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PRESIDENTIAL CAMPAIGN ACTIVITIES OF 1972

SENATE RESOLUTION 60

EXECUTIVE SESSION HEARINGS

BEFORE THE

SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

OF THE

UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

WATERGATE AND RELATED ACTIVITIES

Milk Fund Investigation

WASHINGTON, D.C., NOVEMBER 13, 14, 15, 16, DECEMBER 4, AND 11, 1973

Book 14

Printed for the use of the
Select Committee on Presidential Campaign Activities

AUTHENTICATED
U.S. GOVERNMENT
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(Established by S. Res. 60, 93d Congress, 1st Session)

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[Executive session hearings released to the public after the filing of the final report of the Senate Select Committee.]

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PRESIDENTIAL CAMPAIGN ACTIVITIES OF 1972

MILK FUND INVESTIGATION

TUESDAY, NOVEMBER 13, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to notice, at 1:40 p.m., in room G-334, Dirksen Senate Office Building.

Present: Senators Montoya and Weicker.

Also present: Alan Weitz, assistant majority counsel; and James Leo Elder, minority staff investigator.

Senator WEICKER. Would you stand and raise your right hand, please. Do you swear the evidence you are about to give the committee is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HANMAN. I do.

Mr. WEITZ. Mr. Hanman, for the record would you state your full name and address?

TESTIMONY OF GARY EDWIN HANMAN, ACCOMPANIED BY JOHN C. GAGE, COUNSEL

Mr. HANMAN. Yes. My name is Gary Edwin—E-d-w-i-n—Hanman. My address is R.F.D. No. 2, Niangua—N-i-a-n-g-u-a—Mo.

Mr. WEITZ. And I see you are accompanied by counsel, and would he identify himself?

Mr. GAGE. John C. Gage, G-a-g-e, 1000 Bryant Building, Kansas City, Mo. 64106. And I am counsel for Mr. Hanman individually and for ADEPT, which are the initials for Agricultural and Dairy Educational Political Trust, and for Mid-America Dairymen, Inc.

Senator WEICKER. Counsel for the committee, let me ask this question.

Mr. Weitz, would you at this time just for the mechanics, care to have any exhibits entered and marked, identified as such, just so you can use them as you proceed without having to go through this?

Mr. WEITZ. Yes, let us do that.

If in response to the subpena, if you have documents to produce——

Mr. GAGE. Here are the documents.

Now, before we proceed, there have been two subpenas served. One was on Mr. Hanman, and had reference to ADEPT. Another was on Mr. Hanman as senior vice president of Mid-America Dairymen, Inc.

The latter subpena by agreement was mailed to me, and I have it here. And I am going to initial it and hand it back to the committee to acknowledge service.

This is the group of documents we brought with us. We have not quite had time to organize our bookkeeping system as well as we like, and we may need a little time digging out copies when Mr. Hanman is asked about some of them. But we have got copies here.

Mr. WEITZ. Mr. Hanman, could you identify in at least a general way what these documents or files represent?

Mr. HANMAN. It's my understanding that the documents presented here are the documents requested in the two subpenas.

Mr. GAGE. With certain modifications, which Mr. Weitz and I worked out.

Mr. WEITZ. Or limitations, actually.

Mr. GAGE. Limitations or, you might say, exceptions. The subpena, at least the second subpena was so broad it might have taken a truck to bring all of the documents back relating to all contacts with the U.S. Government and all of the milk marketing matters that Mid-America Dairymen is engaged in, so that by discussion with Mr. Weitz those documents were narrowed to documents relating to the 1971 milk price support increase.

Mr. HANMAN. And the 1972 Presidential campaign.

Mr. GAGE. Well, the 1972 Presidential campaign was covered, right.

Mr. WEITZ. Could you identify by file, or are they marked?

Perhaps we should enter on the record at least identification of what each file contains without going through each individual document.

Mr. GAGE. Let me read the categories here. There are documents relating to correspondence with or representation by Mr. Jake Jacobsen and Mr. Marion Harrison, and their firms, Jacobsen and Long, and Reeves and Harrison.

There are documents relating to ADEPT, which further relate to the 1972 Presidential campaign. There are documents with respect to Mid-America Dairymen financial data.

Mr. WEITZ. For what periods?

Mr. GAGE. For period 1968 through 1972. And here again, there was some discussion between Mr. Weitz and myself to zero in on just what was required. We have a list of legal fees and expenses paid. We have a list of salaries and expenses paid to top management personnel. We have an annual unaudited financial statement of Mid-America Dairymen for each of those years. And then we have another large group of documents relating to contacts with persons in the administration, as opposed to contacts only with persons in Congress, that had some reference to the 1971 increase in price support level. This file does include copies of letters which we received which Congressmen wrote to the President and the Secretary of Agriculture, and because of our interest these letters were mailed to Mid-America Dairymen.

But other than that, it does not include contacts with Congressmen.

Mr. WEITZ. Is this the scope of your production?

Do you have any other documents that you want to produce at this time?

Mr. GAGE. I believe that covers the general category.

Senator WEICKER. Well, is there any reason why we cannot accept these documents as characterized and described by counsel, Mr. Gage? And he gave about five or six different categories there, as I understand it. Is there any reason why they cannot be marked and numbered corresponding to categories which he gave, and then received?

Mr. WEITZ. I think that is adequate in terms of identification. I was thinking more in terms of reviewing some documents. Perhaps I will just have to do this at a later time, and should we have subsequent questions, have the witness return?

Senator WEICKER. Well, I think as the witness goes ahead and gives testimony, if you want further identification when he refers to a document, do it again. I think that would be the best way. But at least this way we can receive the documents represented.

Mr. WEITZ. And have them identified, at least by catagories.

Senator WEICKER. Have them identified as characterized by Mr. Gage, and then if you want to have additional identification and numbering, that can take place as the witness testifies.

Mr. GAGE. I might also mention that these are Xeroxed copies, including Xerox copies of checks. We have, I believe, all of the originals with us. But I discussed this with Mr. Weitz. We need these originals back in the office.

If you would like to verify, you can.

Mr. WEITZ. For purposes of identification, the categories of documents produced: category No. 1 would be the folder containing the Jacobsen and Harrison documents. Category No. 2 will be the ADEPT documents.

Category No. 3 would be the financial data for Mid-America. And category No. 4 will be certain contacts with administration officials concerning milk price supports.

Mr. Hanman, what is your present position with Mid-America?

Mr. HANMAN. Senior corporate vice president.

Mr. WEITZ. And how long have you held that position?

Mr. HANMAN. About a year. Prior to that, I had a different title, but about the same job.

Mr. WEITZ. What was your title?

Mr. HANMAN. Senior corporate executive vice president, I believe.

Mr. WEITZ. And how long did you hold that title?

Mr. HANMAN. About 6 months prior to that. I think it was made effective January of 1972, I believe.

Mr. WEITZ. How long have you been with Mid-America?

Mr. HANMAN. Since it started in July of 1968.

Mr. WEITZ. When was ADEPT formed?

Mr. HANMAN. ADEPT was formed in late 1970.

Mr. WEITZ. Have you ever held any official title with respect to ADEPT?

Mr. HANMAN. Yes. Currently, I am chairman of the ADEPT committee.

Mr. WEITZ. And how long have you held that position?

Mr. HANMAN. Since April of 1972. I believe that is when we reorganized.

Mr. WEITZ. Prior to that time, who was the official or officials responsible for ADEPT?

Mr. HANMAN. Prior to that time, ADEPT was a political trust and ADEPT operated—the trustee was William A. Delano. And there was an ADEPT advisory committee, composed of six dairy farmers who were contributors to the trust, that advised Mr. Delano on his activities as trustee.

I usually met with that committee.

Mr. WEITZ. Were you a member of that committee?

Mr. HANMAN. No, I was not.

Mr. WEITZ. Were all of the members of the committee either officers or directors of Mid-America?

Mr. HANMAN. Yes.

Mr. WEITZ. In what capacity did you meet with the committee? In your capacity as an officer of Mid-America?

Mr. HANMAN. I met with them in the capacity as a contributor to the ADEPT fund, and sort of served as a liaison man between William A. Delano, the trustee, and the committee.

Mr. WEITZ. Did Mr. Delano usually meet with the committee?

Mr. HANMAN. Usually, yes.

Mr. WEITZ. Did you make recommendations to the committee from time to time, or to Mr. Delano for political contributions?

Mr. HANMAN. Yes.

Mr. WEITZ. In general, could you describe the way in which the committee would operate?

Or more specifically, who would have, in the normal course, responsibility to decide whether or not certain political contributions would be made?

Mr. HANMAN. You are talking about prior to April 1, 1972?

Mr. WEITZ. Yes.

Mr. HANMAN. Well the final authority of course rested with the trustee, William A. Delano. The Dairy Farmer Committee generally reviewed various races, various candidates for office, reviewed their positions on agricultural issues, on dairy issues, looked at their voting records, and made recommendations relative to support for their candidacy.

Mr. WEITZ. In practice, who would you say made most of the recommendations, or had final approval in practice with regard to political contributions?

Mr. HANMAN. I would say generally, well Mr. Delano of course had the authority. He was a trustee. The original trust, as it was set up, authorized him to have that sole and exclusive right to make this decision.

I think generally he followed the recommendations of the committee, and I think generally the committee probably followed my recommendations.

Mr. WEITZ. Was there anyone else in the organization who the committee generally looked to for advice or consent for contributions, outside of yourself?

Mr. HANMAN. Well you mean who else had input into it?

Mr. WEITZ. Major input, in the sense that you did.

Mr. HANMAN. Oh, I would say I did.

Mr. WEITZ. All right.

Could you tell us what role Mr. Nelson and Mr. Parr of Associated Milk Producers played in the formation or consultation with regard to the formation of ADEPT?

Mr. HANMAN. I would say it was in an advisory capacity, in that they were involved in a similar trust called TAPE that had started before ADEPT. And so we looked to them for advice and counsel, and others within the TAPE organization with respect to setting the ADEPT program up.

Mr. WEITZ. Who might those others be?

For example, Mr. Isham?

Mr. HANMAN. Yes. I think Mr. Jacobsen, he would give us some advice and counsel. John Gage gave us some advice and counsel. I think even in the early days we had some advice and counsel from a DeVier Pierson, a lawyer here in Washington.

Mr. WEITZ. At that time, was Mr. Jacobsen retained as or act as counsel, either for ADEPT or Mid-America?

Mr. HANMAN. No.

Mr. WEITZ. Was Mr. Pierson in any way retained, or did he act as counsel for Mid-America or ADEPT?

Mr. HANMAN. No.

Mr. WEITZ. Were they at that time retained as counsel for Associated Milk Producers?

Mr. HANMAN. Mr. Jacobsen was. And I am not sure of Mr. Pierson.

Mr. WEITZ. What type of advice did Mr. Jacobsen give you?

Mr. HANMAN. Well, as I recall in the early days he advised the various dairy farmers as to what a trust could do and what it could not do, how you would go about setting one up. He would give us advice, he gave Mid-Am some advice, or the board members of Mid-Am some advice relative to what it could do as a corporation versus what could be done by a trust.

Mr. WEITZ. Did Mr. Pierson give you similar advice, or did he counsel you on some other area?

Mr. HANMAN. As I recall, DeVier's advice was along the lines of compliance with the reporting requirement of the trust.

Mr. WEITZ. Do you know whether, did you or do you know whether anyone in your organization, either associated with ADEPT or Mid-America, ever discussed with Mr. Jacobsen the question of either corporate contributions by Mid-America or unreported political contributions by ADEPT?

First of all, do you remember ever discussing such matters with Mr. Jacobsen?

Mr. HANMAN. Yes; I am sure that his early advice was along the lines that a corporation cannot make political contributions.

Mr. WEITZ. Did he ever suggest by which way a corporation might be able to use its resources for political contribution purposes without apparently running afoul of the law?

Mr. HANMAN. What do you mean by resources?

Mr. WEITZ. Funds.

Mr. HANMAN. Not that I recall.

Mr. WEITZ. Or the funds of any of its employees or officers?

Mr. HANMAN. Not that I recall. As I recall, most of his advice was along the lines of how you set up a political trust, so that you can be in compliance with the law.

Mr. WEITZ. Did he ever suggest that certain funds that were collected from dairy farmers by ADEPT or on behalf of ADEPT not be reported so that they could be used to make unreported political contributions?

Mr. HANMAN. Not to my knowledge.

Mr. WEITZ. Did any of those activities ever take place with the use of either ADEPT funds or Mid-America funds from the period, let us say from the formation of ADEPT through 1972?

Mr. HANMAN. Well first off, there were no political contributions by Mid-Am. That is one of the reasons we felt the need for a political trust. So we wanted to set that up so that we would not run afoul of the law.

Now, with respect to ADEPT's reporting, to the best of my knowledge, every contribution that we have made to a candidate for office has been reported in accordance with the law, and the receipts of ADEPT have been totally reported and accounted for.

Mr. WEITZ. All right.

Now, you say ADEPT was formed some time in 1970, late 1970 I think you said.

Do you recall the loan of $8,500 which TAPE made to ADEPT or to the trustee of ADEPT, to enable it to be formed and to make contributions at the time of its inception?

Mr. HANMAN. Yes.

Mr. WEITZ. How was that loan arranged?

Mr. HANMAN. I do not know the specific details. I believe in the early days the predecessor to ADEPT was called Avery Associates, prior to us settling on the name of ADEPT. And to the best of my recollection, the trustee of ADEPT, Mr. Delano, arranged for that loan with the trustee of TAPE, Mr. Bob Isham.

Mr. WEITZ. The loan was then to Avery Associates, or was it just after Avery Associates became ADEPT?

Mr. HANMAN. I am not sure.

Mr. WEITZ. But it was right around that period of time?

Mr. HANMAN. Right around that same time, yes.

