



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 8, 1975

Robert Hickey, Esq.
Fraud Section
Criminal Division
U.S. Department of Justice
Washington, D. C. 20530

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Dear Mr. Hickey:

Enclosed please find material relevant to alleged violations of §612 of Title 18 of the United States Code by both Mobil and Texaco Oil Companies. As §612 does not lie within the jurisdiction of the Federal Election Commission, we are transmitting the matters to you for disposition by the Department of Justice.

The Commission is of the view that the two advertisements in question do not violate §612 and we have so notified the respective parties. In accordance with our conversations we will not notify the alleged violator of the Commission's view where we feel that a violation has not taken place or that compliance has been achieved, but, we will transmit the files to you with our recommendation.

If you have any further questions in this regard please contact me.

Sincerely yours,

151

Stephen Schachman
Assistant General Counsel

Enclosures



8 9 AUG 1975

Ms. Andrew Drummy
1800 16th Street, N. W.
Washington, D. C. 20036

FEDERAL ELECTION COMMISSION
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OFFICE OF GENERAL COUNSEL

Dear Ms. Drummy:

This is in regard to your letters of July 31, 1975 concerning the Small Oil and Gasoline Corporations. In accordance with §612 of Title 1 of the United States Code the aforementioned corporations have been informed that a complaint has been received by the Federal Election Commission. Additionally, the corporations were informed that inasmuch as the complaint alleged a violation of §612 of Title 1 of the United States Code it was being transmitted to the Department of Justice as the Commission does not have jurisdiction over §612. The transmittal, however, will contain the notation that the Commission is of the view that neither ad involves any apparent violation of Federal election laws.

Any further questions you may have in regard to the two advertisements should be addressed to the Fraud Section, Criminal Division, U.S. Department of Justice, Washington, D. C. 20530.

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr. S.S.
General Counsel

SSchachman:mpc:8/27/75

cc: Len Potter
Drew McKay ✓
Peter Rosen
Jack Murphy
Stephen Schachman

re: CA 018-75 and CA 019-75

77040052355

29 AUG 1975

77040012357

William P. Favulano, President
Mobil Oil Corporation
150 N 43rd Street
New York, N. Y. 10017

Dear Mr. Favulano:

The Federal Election Commission, pursuant to the requirements of §437c of Title 2 of the United States Code, hereby notifies you that the Commission has received a complaint concerning your advertisement of July 18, 1975, which appeared in the Washington Post, the Washington Star, the Wall Street Journal, and the New York Times. The complaint alleges a violation of §612 of Title 18, United States Code in that the advertisement refers to a "person who has publicly declared his intention to seek the office of President" and it fails to contain the names of the officers of the sponsoring corporation.

Please be advised that the Commission is of the opinion that the advertisement does not violate the Federal Election Campaign Act of 1971, as amended. While the specific section referred to in the complaint, 18 U.S.C. §612, is not within the jurisdiction of the Commission, the Commission will in the normal course transmit the matter to the U.S. Department of Justice. The transmittal will contain the Commission's recommendation that the matter not be prosecuted.

Sincerely yours,

Signed: John G. Murphy, Jr.
John G. Murphy, Jr. *SS*
General Counsel

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SSchachman:mpc:8/28/75

- cc: Len Potter
- Jack Murphy
- Drew McKay
- Peter Rosen
- S. Schachman

FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

August 13, 1975

Ms. Maureen Drummy
1608 20th Street, N.W.
Washington, D.C. 20009

Dear Ms. Drummy:

This will acknowledge receipt of your complaints filed under the Federal Election Campaign Act, as amended, alleging violations of Section 612 of Title 18 of the United States Code by the Mobil Oil Corporation and Texaco, Inc.

The Commission is presently reviewing this matter, and you will be advised of any further action taken. Thank you for bringing this matter to our attention.

Sincerely,



Peter Roman
Chief, Audit and
Investigation Division

PR:vlf

FEDERAL ELECTION COMMISSION
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7704103357

1608 - 20th St., N.W.
Washington, D.C. 20009

July 31, 1975

Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

75 AUG 4 PM 12:30

COMMISSION

Chairman Curtis, and Commissioners:

In accord with the Commission's interim complaint procedures, I am writing to call to your attention the enclosed advertisement. It appeared on Friday, July 18, in at least four major daily newspapers: The Washington Post, The Washington Star, The Wall Street Journal, and The New York Times.

I believe this ad (sponsored by the Mobil Oil Corporation) violates Section 612 of Title 18 of the United States Code; it is an advertisement which refers to, by name, a "person who has publicly declared his intention to seek the office of President" and it fails to contain the names of the officers of the sponsoring corporation. (A similar ad sponsored by the Texaco Corporation also appeared in the same newspapers that day.)

