FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

12 AUG 1976

Anthony F. Demarco, Esq.
724 Industrial Bank Building
Providence, Rhode Island 02903

Re: MUR 086 (76)

Dear Mr. DeMarco:

This is in response to your letter of July 14, 1976, on behalf of Ralph J. Perrotta, seeking to reopen the Commission's files in the above-captioned matter. In order to more fully explain the rationale for closing this matter, I am enclosing a copy of my report to the Commission in which I recommend that no further investigation is warranted. Your letter sets forth no new facts which, in my opinion, merit a reopening of this matter.

I do appreciate the interest of Mr. Perrotta in seeing that there is compliance with the Federal Election Campaign Laws.

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr.
General Counsel

Enclosure

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OFFICE OF GENERAL COUNSEL

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Mr. Ralph J. Perrotta
14 Pittman Street
Providence, Rhode Island

Re: MUR 086 (76)

Dear Mr. Perrotta:

Pursuant to a recent telephone conversation between you and David Spiegel of my staff, I herewith enclose a copy of the report which was mailed to your counsel. I trust this will answer your questions.

Sincerely yours,

John G. Murphy, Jr.
General Counsel

Enclosures

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OFFICE OF GENERAL COUNSEL

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Anthony F. DeMarco
Attorney at Law
724 Industrial Bank Building
Providence, Rhode Island 02903

Re: MUR 086 (76)

Dear Mr. DeMarco:

This is in response to your letter of July 14, 1976 on behalf of Ralph J. Perrota, seeking to reopen the Commission's files in the above-captioned matter. In order to more explain the rationale for closing this matter, I am enclosing a copy of my report to the Commission in which I recommend that no further investigation was warranted. Your letter sets forth no new facts which, in my opinion, merit a reopening of this matter.

I do appreciate the interest of Mr. Perrota in seeing that there is compliance with the Federal Election Campaign Laws.

Sincerely yours,

John G. Murphy, Jr.
General Counsel

Enclosure

FEDERAL ELECTION COMMISSION
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OFFICE OF GENERAL COUNSEL

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 086 (76)
Tenneco, Inc.	)	

GENERAL COUNSEL'S REPORT

I. Allegation

Ralph J. Perrotta, in a complaint dated February 25, 1976, alleges contributions by Tenneco, Inc., to Rhode Island officials in violation of Section 610.

II. Evidence

Other than a newspaper account which was based on an 8-K report filed by Tenneco with the SEC, no evidence or specifics were provided by complainant. In reviewing this matter, the Office of General Counsel obtained the 8-K Report. This indicated that a $100 contribution was made by a Tenneco subsidiary in connection with local or state elections in Rhode Island.

III. Analysis

Following an initial analysis of this matter, the Compliance Section of the Office of the General Counsel recommended that there was no reason to believe any further investigation of this matter was warranted. However, pursuant to Commission discussion on June 3, 1976, a further

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review was conducted. This included a new analysis of the SEC report, a review of campaign reports of various Rhode Island candidates, and contact with SEC attorneys. Having concluded this review, we adhere to our original recommendation.

Neither the SEC report nor the newspaper account suggest that any contributions were made by Tenneco to any candidate for Federal office from Rhode Island. The contribution alleged to be a violation in the complaint appears to have been a single contribution of $100 made "since 1970." It was reported to have been made by local sales managers of a Tenneco subsidiary to local or state officials in Rhode Island. The 8-K Report states that the contribution is permissible under State law in Rhode Island. The reports on file with the Commission of former state officeholders who are currently running for Federal office in Rhode Island do not indicate any transfers from other state political campaigns. Thus, even if the $100 represents coerced contributions, there is no evidence whatsoever suggesting that it was used to influence Federal elections.

IV. Conclusion

Close file; send attached letters.

John G. Murphy, Jr.
General Counsel

DATE: June 14, 1976

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MUR 086

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ANTHONY F. DEMARCO
ATTORNEY AT LAW
724 INDUSTRIAL BANK BUILDING
PROVIDENCE, RHODE ISLAND 02903
861-5522

July 14, 1976

CC # 314

John G. Murphy, Jr.
General Counsel
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

FEC CORRESPONDENCE
CONTROL # 76-1066

Re: MUR 086 (76)

Dear Mr. Murphy:

Please be advised that I am legal counsel for Ralph J. Perrotta. I am in receipt of your correspondence of June 29, 1976, wherein you conclude "that there is no reason to believe" there has been a violation of the Federal Election Campaign Act. After waiting five months, it appears that the only action taken by the Federal Election Commission was a review of the report filed by Tenneco, Inc., with the Securities and Exchange Commission.

I would like to point out that the Federal Election Campaign Act, as amended, reserves to the Commission the "exclusive and primary jurisdiction for the civil enforcement of the Act." The Act also expends the investigatory power of the Commission and provides "for greater public disclosure" of enforcement activities of the Commission. Commeasurate with the exclusive jurisdiction of the Commission and its expanded investigatory power is the duty to render to complainants and the public, an account of Commission activites.