Mr. WEITZ. If the loan was made in fact in mid-1970, would that pinpoint the time more correctly, that ADEPT was formed.

Mr. HANMAN. Yes. I believe the loan was in July 1970. And I do not know what the exact date was when ADEPT was an active viable trust.

Mr. WEITZ. At that time, in the first 6 months or a year, could you estimate the total amount of receipts, the approximate amount of receipts that were received or were expected to be received by ADEPT from its members?

Mr. HANMAN. For all of 1970?

Mr. WEITZ. Let us say for all of 1970, as a starter. It would be the last 6 months of 1970, I take it.

Mr. WEITZ. This does not show a summary though.

Mr. HANMAN. Well, that's a blow by blow.

Mr. WEITZ. I understand, but is there a summary figure?

Mr. HANMAN. There is a sum somewhere.

Mr. WEITZ. Do you run on a fiscal year?

Mr. HANMAN. Calendar year.

Mr. WEITZ. For the record, we are looking at a list of receipts, deposits, and disbursements, for ADEPT from the file marked "Financial Data of Mid-America."

Mr. GAGE. That should have been in the ADEPT file.

Mr. WEITZ. I'm sorry, of ADEPT.

Mr. HANMAN. There should be a summary in there for 1972.

Mr. WEITZ. An approximate figure would suffice.

Mr. HANMAN. Well, as of January 1, 1972, we show a cash on hand of $75,827.71.

Mr. WEITZ. Of course that would reflect both receipts and disbursement from that receipt, so it would not indicate—what I am after really in some notion, for example, of a monthly or an annual level of receipts in the first 6 months or a year or so.

Mr. HANMAN. If I were to estimate, I would say during the year 1970 we would probably have taken in about $100,000. And I take that from this summary which shows cash on hand as of January 1, 1972, which shows $75,827.71, and we did make some expenditures during this period. So this cash should have been in excess of what our receipts were.

Mr. WEITZ. When you say expenditures, would that include contributions?

Mr. HANMAN. Yes. That's what I'm talking about.

Mr. WEITZ. We'll look through this later to see if we can locate the specific figures, but that suffices for the present.

Mr. GAGE. The record should be the best evidence, and I'm quite sure they're in here.

Mr. WEITZ. Of course.

Now, you say that your best estimate would be receipts of approximately $100,000 for 1970, or for the first full calendar year after the beginning of ADEPT?

Mr. HANMAN. Yes.

Mr. WEITZ. Could you tell me why a loan was made of $8,500 at the outset, rather than waiting for receipts to come in in order to begin making contributions?

Mr. HANMAN. I think the reason was that the committee felt a need to make a contribution at that time. In fact, I think they made two, and they had signed authorizations or else checks in process which would cover the loan; and so they went ahead and negotiated the loan and made the contributions.

Mr. WEITZ. Were these contributions other than for a Presidential candidate, these first two contributions you mentioned?

Mr. HANMAN. I think one of them maybe was, and one of them wasn't.

Mr. WEITZ. Could you identify the contribution to a Presidential candidate? This would have been 1970?

Mr. HANMAN. Yes. On July 10 a contribution was made to Humphrey Volunteer Committee for $5,000.

Mr. WEITZ. Wasn't Mr. Humphrey running for election for Senator that year?

Mr. HANMAN. He could have been.

Mr. WEITZ. Or for reelection. I should say.

Mr. HANMAN. It could have been.

Mr. WEITZ. So you're not sure in fact that was a Presidential——

Mr. HANMAN. No, I am not.

Now, there were two other contributions made, one on the 21st of July to Maine for Muskie. That was probably—well, I don't know. Let me back up. There was also on the same date another check made out to Muskie Election Committee for $1,700, and I would assume that one of those is probably for his Presidential effort and one for his re-election effort; otherwise we wouldn't probably split it.

Mr. WEITZ. I see. Did anyone from Associated Milk Producers or TAPE encourage you, or suggest, or actually tell you to make any of these first contributions in July of 1970?

Mr. HANMAN. Well, I'm sure there were some discussions. Whether they suggested or encouraged. I couldn't testify; but there were discussions I am sure.

Mr. WEITZ. Do you recall whether, in fact, the loan was made in order to make contributions that they were anxious to have you make?

Mr. HANMAN. No. I couldn't testify to that.

Mr. WEITZ. Now, throughout the rest of 1970, do you recall, well, were there any other contributions, any other possible contributions to Presidential candidates during 1970?

Mr. HANMAN. I don't believe there were.

Mr. WEITZ. All right.

Now, did Mid-America retain counsel and actively participate in the effort to lower or eliminate import quotas at the close of 1970—Federal import quotas for certain dairy products?

Mr. HANMAN. Well, I don't know that we retained any counsel for that specific activity, but I am sure we were interested in it and made several contacts with people in either Congress, or the Senate, or the administration. To my knowledge we did not retain any specific legal counsel on that.

Mr. WEITZ. Was the law firm of Reeves & Harrison at that time acting as counsel for Mid-America?

Mr. HANMAN. No.

Mr. WEITZ. Have they ever acted as counsel for Mid-America?

Mr. HANMAN. Yes. They are now.

Mr. WEITZ. At that time, they did not. When did they begin? When were they first retained?

Mr. HANMAN. I believe they were retained in either December or January—December of 1972 or January 1973.

Mr. WEITZ. I see.

In late 1970 did you or anyone connected with Mid-America consult with either—first consult with members of the law firm of Reeves & Harrison in connection with the import quota question?

Mr. HANMAN. Not to my knowledge, we didn't.

Mr. WEITZ. Did you know Marion Harrison at that time?

Mr. HANMAN. 1970? I think I was introduced to Marion Harrison in either late 1970 or early 1971.

Mr. WEITZ. Who introduced you?

Mr. HANMAN. Probably somebody in AMPI.

Mr. WEITZ. Did you know Mr. Hillings at that time, Pat Hillings of that law firm?

Mr. HANMAN. No. No, I did not.

Mr. WEITZ. Were you ever approached sometime around December of 1970, by anyone connected with or representing AMPI in connection with a possible commitment of some substantial amount of contributions over the next 2 years to the President's reelection?

Mr. HANMAN. Not that I recall.

Mr. WEITZ. Did you ever discuss with anyone at AMPI, such as perhaps Mr. Nelson or Mr. Parr or any of their counsel such as Mr. Harrison or Mr. Hillings, a commitment or a possible commitment of political contributions over a period of time to the President's reelection?

Mr. HANMAN. Well, I'm sure we wouldn't have talked to Hillings because I don't believe I knew Mr. Hillings. I could have talked with Harrison relative to Mr. Nixon's reelection, and I'm positive—I can't recall names of places and dates—but during this period of time I'm sure there were discussions between Mid-Am and people in AMPI relative to the job that the President was doing.

Mr. WEITZ. Now, you said before that you were primarily—in practice primarily responsible for at least approving or consulting with Mr. Delano concerning contributions by ADEPT.

Mr. GAGE. May I interrupt just a minute. I don't think Mr. Hanman's last answer was quite responsive to your question. As I recall your question, it was whether any commitment was discussed. Wasn't that it?

Mr. WEITZ. Yes.

Mr. HANMAN. No, there wasn't any commitment.

Mr. WEITZ. Well, leading back to that, did anyone discuss with you their interest in making such a commitment, or at least whether or not there was a commitment that they would, in fact, try to make substantial contributions to the President's reelection?

Mr. HANMAN. Well, again, I would have to say that there were discussions, I am sure, between people in AMPI, people in Mid-Am, me included, relative to the job that the President was doing; and I'm sure we had talked about possible contributions to this reelection effort. As to a commitment, I heard none from them, and I made none to them.

Mr. WEITZ. Did they ask you to make a commitment of any sort?

Mr. HANMAN. Not that I recall.

Mr. WEITZ. Did they discuss any amounts that they hoped they could make, or you could make, or in fact the principal dairy co-ops together could make over a period of time to the President's reelection?

Mr. HANMAN. No. I couldn't testify to that. In the early days of the political action program there were some discussions, I am sure, relative to what our potential might be as far as income, and as to how you might divide these incomes between congressional races, senatorial races, Presidential race.

Mr. WEITZ. What about the relative size of contributions between the three co-ops, or I should say their political action trusts? For example, did you ever discuss with any representatives of AMPI that if they would make a contribution of so much, yours would be perhaps half as much, or a certain percentage of their contribution to the President's reelection?

Mr. HANMAN. Well, I'm not sure whether it was on the President's reelection, but there have been occasions when some individual running for public office——

Mr. WEITZ. Let's go off the record for a second.

[Discussion off the record.]

Senator MONTOYA. Now, I might ask you or your attorney if Mid-America Dairymen, Inc., is a corporation in the ordinary sense of the term; and if so, under what laws was it organized?

Mr. HANMAN. I'll let my legal counsel answer that.

Senator MONTOYA. Yes.

Mr. GAGE. Mid-America Dairymen is a corporation, incorporated under the laws of the State of Kansas as a cooperative marketing association under the Cooperative Marketing Act of Kansas. As such, it is qualified to engage in business in Texas, Oklahoma, Arkansas, Missouri, Illinois, Wisconsin, Iowa, Minnesota, South Dakota, Nebraska.

Mr. HANMAN. Wisconsin.

Mr. GAGE. Wisconsin. And it has producer members in each of those States.

Mr. HANMAN. We do have a few members in Wyoming, and I believe a few in Oklahoma. Did you mention——

Mr. GAGE. I think Mid-America is also qualified in Wyoming.

Mr. HANMAN. Did you mention Texas?

Mr. GAGE. Yes.

Senator MONTOYA. Have you had any court tests as to whether or not under this law and the organization pursuant thereto, the organization is subject to the status of having complete entity to sue and to be sued in the corporate name?

Mr. GAGE. Yes, Senator, I think there is no question but that it is a corporate entity and may sue and be used as such.

Senator MONTOYA. What about liability? Is it distributed to the members, or is it the nature of the normal corporation?

Mr. GAGE. It's in the nature of the normal corporation.

Senator MONTOYA. All right.

Mr. WEITZ. And I understand in that regard, you have in fact, received legal advice that under the prior law, the Corrupt Practices Act, it would have been a violation of that law for Mid-America to make political contributions of its corporate funds.

Mr. HANMAN. That's right.

Senator MONTOYA. All right.

Mr. WEITZ. Now, with regard to the activity, the time period at the close of 1970, your testimony is that at no time do you recall any discussions either with representatives of AMPI, with their counsel, with regard to a commitment of funds of contributions to the President's reelection?

Mr. HANMAN. With respect to commitment of a certain amount?

Mr. WEITZ. Yes.

Mr. HANMAN. No.

Mr. WEITZ. Or a commitment without a specific amount?

Mr. HANMAN. Well, I don't know what you mean by a commitment.

Mr. WEITZ. Did you ever hear them, or did they ever discuss in your presence the fact that some commitment either was going to be made or had in fact been made to certain representatives of the administration?

Mr. HANMAN. I did not know. I did not ever hear them say that they had made a commitment. I am sure that in late 1970 and early

1971, both of us were thinking in terms of contributing to Mr. Nixons' reelection effort because we thought he was doing a hell of a good job.

Mr. WEITZ. Did you discuss this with members of the ADEPT committee?

Mr. HANMAN. Yes.

Mr. WEITZ. And in your discussions with them did you either recommend or discuss a certain amount which you thought over a period, perhaps of 2 years, would be made to the President's reelection?

Mr. HANMAN. Not that I recall, any specific amount. As you know, the records will show we made some contributions to committees. Later on we made some more contributions to some other committees. And I think we kind of played it by ear as we went along. But I don't know of any early decision on amount.

Mr. WEITZ. Now, turning to the decision, milk price support decision, in March of 1971, before the first decision by the Secretary of Agriculture on March 12, were you involved in contacting members of either the administration or Congress to lobby for higher price support level?

Mr. HANMAN. Yes.

Mr. WEITZ. Who in the Department of Agriculture did you contact or meet with?

Mr. GAGE. Excuse me, Mr. Weitz, I think that you might give Mr. Hanman a little more time on his answers. There are some of these questions that he might, in order to present a full, correct picture, want to explain just a little more.

Mr. WEITZ. I'm sorry if I gave the impression I was rushing the witness.

Mr. GAGE. All right.

Mr. HANMAN. With respect to price supports——

Mr. WEITZ. Yes.

Mr. HANMAN. Under the terms of the 1949 law, the Secretary of Agriculture is required to make a decision sometime before April 1, what level of milk prices he intends to support for the next marketing year. Under the terms of that law, marketing year is April 1 through March 31; and he has an administrative leeway between 75 and 90 percent of parity to set that level. He has to make that determination annually, and so he starts generally in the Department of Agriculture to gather data and facts on what he estimates production will be, what they estimate consumption will be, what imports might be, what exports might be; so that they can make an educated guess as to what Government stocks might be, and what Government costs would be.

The now famous 1971 activity was preceded, I think we should mention, by similar activity starting back ever since I can remember, to 1964 when I became involved in dairy co-ops; because this was an annual decision that had to be made.

So we had, starting in about 1964 or 1965, a concerted collective activity on the part of all dairy co-ops to present the facts of milk production and sales as we saw them. And I believe starting in 1968, maybe 1967, we prepared some joint position papers on milk production, sales, exports, imports, Government cost and so forth, to plead our case, or if we thought we had a case, to present this case to anybody that would listen to us.

Now, with respect to the 1971 decision, starting in late 1970, we started making some estimates ourselves on production and sales, because for the last 4 years prior to that time, USDA's statisticians had been wrong. They were overestimating production in 1 year by as much as 6.1 billion pounds; compare that to an annual production of 125 billion, so they were way off. They were high on the production side.

So we started gathering data from our own sources, from the dairy co-ops. We also got some professors from land-grant universities involved, and they had done some studies for us—this was particularly true in late 1970—as to how they saw the picture, demand and supply, and what they saw the costs to be on dairy farms as it would influence total supply.

