurred. The Company co-operated voluntarily and fully with the investigating officers of the SEC.

At the conclusion of the SEC investigation, the Board on February 10, 1975, authorized the Company to consent to the entry of a Final Judgment and Order of Permanent Injunction in the form proposed by the SEC. On March 6, 1975, the SEC filed a civil suit in the U. S. District Court for the District of Columbia, seeking an injunction against the Company and against Messrs. Keeler, Houchin, Martin and Slack. Each defendant entered a voluntary appearance and, while neither admitting nor denying the allegations made in the SEC's complaint, consented to the entry of the injunction.

Thereupon the Court entered an order permanently enjoining the defendants from violating the federal securities laws by filing annual or other periodic reports with the SEC or by using proxy statements, which reports or proxy statements are materially false and misleading for any reason, including failure to reveal the nature and extent of expenditure of corporate funds for unlawful political contributions or other unlawful purposes or the extent to which any Director, officer, or employee caused corporate funds to be so expended. The order also enjoins the use of corporate funds for unlawful political contributions or similar unlawful purposes or the establishment or maintenance of secret cash funds or the making of false or fictitious entries in corporate records, including those which do not reveal secret funds or other assets of the Company or disbursements therefrom.

As part of the settlement, the Company entered into an undertaking, made a part of the Court's order, requiring (1) that the Board of Directors review, on a continuing basis, the permanent injunction in order to assure full compliance with its provisions, and (2) that the Company file with the SEC for the public record, and with the Court as part of the record of the proceedings, a report setting forth the information contained in this Special Report to stockholders of the Company.

On February 27, 1975, the Company was served with process in a civil proceeding filed by A. Marvin Gilbar in the U. S. District Court for the Central District of California against the Company, K. S. Adams, W. W. Keeler and all of the Company's present directors except Messrs. Clifford, Piel and Wescoe. Mr. Gilbar, an owner of 200 shares of stock, purports to bring the action on behalf of himself and similarly situated stock-

holders of the Company and derivatively on behalf of the Company. On the basis, essentially, of the facts previously disclosed by the Company in reports to the stockholders, the complaint alleges violation of the Securities Exchange Act of 1934 by reason of use of false and misleading proxy soliciting materials, violation of the Federal Election Campaign Act by reason of expenditure of corporate funds in violation of that Act; and, breach of fiduciary duty, fraud, theft and looting.

The plaintiff seeks an injunction to prevent use of corporate funds for unlawful political contributions or other similar unlawful purposes, the filing of annual and other reports and the dissemination of proxy material without approval of the Court, the making of false entries in the books and maintaining secret funds or making payments therefrom; requests the 1974 election of any director who had knowledge of the secret cash fund and illegal contributions be declared invalid and that any such director be removed; requests the appointment of a special master to conduct an investigation and to make recommendations to the Court regarding disclosures in proxy materials; requests the amendment of any misleading filings with the Securities and Exchange Commission and the Internal Revenue Service from 1965 to the present; and, monetary damages and restitution in relation to these matters. The plaintiff also requests payment of his costs and attorney's fees.



special report

to stockholders
on political
contributions by

Phillips Petroleum Company

202/296-8434

JOHN F. MILLS
Senior Vice President

THE TOBACCO INSTITUTE, INC. 1776 K STREET, NORTHWEST WASHINGTON, D.C. 20006

Daily Observer 12/8/73

DONATION ILLEGAL

Phillips Draws Fine of \$5,000

WASHINGTON (AP) — Phillips Petroleum Co. on Tuesday became the seventh corporation to plead guilty to donating its money illegally to President Nixon's 1972 campaign.

During proceedings in federal court, assistant special prosecutor Thomas McBride said Phillips also has disclosed that it made other illegal donations, totaling \$50,000 to \$60,000, to a substantial number of congressional and Senate candidates, and he said the recipients are under investigation. McBride didn't name them.

✓ '70 - '72

Phillips, which voluntarily admitted the illegal \$100,000 Nixon gift several weeks ago, was fined the maximum \$5,000.

The company's former chairman William W. Keeler also pleaded guilty to a related charge and was fined the maximum \$1,000. He could have received up to a year in jail as well, but U.S. Dist. Judge Howard F. Corcoran imposed no prison term.

A total of seven corporations have admitted making illegal gifts to Nixon. The other six, and five of their executives, pleaded guilty prior to Tuesday. All the corporations were fined \$5,000 and the executives \$1,000.

Inside Headlines

Local

- ADDITIONAL FUNDS**, essential if OU to remain full-scale university, Dr. Sharp says. —Page 24.
- GRAND JUROR'S** faulty carburetor delays investigation, visits to jails. —Page 34.
- VARIETY OF TOYS** available this Christmas makes choices virtually endless. —Page 21.

