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F-6-65-2

May 7, 1975

MEMORANDUM FOR: ROD HILLS

FROM: DUDLEY CHAPMAN

SUBJECT: Foreign Acquisition of Washington
 Gas Company Bonds and Stock

Under Executive Order 11858, signed by the President today, a Committee on Foreign Investment in the United States was established under the Chairmanship of the Secretary of the Treasury. The Under Secretary for Monetary Affairs, Jack Bennett, will be acting for the Secretary in this capacity. James Griffen, in his office, suggested that we refer the request to Bennett.

I would recommend to Buckles that the Domestic Council refer Stratton's request to Jack Bennett, Attention: James Griffen, Room 5100, at the Treasury Department.

A copy of the Executive Order is attached.



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THE WHITE HOUSE

WASHINGTON

May 6, 1975

MEMORANDUM FOR

BILL SEIDMAN
~~ROD HILLS~~
PAUL O'NEILL
NSC

FROM

ANDRE BUCKLES

SUBJECT

Foreign acquisition of Washington Gas
Company Bonds and stock

Mr. William Stratton, Commissioner of the Public Service Commission of the District of Columbia, has written to the Domestic Council (attached) asking advice as to the Administration's views on the proposed acquisition of Washington Gas Company stock by a Near Eastern country.

As Mr. Stratton advises that there is little time left to act, I am asking for your comments and recommendations by close of business Thursday, May 8.

Many thanks.



PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

1625 I Street, Northwest
WASHINGTON, D. C. 20006
(202) 727-1000

COMMISSIONERS

Ruth Hankins-Nesbitt, Chairman
H. Mason Neely, Vice Chairman
William R. Stratton

C. Francis Murphy
General Counsel



STAFF

Donald E. Crotsley
Executive Secretary
Norman B. Belt
Chief Engineer
James F. Whitescarver, Jr.
Director of Securities
Seymour Manheimer
Chief Accountant

April 29, 1975

Mr. James Cannon
Executive Director, Domestic Council
The White House
Washington, D. C.

Dear Mr. Cannon:

We have been advised by its president that the Washington Gas Company may seek private placement of contemplated issues of first mortgage bonds and preferred stock with a foreign (near-Eastern) source.

This Commission has approval authority over any long term debt and stock issues of utilities under our jurisdiction. We would appreciate learning the Administration's views of the appropriateness of such an investment in a utility serving the capital.

I will supply detailed facts and any other assistance to the person who will staff-out this matter, including arranging a meeting with Gas Company management if desired.

Very truly yours,

William R. Stratton
Commissioner

P.S. There is only about a 10-day, Two-week
Threshold Time on this.

WRS



implementation of United States policy on such investment. In fulfillment of this responsibility, the Committee shall:

- (1) arrange for the preparation of analyses of trends and significant developments in foreign investments in the United States;
- (2) provide guidance on arrangements with foreign governments for advance consultations on prospective major foreign governmental investments in the United States;
- (3) review investments in the United States which, in the judgment of the Committee, might have major implications for United States national interests; and
- (4) consider proposals for new legislation or regulations relating to foreign investment as may appear necessary.

(c) As the need arises, the Committee shall submit recommendations and analyses to the National Security Council and to the Economic Policy Board. It shall also arrange for the preparation and publication of periodic reports.

Sec. 2. The Secretary of Commerce, with respect to the collection and use of data on foreign investment in the United States, shall provide, in particular, for the performance of the following activities:

- (a) The obtainment, consolidation, and analysis of information on foreign investment in the United States;
- (b) the improvement of procedures for the collection and dissemination of information on such foreign investment;
- (c) the close observation of foreign investment in the United States;
- (d) the preparation of reports and analyses of trends and of significant developments in appropriate categories of such investment;



(e) the compilation of data and preparation of evaluations of significant investment transactions; and

(f) the submission to the Committee of appropriate reports, analyses, data and recommendations relating to foreign investment in the United States, including recommendations as to how information on foreign investment can be kept current.

Sec. 3. The Secretary of the Treasury is authorized, without further approval of the President, to make reasonable use of the resources of the Exchange Stabilization Fund, in accordance with section 10 of the Gold Reserve Act of 1934, as amended (31 U.S.C. 822a), to pay any of the expenses directly incurred by the Secretary of Commerce in the performance of the functions and activities provided by this order. This authority shall be in effect for one year, unless revoked prior thereto.

Sec. 4. All departments and agencies are directed to provide, to the extent permitted by law, such information and assistance as may be requested by the Committee or the Secretary of Commerce in carrying out their functions and activities under this order.

Sec. 5. Information which has been submitted or received in confidence shall not be publicly disclosed, except to the extent required by law; and such information shall be used by the Committee only for the purpose of carrying out the functions and activities prescribed by this order.

Sec. 6. Nothing in this order shall affect the data-gathering, regulatory, or enforcement authority of any existing department or agency over foreign investment,



and the review of individual investments provided by
this order shall not in any way supersede or prejudice
any other process provided by law.

Russ R. Ford

THE WHITE HOUSE,

MAY 7 - 1975