In light of the impending elections, the most significant event in the democratic process, and in light of the power and trust given to the Federal Election Commission, it would seem that the people of the State of Rhode Island are entitled to a detailed explanation of the extent of your investigation and positive assurance from you that none of the candidates for Federal office in this state was involved in receiving illegal gifts from oil companies presently drilling off our coast.

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SEAL OF SECRETARY

Please advise us as to your decision in this matter.

Very truly yours,

s/Anthony F. De Marco
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ANTHONY F. DE MARCO
Attorney At Law

AFD:cam

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OFFICE OF GENERAL COUNSEL

ANTHONY F. DEMARCO
ATTORNEY AT LAW
724 INDUSTRIAL BANK BUILDING
PROVIDENCE, RHODE ISLAND 02903

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COMMISSION
76 JUL 16 A10:57

John G. Murphy, Jr.
General Counsel
Federal Elections Commission
1325 K Street N.W.
Washington, D.C. 20463

29 JUN 1976

Mr. Ralph J. Perrotta
14 Pitman Street
Providence, Rhode Island

Re: MUR 086 (76)

Dear Mr. Perrotta:

I have received your complaint of February 25, 1976, alleging violations of 18 U.S.C. Section 610 by Tenneco, Inc., with regard to Rhode Island Federal candidates. I have reviewed your allegations in conjunction with the report filed by Tenneco with the Securities and Exchange Commission pursuant to Sections 12, 13 or 15(d) of the Securities and Exchange Act of 1934 and have concluded that there is no reason to believe that a violation of Section 610 has not been established. Accordingly, upon my recommendation, the Commission intends to close its files in this matter and will proceed with no further investigation of it.

If further information comes to your attention which you believe establishes a claim on matters within the Commission's jurisdiction, please feel free to write and apprise me of them.

Sincerely yours,

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

JGMurphy:amh:6/15/76

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OFFICE OF GENERAL COUNSEL

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29 JUN 1976

Tenneco, Inc.
P. O. Box 2511
Houston, Texas 77001

Attention: Office of Counsel

Re: MUR 086 (76)

Gentlemen:

I am forwarding the enclosed complaint pursuant to Section 437g(a) (2) of the Federal Election Campaign Act of 1971, as amended, for your information. As shown by the attached copy of my letter to complainant, the Commission believes that there is no reason to believe that a violation of the statutes within its jurisdiction has been committed with respect to the specific allegations raised. Accordingly, the Commission does not intend to investigate the matter any further.

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr.
General Counsel

Enclosure

JGMurphy:amh:6/15/76

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OFFICE OF GENERAL COUNSEL

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 086 (76)
Tenneco, Inc.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on June 24, 1976, the Commission determined by a vote of 4-0 that there was no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, had been committed in the above-captioned matter. Voting that there was no reason to believe were Commissioners Aikens, Staebler, Thomson and Tiernan. Commissioner Harris abstained from voting. Commissioner Springer was absent.

Accordingly, the file in this matter has now been closed.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

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June 24, 1976

MEMORANDUM TO: The File

FROM: David R. Spiegel

RE: MUR 086 (76)

On June 24, 1976, after discussion in Executive Session, the Commission voted 4 - 0 to approve the recommendation set forth in the General Counsel's Report for this matter. Commissioner Harris abstained; Commissioner Springer was not present.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 086 (76)
Tenneco, Inc.	)	

COMMISSION ACTION

The Federal Election Commission has reviewed the allegations in the complaint in this matter and has concluded that on the basis of the information available to it there is no reason to believe that any violation of the Federal Election Campaign Act of 1971, as amended has been committed. The Federal Election Commission has accordingly voted, , to close the file in this matter.

Vernon Thomson Chairman	Thomas Harris Vice Chairman
Neil Staebler Commissioner	William L. Springer Commissioner
Joan D. Aikens Commissioner	Robert O. Tiernan Commissioner

DATE: _____

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 086 (76)
Tenneco, Inc.	)	

GENERAL COUNSEL'S REPORT

I. Allegation

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III. Analysis

Following an initial analysis of this matter, the Compliance Section of the Office of the General Counsel recommended that there was no reason to believe any further investigation of this matter was warranted. However, pursuant to Commission discussion on June 3, 1976, a further

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FEDERAL ELECTION COMMISSION
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review was conducted. This included a new analysis of the SEC report, a review of campaign reports of various Rhode Island candidates, and contact with SEC attorneys. Having concluded this review, we adhere to our original recommendation.

Neither the SEC report nor the newspaper account suggest that any contributions were made by Tenneco to any candidate for Federal office from Rhode Island. The contribution alleged to be a violation in the complaint appears to have been a single contribution of $100 made "since 1970." It was reported to have been made by local sales managers of a Tenneco subsidiary to local or state officials in Rhode Island. The 8-K Report states that the contribution is permissible under State law in Rhode Island. The reports on file with the Commission of former state officeholders who are currently running for Federal office in Rhode Island do not indicate any transfers from other state political campaigns. Thus, even if the $100 represents coerced contributions, there is no evidence whatsoever suggesting that it was used to influence Federal elections.

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IV. Conclusion

Close file; send attached letters.

