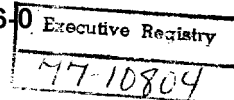


The Director
Central Intelligence Agency

Approved For Release 2004/03/11 : CIA-RDP80M00165A002100060006-0



Washington, D.C. 20505



13 December 1977

Mr. James M. Frey
Assistant Director for Legislative
Reference
Office of Management and Budget
Washington, D.C. 20503

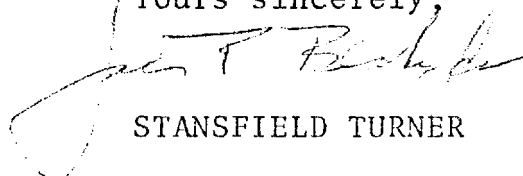
Dear Mr. Frey:

This is in response to your request of 8 December 1977 for the views and recommendations of the Central Intelligence Agency on enrolled bill S. 305, the "Foreign Corrupt Practices Act of 1977."

This Agency takes no position on those provisions of Title I of S. 305 that place duties and liabilities on issuers of securities for accounting and auditing purposes, or on those sections of the title that address issues relating to "corrupt" payments by "issuers" or "domestic concerns;" nor does this Agency take a position on Title II of the legislation. However, I strongly support paragraph (3) of section 102 of Title I. This paragraph protects from public disclosure national security information by exempting from any duty or liability under paragraph (2) "any person acting in cooperation with the head of any Federal department or Agency responsible for" national security matters. This provision and the additional implementing terms in paragraphs (3)(A) and (B) must be included in the legislation if necessary and lawful endeavors between this Agency and U.S. corporations are to be protected from public disclosure by the provisions of paragraph (2) of section 102.

Therefore, with these provisions in enrolled bill S. 305, this Agency does not object to approval by the President.

Yours sincerely,


STANSFIELD TURNER



Washington, D.C.

12/8/77

OLC #77-5447

ENROLLED BILL REQUEST

In accordance with OMB Circular A-19, your views and recommendations are requested on the following enrolled bills (facsimiles attached):

S. 305

Within TWO WORKING DAYS after receipt of this request, your reply (original and one) should be delivered VIA SPECIAL MESSENGER to Ms. Ramsey, Room 7201 New Executive Office Building.

Your cooperation will be appreciated.

James M. Frey
Assistant Director
for Legislative Reference

ATTENTION:
George L. Cary
CIA

CONFIDENTIAL

S. 305

Ninety-fifth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourth day of January,
one thousand nine hundred and seventy-seven*

An Act

To amend the Securities Exchange Act of 1934 to make it unlawful for an issuer of securities registered pursuant to section 12 of such Act or an issuer required to file reports pursuant to section 15(d) of such Act to make certain payments to foreign officials and other foreign persons, to require such issuers to maintain accurate records, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

TITLE I—FOREIGN CORRUPT PRACTICES

SHORT TITLE

SEC. 101. This title may be cited as the "Foreign Corrupt Practices Act of 1977".

ACCOUNTING STANDARDS

SEC. 102. Section 13(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78q(b)) is amended by inserting "(1)" after "(b)" and by adding at the end thereof the following:

"(2) Every issuer which has a class of securities registered pursuant to section 12 of this title and every issuer which is required to file reports pursuant to section 15(d) of this title shall—

"(A) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer; and

"(B) devise and maintain a system of internal accounting

STAT

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