State

- ADA** district judge Lee R. West installed as —Page 34.
- wildcat





Honorable Philip W. Buchen
Counsel to the President
The White House
Washington, D. C. 20500

PERSONAL

JOHN F. MILLS
1776 K STREET, NORTHWEST
WASHINGTON, D. C. 20006

THE WHITE HOUSE
WASHINGTON

Carston Slack
V-P Phillips Petroleum

Spec. Prosecutor
SEC

Prior to nomination (primary)

2 \$1,000 cash contributions
to Congressman Ford

Nat. Rep. Congressional Campaign
Com.

"Earmarked" account



THE WHITE HOUSE
WASHINGTON

3 of Dirs.:

Ed ~~Ter~~ Terrar — Pre-'64
(Bob Wilson, M.C - A.A)

Leo Potter - '68
(Now Republican
Boosters)

Jack Galkins - '70 & '72

Jack Mills '64 & '66

Wayne Bradley, Fund
bookkeeper during '64 - '66
(now A.M.A. in Chicago)

Gulf contributions

September 26, 1975

Jensen - NY Times

Interrogation of Slack who recalled making contributions in 1970 to 29 congressional candidates (\$23,700); contributions in 1972 to 36 congressional candidates (\$27,800). List of all individuals involved among these dozens of candidates who received money was Gerald R. Ford -- \$1,000 Republican of Michigan 1970 and 1972 -- \$1,000 in each of those years.

All of the foregoing contributions were previously disclosed to staff of private investigators of special prosecution. No records available for Slack's recollection.

"No information developed during the course of the investigation would suggest that any recipient of a contribution in a Senate or a House race was told that the contribution was derived from corporate funds."

Did not request return of money.

*Return to
Buckley*



ADMINISTRATIVELY ~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

September 24, 1975

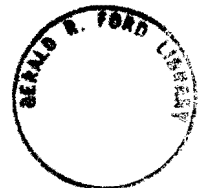
MEMORANDUM FOR: THE PRESIDENT
FROM: PHILIP BUCHEN *P.W.B.*
SUBJECT: Phillips Petroleum Contributions

Phillips Petroleum's report on illegal corporate contributions will probably be presented to the SEC either this Friday or next Monday. Included in the report will be a listing of Congressmen and Senators receiving cash contributions in 1970 and 1972. This listing has already been turned over to the Special Prosecutor and IRS, who have both apparently advised Phillips that they intend to take no further action. The report will indicate that Carstens Slack, Phillips' Washington Vice President, had no knowledge that corporate funds were used.

Therefore, the only question raised is what happened to the contributions to you in 1970 and 1972. Jack Mills advises that Slack recalls personally giving you a sealed envelope containing \$1,000 cash and his card in both of these years. Jack advises that the 1972 contribution apparently was made prior to April 7, the effective date of the Federal Election Campaign Act of 1971 (FECA), which required public disclosure of contributions in excess of \$100. We cannot identify the 1972 contribution in the 1972 FECA reports, (probably because it came before April 7, 1972) and cannot identify from your Michigan reports the contribution for either 1970 or 1972 because it did not go directly to a Michigan Committee).

After discussing this separately with Jack Mills and Benton Becker, it appears likely that you sent the money either to your D. C. Committee, the Republican Congressional Campaign Committee or the Boosters Club. A fourth possibility, but one which Benton feels

ADMINISTRATIVELY ~~CONFIDENTIAL~~



-2-

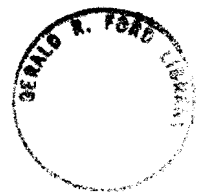
is less likely, is that you sent it directly to another candidate's campaign. Benton notes that your practice was to personally accept contributions only when your schedule permitted, and that you would then turn them over to Frank Meyer for disposition.

Reports by the Boosters Club and the Congressional Campaign Committee prior to April 7, 1972, were destroyed by the Clerk of the House after two years, and we were unable to find any copies still in existence. We could not identify this contribution in their 1972 FECA reports.

Your D. C. Committee was not required to disclose its contributors and their records have since been destroyed. The Senate Rules Committee report on your confirmation, apparently on the basis of deposit slips, states that the D. C. Committee received several cash contributions in both 1970 and 1972, in amounts equal to or greater than \$1,000. However, the Rules Committee was unable to identify the contributors. For your information, in 1970 the D. C. Committee apparently raised \$15,900, all of which was expended between August 27, 1970, and April 8, 1971. In 1972, the D. C. Committee expended \$49,855, of which \$38,216.61 was transferred on April 6, 1972 to the Ford for Congress Committee. The D. C. Committee ceased operations prior to April 7 and was therefore not subject to the FECA.

