

LLOYD N. CUTLER
1666 K STREET, N.W.
WASHINGTON, D.C. 20006

March 21, 1977

Dear Mr. Altman:

As you know, Secretary Blumenthal's statement before the Senate Committee on Banking, Housing and Urban Affairs on March 16, 1977 concerning S. 305 set forth the Administration's position that, in addition to criminal penalties, "prompt disclosure of corrupt foreign payments may also provide a highly effective deterrent." He further indicated that appropriate disclosure provisions might be included in the Administration's suggestions for amending the bill.

I am enclosing a draft amendment designed to meet this objective, while at the same time deferring difficult issues as to the threshold level of payments to be reported, the selection of the agency to receive the reports, etc., for decision by the President pursuant to regulations that would be issued only after negotiations with other governments to develop common standards of reporting, and after a finding by the President that comparable reporting requirements are being adopted in a significant number of other nations, and that the regulations will not materially and adversely affect the foreign competitive opportunities of domestic concerns.

The reasons for this proposal are set forth in the attached article in Foreign Policy, published last fall.

I would appreciate an opportunity to discuss this with you at your convenience.

Sincerely,

Lloyd N. Cutler

Roger Altman, Esq.
Assistant Secretary for Capital
Markets and Debt Management
Room 3321
Department of the Treasury
Washington, D.C.

Enclosures

March 19, 1977

Amendment to S. 305
P. 8 line 12
Insert new section:

DISCLOSURE OF PAYMENTS TO
OFFICIALS AND AGENTS

Section 105(a). The President may, by such regulations as he may prescribe, require adequate and timely reporting by domestic concerns (as defined in Section 104 hereof) of political contributions, gifts and fees paid, or offered or agreed to be paid, by or on behalf of such concerns to (1) any individual who is an official of a foreign government or instrumentality thereof or (2) any other agent or intermediary, to assist such concern in obtaining or retaining business with such foreign government or instrumentality or influencing its laws or regulations for the benefit of such concern. Such regulations shall specify the amounts and kinds of payments, offers, and agreements to be reported, and the form and timing of reports and the agency to which such reports shall be made, and may require reports on the names of sales agents and other persons receiving such amounts and kinds of payments. [Sources: Public Law 94-329 (June 30, 1976) Section 604(b), adding Section 39 to the Foreign Military Sales Act; Sec. 104 of S. 305]

(b) Before prescribing such regulations, the President shall conduct negotiations with other governments whose business concerns compete with domestic

concerns in doing business abroad, for the purpose of establishing common standards of reporting to such governments of similar political contributions, gifts, commissions and fees by its business concerns, and arranging for the cooperative exchange of such information among such governments.

(c) The President shall not issue any regulations under this Section unless he determines that substantially comparable reporting requirements are being or have been adopted in a significant number of other nations whose business concerns compete with domestic concerns, and that such regulations will not materially and adversely affect the foreign competitive opportunities of domestic concerns.

(d) The Attorney General is authorized to bring suit in any United States district court where the defendant may be found to enforce compliance with the provisions of this Section.