And we prepared a position paper in 1971. We tested our data with about everybody in the Department that had an input.

Senator MONTOYA. Do you have a copy of that?

Mr. HANMAN. Yes.

Senator MONTOYA. Would you submit it?

Mr. WEITZ. These documents have been submitted en masse, but I do appreciate bringing that up and identifying the separate documents. The record will show that this is a document entitled "The Dairy Industry and the Public Interest: The Need for a Price Support Increase." It's dated February 24, 1971. It is signed by Associated Dairymen, Inc., and it is located in the file marked "Contacts with administration officials in re: price supports."

Mr. HANMAN. You will also notice in here that there is a position paper that was prepared exclusively by Mid-Am people, and most of the data from this paper were incorporated in this paper which became a joint paper of Associated Dairymen. And this pretty well outlined our position on that price support issue.

We tested our data with, like I said, college professors. We tested it with people in the Department of Agriculture. I am talking about the professional people, people in Statistical Reporting Service, and the Agricultural Marketing Service. We talked to people in the Commodity Credit Corporation which buys surplus dairy products, to see what their stocks were and what their costs were, and this kind of thing.

And finally the paper was presented by a group of us to Secretary Hardin, and I believe Phil Campbell who was the Under Secretary at the time prior to their first announcement in early March, pointing out our position that we didn't think production was going to be as high as they thought it was going to be; pointing out that we thought sales were going to be better than they thought it was going to be; and that the picture was going to improve as far as governmental costs were concerned.

Bear in mind also that price supports had been increased the year before in 1970.

So we did—yes, in response to your question, we did talk to the people in the Department and make our views known that we wanted 90 percent of parity.

Mr. WEITZ. For the record, the second document referred to is entitled "Justification for Increasing Price Supports to 90 Percent of

Parity." It is dated February 17, 1971, and prepared by Lonnie Spurgeon, research economist for Mid-America Dairymen, Inc.

Mr. HANMAN. Incidentally, he is a Ph. D. in agriculture economics.

Mr. WEITZ. Did this analysis include recognition of problems with regard to rising costs—feed costs particularly—of dairy farmers?

Mr. HANMAN. Yes, right.

Mr. WEITZ. Now, you say you met with Secretary Hardin and Under Secretary Campbell sometime in early March before the first decision was announced.

Mr. HANMAN. Yes.

Mr. WEITZ. What was their initial response?

Mr. HANMAN. I guess generally they were receptive. By receptive I mean they were cordial. Bear in mind that we were presenting some facts and data to them which was slightly contrary to what they were getting from their own Department at the time, because we were saying some of their numbers were wrong and ours were right, and we were basing this on historical experience that we had that they had been overestimating production supply response.

So I couldn't really tell you what their response was other than they listened. They said they would consider it, and they expected to have an early announcement.

One other time we criticized the administration for a late announcement. In other words, the price changes under price support, if they were going to make any, would be effective on April 1, and in order to allow the industry to adjust to these new prices, we wanted some leadtime.

Senator MONTOYA. Who met with Hardin and Campbell?

Mr. HANMAN. Myself, Harold Nelson, Dave Parr.

Senator MONTOYA. Identify their associations.

Mr. HANMAN. Myself, I was with Mid-America Dairymen. The last two I mentioned were with Associated Milk Producers. I believe Joe Westwater was there from Dairymen, Inc. Perhaps George Mehren, I'm not sure if he——

Senator MONTOYA. How do you spell that?

Mr. HANMAN. M-e-h-r-e-n.

Mr. WEITZ. He was also affiliated with AMPI at the time?

Mr. HANMAN. Yes; and an ex-Assistant Secretary of Agriculture under Freeman.

Mr. WEITZ. Do you feel that before the first decision these papers and your presentations fairly presented the arguments and facts as you understood them?

Mr. HANMAN. Oh, yes.

Mr. WEITZ. Can you then explain why the first decision was that there would be no increase in price support level?

Mr. HANMAN. At the time I couldn't, but I think since that time maybe I can shed some light on it. Bear in mind that during this activity I was spending quite a bit of time in Washington, and I was getting some general feedback from newspeople and some congressional sources maybe that the Department was looking favorably on our request—I'm talking about the Department of Agriculture.

And since that time and just recently I have noticed some press stories where Secretary Hardin has said that they originally sent to the White House a request to increase price supports. And I visited the

other day with Bill Knox, K-n-o-x, who is editor of Ford's Dairymen—it's a national dairy magazine—who was with Secretary Hardin in early March, Secretary Hardin made a speech at our annual meeting, I believe, on March 4, in Kansas City. And Bill told me that during his trip—he was with him in Des Moines, and they flew to Kansas City for our meeting—but during that trip he got the impression from the Secretary that he was favorably inclined to increasing price supports, but that maybe he was being blocked somewhere in the White House from doing it.

And so, Bill Knox reported that he had advised Secretary Hardin that he heard a rumor that George Shultz, who was then Bureau of the Budget Director, was not opposed to the price support increase. And before he made his speech at our annual meeting, one of his aides called Shultz' office to see whether or not in fact he was not opposed; and he responded back to Bill that somebody is playing games with him. And, he left the impression that Shultz had not changed his mind.

Mr. WEITZ. And that Shultz was in fact opposed?

Mr. HANMAN. Yes.

Mr. WEITZ. Are you aware that Secretary Hardin has never said publicly, to the best of my knowledge, whether or not Secretary Shultz was opposed or in favor of the price support decision before it was publicly announced on March 12?

Mr. HANMAN. I am aware of it, and I probably was in error mentioning a newspaper report, because sometimes I get things a little jumbled up. But I certainly did have the impression from this discussion with Bill Knox, of Ford's Dairymen, who accompanied the Secretary, that he was favorably inclined to increase.

Mr. WEITZ. Now, after the first price support decision on March 12 and the second price support decision publicly announced on March 25, do you know of any facts with regard to the problem of milk price supports that were either made known—that you made known or were made known to the Secretary which would have led him to change his decision?

Mr. HANMAN. Well, I think after the decision was announced, a group of our economists—and I believe Dr. Lonnie Spurgeon was one of them—as well as some economists from the other dairy groups, DI and AMPI, met with some of the people in the Department connected with the data. And I'm not sure whether it was Dr. Paarlberg or who, but we made another attempt after that decision was announced to show them where their numbers were in error and to point out some additional data to them.

The thing that was concerning us at the time was costs on the farm were escalating rapidly, particularly feed costs; and we just couldn't see how we were going to get an increase in production with those costs going up at the farm, and with the number of milk cows that we knew were there, and the replacement heifers: we just didn't see how we were going to get an increase in milk production, which was what the type of data coming out of USDA was; that it was going to continue to go up.

Mr. WEITZ. Was this information available to you, and did you in fact utilize some of it before the 12th?

Or let me turn it around. Do you know of any new data that you either have or could locate that was available to you after the 12th that was not available to you beforehand, and which you had not utilized?

Mr. HANMAN. Not that I recall.

Mr. WEITZ. Hadn't feed costs in fact been increasing rapidly all through the fall in 1970?

Didn't you and others bring that to the attention of the people in the Department before the 12th?

Mr. HANMAN. I can't testify. I think this report would probably show that.

Senator MONTOYA. Well, you would cover projection of feed costs on the historical basis, wouldn't you, for the year?

Mr. HANMAN. Generally that would be true, with an added input based on what current supply was.

Senator MONTOYA. The trend was——

Mr. HANMAN. Yes.

Senator MONTOYA. Based on the trend.

Mr. HANMAN. Yes. In other words, you might have an adequate supply at the time and then you would come into a fall. This was the fall of 1970, the winter of 1971 we are talking about. And if the harvest was bad or if the stocks of grains—grain stocks were down and demand was high, I think you could project at that time that feed costs would escalate more than they would under a normal set of circumstances. But I don't know whether that was the case or not.

Senator MONTOYA. That's usually when the ingredients in a report like that are presented to the Department of Agriculture in rebuttal to their position, isn't it?

Mr. HANMAN. Yes.

Mr. WEITZ. Now, during——

Senator MONTOYA. Just a minute.

Let's see if he did that.

Mr. WEITZ. I'm sorry.

Mr. HANMAN. This data goes through January of 1971, and I believe those costs, I believe there would be more current data available at the time they would make that decision.

Mr. WEITZ. Do you have a copy of any such data that you may have submitted to the Department?

Mr. HANMAN. No, I don't believe we do.

Senator MONTOYA. Just a minute.

Doesn't it stand to reason that when you bring your data up to date, say up to January, which is the termination date of assembling data, doesn't that take into consideration the projection of costs, at least at the same rate as the previous year?

Mr. HANMAN. Yes, it would.

Senator MONTOYA. And you include that as the final ingredient for consideration, do you not?

Mr. HANMAN. Yes. Yes, you would.

Senator MONTOYA. And do you think you did that?

Mr. HANMAN. I'm sure we did.

Senator MONTOYA. All right.

Now, on March 12, there was a price support decision rendered by the Secretary of Agriculture, turning down any increase in price supports. Correct?

Mr. HANMAN. That is correct.

Senator MONTOYA. And then he reversed himself on March 25?

Mr. HANMAN. That is correct.

Senator MONTOYA. Now, did you submit in writing, any additional data which might either complement your January 1 figures on cost of production, production, and imports, exports and consumption?

Mr. HANMAN. I don't believe we did, Senator.

Senator MONTOYA. You didn't?

Mr. HANMAN. I don't believe we did.

Senator MONTOYA. So you just tried to prevail upon him to change his mind, is that it?

Mr. HANMAN. Between March 12 and March 25?

Senator MONTOYA. Yes.

Mr. HANMAN. Well, actually, what we did, Senator, was that we assumed at that time that, as far as the Secretary of Agriculture was concerned, that we had been turned down. And so the only avenue we had left, then, was to go to some of our friends in Congress and the Senate, and to present the same data to them and try to convince them the price supports should be increased.

And at that time, the only way we saw we could do that was by amending the 1949 law which gave the administration the administrative leeway to change price supports between 75 and 90 percent. So we went back to some of our friends in Congress and the Senate and we asked them to help us legislate a change in that 1949 law to move, by legislation, the support from 75 to 85 percent of parity.

Senator MONTOYA. But the Congress didn't do that between March 4 and March 12, did it?

Mr. HANMAN. No. Between March 12 and March——

Senator MONTOYA. I mean March 12 and March 25.

Mr. HANMAN. No. Between that period of time, we had, I think, about 130 U.S. Congressmen and about 29 Senators who had agreed to sponsor or cosponsor or support this type of legislation.

Senator MONTOYA. Now, who devised the strategy that you go to the Congress and get as many signatures on the legislation——

Mr. HANMAN. I guess all of us who were involved. I am talking about myself, our board, Mid-Am board, the staff of AMPI, the staff of DI. We are also members of the National Milk Producers Federation here in Washington.

Senator MONTOYA. And was there any discussion during these strategy sessions that one of the objectives to get this wide support in the Congress was to try to prevail upon the administration to make an administrative change in the decision?

Mr. HANMAN. Oh, yes. I am sure that was a part of the strategy.

Senator MONTOYA. All right.

Now, what other moves did you make with the executive department? You went to the Secretary of Agriculture; you talked to Mr. Campbell, also. Did you visit with anyone at the White House?

Mr. HANMAN. Yes. On, I believe it was the 23d of March—you've probably got the records on it—on the 23d of March, a group of us met with the President.

Senator MONTOYA. All right.

Who was in that group?

Mr. HANMAN. All right.

I am not sure I can name them all, but there was myself, and Mid-Am's general manager, Wes Johnson, and our president, Bill Powell, the three men from Mid-Am. There was Dave Parr and Harold Nelson, and I believe——

Senator MONTOYA. Who are they with?

Mr. HANMAN. They are with AMPI.

Senator MONTOYA. All right.

Mr. HANMAN. I believe their president, John Butterbrodt. There was John Moser, who is the president of DI; their executive director, they call him, the same as our general manager, Paul Alagia. There was Paul Affeldt, and William Eckles, who are the manager and president of Pure Milk Products Cooperatives in Fond du Lac, Wis., were there, too. I believe that's all I can recall from the dairy farmers' side who were there.

On the administration side, the President was there. The Secretary of Agriculture was there, Hardin; Under Secretary Phil Campbell; the Assistant Secretary, Richard Lyng; George Shultz was there; and there were some aides. I think there were some aides from USDA and some White House aides there, but I don't know who they were.

Mr. WEITZ. Wasn't Secretary Connally also there?

Mr. HANMAN. I don't believe he was.

Senator MONTOYA. Are you sure?

Mr. HANMAN. I am almost positive he wasn't there, sir.

Senator MONTOYA. Who arranged for the meeting?

Mr. HANMAN. As I recall, the meeting was set up by AMPI people, Associated Milk Producers.

Senator MONTOYA. You don't know who?

Mr. HANMAN. No, I don't know who.

Senator MONTOYA. Was Secretary Connally in the picture as attorney or counselor?

Mr. HANMAN. I don't believe he was.

Senator MONTOYA. Was his name ever discussed?

Mr. HANMAN. I would assume that his name did come up in our discussions during strategy sessions, because some of the people in Texas were friends of Secretary Connally.

Senator MONTOYA. Do you know whether he represented any of the associations in Texas that were affiliated with the national association?

Mr. HANMAN. Not to my knowledge.

Senator MONTOYA. But you did hear some discussion among the Texas people?

Mr. HANMAN. Well, when I say that, Senator, you must remember that between March 12 and March 25 the decision about all dairy groups of any size throughout the country were in here, had brought their people in, talking to Senators and Congressmen, whoever would listen to us, working for a change in the price support. It was not to be effective until the 1st of April, so we still had hopes that we could get it changed.

