

SUPPLEMENTAL MEMORANDUM

January 31, 1974

To:           The Commission

From:         The Division of Corporation Finance

Re:           Disclosure Requirements Relating to Illegal Campaign  
              Contributions and Actions Resulting Therefrom.

On January 9, 1974, the Division sent to the Commission a recommendation that the Division be heard on the subject of the application of the disclosure requirements of the Securities Act and Securities Exchange Act to illegal campaign contributions and actions resulting therefrom. In that memorandum, the Division described certain filings that had been made containing disclosure of actions brought by the Watergate Special Prosecutor's Office. The purpose of this memorandum is to update that information, as well as to briefly describe certain related matters.

Minnesota Mining filed on December 21, 1973 a Form S-14 relating to the acquisition of another company. Disclosure of the guilty plea and charges was made under Legal Proceedings. A copy is attached.

On January 14, 1974, Carnation Company filed a Form 8-K describing the information filed by the Special Prosecutor's Office against the company and H. Everett Olson, Chairman of the Board, and their guilty pleas, resulting in fines of \$5,000 and \$1,000 respectively. A copy of the Form 8-K is attached.

On January 30, 1974 the Division, by delegated authority, declared effective post-effective amendments to registration statements on Forms S-7, S-8 and S-16 by Ashland Oil. These registration statements did not contain disclosure with respect to matters relating to illegal campaign contributions. However, Ashland has previously disclosed such matters in its most recent annual report on Form 10-K and in its most recent proxy statement. A copy of a letter from counsel for Ashland relating to this matter is attached.

There appear to have been no filings from American Airlines, Goodyear Tire and Rubber, Gulf Oil Corporation or Phillips Petroleum.

In an Exchange Offer prospectus dated July 20, 1973, American Export Industries, Inc. made disclosure, in connection with disclosure of the possible misuse of the company's money by Jakob Isbrandtsen, of the possibility that illegal political campaign contributions may have been made. A copy is attached.

The Division is currently waiting for the proxy material for American Shipbuilding to be filed describing the events referred to in our earlier memorandum. The stockholders meeting has

apparently been postponed. The Division of Enforcement informs us that they expect to have a recommendation to the Commission on this matter in the near future.

The Division of Enforcement has also informed us that, with respect to a private investigation of GeoDynamics Oil and Gas, Inc., they found certain information possibly relating to illegal campaign contributions which they recommend be transmitted to the Special Prosecutor's Office. (See Division of Enforcement's memorandum to the Commission, January 23, 1974).

The Division also discussed with Gulf Resources, Inc. the question of disclosure of public allegations of illegal campaign contributions. It was determined that disclosure in a pending registration statement on Form S-14 would not be necessary after discussing the matter with the Special Prosecutor's Office.

Attachments

RHRowe 54370  
JWGleason 51386