Should any inquiries be made to Ron Nessen on this matter, I recommend that he make the following comments:

1. The entire matter of your campaign financing was thoroughly explored and satisfactorily resolved in the course of the confirmation hearings.
2. He has discussed this with you and you indicated that as Minority Leader you received many contributions which, when not needed for your election efforts, were used to benefit other Congressional candidates, and were transferred to the Republican Congressional Campaign Committee, the Republican Boosters Club and the like. This has been a traditional practice of Congressional leaders in both parties. While you don't recall the specifics, this is probably what occurred here.



Friday 9/26/75

President —
Personal
Phillips
Petroleum

9:35 a.m.

Has Ron Nessen been or should he be alerted to the Phillips question?

Barry

10:00 Called Mr. Rumsfeld's office; Brenda is ill today; they will check and let us know where the memo stands.



ADMINISTRATIVELY ~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

September 24, 1975

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Therefore, the only question raised is what happened to the contributions to you in 1970 and 1972. Jack Mills advises that Slack recalls personally giving you a sealed envelope containing \$1,000 cash and his card in both of these years. Jack advises that the 1972 contribution apparently was made prior to April 7, the effective date of the Federal Election Campaign Act of 1971 (FECA), which required public disclosure of contributions in excess of \$100. We cannot identify the 1972 contribution in the 1972 FECA reports, (probably because it came before April 7, 1972) and cannot identify from your Michigan reports the contribution for either 1970 or 1972 because it did not go directly to a Michigan Committee).

After discussing this separately with Jack Mills and Benton Becker, it appears likely that you sent the money either to your D. C. Committee, the Republican Congressional Campaign Committee or the Boosters Club. A fourth possibility, but one which Benton feels

ADMINISTRATIVELY ~~CONFIDENTIAL~~



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is less likely, is that you sent it directly to another candidate's campaign. Benton notes that your practice was to personally accept contributions only when your schedule permitted, and that you would then turn them over to Frank Meyer for disposition.

Reports by the Boosters Club and the Congressional Campaign Committee prior to April 7, 1972, were destroyed by the Clerk of the House after two years, and we were unable to find any copies still in existence. We could not identify this contribution in their 1972 FECA reports.

Your D. C. Committee was not required to disclose its contributors and their records have since been destroyed. The Senate Rules Committee report on your confirmation, apparently on the basis of deposit slips, states that the D. C. Committee received several cash contributions in both 1970 and 1972, in amounts equal to or greater than \$1,000. However, the Rules Committee was unable to identify the contributors. For your information, in 1970 the D. C. Committee apparently raised \$15,900, all of which was expended between August 27, 1970, and April 8, 1971. In 1972, the D. C. Committee expended \$49,855, of which \$38,216.61 was transferred on April 6, 1972, to the Ford for Congress Committee. The D. C. Committee ceased operations prior to April 7 and was therefore not subject to the FECA.

Should any inquiries be made to Ron Nessen on this matter, I recommend that he make the following comments:

1. The entire matter of your campaign financing was thoroughly explored and satisfactorily resolved in the course of the confirmation hearings.
2. He has discussed this with you and you indicated that as Minority Leader you received many contributions which, when not needed for your election efforts, were used to benefit other Congressional candidates, and were transferred to the Republican Congressional Campaign Committee, the Republican Boosters Club and the like. This has been a traditional practice of Congressional leaders in both parties. While you don't recall the specifics, this is probably what occurred here.



Cities Service Voluntarily Admits to SEC That It Gave Improper Payments Abroad

By JERRY LANDAUER

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Cities Service Co. stepped forward as the first large corpora-

company, "the legality of such expenditures under local law isn't free from doubt."

Besides prohibiting such payments in the future and preparing a policy statement banning any unrecorded cash funds by any

Friday 9/26/75

*Phillips
Petroleum*

9:35 a.m.

Has Ron Nessen been or should he be alerted to the Phillips question?

Barry

10:00 Called Mr. Rumsfeld's office; Brenda is ill today; they will check and let us know where the memo stands.



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*Michigan
3/6/75*

THE WHITE HOUSE
WASHINGTON

September 24, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: PHILIP BUCHEN *P.W.B.*
SUBJECT: Phillips Petroleum Contributions

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company, "the legality of such expenditures under local law isn't free from doubt."

Besides prohibiting such payments in the future and preparing a policy statement banning any unrecorded cash funds by any subsidiary, the company said it had amended its tax returns to delete the \$30,000 as a business deduction. As for the \$600,000