John G. Murphy, Jr.
General Counsel

DATE: June 14, 1976

FEDERAL ELECTION COMMISSION
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OFFICE OF GENERAL COUNSEL

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
DIVISION OF ENFORCEMENT

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FEDERAL ELECTION
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76 MAR 19 P 3: 37

523-5508

Mr. Anthony Athy
Federal Elections Commission
1325 'K' Street, N.W.
Washington, D.C. 20463

Re: Tenneco, Inc.

Dear Mr. Athy:

Pursuant to your recent request, enclosed is a copy of the report on Form 8-K filed by Tenneco Inc. relating to improper payments.

I trust that this material will be of assistance to you.

Sincerely yours,

Robert G. Ryan
Branch Chief

Enclosure

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

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U. S. SECURITIES AND EXCHANGE COMMISSION

Mr. Anthony Athy
Federal Elections Commission
1325 'K' Street, N.W.
Washington, D.C. 20463

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OFFICE OF GENERAL COUNSEL

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 8

AMENDMENT TO APPLICATION OR REPORT

Filed pursuant to Section 12, 13 or 15(d) of the
Securities Exchange Act of 1934

For the Month of January 1976

FEDERAL ELECTION COMMISSION
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Tenneco Inc.
P. O. Box 2511
Houston, Texas 77001

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8

AMENDMENT TO APPLICATION OR REPORT

Filed pursuant to Section 12, 13 or 15(d)

of

THE SECURITIES EXCHANGE ACT OF 1934

TENNECO INC.
(Exact name of registrant as specified in charter)

AMENDMENT NO. 1

The undersigned registrant hereby amends its Current Report on Form 8-K for the month of January 1976 by providing information for the following item as set forth in the pages attached hereto:

ITEM 13

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

TENNECO INC.

By_____
Robert H. Miller,
Vice President

Date: February 13, 1976

FEDERAL ELECTION COMMISSION
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Item 13. Other Materially Important Events

In March 1975 the management and the Audit Committee (composed of four outside directors) of Tenneco Inc. reviewed certain payments to foreign business consultants during 1974 in connection with the acquisition or proposed acquisition of properties or materials from foreign governments or agencies thereof. It was concluded at such time that the payments were for valid business purposes and that there was no indication the payments were illegal or improper. Accordingly, no action was taken. Later in 1975, however, the matter was reconsidered by management because of the publicity concerning the new and emerging concept of "sensitive payments" and the concern expressed by various Securities and Exchange Commission (the "Commission") representatives with respect thereto. At a meeting in October 1975 the Audit Committee, with the concurrence of the full Board of Directors, determined that in light of the information presented at the meeting concerning such 1974 payments and the recent publicity concerning foreign and domestic bribes and political activities of an illegal or questionable nature by other corporations, management should undertake at once a full and complete review of the Company's foreign and domestic operations. Tenneco Inc. and its subsidiaries are hereinafter referred to as the "Company" unless otherwise indicated. The Audit Committee authorized Arthur Andersen & Co., the Company's independent public accountants, and Baker & Botts, the Company's outside legal counsel, to assist in such review. The Commission was promptly advised that, in compliance with the Commission's publicly enunciated and recommended voluntary disclosure program, the review was being made for the period beginning January 1, 1970 and that a report to the Audit Committee and to the Commission would be made as promptly as practicable.

The review has been conducted by representatives of Arthur Andersen & Co. and Baker & Botts, with the active assistance and cooperation of the Company's management. Interim reports by such representatives to the staff of the Commission were made on October 30, and December 18, 1975 and January 20, 1976. Reports to the Audit Committee, and to the full Board of Directors, were made on December 10, 1975 and January 7, 1976.

Information was obtained through written inquiries and personal interviews of executive personnel and other employees of the Company and of certain foreign consultants. Approximately seventy-five such persons have been contacted in one manner or the other, or both. Although no pattern of improper or questionable conduct was revealed either in foreign or domestic operations reviewed at the direction of the Audit Committee, there have been reports of apparently improper or questionable practices in certain instances.

The Company uses numerous local attorneys, advisers, consultants and agents in connection with certain of its foreign operations in approximately 24 countries. These individuals are independent businessmen, many of whom have written contracts with the Company relating to specific countries or areas or to specific projects. During the period January 1, 1970 through September 30, 1975, the Company made or accrued payments aggregating approximately $12 million to such persons (or entities designated by them). Although it is not feasible to state with substantial certainty that none of the payments during such period, other than those described in the following paragraph, were indirectly for the

FEDERAL TRADE COMMISSION
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use or benefit of employees of foreign governments or agencies thereof, the investigation did not reveal the existence of any other payments to foreign government employees or military personnel or that any such payments were being "kicked back" to the Company or its employees or used to create a "slush fund" of any kind. However, in some cases the payments are made to the consultant or his nominee outside the country of his residence and verification of the end use of the payments is not feasible. The question of whether local laws of the countries involved are being violated by making such payments to the consultant or his nominee outside the country of his residence is being reviewed and will be reported to the Audit Committee.