I know in Mid-Am's case, we brought in dairy farmers from Congressmen and Senators' home districts to visit with their Senators and Congressmen about the need for price support increase. I think we brought, maybe, in two different time frames, that we brought them in to talk to people, and other dairy co-ops were doing the same thing. Michigan Milk Producers' Land O'Lakes was in here on the other side; they were lobbying against it.

Senator MONTOYA. About what time was this?

Mr. HANMAN. This would be probably the first week after the March 12 decision that we were back in here, whenever that would be.

Senator MONTOYA. Did you have any indication from people in the Department of Agriculture or from people in the White House that you should do this to try to create a favorable atmosphere, in case the administration would want to change the administrative decision of the Secretary of Agriculture?

Mr. HANMAN. No; we had some advice and counsel from some Congressmen and Senators to the effect that, "I will support you in your effort, and this will add pressure to the administration if they want to change their mind."

I think we have got some letters to that effect, sir.

Mr. GAGE. There's a large number of letters that——

Senator MONTOYA. From the Congressmen?

Mr. GAGE. That the Congressmen wrote either to Secretary Hardin or to the President.

Senator MONTOYA. The point I am trying to elicit from you is, did you, in your strategy sessions, evolve a strategy which called for the contacting of Congressmen and mustering of grassroots support from the industry so as to create more or less an influence factor on the President prior to your meeting with the President on March 23, or whenever it was?

Mr. HANMAN. I would say, generally, our strategy was probably twofold. I would not deny that part of the strategy was to put the pressure on the administration from all of us that were dealing with the Congress and the Senate. But we fully intended—and that may sound naive and unattainable—but we fully felt like we could pass that legislation. We didn't know whether the President would veto it or not. The chances are he would if he was dug in, and he wasn't going to change it. He would probably veto it.

But we were getting advice and counsel from Congressmen: "let's try it, let's go, I think we can pass it." And so I think probably our strategy was twofold. One was that we could keep the pressure on them, and the other thing was, well, you don't know until you try, we might be able to pass it.

Senator MONTOYA. All right.

What did you—who was the spokesman before the President?

Mr. HANMAN. I think, generally—I think there was an opening statement, maybe by Harold Nelson, and maybe a response by the President. But from there on, I think all of us pretty well chimed in in the discussion with the President on the price support issue.

Senator MONTOYA. And who was the coordinator for the President in this, for the White House?

Mr. HANMAN. Well, as I recall, he did a lot of the talking himself, the President himself. Secretary Hardin supported his position.

Senator MONTOYA. His previous position?

Mr. HANMAN. Yes, he did. And Phil Campbell was there, and he made some comments. And, as I recall, Phil Campbell's comments were along the lines that, we are fearful that a price support at this time would be a repeat of what Secretary Freeman did, I believe, in 1962, when he increased milk price supports, supply responded, and the Government's costs went up.

And so there was an exchange between the dairy farmers and their representatives and Campbell and Hardin and the President. I don't believe Secretary Shultz said anything.

Pointing out how the things were different in 1971 than what they were in 1962, we pointed out that we had some new authority under a recently passed law—I don't know what the date was, 1960 or 1970—whereby we could put in class 1 base plans in our Federal milk orders, which would design the supply to the sale. There was a technique whereby milk producers would be assigned bases, and their production would be tailored to the needs of the market, based on allocation of bases for higher prices.

We pointed out we had new authority for promotion. The dairy industry for 40 years probably has been self-supporting—a generic-type advertising program. And under the terms of this new legislation, we could amend our Federal milk orders to where, if two-thirds of the producers approved, all would pay to support this advertising program. We thought we could get a lot more money from promotion which would stimulate sales, we thought.

Senator MONTOYA. Increase the cost of production but also increase the sales through advertising?

Mr. HANMAN. Yes. Yes, that's what we were doing, Senator, what we were aiming at.

Senator MONTOYA. Yes.

Mr. HANMAN. We also pointed out that the dairy industry, as far as the production side, the dairy farmers themselves, was being restructured, starting in 1967 and 1968. The mergers were going on, whereby the smaller co-ops were being merged into larger effective co-ops, and we could better tailor supply to market needs. We could put in bigger and more efficient plants.

We were trying to make the case, I think, that the conditions at that time, in 1971, were not the same as they were in 1962.

Senator MONTOYA. But that there was more merit in 1971 than there was in——

Mr. HANMAN. 1962.

Senator MONTOYA. Yes.

Mr. HANMAN. Yes, that's right.

Senator MONTOYA. All right.

What was the reaction of the President after he heard Hardin and after he heard Campbell and heard your people?

Mr. HANMAN. I thought it was good. I came away——

Senator MONTOYA. What did he indicate?

Mr. HANMAN. He didn't indicate anything, really, when we left, you know, whether he was going to do anything; but I was amazed at his knowledge of the industry, I will say that. And as we would bring out these new points, the restructuring of the new promotion, class 1 base, he would say—he said on one occasion, I know, "Secretary Hardin, that is different than what we had then."

We did not in any way imply or leave the impression that he was going to change it. But I would say we were favorably impressed with his knowledge and with the reception that we got.

Senator MONTOYA. Had anyone else met with the President on behalf of your group before this meeting?

Mr. HANMAN. Not to my knowledge. I understand that in late 1970 maybe, that there was a meeting with the President between Dave Parr and Harold Nelson, but I couldn't testify that that meeting did take place.

Senator MONTOYA. Where did you hear that?

Mr. HANMAN. I believe I heard that from Mr. Parr.

Senator MONTOYA. That they had met with the President?

Mr. HANMAN. They had met with him before.

Senator MONTOYA. At the White House?

Mr. HANMAN. I don't know where it was, but he was supposed to have been a guest speaker, I believe, at their 1970 annual meeting, and he didn't come, so they met with him after that.

Senator MONTOYA. All right.

Now, when the March 25 decision was made, did the Secretary of Agriculture make new findings to coincide with the presentation that you had made through this analysis?

Mr. HANMAN. I believe the announcement he made, Senator, was to the effect that they had taken a look at cost data.

Senator MONTOYA. Yes.

Mr. HANMAN. And based on their new analysis of cost data that they had decided that they ought to increase it.

Now, let me explain this, if I could. When we say increase, what we are talking about is an increase in the per hundredweight support, moving it from $4.66 to $4.92 to $4.93, 27 cents a hundredweight. But as far as dairy farmers are concerned, net, that increase of 27 cents did not increase their net increase, because all we were asking for, and all he granted, was a restoration, 85 percent of parity in 1971, that's the same level that was set in 1970. So what this means, you see, is the costs at the farm, all costs, as measured by parity, had increased by 27 cents per hundredweight in milk costs. And so really the increase was no increase at all.

Senator MONTOYA. For the farmer?

Mr. HANMAN. For the farmer.

Senator MONTOYA. Now, on the basis, using the figures which you presented to him and which, presumably, he used in order to change his earlier determination of March 12, now that you look back at the figures that were submitted by the dairy industry, were your projections as to cost of production, consumption, and imports and exports correctly reflected, or were you short?

Mr. HANMAN. No. We were right, in that we did export some butter; it was the first time we had been exporting butter in a long time.

Senator MONTOYA. No; quantitatively, were you——

Mr. HANMAN. Yes. The Government costs were down, which was the basic argument in all this that this would increase costs.

In here, if I can find that, is a table showing what production did, milk production. And bear in mind that the milk production side of this industry is a long term thing, and the dairy farmers don't get in and get out very quick; it's a long term trend.

The data that was announced yesterday by USDA indicate that milk production is down 4.7 percent last month over the month before, and it's decreasing in 1973 at an increasing rate.

Senator MONTOYA. No; the point I want to make is, in order to sustain a price support, 1971 to 1972, you had to show increased production and increased consumption for 1972?

Mr. HANMAN. That's right.

Senator MONTOYA. Now, did you have increased production?

Mr. HANMAN. Let me look.

Senator MONTOYA. It doesn't necessarily mean you had increased production because you had more people. But what about production?

Mr. HANMAN. Production, I believe, did come up but it did not come up as total consumption did. So the tight situation, the supply versus sales, was tighter in 1971, in 1971–72.

Senator MONTOYA. So actually, you did not have the sustaining ingredient for increasing the price support?

Mr. HANMAN. Yes; we did. My point is that even though production may have responded some, sales went up more. And so from a point of view of an adequate supply, long term adequate supply of milk, our case, I think, was justified.

Senator MONTOYA. Your case has been sustained by the turn of events and the statistical data that set in, is that right, during the course of the year?

Mr. HANMAN. That's correct.

Mr. WEITZ. Mr. Hanman, are you aware, for example, that the law provides that the Secretary can increase price supports at any time during the year?

Mr. HANMAN. Yes, sir.

Mr. WEITZ. Are you also aware that the law provides that once he increases them, he cannot further reduce them during the course of a milk marketing year?

Mr. HANMAN. Yes; that is my understanding of the law.

Mr. WEITZ. And yet, you have not indicated any additional data which you provided within that 12-day period—that 13-day period—that would have justified or provided any additional data to justify a change in decision in so short a time?

Mr. HANMAN. I don't know that Mid-Am presented any data that would change it, because it was our position before——

Mr. WEITZ. That you had justified it before?

Mr. HANMAN. Yes.

Mr. WEITZ. But nonetheless, the Secretary, for whatever reason, had decided not to increase milk price support?

Mr. HANMAN. That's correct.

Mr. WEITZ. All right.

Now, during this period, you indicated you were talking with—you indicated you met, of course, with the President and certain assistants. During this period, were you also meeting with other representatives of the administration, other persons in the White House?

Mr. HANMAN. In the White House?

Mr. WEITZ. Yes.

Do you recall meeting with anyone?

Mr. HANMAN. No; I wasn't in on any meetings with anybody else.

Mr. WEITZ. Do you know of any meetings or any communication between members of the White House and other dairy representatives from AMPI, for example?

Mr. HANMAN. No; not that I can testify to.

Mr. WEITZ. During any of this period of time, did you have any contact or were you aware of any contact between the dairy representatives and, for example, Mr. Colson?

Mr. HANMAN. Not that I recall.

Mr. WEITZ. How about Mr. Dent, Harry Dent?

Mr. HANMAN. Not that I recall.

Mr. WEITZ. Have you ever met either of those gentlemen?

Mr. HANMAN. No.

Mr. WEITZ. Did you have an occasion to discuss any of these matters with Murray Chotiner after he left the White House on March 6, 1971?

Mr. HANMAN. I don't believe between that period of time I did.

Mr. WEITZ. Were you aware of whether any other dairy representatives were in contact with any of these people I mentioned including Mr. Chotiner?

Mr. HANMAN. I'm assuming—and I guess maybe you shouldn't assume—I'm sure there were contacts because he was with the Harrison firm.

Mr. WEITZ. Which represented AMPI?

Mr. HANMAN. Yes.

Mr. WEITZ. During any of these discussions, or meetings, strategy sessions, or otherwise in March of 1971, and particularly after the first decision and before the second decision, were there any discussions of political contributions by one or more of the trust arms of the co-ops for the President's reelection?

Mr. HANMAN. During this interim period?

Mr. WEITZ. Yes.

Mr. HANMAN. Well, the only occasion when Mid-Am, or when ADEPT would have had an occasion to discuss it was at the Republican kickoff dinner that was held.

Was that the 22d, 23d, or 24th? Somewhere in there.

Senator MONTOYA. In Chicago?

Mr. HANMAN. No; it was here in Washington.

Mr. WEITZ. Wasn't this a dinner the day after the meeting with the President?

Mr. GAGE. The 24th, I think.

Mr. HANMAN. OK. It may have been.

Anyway, on that occasion, the ADEPT committee, the six dairy farmers did come to Washington. We did attend the Republican kickoff dinner that night, and we did have long discussions that evening relative to the price support issue, our campaign of legislation.

And I don't know any specifics, but I am sure contributions did come up.

Mr. WEITZ. Did you meet with them privately, or did at least some of your meetings take place with members of the other co-ops?

Mr. HANMAN. I would say probably both.

Mr. WEITZ. Do you remember meeting particularly with Mr. Nelson or Mr. Parr of AMPI?

Mr. HANMAN. Yes. I recall that after we got back from the dinner that evening, we sat up until the wee hours of the morning talking about price support, talking about dairy farmers involvement in government, and just general philosophizing.

Senator MONTOYA. What about contributions? You must have——

Mr. HANMAN. I'm sure we talked about contributions, but I have no specific recollection as to what race or what candidate.

Senator MONTOYA. Well, did you discuss any quotas?

Mr. HANMAN. Quotas?

Senator MONTOYA. Yes; any amount that should be contributed to the reelection campaign?

Mr. HANMAN. I don't believe we did, sir.

Senator MONTOYA. Did you at any other time?

Mr. HANMAN. Yes; I'm sure there were discussions about amounts of contributions.

Senator MONTOYA. Give us the circumstances.

Mr. HANMAN. Well, I think the data, the evidence that we brought here would indicate that if——

Senator MONTOYA. Refresh your memory from that data, and then tell us just exactly what transpired with respect to setting up amounts and collecting the amounts from whom, and where were they to be delivered?

Mr. HANMAN. Well, in August of 1971, our committee indicated that they wanted to make some contributions to Mr. Nixon's reelection effort.

Senator MONTOYA. Who did they indicate that to?

Mr. HANMAN. To me, and I got hold of—I believe—Dave Parr, who said that the Marion Harrison firm could probably give me some names of some committees, that there were committees being set up to receive these funds. And I think I called Marion Harrison and got some names of some committees, or had some names of some committees sent to me.

Also involved during this period of time, our committee looked at not only the Republican side of this reelection, or this Presidential reelection, but we looked at the Democratic side as well. And our records will show that ADEPT made during the primary, contributions to Senator Muskie for $6,000; Henry Jackson, $4,500; Fred Harris, $10,000, to Humphrey, $8,300; and $16,600 to Wilbur Mills. All of these were contributed to their efforts during the Presidential race.