According to recent public documents, the chief officers of the Mobil Oil Corporation are:

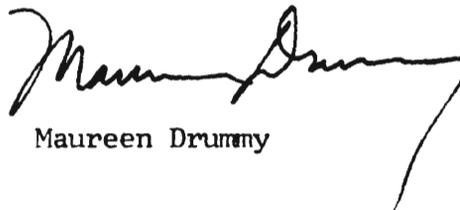
Rawleigh Warner, Jr., Chairman
and
William P. Tavoulares, President

Mobil Oil Corporation
150 E. 42nd Street
New York, N.Y. 10017

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Their telephone number is (212) 883-4242. Mine is (202) 462-4289.

Sincerely,


Maureen Drummy

Handwritten notes:
Enclosures (4)

Q: Senators Jackson and Stevens said the price of crude oil has gone down. Is that true?

A: Crude oil prices in this country are currently the highest ever, as the result of two recent events—increased oil imports and the \$1-a-barrel increase in the fee on imports.

Q: But hasn't there been some erosion in foreign crude oil prices?

A: Yes, a little, but the average net cost of foreign oil has been rising because the \$2 import fee more than offsets the slight erosion.

Q: With foreign oil so expensive, what could the U.S. do to increase its energy security and minimize its dependence on other countries?

A: The U.S. now imports nearly 40 percent of the oil it uses. To improve the situation, this country must waste less energy. And we must increase our own production of oil. The most realistic way to encourage the production of more domestic oil is to allow presently controlled crude oil prices to rise gradually to the world market prices.

Q: Wouldn't that mean overnight windfall profits for oil companies?

A: No. We agree with the Administration that decontrol should be phased in over a period of time. And procedures can ensure that the additional revenues this generates are applied to the search for additional supplies.

Q: Are you saying you oppose total immediate decontrol of crude oil prices?

A: Yes. If there had been no inflation recently and no economic recession, the quickest way to reduce our dependence on other countries would be immediate decontrol. But in light of current economic conditions, we believe gradual decontrol to be best for the nation.

Q: Won't decontrol increase the cost of oil products?

A: Yes, but the oil consumer's purchasing power could be maintained through tax rebates, particularly if decontrol is phased in.

Q: Aren't oil companies making enough money now to bankroll almost any investments?

A: No. You may be thinking of late 1973 and the first nine months of 1974. Earnings rose dramatically then, essentially for reasons of foreign-exchange and inventory revaluations. But that bubble burst late last year for most oil companies. Mobil is now making only about a penny-and-a-half a gallon profit worldwide. Our rate of return is the lowest in 15 years. According to a recent public opinion poll, the average of people surveyed thinks oil company profits run 61 cents on a dollar of sales. The fact is, Mobil is now making less than 4 cents per dollar of sales.

Q: You said Mobil is making only a cent-and-a-half a gallon worldwide. How much are you making on refining and marketing in the U.S.?

A: Due in part to FEA controls, Mobil actually lost millions of dollars in 1974 and in the first quarter of 1975 on domestic refining and marketing.

Q: What would the American public get in return for decontrol?

A: Greater long-term economic and political security through greater domestic energy security. Nobody can get insurance without paying the premiums. It won't be cheap. But in the long run it will be cheaper than becoming more dependent on other countries for oil.

Mobil

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A: No. Our customers would have been getting all the gasoline they wanted.

Q: Then why are some people saying there is?

A: Because they don't understand the supply-and-distribution system. In Mobil's case, we have ample but not excessive U.S. inventories of refined products and crude oil, ample domestic refining capacity, and ample worldwide availability of crude oil and tankers to flow it. Though gasoline inventories are lower than a year ago, we see no risk because of the ample refining capacity and abundant crude oil that is available.

Q: Senators Jackson and Stevenson said the price of crude oil has gone down. Is that true?

A: Crude oil prices in this country are currently the highest ever, as the result of two recent events—increased oil imports and the \$1-a-barrel increase in the fee on imports.

Q: But hasn't there been some erosion in foreign crude oil prices?

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Mobil

FEDERAL ELECTION COMMISSION

1. Memo to Schachman from Janey - 8/20/76
2. Memo to McKay/Schachman from Roman - 8/26/76
3. Memo to McKay from Costa - 8/8/76
4. Memo to Commissioners from Murphy

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

- | | |
|--|---|
| <input type="checkbox"/> (1) Classified Information | <input type="checkbox"/> (6) Personal privacy |
| <input type="checkbox"/> (2) Internal rules and practices | <input type="checkbox"/> (7) Investigatory files |
| <input type="checkbox"/> (3) Exempted by other statute | <input type="checkbox"/> (8) Banking Information |
| <input type="checkbox"/> (4) Trade secrets and commercial or financial information | <input type="checkbox"/> (9) Well Information (geographic or geophysical) |
| <input type="checkbox"/> (5) Internal Documents | |

Signed Kurt Buldrant
 date 9/28/77

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