Of the payments reviewed for such period, (i) $10,000 is known to have been paid to a foreign government employee, (ii) $25,000 is known to have been invested in a U.S. concern in which one or more foreign government employees probably have a beneficial interest, (iii) approximately $500,000 was paid to the military and to certain military personnel in a foreign country for protection of a subsidiary's employees working in remote, dangerous locations and for rental of military aircraft and related equipment and (iv) a local sales manager of a subsidiary purchased in 1975 out of the subsidiary's petty cash fund merchandise valued at approximately $480 and gave same to three employees or officials of a foreign government purchasing office or agency to which the subsidiary was selling equipment. The two payments totaling $10,000 were improperly described on the books of the Company and may have been improperly deducted for U.S. income tax purposes. The $25,000 investment is properly described on the books of the Company. The payments totaling $500,000 for military protection and equipment were properly described on the Company's books and are considered properly deductible for U.S. income tax purposes because of the absolute necessity of military protection in that particular country. The $480 payment was not correctly described on the Company's books.

In connection with negotiations involving proposed long-term, multi-billion dollar purchases of raw materials from certain countries, consultants have contractual commitments to receive from the Company additional sums aggregating up to approximately $12.0 million (subject to adjustments, not presently subject to determination, under certain circumstances because of fluctuating currency exchange rates) plus out-of-pocket expenses upon successful conclusion of all phases of such arrangements.

Under contractual arrangements in four countries, the Company has made scholarship payments from time to time aggregating $330,000 for the five years and nine months ended September 30, 1975.

In connection with certain sales of products through independent dealers in foreign countries, the Company follows the practice, where requested by such dealers, of withholding all or a portion of the dealer's commission as an account payable to the dealer or of paying all or a portion of the dealer's commission to a bank account outside the country in which the dealer resides. Such deposits are made by check directly to the dealer's designated bank account. Commissions not paid by check are either disbursed in cash or by credit

FEDERAL ELECTION COMMISSION
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against amounts due the Company. The payments are properly described on the Company's books and the Company's tax returns. The question of whether local laws of the countries involved are being violated is being reviewed and will be reported to the Audit Committee.

The Audit Committee of the Board of Directors has directed management of the Company to formulate procedures and policies to eliminate possible irregularities in connection with foreign operations and to present such procedures and policies to the Audit Committee and the Board of Directors for review, comment and approval. Thereafter, management will be charged with the responsibility, through internal audit procedures and such other techniques as may be deemed reasonably necessary (including disciplinary action, and, where appropriate, dismissal for violations), of insuring compliance with such procedures and policies on a company-wide basis. In this connection, and in addition to broader policy statements to be enunciated with respect to U.S. and foreign business operations in general, management intends to recommend the affirmation of substantially the following policy regarding payments which may be made in any country in connection with the purchases of products or raw materials or the sale of products or services:

> "The Board of Directors and management of Tenneco Inc., having due regard for and recognition of the responsibilities arising from and attendant to international operations, hereby affirm the corporate policy of Tenneco Inc., its subsidiaries and divisions to the effect that all employees and agents are to comply with the ethical standards and legal requirements of each foreign country in which business is conducted."

Commencing in 1966 or 1967 many high-level executives of the Company made annual cash contributions of $2,000 each to a fund to be used for political contributions. It is reported that approximately twenty executives made contributions each year and that the fund did not exceed $40,000 in any one year. It is reported that this fund was discontinued after 1973. Under applicable Federal law, the legality of the fund turns primarily on "voluntariness". If there was direct or indirect coercion or inducement, whether in terms of advancement or company cars or other job perquisites, the fund would probably be deemed illegal. "Voluntariness" is a subjective determination by each individual participant, and most participants would probably state that their contributions were made voluntarily. For this reason, it is believed that the establishment of the fund did not violate Federal law.

Another employee fund was established at the Newport News Shipbuilding subsidiary before it was acquired by the Company in 1968. Cash contributions were made to the fund by high-level executives of the subsidiary. It is believed that contributions were made only once in the aggregate amount of approximately $10,000. The fund presently has a balance of $2,370 and is in the custody of the subsidiary's general counsel. Disbursements from the fund were made at the direction of the President of the subsidiary. The establishment of the fund is considered to comply with applicable Federal law on the basis that contributions were made voluntarily.

Recipients of campaign contributions from the Company's executive fund are believed to have been generally

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determined by the chief executive officer of the Company. During the fund's existence from 1966 or 1967 until 1973, campaign contributions were made in Federal elections and in state and local elections. It is believed that contributions in state and local elections were made primarily in Texas and Louisiana. Contributions from a voluntary employee fund are specifically permitted by Federal election law and the Supreme Court has held that such voluntary employee funds were permissible prior to enactment of such election law. It is believed that such contributions are also permissible under Texas and Louisiana law, although no specific statutory authority exists, because of analogous Federal judicial precedent exempting voluntary employee funds and the intent of the law to prohibit only contributions of corporate money.

Contributions were made from the Newport News Shipbuilding employee fund in one Federal election and various state and local elections in Virginia. The contribution to the Federal election is believed to comply with Federal election law on the basis that the contribution was made from a voluntary employee fund. The state and local contributions are likewise believed to be permissible. In any event, state and local corporate contributions are permitted by Virginia law.