Senator MONTOYA. During the primary?

Mr. HANMAN. Right, during the primary.

Senator MONTOYA. And how much did you contribute to Nixon during the primary?

Mr. HANMAN. During the primary?

Mr. WEITZ. Well, to begin with, during 1971, for example.

Mr. HANMAN. During 1971, the only—those August contributions, I think, were the ones that went directly to committees specifically organized for Mr. Nixon's reelection effort. And I think after the primaries were over with, we made some contributions to Mr. Nixon's efforts at that time.

Senator MONTOYA. How much?

Mr. HANMAN. Well, I think we sent directly to the Committee To Re-Elect, I believe it was $20,000, and we contributed $25,000 to the Democrats for Nixon, and I think, in total, our contributions to Mr. Nixon, including the primary and after the primary, about $60,300.

Senator MONTOYA. That's from your organization?

Mr. HANMAN. From ADEPT, yes.

Senator MONTOYA. Yes.

Mr. WEITZ. Let's go back for a minute to March and April of 1971. Not August of 1971 or 1972.

Now, isn't it true that on March 24, the day of the dinner, you committed, on behalf of ADEPT, a contribution of $50,000 for tickets for that dinner, or for other related contributions to committees, Republican National Committees?

Mr. HANMAN. Well, I'm not sure whether it was that night or not, but it was our intention to contribute to those six or seven or nine committees $50,000; yes. I think we wound up giving $45,000, as I recall; like the Republican National Finance Committee, the Republican National Committee——

Mr. WEITZ. That would be shown in the record. They were duly reported though, I understand.

When was that decision made, to the best of your recollection?

Mr. HANMAN. Oh, I would say in early April.

Mr. WEITZ. Wasn't the decision—let me step back for a minute.

In order to make that contribution of initially $45,000, and ultimately $50,000, didn't you borrow $50,000; didn't ADEPT borrow $50,000 from TAPE, the political arm of AMPI?

Mr. HANMAN. Well, we borrowed some money. Let me see if it was $50,000. You might be right.

Mr. WEITZ. All right.

Mr. HANMAN. Yes; it was $50,000.

Mr. WEITZ. On what date did you borrow that money?

Mr. HANMAN. On the 19th of April.

Mr. WEITZ. That is the day on which the receipt would show there.

Are you aware, for example, that the check from TAPE is dated April 5, 1971?

Mr. HANMAN. It may be. I will take your word for it.

Mr. WEITZ. No, I am asking whether you remember.

And are you aware of an opinion letter from the firm of Reeves and Harrison to Bob Isham, the trustee for TAPE, dated, I believe, March 30, 1971, indicating an opinion letter as to the legality of TAPE making such a loan to ADEPT?

Mr. HANMAN. No; I am not aware of that letter.

Mr. WEITZ. Does that refresh your recollection, however, as to the timing, let us say before March 30, 1971, the timing as to the decision to borrow the money from TAPE and make the contribution to the Republican National Committee?

Mr. HANMAN. When was the opinion?

Mr. WEITZ. The opinion letter, let us say was March 30, 1971.

Now anytime, let us say between the 24th, which is the night of the dinner, and the 30th, do you recall the decision being made somewhat during that time to borrow the money and make the contribution?

Mr. HANMAN. I would guess it would have been in March when we made that decision.

Mr. WEITZ. It would have been closer to the day of the dinner than later?

Mr. HANMAN. It probably would.

Mr. WEITZ. How many people from Mid-America did attend the dinner?

Mr. HANMAN. From ADEPT?

Mr. WEITZ. ADEPT or Mid-America.

Mr. HANMAN. I believe there were seven of us. I am not sure, but it was six, Jerry Farmer and myself.

Mr. WEITZ. And the cost per ticket was how much? Do you remember?

Mr. HANMAN. I believe it was $1,000.

Mr. WEITZ. Was the entire $50,000 meant to also go for tickets, or as a contribution related to the dinner, or was it separate from the dinner?

Mr. HANMAN. I think both, probably.

Mr. WEITZ. Part of the fundraising campaign related to the dinner, would that be——

Mr. HANMAN. Probably.

Mr. WEITZ. Now, in November of 1971——

Senator MONTOYA. Let him refresh his memory on that.

Mr. WEITZ. I am sorry.

Mr. GAGE. There is a letter in here from Marion Harrison which indicates the names of these committees, which as I recall from the letter relates to the kickoff dinner. In other words, they were committees operating in connection with the dinner.

Mr. HANMAN. I think here I do have a copy of this. This is a memo I sent out to the ADEPT Committee under the date of February 12. And attached is a reprint from the February 4 Congressional Record file, and also a reprint of a letter from Lyn Stolbaum, who is a representative in Washington, an ex-Congressman that I sent to our people, to our ADEPT Committee, and it points out some of the administrative decisions of the Nixon administration which were favorable to the dairy industry. And while my recollection is not specific as to time, this memo would indicate that even prior to the March 30 meeting, we, in ADEPT, were thinking about contributions to Mr. Nixon's reelection effort.

Mr. WEITZ. Do you remember how much?

Mr. HANMAN. No, I do not.

Mr. WEITZ. And you do not remember discussing specific amounts at that earlier time with representatives from the other dairy co-ops?

Mr. HANMAN. No, I do not.

Mr. WEITZ. Let me mark the letter from Harrison to you, dated March 30, 1971, as exhibit 1.

[Whereupon, the document referred to was marked Hanman exhibit No. 1.*]

Mr. WEITZ. Now, you spoke of the total amount. Let me ask you about two other contributions. On November 2, 1971——

Mr. HANMAN. November 2, 1971?

Mr. WEITZ. There were four contributions made of $2,500 each to the following committees of ADEPT: Action Committee for the Aged, Committee for Adequate Health Care, Committee for Citizens Participation, and Committee for a Sound Economy.

Now, would they come in as established for some Presidential candidate or possible Presidential candidate?

And if so, whom?

Mr. HANMAN. These were $2,500 on November 2?

Mr. WEITZ. That is right, for——

Mr. HANMAN. That was for Senator Harris.

Mr. WEITZ. Was that contemplated as part of his Presidential effort?

Mr. HANMAN. Yes.

Mr. WEITZ. I see.

* See p. 5901.

Now, on November 9, 1971 there was another $5,000 contribution, and this was to the salute to the President dinner, and it is noted in your report to the Clerk of the House as "dinner tickets" as opposed to "contribution."

Do you recall that, or do you have anything that would refresh your recollection as to——

Mr. HANMAN. No, I think that was another one of those dinner deals that they have periodically.

Mr. WEITZ. Would that have been related to the earlier $45,000 contribution, series of contributions?

Mr. HANMAN. I do not believe it was.

Mr. WEITZ. But that also, obviously, was for Mr. Nixon's reelection effort?

Mr. HANMAN. Yes.

Mr. WEITZ. Now, if we add the $45,000 together with the $5,000, that would be $50,000 for dinner, these two dinners.

Mr. GAGE. I think we ought to get the documents about this $45,000 out, and get Mr. Hanman to refresh his recollection on these.

Mr. WEITZ. Fine. That would be April 1971.

May we take a recess for a minute?

[A brief recess was taken.]

Mr. HANMAN. Looking here at this ADEPT file which you have, at those earlier $45,000 contributions, none of the names on these committees would indicate that any of this went to the President.

For example, Kick-Off '72 Republican Dinner, Republican National Committee, Republican National Finance Committee, Republican National Finance Operations Committee, Republican National Associates, Republican Victory Committee. These were all committees, either standing committees at the time, or they were set up—it is my understanding—were set up in connection with that dinner. The last one, Republican Congressional Candidate Conference.

That is why I think we have, when we summarized our 1972 Presidential campaign contributions, that is why our summary shows $60,300 that we know specifically went to Mr. Nixon's reelection effort, the August group to those committees.

Mr. WEITZ. Of $15,000?

Mr. HANMAN. Right. The $20,000, I believe, was the amount that went to the Committee to Re-Elect. It was to various State committees. But they were committees to reelect, then the $25,000 that was contributed to various State committees of Democrats for Nixon. So our totals, if you take 1970 through 1972 for the Presidential election—our totals would show a total contribution of $105,775, with $60,300 going to Mr. Nixon, $16,600 going to Congressman Wilbur Mills, $8,325 to Humphrey, $10,000, Fred Harris, $4,500 to Scoop Jackson, Senator Henry Jackson, and $6,050 to Edmund Muskie.

Mr. WEITZ. Let me ask you a question about these committees. In the accompanying letter to Mr. Harrison dated March 30, 1971, how did you come to obtain these names—"arrange", I should say? Obviously, they accompanied the letter.

How did you come to receive this letter and agree to these contributions?

Mr. HANMAN. Again, I say we had early discussions as far as the ADEPT was concerned with respect to contributions to the President.

Also, with respect to contributions to various Members of Congress and Senate. And some of these being national committees, we assumed some of them probably would go to the President, because part of these groups normally do fund Presidential races. Certainly, the Republican National Committee ought to.

But again, we had no specific knowledge that that is where they would go.

Mr. WEITZ. Mr. Harrison was also the one, you indicated,who sent you, and to whom you talked about the names of six committees in August who received, who were purely committees for the reelection of the President, established to receive dairy contributions, and to which you actually did contribute $15,000.

Mr. HANMAN. Well, I am not sure that they were established specifically for dairy contributions. They were committees that were being set up to receive contributions for Mr. Nixon's reelection effort. But I do not know that they were exclusively for dairy contributions.

Mr. WEITZ. Did Mr. Harrison ever talk to you about or did you ever receive names of committees from Mr. Harrison other than these nine who were clearly for Republican candidates other than the President?

Mr. HANMAN. Yes. I think on occasion we have.

Mr. WEITZ. I see.

Did you discuss with him before receiving this list of committees and this letter the purpose of these contributions, who would receive them, and why you would be making the contributions at that time and in these amounts?

Mr. HANMAN. Generally, I think my recollection is that it would go to the President's effort for reelection, and some of it would go for Congressmen's and Senators' reelection efforts.

Mr. WEITZ. So, to summarize you cannot identify exactly how much of this went to the President's reelection effort and how much went to certain congressional candidates, but I take it your testimony is that—at least your understanding is—that at least a portion of this would also have been intended or gone for the President's reelection effort?

Mr. HANMAN. Yes.

Mr. WEITZ. So in fact your summary of $105,775 is short by some unidentified amount representing a portion of this $45,000?

Mr. HANMAN. Yes, I think that would be true. But the only thing we can specifically identify going to Presidential campaigns, and that is what I thought your subpena was for, you know, the 1972 Presidential election, was this $105,775.

Mr. WEITZ. I understand. But at no time, either before or after making these contributions of $45,000 did you have a discussion with anyone connected with AMPI about how much money they expected you to make for the President's reelection effort?

Mr. HANMAN. Well, I am sure—I would assume—I think that the contributions in August—what, were $15,000?

Mr. WEITZ. From ADEPT.

Mr. HANMAN. Yes, I think I had some discussions with Dave Parr on those. Now, I cannot recall what he indicated the TAPE, that TAPE might contribute. But there were communications, bear in mind, between the ADEPT people and the TAPE people.

Mr. WEITZ. At the time when you talked with Mr. Parr, had he indicated how much they had already given in 1971 to the President's reelection?

Mr. HANMAN. No, I do not believe he did.

Mr. WEITZ. Did he ever mention to you, or did you hear him discuss, any overall commitment to the President's reelection by the dairy co-ops?

Mr. HANMAN. Not that I can testify, no.

Mr. WEITZ. Do you know how many committees the six that you received were a part of, the names of six committees that you received in August of 1971?

Mr. HANMAN. No, I do not. My recollection is that there were some numbers beside some of them, were there not? Or was there? Where is that list?

Mr. GAGE. It is in the ADEPT file. I will find it.

Mr. HANMAN. I may not be right, but it seemed to me I remember seeing some numbers beside them. I do not imagine it would mean anything, anyway.

Senator MONTOYA. Is this it?

Mr. HANMAN. The one I was looking for is not in there, Senator.

Senator MONTOYA. Here is the ADEPT list. Is that it?

Mr. HANMAN. That does not show the letter of transmittal that has those names on it. There is a list I got from Marion Harrison.

Mr. WEITZ. Well, perhaps we will come back to it, then.

Mr. HANMAN. All right.

Mr. WEITZ. You do not recall independently how many committees were formed, of which these six were a portion?

Mr. HANMAN. No, I do not.

Mr. WEITZ. Were you ever informed whether you would be expected to make another $2,500 contribution to each of the commitees to which you contributed in August 1971?

Mr. HANMAN. No.

Mr. WEITZ. As I understand it, ADEPT contributed $2,500 each to six committees?

Mr. HANMAN. That is right.

Mr. WEITZ. Was it ever discussed that you would contribute another $2,500 to those committees at some later time?

Mr. HANMAN. No, I do not believe so.

Mr. WEITZ. Did you ever ask why six separate committees were sent to you, each to receive $2,500?

Mr. HANMAN. I think the committees that were sent to me, there were more than six sent. Twelve were sent to me, and they numbered—there were some numbers as I recall. They numbered from 52 through 63. Name of the committees, the chairman, the treasurer, where it would go, and I made the selection of the six, I believe.

Mr. WEITZ. Who told you to select six out of those?

Mr. HANMAN. I do not believe anybody did.

Mr. WEITZ. How did you decide to select only six, or as many as six?

Mr. HANMAN. I really do not know why only six, and I really do not know why $2,500, other than probably it was because of our financial ability at the time, as far as the ADEPT Committee was concerned,

how much money we had, what our plans were with respect to contributions to other candidates other than the Presidential race.

Bear in mind, as you will notice when you look through the ADEPT records, you will see that we have a lot of other races that we look at and did look at, and there is a sheet in there for the year 1972 which shows our total available funds of $344,000. And of that amount $158,000 went to Democratic candidates and $104,000 went to Republican candidates.

