

Message Text

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C O N F I D E N T I A L STATE 109057

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EXDIS

E.O. 11652: GDS

TAGS: EGEN, KS

SUBJECT: GULF OIL POLITICAL CONTRIBUTIONS IN KOREA

1. ON APRIL 9 GULF OIL CHAIRMAN BOB DORSEY CALLED ON DEPUTY SECRETARY AND EA DEPUTY ASSISTANT SECRETARY EDMOND TO OUTLINE GULF OIL CONTRIBUTIONS TO ASSIST PRESIDENT PARK IN KOREAN ELECTIONS OF 1967 AND 1971. DORSEY SAID THAT AS A RESULT OF A US SECURITIES AND EXCHANGE COMMISSION (SEC) INVESTIGATION INTO IMPLICATIONS OF FUNDS TRANS-
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FERRED OVERSEAS BY AMERICAN COMPANIES AND THEN RETRANS-
FERRED BACK INTO THE US, SEC HAD BECOME AWARE OF GULF
POLITICAL CONTRIBUTIONS ABROAD. SFRC SUBCOMMITTEE ON
MULTI-NATIONAL CORPORATIONS HAS ALSO BEEN INVESTIGATING
CONTRIBUTIONS AS PART OF A CONCURRENT STUDY OF POSSIBLE
LEGISLATION TO BAR CONTRIBUTIONS TO FOREIGN POLITICAL
ORGANIZATIONS BY US COMPANIES. DORSEY FORESAW EVENTUALLY
HAVING TO REVEAL DESTINATION OF FUNDS UNDER PRESSURE
FROM THE SUBCOMMITTEE.

2. DORSEY SAID THAT IN 1966-67 KOREANS (WHOM HE DID NOT

NAME) HAD PUT GREAT PRESSURE ON GULF FOR CONTRIBUTIONS TO PRESIDENT PARK'S REELECTION CAMPAIGN. GULF WAS ASKED FOR, AND GAVE, \$1 MILLION AS "BUSINESS EXPENSE" THROUGH BAHAMAS

EXPLORATION COMPANY. DORSEY SAID PRESIDENT PARK LATER "OBLIQUELY" TOLD HIM THAT HE APPRECIATED GULF'S HELP.

3. IN 1971 ELECTION, DORSEY CONTINUED, PRESIDENT PARK'S POLITICAL OPPOSITION WAS STRONGER AND GULF BY THEN HAD QUOTE SEVERAL HUNDRED MILLION DOLLARS UNQUOTE INVESTED IN KOREA. GULF ALSO HAD BUSINESS REQUESTS, SUCH AS PERMIT FOR REFINERY OPERATION, PENDING WITH ROKG. GULF AGAIN CAME UNDER QUOTE SUBSTANTIAL PRESSURE, UNQUOTE THIS TIME TO CONTRIBUTE \$10 MILLION TO PRESIDENT PARK'S CAMPAIGN. THIS REQUEST WAS NEGOTIATED DOWN TO \$3 MILLION WHICH WAS PAID. (DORSEY DID NOT SPECIFY DETAILS OF "NEGOTIATION" OR PAYMENT.) DORSEY SAID HE WAS "THANKED IN A WAY I UNDERSTOOD" FOR CONTRIBUTION.

4. ON MAY 8 DORSEY TELEPHONED DEPUTY SECRETARY TO SAY THAT AS A RESULT OF RECENT PUBLIC DISCLOSURE OF FACT OF GULF CONTRIBUTIONS, COMPANY WAS UNDER HEAVY PRESSURE FROM SEVERAL LATIN AMERICAN COUNTRIES IN WHICH IT OPERATES TO CLARIFY WHETHER SUCH PAYMENTS HAD BEEN MADE TO THEIR NATIONALS. (FYI: ON SAME DAY GULF INFORMED VENEZUELA AND EQUADOR THAT FUNDS HAD NOT GONE TO ANYONE IN THEIR COUNTRIES). MOREOVER, SFRC SUBCOMMITTEE HAD ASKED DORSEY TO TESTIFY MAY 16 ON GULF CONTRIBUTIONS ABROAD. DORSEY TOLD DEPUTY SECRETARY THAT HE FELT PRESSURES WERE SUCH THAT HE MUST SUPPLY SUBCOMMITTEE WITH DETAILS OF CONFIDENTIAL

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CONTRIBUTIONS. DORSEY SAID THAT HE HAD SO INFORMED KOREAN AMBASSADOR HAHM, WHO UNDERTOOK TO REPORT FACT TO ROKG. DORSEY ADDED THAT HE HAD INSTRUCTED GULF MANAGER (AND HIS WIFE) TO DEPART KOREA, ALTHOUGH MANAGER HAD NOT BEEN INVOLVED IN CONTRIBUTION TRANSACTIONS. DORSEY OBSERVED THAT DETAILS OF CONTRIBUTION WOULD "UNDOUBTEDLY" LEAK TO PRESS SOMETIME BEFORE SCHEDULED MAY 16 SFRC SUBCOMMITTEE HEARING.

6. DEPARTMENT HAS HAD NO COMMUNICATION FROM ROKG EMBASSY ON THIS SUBJECT.

7. OUR GENERAL POSITION ON ILLEGAL PAYMENTS BY US FIRMS ABROAD IS AS FOLLOWS: DEPARTMENT HAS MADE CLEAR THAT THE U.S. CANNOT AND DOES NOT COUNTENANCE ILLEGAL ACTIVITIES BY US ENTERPRISES ABROAD. THEY COMPLICATE OUR RELATIONS WITH FRIENDLY FOREIGN GOVERNMENTS AND MAKE IT MORE DIFFICULT FOR THE USG TO ASSIST U.S. FIRMS IN THE LAWFUL PURSUIT OF THEIR BUSINESS INTERESTS ABROAD. APPLICATION OF THIS POSITION TO KOREAN CASE WILL DEPEND ON WHETHER

CONTRIBUTIONS ARE PERCEIVED AS ILLEGAL UNDER KOREAN LAW.

8. IN THAT REGARD WE MUST HAVE IMMEDIATE READING FROM
EMBASSY ON WHAT KOREAN LAWS MAY HAVE BEEN VIOLATED.

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SECRET OF KOREA
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