During the period from January 1, 1970 through December 1, 1975, three subsidiaries, Tenneco West, Inc., Heggblade-Marguleas-Tenneco Inc. and Stockdale Development Corporation, made campaign contributions in California elections aggregating approximately $180,000. State and local corporate campaign contributions are permissible under California law.

It has been reported that since 1970 two corporate campaign contributions of $100 each were made by local sales managers of a subsidiary, J. I. Case, in connection with state or local elections in Rhode Island and Florida, in both of which states corporate campaign contributions in state and local elections are believed to be permissible. In one or, perhaps, both of such cases, the contribution was not correctly described on the subsidiary's books and/or was improperly deducted for tax purposes.

Beginning prior to 1970 and continuing until August 1972, it is reported that cash amounts ranging from $200 to $2,000 were given on several occasions by the President of a subsidiary, Midwestern Gas Transmission Company, to state public utility commission chairmen in Indiana, Illinois, Kentucky and Wisconsin. The subsidiary officer states that the money was understood to be given in turn by the recipients to various charitable projects of their choice. In 1972 the same subsidiary officer gave $2,000 in cash to the chairman of the Pennsylvania Public Utility Commission. The officer states that the Pennsylvania chairman requested the money for use as a contribution to a charitable dinner in Washington, D.C., honoring a U.S. Senator from Pennsylvania. The money was given to the Pennsylvania chairman several months after the dinner, and the Pennsylvania chairman states that the money was applied as a reimbursement of his contribution to the dinner. Two other employees of the Company state that they believe or had heard that the money was given to the Pennsylvania chairman to obtain his influence with the head of the General Services Administration, which was participating as an

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

intervenor in a Federal Power Commission regulatory proceeding, Rate Proceeding 71-6, to which a Company division, Tennessee Gas Pipeline, was a party. The subsidiary officer who delivered the payment and the Pennsylvania chairman deny that this payment had any connection with such proceeding. The money was given to the Pennsylvania chairman several months after the regulatory proceeding had been ultimately resolved in a manner favorable to the division. The Company's executive fund may have been the source of these payments, although this has not been clearly determined since there are no records of disbursements from the fund and the recollections of the subsidiary President and the administrator of the fund differ.

Beginning on October 27, 1970, and continuing until September 1975, a subsidiary, Tenneco Oil Company, made payments of $2,000 per month to the sheriff of a Lousisana parish who is also an attorney. There are conflicting statements regarding the reason or reasons for the payments. The payments were approved by senior management of the subsidiary, but there is no evidence that the Board of Directors or high-level management of Tenneco Inc. were aware of the arrangement. The sheriff is presently under investigation by officials of the U.S. Department of Justice, and the Company does not believe that it would be appropriate to comment further about the matter pending resolution of such Federal investigation.

In June 1970, a $2,000 cash campaign contribution was made to a State District Judge in Louisiana for use in his race for a Louisiana appellate court seat. Approximately eighteen months prior to the contribution, the Judge had granted an injunction against violence on the picket line in connection with a union strike at the plant of a Company subsidiary, Tenneco Oil Company. Approximately two months after the contribution was made, the union filed a motion to dissolve the injunction, which was denied by the Judge in late 1970. The $2,000 was given to the Judge by a local employee of the subsidiary. The payment was approved by senior management of the subsidiary, but there is no evidence that the Board of Directors or high-level management of Tenneco Inc. were aware of this payment. The money probably came from either the personal funds of an officer of the subsidiary or the Company's executive fund, and not from corporate funds. It is believed that the campaign contribution did not violate the Louisiana prohibition against corporate contributions which was then in effect because the money probably did not come from corporate funds.

In 1972 contributions of $1,000 each were made by a subsidiary, Tenneco Oil Company, to two Louisiana District Judges and a Louisiana District Attorney who were running for re-election, all in the same parish. The contributions were made in cash by an employee from the subsidiary's working fund account. The payments were incorrectly described on the subsidiary's books and improperly deducted for tax purposes. The contributions were approved by senior management of the subsidiary, but there is no evidence that the Board of Directors or high-level management of Tenneco Inc. were aware of the payments. The contributions violated the then existing Louisiana prohibition against corporate campaign contributions.

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OFFICE OF GENERAL COUNSEL

Tenneco proposes to turn over to the Internal Revenue Service the relevant information relating to the foregoing matters and to amend tax returns and make additional payments where appropriate. It is not considered at this time that material income tax deficiencies will result.