So within the ADEPT Committee we were weighing the whole spectrum of government and political races, congressional races, senatorial races, Governors' races. We had some requirements. We thought we had some requirements in some individual States to make contributions.

So, in other words, what I am saying is I think it was a judgment decision of available funds at the time, and what we thought projected our costs or our requirements might be.

Mr. WEITZ. Now, do you think it is coincidental that on the same day that you made contributions of $2,500, each to 6 committees out of 12 committees that had been sent to you, SPACE made contributions of $2,500 each to 12 committees in the amount of $30,000 total.

Were you aware of that, or did you discuss that with anybody?

Mr. HANMAN. I was not aware of that, no.

Mr. WEITZ. Mr. Parr did not discuss some coordinated effort?

Mr. HANMAN. SPACE?

Mr. WEITZ. By SPACE. But I am saying, Mr. Parr of AMPI did not discuss at that time, either before or after he sent you the names of these committees, a coordinated effort of contributions by the three co-ops?

Mr. HANMAN. He was telling me that SPACE had given $30,000?

Mr. WEITZ. Now, let me rephrase the question.

You said you were not aware that on the same day you made a contribution of $15,000 to six committees which you had chosen out of 12 committee names sent to you, SPACE made a contribution of $30,000 to 12 committees?

Mr. HANMAN. No, I was not aware of that; no. You are talking about SPACE and not TAPE?

Mr. WEITZ. SPACE. TAPE was making other contributions. I am talking about SPACE.

Mr. HANMAN. No.

Mr. WEITZ. What I am asking you is, since this letter of transmittal from Mr. Harrison to you, from Mr. Chotiner to you—the letter, names of the 12 committees—my question is, did Mr. Parr of AMPI ever discuss with you, either before or after this time, some coordination or coordinated effort to make contributions from time to time by the 3 co-ops?

Mr. HANMAN. Oh, yes. We talked about coordination of contributions from time to time.

Mr. WEITZ. With some total amounts or regular amounts discussed?

Mr. HANMAN. No, I think generally it was along this thing that we would look at a race, some race, and we would say—the dairy farmer—without making any specific reference to whether they were Mid-Am, AMPI, or DI, dairy farmers should contribute so many dollars to this particular candidate.

And then we talked about how we were going to go about doing it. There were some discussions, of course, during this period, to coordinate, to make sure that what we were reading in a candidate, they were also reading in a candidate, so that we did not get on opposite sides of the fence, at least openly, not openly—at least consciously, is the way I am saying it.

Now, in many instances our group and the TAPE group, and they operated with a committee, as I understand it, and the SPACE group does now operate with a committee, I think they did then. We may make independent decisions about a particular race and we may wind up supporting opposite people. But generally there was discussion about races.

Mr. WEITZ. But with regard to the Presidential campaign and the funds going to the President's reelection, were there specific discussions about coordinated contributions at specific times in a regular way to these committees which were being provided by Mr. Harrison?

Mr. HANMAN. Not in a regular way, no.

Mr. GAGE. Here is a document that is included that you might want to inquire about.

Mr. WEITZ. All right, thank you Mr. Gage. Let me mark this as exhibit 2.

[Whereupon, the document referred to was marked Hanman exhibit No. 2.*]

Mr. WEITZ. I am looking at a document dated September 13, 1971, from Mr. Hanman to members of the ADEPT committee, and it is a quarterly report. And it reads, the second paragraph reads as follows: "The $15,000 contributions were a part of the continuing commitment which we had with the administration." And then you go on to list favorable administrative decisions.

Can you elaborate on what you meant by commitment?

I may be being set up, but——

Mr. HANMAN. No, no, you were not.

Mr. GAGE. I knew you would want to inquire about it after you looked through the documents.

Mr. HANMAN. He scorched me severely for using the word "commitment," but my reason for making that statement was in communicating with the ADEPT committee, and there is a memo again, February 12, which would indicate that we had some earlier discussions about contributions to Mr. Nixon's reelection effort. And we have talked, and we did talk during this period involved, about making contributions based on our availability of funds and our ability to do so. And I think, as a general rule our committee, coming from the rural areas, generally felt that we should support Mr. Nixon. They are basically rural area people. They are farmers, of course, and they are basically Republicans. And during this period of time we felt like we should support Mr. Nixon's reelection effort.

I think it is significant that there were no contributions to McGovern, either during the primary or after the primary, even though he comes from a farm State, because our people could not identify with him. I think, generally, they could identify with these other Democratic candidates that we contributed to. They knew some of these people themselves personally.

* See p. 5903.

Henry Jackson, as an example, has been a guest speaker before the National Milk Producers Federation before. He is identified as a friend of the farmers and a friend of dairy farmers. And I think all of these generally were.

So I think the use of the word "commitment" here was our internal decision to make contributions to Mr. Nixon's reelection effort, based on our ability at the time we had to make that decision to fund it.

Mr. WEITZ. Now, you say "part of the continuing commitment." At that time you had contributed at least $15,000 clearly earmarked for the President, perhaps some larger sum, depending on that portion of the April contributions that may have gone to the President.

At that point or at some later point, did you discuss the amounts that in fact would be contributed to the President in addition to the earlier contributions?

This is September?

Mr. HANMAN. September 1971?

Mr. WEITZ. Yes.

Mr. HANMAN. I think we had some later discussions in 1972 about the contributions. We did, as you know, contribute $25,000 to the Democrats for Nixon. And I think our records would show that at the end of 1972 we pretty well cleaned out our fund, our available funds. I think we wound up the year with just a small balance, maybe $4,000. And that last, sort of clean-out effort of the available funds did go to the Committee To Re-Elect, and I think that was $20,000. And that was delivered pretty late in the campaign.

Mr. WEITZ. November of 1972?

Mr. HANMAN. Yes, right.

Mr. WEITZ. Did there come a time—let us move to 1972.

Did there come a time in 1972 or late 1971 when you discussed with either representatives in the administration or other dairy representatives, the advisability of stopping any further contributions to numerous committees, as you had done in 1971?

Mr. HANMAN. I believe—and I could be wrong—that in April of 1972 the law was changed, whereby there was not a $5,000 limit to any one committee. And so, I do not think we had that problem after that law was changed.

Mr. WEITZ. But before the law was changed, did you ever discuss whether or not you should make additional contributions, small contributions to numerous committees before the April 7 law?

Mr. HANMAN. To Mr. Nixon's reelection effort?

Mr. WEITZ. Yes, to Mr. Nixon's reelection effort.

Mr. HANMAN. Not that I can recall.

Mr. WEITZ. Did you ever meet with Mr. Kalmbach during 1972?

Mr. HANMAN. No; I do not even know Mr. Kalmbach.

Mr. WEITZ. Did you ever meet with Lee Nunn on the Finance Committee To Re-Elect?

Mr. HANMAN. No.

Mr. WEITZ. Did you, in 1972, meet with Jake Jacobsen of the Democrats for Nixon organization?

Mr. HANMAN. Yes.

Mr. WEITZ. Could you tell us about those meetings or meeting?

Mr. HANMAN. Well, we had one meeting. I do not know the date—in Washington, I believe at the Madison Hotel with Mr. Jacobsen and

John Connally. That was after he had left the administration. He was out organizing this Democrats for Nixon. And I believe myself and our manager Gene Baldi—we had changed managers in the interim here. Wes Johnson had retired and Gene Baldi was our new manager—and I believe Joe Westwater and Ben Morgan from DI met with——

Mr. WEITZ. All at the same meeting?

Mr. HANMAN. Yes, I believe that the six of us were there.

And we talked in generalities, I think, to Mr. Connally about the dairy situation.

Senator MONTOYA. What date was that?

Mr. HANMAN. I have a letter, a followup letter [1] after the meeting, to the Secretary, I think.

Mr. GAGE. It is in the Harrison-Jacobsen correspondence.

Mr. HANMAN. My guess would be that it would be mid-1972.

Well, the letter is dated August the 17th, so I would guess it would be in early August when we met with Secretary Connally. Because after we met with him, I prepared sort of a summation of the state of the Union, as far as the dairy industry was concerned, and sent it to him, and this is a cover letter that went along with that. It went to Jake, because Mr. Jacobsen, at the time, was coordinating this Democrats for Nixon effort with——

Mr. WEITZ. Let me mark this as exhibit 3.

[Whereupon, the document referred to was marked Hanman exhibit No. 3.[2]]

Mr. WEITZ. Mr. Jacobsen arranged the meeting?

Mr. HANMAN. Yes.

Senator MONTOYA. What did you discuss with the Secretary at that meeting?

Mr. HANMAN. We discussed GATT for one thing. We discussed the dairy situation, production, sales, costs. We discussed his Democrats for Nixon. We indicated then that we would make a contribution to the Democrats for Nixon effort.

Senator MONTOYA. Did you tell him how much?

Mr. HANMAN. Yes, I think we did; $25,000.

Mr. WEITZ. Did Dairymen, Inc., at that time also make a commitment, or say how much they intended to contribute?

Mr. HANMAN. I believe they made a commitment indicating they would contribute $25,000.

Mr. WEITZ. At the same time was there any mention as to whether additional funds contributed either by ADEPT or SPACE to the finance committee?

Mr. HANMAN. To reelect?

Mr. WEITZ. Yes.

Mr. HANMAN. I do not believe so.

Mr. WEITZ. So you only discussed contributions for Democrats for Nixon?

Mr. HANMAN. Yes.

Senator MONTOYA. There were six people there?

Mr. HANMAN. Yes.

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[1] See Connally exhibit No. 5, p. 6099.
[2] See p. 5905.

Senator MONTOYA. How much was the total commitment by all of them?

Mr. HANMAN. Well, it would be $50,000.

Senator MONTOYA. Each?

Mr. HANMAN. No. I was there representing the ADEPT committee. Mr. Baldi was there representing the Mid-America Dairymen. Then, on the Dairymen, Inc., side Joe Weswater was there discussing their political action arm.

So there were really only two groups there. Each one committed for $25,000.

Mr. WEITZ. Was that the first time you met Secretary Connally?

Mr. HANMAN. Yes, it was.

Mr. WEITZ. Did you discuss any substantive governmental policies with the Secretary, in the sense of the price support level for 1972, 1973, or the import quota question?

Mr. HANMAN. My recollection is that we did discuss the price support issue, and we honed in specifically on the Flanigan report, or an administrative attitude relative to what position the administration will take in our negotiation with the Common Market countries.

They were about to renegotiate the General Agreement on Tariff and Trade, the GATT agreement. So Secretary Connally had been in the international circle, so we talked to him about that.

Mr. WEITZ. Did any of the representatives of Dairymen, Inc., or SPACE, in any way mention or discuss the civil antitrust suit at that time pending against them?

Mr. HANMAN. Not that I recall. We may have talked to Mr. Connally about an attitude of the administration relative to co-ops in general.

Mr. WEITZ. An antitrust attitude?

Mr. HANMAN. Yes.

Mr. WEITZ. By the Justice Department?

Mr. HANMAN. Yes. We felt then, and I think we still feel that there are some people in the Justice Department that are anticooperative. And I would guess we talked to him about it, because that is one of the key issues that still bothers us.

Mr. WEITZ. Did he indicate in any way he would talk to anyone else about these problems, such as Mr. Mitchell?

Mr. HANMAN. No, I do not believe he did.

Mr. WEITZ. Or anyone in the administration at that time?

Mr. HANMAN. I do not believe he committed to do anything at the meeting. I do not believe he did.

Mr. WEITZ. Did you understand at a later time that he, in fact, did contact anyone on your behalf, such as Mr. Flanigan or anyone else?

Mr. HANMAN. No, not that I recall.

Senator MONTOYA. Why were you talking to him?

Mr. HANMAN. Where?

Senator MONTOYA. Why were you talking to him?

Mr. HANMAN. We were talking to him because he was ex-Secretary of the Treasury. He did have an understanding or a working knowledge of the administration. We were trying to get a feeling from him as to whether or not some of the impressions we were getting were, in fact, what the administration's attitude was, that being, are they go-

ing to trade off the dairy farmers in order to get grain exports and general agreements on tariff trade?

Are there really within the Justice Department people that are mounting a movement to destroy dairy co-ops and co-ops in general?

I think we were just generally trying to get impressions from him.

Senator MONTOYA. Why were you trying to get impressions from him?

What expertise would he have in that area if he was Secretary of the Treasury?

Mr. HANMAN. Probably no expertise other than what he had picked up from other people in the administration.

Senator MONTOYA. Why would you tell him at that meeting that you would contribute $50,000?

Mr. HANMAN. Well, again, I think our group wanted to contribute to Mr. Nixon's reelection effort.

Senator MONTOYA. Why did you select Secretary Connally as the official recipient of the good news?

Mr. HANMAN. Well, I don't guess really there was any reason except that he—we did have the attitude at that time that maybe you're on both sides of the fence—that you were supporting a movement that was both Democratic and Republican—and we do try to maintain a posture within our ADEPT committee of being bipartisan on both sides.

Senator MONTOYA. No. But what I'm getting at is why was this particular meeting chosen to make a commitment to the contributions, and why was Secretary Connally there if it was not for some purpose that you had in mind before the meeting was set?

Mr. HANMAN. I don't know that we had any specific—I don't know that we had our minds made up really when we went in to see him that we were going to make a commitment to contribute.

Senator MONTOYA. You mean you just went into the room, and after you discussed tariffs and antitrusts, that you just up and said on behalf of your organization, they commit $25,000, and Mr. Parr got up——

Mr. HANMAN. It wasn't Parr.

Senator MONTOYA. Whoever it was.

Mr. HANMAN. Mr. Westwater.

Senator MONTOYA. And Mr. Westwater says "I commit $25,000." Now, what triggered that commitment?

What triggered your coordination with him?

Mr. HANMAN. With him?

