



Priority *Staffing*

THE SECRETARY OF THE TREASURY
WASHINGTON

THE PRESIDENT HAS SEEN.
June 15, 1977

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MEMORANDUM FOR THE PRESIDENT

Subject: Reply to Senator Proxmire's letter concerning anti-bribery legislation

Senator Proxmire has written to you commending your leadership on the bribery issue at the London Summit and asking for your support of House passage of the Senate anti-bribery bill (S. 305). The House and Senate anti-bribery bills would impose criminal sanctions against bribery of foreign officials, but the Senate bill also contains specific requirements for corporate bookkeeping and special accounting controls, for which Senator Proxmire is seeking your endorsement. Mark-up of the House anti-bribery legislation begins Monday, June 20, so Senator Proxmire would like to receive a statement of your position by Friday, June 17.

Recommendation: That you reply to Senator Proxmire that you:

- (a) support the inclusion of an accounting provision in the anti-bribery legislation;
- (b) would prefer the accounting provision to give the SEC power to issue rules and regulations in this area;
- (c) would not object to a provision along the lines of the present Senate bill, provided that the views of members of the public who would be affected by it are adequately taken into account and reflected in it.

Background:

In my testimony in April before the Senate Banking Committee on S. 305, I stated that the Administration supports a requirement that companies maintain accurate books and records. However, I suggested that the Committee take into account public comments received by the Securities and Exchange Commission on proposed regulations which were virtually identical to section 102. The Banking Committee did not do this.

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By KJ NARA Date 12/15/11

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During the past few weeks, representatives of the Treasury Department have met with representatives of the SEC in an attempt to work out a mutually satisfactory way to deal with the accounting problem. Our people proposed new language for section 102 which would give the SEC general power to require, pursuant to new rules and regulations (which would be open to public comment before being issued in final form), companies to maintain records and implement adequate accounting controls. On June 2, the SEC informed Treasury that there were differences of opinion within the SEC on this approach and that it could not support it. Therefore, it does not seem worthwhile for us to try to hold out for the adoption of this approach by the Congress.

In the meantime, I understand that Senator Proxmire and Congressman Eckhardt, the sponsor of the House bill, have agreed to the inclusion of an accounting provision in the anti-bribery legislation. The American Institute of Certified Public Accountants has indicated that it would not oppose this provision if several relatively minor changes of wording are made in it, and Senator Proxmire and Congressman Eckhardt have apparently agreed to these changes.

Mike

W. Michael Blumenthal

Attachments (2)