At its meeting in October 1975 the Audit Committee of the Board of Directors approved and adopted the following policy statements:

1. The use of assets of the Company or any subsidiary for any unlawful or improper purpose is strictly prohibited;

2. No undisclosed or unrecorded fund or asset of the Company or any subsidiary shall be established for any purpose;

3. No false or artificial entries shall be made in the books and records of the Company or its subsidiaries for any reason, and no employee shall engage in any arrangement that results in such prohibited act;

4. No payment on behalf of the Company or any of its subsidiaries shall be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment;

5. Any employee having information or knowledge of any unrecorded fund or asset or any prohibited act shall promptly report such matter to the chief executive officer or general counsel of Tenneco Inc.;

6. All executive officers of the Company shall be responsible for the enforcement of and compliance with this policy including necessary distribution to ensure employee knowledge and compliance;

7. Appropriate officers and employees will periodically be required to certify compliance with this policy; and

8. This policy is applicable to Tenneco Inc. and all its domestic and foreign subsidiaries.

The Audit Committee has also directed management to implement procedures for insuring compliance with such policies and to report to the Audit Committee and to the Board of Directors with respect thereto. Following such report and review thereof by the Board of Directors of the Company, a definitive statement of such policies and procedures will be distributed on a company-wide basis.

The matters described herein have been voluntarily disclosed by the Company, and the Company has advised the staff of the Commission that its documents, books and records relating to the investigation ordered by the Audit Committee will be made available at the Company's offices for examination by the staff of the Commission upon request.

In keeping with the practice of other companies reporting matters of the type described herein, the Company

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is reporting same on a Current Report on Form 8-K under the caption "Other Materially Important Events". The Company does not deem such matters material and the disclosure thereof shall not be deemed an admission of materiality.

FEDERAL ELECTION COMMISSION
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14 Pitman Street
Providence, Rhode Island
February 25, 1976

Thomas Curtis, Chairman
Federal Elections Commission
Washington, D. C.

Dear Mr. Curtis:

I am writing to request that you investigate, pursuant to 18 USC 610, whether or not illegal corporate contributions were made by Tenneco to any Rhode Island officials or political candidates during the past several years.

As I am sure you are aware, a report of illegal contributions by Tenneco to officials and candidates in various states, including Rhode Island, appeared in various newspapers last week. (A copy of an article appearing in the Providence Sunday Journal of February 15, 1976, is enclosed).

Tenneco is currently involved, together with a number of other companies, in exploratory drilling for oil and gas in the Georges Bank area off the coast. There have been serious questions raised about the advisability of private exploratory drilling, as well as about the whole issue of offshore energy development, and I am sure you appreciate the importance of assuring that these questions are resolved by the open democratic process, and not through illegal influence peddling. Consequently, it is important that Rhode Islanders be informed of the identity of any recipients of illegal gifts and the amount of such gifts. Moreover, we must be assured that such contributions are not made in the future.

Sincerely,

Ralph J. Perrotta

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State of R.I.
County of Providence
Signed and sworn to on this 25th day of February, 1976
in my presence
Richard R. Zeller
Notary Public

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Ralph J. Perrotta
14 Pitman Street
Providence, Rhode Island

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Mr. Thomas Curtis, Chairman
Federal Elections Commission
Washington, D. C.

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INTERNAL REFERRAL

FROM AUDIT AND INVESTIGATION DIVISION

TO: David Speigel, Office of General Counsel

FROM: Thomas Haselhorst, AID, Disclosure & Compliance Staff (Ext. 3484)

DATE OF REFERRAL: February 24, 1976

PURPOSE: Request that legal determine if the attached is true and if the Commission has the jurisdiction to investigate.

PLEASE RESPOND BY: March 5, 1976

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 24, 1976

MEMORANDUM

TO: DAVID SPEIGEL
OFFICE OF GENERAL COUNSEL

FROM: THOMAS HASELHORST
AID
DISCLOSURE AND COMPLIANCE STAFF

It has come to the attention of the AID staff that TENNECO, Inc. has possibly made certian admissions to the Security and Exchange Commission which could be violations of the FECA and come under our jurisdiction. I have checked with our press relations people and they have no information on this matter.

It is suggested that the legal staff contact the SEC to determine if these admissions have been made and determine if the Commission has jurisdiction.

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

UNITED STATES
GENERAL ACCOUNTING OFFICE
Form 211 (Rev. 12-66)

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The Washington Post
Sunday Feb. 15, 1976

Tenneco Admits Payouts

By William H. Jones
Washington Post Staff Writer

Tenneco, Inc., a diversified natural gas, chemical and shipbuilding company, admitted yesterday that it distributed more than $600 in U.S. political contributions and about $12 million to overseas consultants or agents since 1970.

In documents submitted voluntarily to the Securities and Exchange Commission, the Houston-based firm said it could not determine to what extent the domestic and overseas payments would be considered illegal.

At the same time, Tenneco told the SEC that an internal company investigation did uncover some instances of clearly questionable payments — donations to judges, monthly payments to a Louisiana sheriff and contributions to chairmen of state regulatory commissions.

Overseas, $500,000 was paid to the military in one country for the "absolute necessity of military protection" for Tenneco employees "working in remote, dangerous locations," and for rental of military aircraft, Tenneco said. Small amounts of money also were identified as payments to a foreign government official and as investments in a firm owned by foreign government employees.

Tenneco told the SEC, however, that its internal investigators have yet to determine whether a significant portion of its $12 million in overseas payments was meant indirectly for the use of foreign government employees. Tenneco does business in 24 countries.