Senator MONTOYA. On the $25,000?

Mr. HANMAN. I don't really know, to tell you the truth.

Senator MONTOYA. There has to be some basis for it; you don't just go into a room and commit $25,000.

Now, the committee members are going to ask you that question, and that's what I'm preparing you for.

Mr. ELDER. Did anybody suggest $25,000 per committee?

Mr. HANMAN. I'm sure there were discussions between ADEPT and SPACE of contribution.

Senator MONTOYA. But you were representing ADEPT, you should have known.

Mr. HANMAN. I should have known?

Senator MONTOYA. That there were specific conversations to coordinate this effort.

Mr. HANMAN. Oh, yes. I did know we were talking about contributions to Mr. Connally's effort on behalf of Mr. Nixon. All I am saying is—and we were going to contribute some money, but I don't believe that at the time we went in that meeting—that we were going in there with an understanding that we were going to make a specific commitment.

Senator MONTOYA. But you did.

Mr. HANMAN. But we did.

Now, why? I think Mr. Connally asked us if we were going to make a commitment, a contribution. He indicated that he was going to have a party in Texas somewhere where the President would be there. He would like for some of us people to be there.

Senator MONTOYA. With the money?

Mr. HANMAN. No, he was inviting only those people, I think, who were going to make some contributions. And as I recall, as the way the meeting developed, that's how we got to the $25,000. It was an opportunity to go to this dinner and meet the President and meet some of his supporters. And I believe that's about the way it developed.

Senator MONTOYA. Did you take the checks to that meeting?

Mr. HANMAN. No, I don't believe we did. I believe they were delivered later. They were delivered. I don't know what the dates of the checks were, but I believe they were delivered later to the Democrats for Nixon here in Washington, where they had their headquarters set up, and they were made out to some State organizations, and I don't believe at the time that that meeting was set up that they had their State organizations set up, the Democrats for Nixon.

Mr. WEITZ. I am looking at a GAO report for the period covering August and September 1972. It shows that on September 19, you made contributions totalling $25,000 to five different committees in five different States, but essentially part of the Democrats for Nixon.

Mr. HANMAN. Right. In other words, we made them after the meeting, which probably was in early August.

Mr. WEITZ. And when was this party for the President? Do you recall?

Mr. HANMAN. I really don't know. I really don't know.

Mr. WEITZ. Was it your recollection that these contributions would have been delivered after the party?

Mr. HANMAN. What's the date?

Mr. WEITZ. September 1972, is what's reported.

Mr. HANMAN. I would guess—and I'm not sure of this—that it was probably before.

Mr. WEITZ. The party was between the meeting with Mr. Connally——

Mr. HANMAN. It was before, after the contributions were made. It was in late September, I believe.

Senator MONTOYA. The party?

Mr. HANMAN. Yes.

Mr. WEITZ. So in other words, the contributions were made before you attended the party for the President?

Mr. HANMAN. Yes.

Mr. WEITZ. How did you come to make contributions for the Committee To Re-Elect—the Finance Committee To Re-Elect? Did that come about as a result of some specific meeting or conversation?

Mr. HANMAN. No, I don't believe it did. I believe there was a feeling of our committee that after the November election in 1972, we probably wouldn't have a big demand for funds in 1973 because there wouldn't be any race. There wouldn't be any demand until 1974.

So there wasn't any need to carry over any funds from one year to another. And I believe the way that one came about was we got down to pretty well the end of the election, the end of our year, and we had some money on hand, and so we decided to make a contribution to the Committee To Re-Elect, and I believe our records will show that we just about cleaned the fund out.

Mr. WEITZ. Are you aware that around the same time, just before the election, that SPACE also contributed $25,000?

Mr. HANMAN. I was aware that SPACE was going to make some contributions to the Committee To Re-Elect the—we had some contact with a fellow involved in Mr. Nixon's reelection efforts by the name of Clayton Yeutter. He was directing Mr. Nixon's, I believe, Midwest agricultural effort. He's from Nebraska originally where we have quite a few members. And we got to know him during this time. And it was to him I delivered these checks.

Mr. WEITZ. Did he tell you about the contributions that were being contemplated by SPACE, or did you get that directly from the SPACE people?

Mr. HANMAN. I don't believe I got it from him. I don't really know how much they gave, really.

Mr. WEITZ. Did anyone ever come to you in late 1972 and talk to you about the additional moneys they expected you to contribute as a result of the milk price support decision?

Mr. HANMAN. No.

Mr. WEITZ. Did anyone of the other dairy co-ops ever talk to you about fulfilling a commitment that had been made as a result of the milk price support decision?

Mr. HANMAN. No.

Mr. WEITZ. And the contributions that were in fact made by ADEPT were made as a part of the general commitment to the President or in support of the President, and not in exchange for or as part of the commitment specifically for the milk price support decision in 1971?

Mr. HANMAN. That's right.

Mr. WEITZ. Did you ever discuss the antitrust policy of the administration with any other administration or ex-administration officials during 1971 or 1972?

Mr. HANMAN. Not that I recall.

Mr. ELDER. There's one thing that I'm a little confused on; in a meeting at the—with Secretary Connally——

Mr. HANMAN. With Secretary Connally.

Mr. ELDER. With Secretary Connally. Who suggested the total figure of $50,000 divided? Did it come from you people or Secretary Connally?

Mr. HANMAN. I don't know that there was a total of $50,000 divided. I think we had some discussions—we, being ourselves and Joe Westwater, probably Ben Morgan—as to how much we might contribute.

And as I recall the thought was that the SPACE funds generate about the same amount of money that the ADEPT funds do, even though we have, we may have more contributors than they do. I think ours are generally smaller. If you look at a summary in here, you will notice that—here is a breakdown of annual contributions by the dairy farmers who contribute to ADEPT.

And you can see that our average annual contribution is—well, we've got a lid. We say we don't want to have any more than $99.96. The reason that lid was put on there originally is that under the old law you had to report their name individually if they gave $100 or more, and we didn't want to print every guy's name on a report to the Clerk of the House.

But you can see that our sizes, our amount of contributions are relatively small. But to answer your question, I think our funds generated were about the same, and I think that generally what we thought whatever the one would do, the other would do about the same.

Mr. ELDER. Generally, the two committees arrived at the conclusion that they would donate a total of $50,000, or did Mr. Connally suggest the total figure of $50,000?

Mr. HANMAN. No, I think, generally, the two committees, maybe more specifically myself and Mr. Weswater, probably recommended an equal amount.

Mr. ELDER. All right.

The only other question I would like to ask, and I think you've answered it, but just to be sure. You did not donate, I take it, you did not donate any funds to the McGovern Presidential committee?

Mr. HANMAN. No, we did not.

Mr. ELDER. OK.

Mr. WEITZ. One further question.

Did Mr. Jacobsen, either before or after or during that meeting with Mr. Connally, suggest a particular figure or amount?

Mr. HANMAN. No, I believe that Joe Weswater and I had agreed before that we were going to recommend $25,000 apiece. We did not intend, when we went in there to see Mr. Connally, that we would commit at that time, because bear in mind as I recall their organization structure really hadn't been firmed up. They weren't really ready to receive any funds, but we did make a decision while we were there, in view of this party that was coming up, that we would tell them right then what we were going to do.

But there was no arm-twisting from either Jacobsen or John Connally as to amount.

Mr. WEITZ. Let me ask you one further question.

Before the meeting, did you tell Mr. Jacobsen of your intent at some point in the future to recommend to your committee a contribution of $25,000 or some amount?

Mr. HANMAN. I may have, but I don't recall that I did.

Mr. WEITZ. Senator, do you have any questions?

Senator MONTOYA. Yes, I have just one question.

The point I want to make is this: Now, you're going to be asked this question in open hearing; now, John Connally doesn't go to the Madison Hotel just to listen to dairymen talk about their problems during the course of a political campaign.

Now, he must have had some indication from you people or from other people, that you were coming in there to commit yourselves to make a contribution to the President. Now, give us some light on that.

Now, they're going to ask you this.

Mr. HANMAN. Well, I am sure—well, I'm not sure either.

Senator MONTOYA. I just don't want you to appear silly in open hearing, that you just went in there because somebody was going to be in room so-and-so.

Mr. HANMAN. Oh, no. This meeting was set up by Jake Jacobsen, and he was coordinating Mr. Connally's efforts, and I'm sure we indicated that we would make a substantial contribution.

Senator MONTOYA. Before you went in there?

Mr. HANMAN. Yes, but not necessarily at that meeting, Senator. We had indicated that we would make a substantial contribution to the Democrats for Nixon. But we didn't. We did not intend, when we went in to see Mr. Connally, that we would tell him at the time what we were going to do.

And I'm not sure that we had even communicated to Mr. Jacobsen what our intentions were to contribute.

Senator MONTOYA. Well, when did you first know that you would meet Connally at that room?

Mr. HANMAN. You mean, when did we first——

Senator MONTOYA. Before you left home?

Mr. HANMAN. Yes, sure we did. I didn't know about the specific room, but I'm sure——

Senator MONTOYA. Was that the purpose of your trip, to meet Connally?

Mr. HANMAN. Not the only purpose, I wouldn't think. This was in 1972. Usually when I come to Washington, I work on some other things while I am up here, but that might have been the major reason.

Senator MONTOYA. Who called you to meet Connally?

Mr. HANMAN. Probably, it would have been Jake Jacobsen.

Senator MONTOYA. And did you indicate to him that you would make a contribution?

Mr. HANMAN. I'm sure we did.

Senator MONTOYA. And the amount?

Mr. HANMAN. I'm not sure we committed a specific amount.

Senator MONTOYA. You're not sure?

Mr. HANMAN. No.

Mr. WEITZ. One further question. We keep saying this, but one further question.

At the party for the President in September, late September of 1972, did you and some other members of ADEPT attend?

Mr. HANMAN. No, I think our president and his wife and our general manager, Mr. Baldi and his wife went.

Mr. WEITZ. Representatives of Mid-America did attend?

Mr. HANMAN. Yes.

Mr. WEITZ. Did representatives of Dairymen, Inc?

Mr. HANMAN. Yes, I believe they did.

Mr. WEITZ. Do you know whether representatives of AMPI also attended?

Mr. HANMAN. No, I do not, whether they did or not.

Mr. WEITZ. Could you tell us again who the representatives for Mid-America were?

Mr. HANMAN. Yes, our president, Bill Powell, and his wife, Joy, and Gene Baldi and his wife, Eleanor.

Mr. WEITZ. Thank you.

Mr. GAGE. Have you got any more questions? I have just one or two clarifying questions.

Mr. Weitz asked you about this memo that speaks of continuing commitment with the administration. Just so there is no question about your testimony, this wasn't a commitment in terms of an arrangement with the administration to contribute a particular amount?

Mr. HANMAN. No.

Mr. GAGE. In other words, it was just an internal commitment, that you were going to make contributions dependent on how your money sources——

Mr. HANMAN. That's right.

Mr. GAGE. And how the other contributions worked out.

Now, there is a statement in here from—when did Jake Jacobsen start representing Mid-Am?

Mr. HANMAN. I would say in late 1972. I don't know what the exact date was.

Mr. GAGE. Was there some legal fee reimbursed to AMPI before that for amounts they paid Jake Jacobsen?

Mr. HANMAN. Yes.

Mr. GAGE. Do you recall the amount of that?

Mr. HANMAN. I believe it was $5,000.

Mr. GAGE. Now, what legal services to Mid-Am did that involve?

Mr. HANMAN. Well, this was back when our members were talking about setting up some type of political trust organization, and they were hearing rumors about——

Mr. GAGE. The question was, Mid-Am, what services to Mid-Am were involved?

Mr. HANMAN. He was advising our people, our board, as to what by law they couldn't do. They couldn't make political contributions using corporate funds.

Now, that is why that bill was tendered to Mid-Am, because he was giving us that legal advice.

Mr. GAGE. Was that done at a series of division board meetings?

Mr. HANMAN. Yes.

Mr. GAGE. Which included Mid-Am division directors.

Now, there is a statement here dated October 2, 1973, which is included in the documents. Would you look at that and comment on whether it correctly states what the legal services were?

Mr. HANMAN. No, Mr. Jacobsen, as far as the ADEPT group was concerned, was giving us advice on how we might restructure the ADEPT organization rather than giving some legal opinion on the price freeze. I think that more properly reflects some legal services rendered to Mid-Am than——

Mr. GAGE. Did he also render a statement to Mid-Am at the same time?

Mr. HANMAN. Yes.

Mr. GAGE. In a like amount?

Mr. HANMAN. Yes.

Mr. GAGE. All right.

Now, we noted in going through these documents, we are missing the October and possibly September statements to Mid-Am of Jake Jacobsen. But we will furnish them. One way or another we didn't get them in the documents.

Mr. HANMAN. OK.

Senator MONTOYA. Why would he send a statement to ADEPT, which was a political arm, for services with respect to the price freeze and general dairy problems?

Mr. HANMAN. Well, I don't think he should have because I think those types of advice were given to Mid-Am and not to ADEPT. Bear in mind that during this period, he was also rendering some opinions and legal advice to Mid-Am.

Senator MONTOYA. Did you pay him with other checks?

Mr. HANMAN. From Mid-Am?

Senator MONTOYA. Yes.

Mr. HANMAN. Yes. And we also paid him this amount here from the ADEPT account.

Senator MONTOYA. And did you pay from Mid-Am or ADEPT any moneys to Harry Dent?

Mr. HANMAN. No.

Senator MONTOYA. Chotiner?

Mr. HANMAN. No.

Now, I say no, but his firm, Marion Harrison, we do have on a retainer for Mid-Am.

Senator MONTOYA. And how long have they represented you?

Mr. HANMAN. I believe since December 1972 or January 1973.

Senator MONTOYA. Did you pay them any moneys prior to that time?

Mr. HANMAN. No.

Senator MONTOYA. At all?