At the same time, Tenneco said it often made payments to consultants or representatives outside the country they represented and that it does not know how the money was used.

See TENNECO, A12, Col. 1

Tenneco Admits Payouts

TENNECO, from A1

Tenneco is the nation's 24th largest industrial corporation, with total 1974 sales of $5 billion. On Feb. 2, Tenneco announced plans to acquire Kaiser Co., one of the world's largest aluminum and lumber producers. The merger — which would be one of the largest on record — is being reviewed by the Justice Department for possible antitrust implications.

No foreign countries or individual recipients of Tenneco funds were identified by name in the company's report. It is among about 50 U.S. corporations that have been forced by the government to disclose payments or have disclosed information voluntarily.

The SEC has encouraged voluntary reports and has shown a degree of leniency in return if the agency is satisfied with the internal investigation and company reforms to prevent questionable payments in the future.

Tenneco told the SEC that relevant financial information would be turned over to the Internal Revenue Service in connection with amended tax returns for some of the payments. The firm said its board of directors also has established new guidelines prohibiting the use of company money for illegal payments or slush funds.

Including U.S. contributions, Tenneco said that starting in 1966 or 1967, and continuing through 1973, top executives made annual cash contributions of $2,000 each to a fund for political contributions. About 20 executives made payments each year and the fund's total did not exceed $40,000 in any one year, the company said.

Whether this fund was legal, Tenneco said, depends upon interpretation of the word "voluntariness." This word, Tenneco said, is subjective, and most participants in the Tenneco fund "would probably state that their contributions were made voluntarily," the firm said.

Newport News Shipbuilding Co., acquired by Tenneco in 1968, also maintained an executive political fund, the report said, adding that recipients of the Newport News contributions were primarily in Texas and Louisiana.

Before 1970 and continuing until August, 1972, a Tenneco subsidiary, Midwestern Gas Transmission Co., gave cash ranging from $200 to $2,000 to state public utility commission chairmen in Indiana, Illinois, Kentucky and Wisconsin. Tenneco said this money was supposed to be given in turn by the recipients to charitable projects of their choice.

In 1972 the same subsidiary gave $2,000 to the chairman of Pennsylvania's Public Utility Commission. The report said the president of the Tenneco subsidiary said the regulator asked for the money to use as a contribution at a charitable dinner in Washington in honor of a U.S. senator from Pennsylvania.

But Tenneco noted that other employees of the company said they believed the money was given to the Pennsylvania chairman to obtain his influence with the head of the General Services Administration, which was participating in a Federal Power Commission proceeding to which a Tenneco division was a party.

Beginning in late 1970 and continuing through last September, another subsidiary, Tenneco Oil Co., made payments of $2,000 a month to a Louisiana county sheriff who is also an attorney. Tenneco said the unidentified sheriff is being investigated by the Justice Department.

Among other payments revealed by Tenneco was a $2,000 contribution to a Louisiana state judge — who had granted an injunction against violence on a picket line at a Tenneco subsidiary — and contributions of $1,000 each to Louisiana district judges and a district attorney who were running for reelection.

Overseas, Tenneco said it uses numerous local attorneys, advisers, consultants and agents in connection with its sales. In addition to the $12 million paid out in the last five years, a similar amount has been promised in future payments in connection with proposed multi-billion-dollar purchases of raw materials from certain countries.

Tenneco said that under contracts it has in four countries, it has been required to make scholarship donations totaling $330,000 in the nearly

Expired ending last Sept 30

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☆U.S.Government Printing Office: 1974 — 553-628

1 N.Y Times
Sunday Feb. 15, 1976

TENNECO REPORTS 'SENSITIVE' GIFTS IN U.S. AND ABROAD

Conglomerate Lists Funds Given American Officials and Foreign Military

By ROBERT M. SMITH
Special to The New York Times

WASHINGTON, Feb. 14—In a report on what it called "apparently improper practices," Tenneco Inc., a Houston-based conglomerate, has admitted paying $500,000 to the military in a foreign country for protection of employees "working in remote, dangerous locations" and for rental of aircraft and equipment. It did not name the country.

The company, in a report to the Securities and Exchange Commission, also acknowledged having made several other foreign payments, as well as maintaining a fund for domestic political contributions. It said it had also made cash payments to state public utility regulators and to a Louisiana judge who decided a labor case involving the company.

Tenneco's admissions, given to the S.E.C. yesterday, came in the midst of similar acknowledgements by a number of other American companies, and while the political repercussions of bribes paid overseas by the American company, the Lockheed Aircraft Corporation, continue in a half-dozen countries.

The company made its statements in the form of an amendment to earlier information it had furnished the S.E.C. It pointed out that it was doing so voluntarily.

The S.E.C. has indicated that it might not require as full disclosure — for example, the names of recipients of foreign bribes—if companies come in and "voluntarily" tell of improper payments. Tenneco's report, prepared by the Houston law firm of Baker & Botts, gave the names of no recipients.

The S.E.C.'s new chairman, Roderick M. Hills, has promised that the agency will soon issue guidelines telling business what they must disclose to satisfy the securities laws.

Tenneco is a company

Continued on Page 39, Col. 1

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Tenneco Tells About Payments In U.S. and 24 Other Countries

Continued From Page 1, Col. 6

volved in natural gas pipelines, oil, chemicals, paperboard products, land development, auto parts and shipbuilding.

Its board chairman and president is N. W. Freeman.

The company told the S.E.C. that it had first reviewed its foreign payments in March last year and concluded they were proper. Later in the year, it said, it re-assessed the payments, "because of the publicity concerning the new and emerging concept of 'sensitive payments' and the concern expressed by various Securities and Exchange Commission representatives."

The company had Arthur Andersen & Company, its independent accountants, and Baker & Botts help in the review of its foreign and domestic operations. They wrote or spoke with 75 company executives and foreign consultants.

"Although no pattern of improper conduct was revealed," the report said, "there have been reports of apparently improper or questionable practices in certain instances."

Tenneco disclosed that it used "local attorneys, advisers, consultants and agents in approximately 24 foreign countries."

From 1970 through 1975, the company said, it paid $12 million to those foreign agents—in some cases to a bank account outside the country where the agent lived. In previously disclosed cases of corporate wrongdoing, those bank accounts have often been in Switzerland or Lichtenstein.

Tenneco said it was also obligated to pay $12 million more to its foreign agents.

The report did not name the 24 countries. The countries that Tenneco has operations or interests in include Belgium, Canada, Indonesia, Italy, Liberia, Mexico, Nigeria, Saudi Arabia, Spain, Thailand, Trinidad, the United Kingdom, Venezuela and West Germany.

The company acknowledged paying $10,000 to a foreign government employe and $25,000 to an American company in which foreign government employees probably have an interest. In general, the report did not give reasons for the payments made to individuals.

As for the $500,000, Tenneco sad it had been paid "to the military and to certain military personnel in a foreign country for protection of a subsidiary's employees working in remote, dangerous locations and for rental of military aircraft and related equipment."

The report said management intended to recommend that the company adopt a policy to the effect that "all employees and agents are to comply with the ethical standards and legal requirements of each foreign country in which business is conducted."

A major question regarding controversial corporate practices has been whether American companies should follow American ethical standards or those of the countries in which they do business. Tenneco appears to have chosen the second course.

At home, the company disclosed, from 1966 or 1967 through 1973 some 20 high-level executives made annual contributions of $2,000 each to a fund used for political contributions. The report [illegible] that the [illegible] were made [illegible] and therefore the fund did not violate Federal law.

Allotment of Payments

The chief executive officer of Tenneco generally decided who got the money, according to the report. The contributions went to candidates for state and local office—primarily in Texas and Louisiana, as well as to candidates for Federal office.

Contributions were also made in state and local elections in Virginia, Rhode Island and Florida, the report said. Contributions in California totaled $180,000 from 1970 through 1975.

The president of a Tenneco subsidiary, the Midwestern Gas Transmission Company, gave cash amounts ranging from $200 to $2,000 on several occasions to the state public utility chairmen in Indiana, Illinois, Kentucky and Wisconsin, the report said.

"The payments began before 1970," the report said, "and continued until August 1972."

According to the report, "the subsidiary officer states that the money was understood to be given in turn by the recipients to various charitable projects of their choice."

In 1972, the report said, the Midwestern Gas president gave $2,000 in cash to the chairman of the Pennsylvania Public Utility Commission. The subsidiary president is reported to have said the commission chairman wanted the money to contribute to a dinner in Washington "honoring a United States senator from Pennsylvania."

The report goes on to say, however, that "other employees of the company state that they believe or had heard that the money was given to the Pennsylvania chairman to obtain his influence with the head of the General Services Administration." G.S.A. was then involved in a Federal Power Commission proceeding to which a division of Tenneco, Tennessee Gas Pipeline, was a party.

According to the report, "the money was given to the Pennsylvania chairman several months after the regulatory proceeding had been ultimately resolved in a manner favorable to the division."

For about five years, Tenneco Oil Company, another subsidiary, paid $2,000 a month to the sheriff of a Louisiana parish (county), the report said.

In addition, the company made a $2,000 cash contribution to a state district judge in Louisiana for use in his race for an appellate court seat, according to the report. The judge twice rendered decisions—once before the payment, and once after it—about an injunction in a labor dispute concerning the company. In both instances, the judge's rulings were favorable to Tenneco, the report said.

Banks in Saigon Revive Account-Transfer Checks

SOUTH VIETNAM, Saigon, Feb. 14 (Reuters)—People with bank accounts in Saigon can start writing checks again, the official Giai Phong daily has reported.

The newspaper said the Saigon City Bank had drafted check-payment regulations and provided clients with checkbooks for the first time since the Communist takeover last April.

Checks are valid for 15 days and it is an offense to overdraw. The checks are only valid [illegible]

553-628

FEDERAL ELECTION COMMISSION

Memo to Commission re dates

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):

____	(1) Classified Information	____	(6) Personal privacy
____	(2) Internal rules and practices	____	(7) Investigatory files
____	(3) Exempted by other statute	____	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed _____

date _____

FEC 9-21-77

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