Mr. HANMAN. No.

Senator MONTOYA. And is Mr. Hillings part of that firm? Pat Hillings?

Mr. HANMAN. I understand he was earlier, but he isn't now. He wasn't involved in that firm at any time after I got there.

Mr. WEITZ. In the same regard, are you aware of any legal fees that were paid to any of the attorneys we have just mentioned through the common organization of which Mid-America is a member, such as the successor of Associated Dairymen or some other like associations?

Mr. HANMAN. Not to my knowledge.

Mr. GAGE. Are you referring to CACF?

Mr. WEITZ. I think I am. I have seen it once, if you want to spell out what that represents.

Mr. HANMAN. Central America Co-op Federation.

Mr. WEITZ. Do you want to take a minute?

Mr. GAGE. I just want to make sure Gary is answering completely.

Mr. HANMAN. I don't know of any legal bills to these people you are talking about from CACF. I could be wrong.

Senator MONTOYA. Would you check on that, and then let us know?

Mr. HANMAN. Yes; I'd be glad to check on that.

Mr. WEITZ. Were there any other bills that were submitted to you by Jake Jacobsen that did not, in fact—invoices that did not, in fact, represent the type of services provided?

Mr. HANMAN. Yes. There were—you will notice in here on some of these that he was abbreviated in his billing, and in some cases for my own purposes, I added to it issues on which I had consulted him about.

Mr. GAGE. These are in the other file on Jacobsen-Harrison.

Mr. WEITZ. I take it he's now on a $1,500-a-month retainer?

Mr. HANMAN. No; he's now on a $500 retainer from Mid-Am. It's under review.

Mr. WEITZ. And at no time during the past 4 years, to your knowledge, were any moneys paid to either Jake Jacobsen or the Harrison firm, or DeVier Pierson converted to cash and used for any purposes related to Mid-America or ADEPT or any political purpose that you know of?

Mr. HANMAN. No, sir.

Mr. WEITZ. I have no further questions.

Mr. ELDER. In the event we do have some questions after reviewing the documents, is it agreeable that we can call you on the phone and discuss it?

Mr. HANMAN. Fine, sure; if it's all right with Mr. Gage.

Mr. GAGE. Why don't you call me, and I will get the answers?

Mr. ELDER. OK.

Mr. WEITZ. Thank you.

Senator MONTOYA. Thank you very much.

[Whereupon, at 4:20 p.m., the hearing in the above-entitled matter was adjourned.]

HANMAN EXHIBIT NO. 1

LAW OFFICES
REEVES & HARRISON
SUITE 500
1701 PENNSYLVANIA AVENUE, N. W.
WASHINGTON, D. C. 20006
TELEPHONE 202 298-9030
TELEX 440376 CRDK
CABLE "REEVLAW"

MARION EDWYN HARRISON
ERNEST GENE REEVES
ROBERT F. BAGLE
MYRON SOLTER
JUDY R. POTTER

OF COUNSEL
MURRAY M. CHOTINER
PATRICK J. HILLINGS

March 30, 1971

Mr. Gary Hanman
Executive Vice-President of Marketing
Mid-America Dairymen, Inc.
P. O. Box 1837 S.S.S.
Springfield, Missouri 65805

Dear Gary:

We send you herewith the names and addresses of nine committees. We will get the tenth one later. Please don't hold up waiting for it because we need a few days.

Sincerely,

MARION EDWYN HARRISON

MEH:ek
Enclosure

Contact - Bob Johnson

Checks sent on April 19, 1971

Kick Off '72 Republican Dinner
Eisenhower Center
310 - 1st Street, S.E.
Washington, D. C.

Republican National Committee
Eisenhower Center
310 - 1st Street, S.E.
Washington, D. C.

Republican National Finance Committee
Eisenhower Center
310 - 1st Street, S.E.
Washington, D. C.

Republican National Finance Operations Committee
Eisenhower Center
310 - 1st Street, S.E.
Washington, D. C.

Republican National Associates
Eisenhower Center
310 - 1st Street, S.E.
Washington, D. C.

Republican Victory Committee
Eisenhower Center
310 - 1st Street, S.E.
Washington, D. C.

Republican Campaign Committee
Eisenhower Center
310 - 1st Street, S.E.
Washington, D. C.

Committee for a Republican Congress
Congressional Hotel
300 New Jersey Avenue, S.E.
Washington, D. C.

Republican Congressional Candidates Conference
Congressional Hotel
300 New Jersey Avenue, S.E.
Washington, D. C.

HANMAN EXHIBIT NO. 2



AGRICULTURE & DAIRY EDUCATION POLITICAL TRUST
P. O. BOX 1837 S.S. STATION, SPRINGFIELD, MO. 65805 • 417 862-7071

TO: ADEPT COMMITTEE
Ken Varner
Dale Hendricks
Dale Schaufelberger
Gordon Walle
Edgar Lampe
Curtis Phillips

FROM: Gary Hanman

DATE: September 13, 1971

SUBJECT: Quarterly Report

Attached is the Quarterly Report filed by Trustee Delano for the ADEPT Fund.

The $15,000 contributions were a part of the continuing commitment which we had with the Administration. Several administrative decisions, favorable to dairy, have been rendered — more perhaps than any other administration: (1) Restore Special School Milk Program; (2) Curb imports in four major categories, with the over 47¢ cheese still being considered; (3) Use of CCC stocks of cheese in schools; (4) Export of butter (a summary of this program attached); (5) Increase in price supports by 27¢ per cwt.; (6) Class I Base Plan promotion deductions under federal milk orders; to name a few.

GH:bd

Encls.

OVERSEAS BUTTER SALES

Week of May 17	1,139,437
Week of May 24	2,844,058
Week of May 31	2,149,403
Week of June 7	3,114,083
Week of June 14	2,288,317
Week of June 21	342,066
Week of June 28	1,077,531
Week of July 5	1,197,358
Week of July 12	1,264,174
Week of July 19	199,910
Week of July 26	41,102
Week of August 2 (8/3-239,360) (8/4-538,560)	777,920
Week of August 9 (8/10-308,040) (8/12-270,504)	578,544
Week of August 16 (8/17-386,484) (8/19-450,453) (8/20-226,210)	1,063,137
Week of August 23 (8/23-349,180) (8/24-223,229) (8/25-449,126) (8/26-399,677) (8/27-223,774)	1,644,986
Week of August 30 (8/31-779,280) (9/1-881,525) (9/2-437,825) (9/3-665,020)	2,763,650
Total to date	22,485,686

HANMAN EXHIBIT NO. 3

August 17, 1972

Mr. Jake Jacobsen
Semer, White & Jacobsen
1156 15th Street, N. W.
Washington, D. C. 20005

Dear Jake:

Attached is a follow-up letter to our discussions with the Secretary. I realize it is too long, but it was difficult for me to explain this complicated subject on one page. If you think it is too long for the Secretary to grasp, give me a ring and we will redo it.

Sincerely yours,

MID-AMERICA DAIRYMEN, INC.

Gary Hanman
Senior Executive Vice President

GH:bd

Attachment

WEDNESDAY, NOVEMBER 14, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to notice, at 11 a.m., in room G–334, Dirksen Senate Office Building.

Present: Senator Joseph M. Montoya.

Also present: Donald Sanders, deputy minority counsel; Alan Weitz, assistant majority counsel.

Senator MONTOYA. We will start the proceeding now.

Will you state your name?

Mr. LILLY. Bob A. Lilly.

Senator MONTOYA. Where are you from, Mr. Lilly?

Mr. LILLY. San Antonio, Tex.

Senator MONTOYA. I will administer the oath.

Will you raise your right hand? Do you solemnly swear that the testimony that you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LILLY. I do.

Mr. WEITZ. Senator, let the record show that Mr. Lilly has been granted use immunity by the U.S. District Court for the District of Columbia this morning, and is appearing and will testify pursuant to that order.

Senator MONTOYA. The record will so show.

Mr. NICHOLAS. Might it also show that he appeared with his counsel?

Senator MONTOYA. Yes. Let the record also show that he has appeared with his counsel, and will you, Mr. Counsel, state your name?

Mr. NICHOLAS. My name is Anthony Nicholas, attorney at law, San Antonio, Tex., and I represent Mr. Bob A. Lilly, individually.

Mr. WEITZ. Mr. Lilly, for the record, would you state your full name and address?

TESTIMONY OF BOB A. LILLY, ACCOMPANIED BY ANTHONY NICHOLAS, COUNSEL

Mr. LILLY. I am Bob A. Lilly, 130 Paloma, P-a-l-o-m-a, San Antonio, Tex.

Mr. WEITZ. Let me just say in general that whenever names or other items come up that might be somewhat obtuse, that they ought to be spelled for purposes of the record.

Mr. Lilly, would you tell us of your earliest connections with, first, MPI and then AMPI?

Mr. LILLY. Yes. If I might, I have a short brief here that more or less describes it.

Mr. WEITZ. Is that a statement you have?

Mr. LILLY. Yes. I might read it as far as I am concerned.

Mr. WEITZ. Fine.

Mr. LILLY. My name is Bob Lilly. I reside at 130 Paloma, San Antonio, Tex. I am employed by Associated Milk Producers, Inc. and National Dairymen's Cooperative with approximately 40,000 producers in 21 States, headquartered in San Antonio, Tex.

My title is secretary of the Committee for Thorough Agricultural Political Education, abbreviated as TAPE, and legislative director for AMPI, abbreviation for Associated Milk Producers, Inc.

As secretary of the Committee for TAPE, I am responsible for records of contributions, receipts, expenditures, reports, and correspondence relating to the Committee for TAPE. As legislative director, I work with State legislators as well as employees in the AMPI regions charged with similar responsibilities; State regulatory agencies, such as health authorities, animal health authorities, pollution prevention agencies, as well as comparable Federal regulatory agencies. And I also work on national legislation.

I have been associated with the dairy industry since early 1965. In 1965, I was employed by North Texas Producer's Association, a dairy cooperative headquartered at Arlington, Tex. In 1967, at the formation of Milk Producers, Inc., the North Texas Producers Cooperative became a part of AMPI, along with other cooperatives in Texas, Oklahoma, Kansas, Arkansas, Tennessee, and New Mexico with approximately 12,000 members.

Later, in 1968, Associated Milk Producers, Inc., AMPI, was formed with approximately 30,000 members, and in time grew through consolidation to its present size of about 40,000 members. I served as an assistant to the general manager of MPI and AMPI until early 1972, when there was a change in management.

Since that time, I have served in my present capacity.

Mr. WEITZ. Thank you.

Mr. Lilly, what were the positions of Mr. Nelson—what was the position of Mr. Nelson during the period of 1967 forward?

Mr. LILLY. He was general manager of Milk Producers, Inc., and later Associated Milk Producers, Inc. until early 1972, January 1972.

Mr. WEITZ. If you have no objection, I think we can refer alternately to Milk Producers, Inc., as MPI, and Associated Milk Producers, Inc., as AMPI, and TAPE, T-A-P-E, and Committee for TAPE as either TAPE or CTAPE.

Mr. LILLY. That is fine. That would be easier for me.

Mr. WEITZ. Can you tell us what position Mr. Isham, I-s-h-a-m, held during that period?

Mr. LILLY. Yes. Mr. Isham held the position of comptroller for AMPI during the entire period until a change in management in 1972, and following that, at about that time, or shortly thereafter, he was named as associate general manager and was replaced as comptroller, and was one of two associate general managers to the current or present general manager, George Mehren.

Mr. WEITZ. M-e-h-r-e-n?

Mr. LILLY. M-e-h-r-e-n.

Mr. WEITZ. Who was the other associate general manager, or at that time who was?

Mr. LILLY. At that time and presently still is associate general manager, A. L. McWilliams, M-c-W-i-l-l-i-a-m-s.

Mr. WEITZ. Is there a second general associate manager at this time?

Mr. LILLY. Not since Mr. Isham left AMPI several months ago. He resigned and there has been no replacement for him in the associate general manager's squad.

Mr. WEITZ. Did Mr. Isham also hold a position with MPI?

Mr. LILLY. He held the comptroller position with MPI.

Mr. WEITZ. So both with MPI and AMPI?

Mr. LILLY. Right.

Mr. WEITZ. Can you tell us the position or positions that Mr. David Parr, P-a-r-r, held from 1967 forward?

Mr. LILLY. This is rather difficult. He was rather outspoken in not wanting a title. He would come as near being an assistant general manager as I could possibly think of anything being, but he actually requested that he have no title. He was constantly with Mr. Nelson, advising with him.

So I would say that he dealt, even though he did not have the title, in the capacity of assistant general manager.

Mr. WEITZ. Do you know what his formal title was during that period of time?

Mr. LILLY. As far as I know, he had no formal title.

Mr. WEITZ. He was not, for example, a division manager for Arkansas?

Mr. LILLY. You are right. I am sorry. At the time we put MPI together, the CAMPA group that is Central Arkansas Milk Producers Association, became a part of MPI, and during a brief period of 1967 until 1968, until we created AMPI, he served as division manager of that group.

But prior to that time, he was manager of the CAMPA group.

Mr. WEITZ. And when did they merge with AMPI? Did he remain a division manager of AMPI, or——

Mr. LILLY. No; he remained in Little Rock as far as his residence and his business place of operation was concerned. Certainly, he had a great deal of influence on what went on in that particular division, and it was maintained as a division. But he did not have the title of division manager.

I am not sure who succeeded him in that capacity, but he moved into a different relationship.

Mr. WEITZ. Can you tell us, if you know, what assistance Mr. Parr had in Little Rock throughout this time, from time to time?

Mr. LILLY. He had Keiffer, K-e-i-f-f-e-r, Howard, Joe Johnson, J-o-h-n-s-o-n, Forest, F-o-r-e-s-t, Wisdom, Bob Justice, J-u-s-t-i-c-e, Tom Townsend. T-o-w-n-s-e-n-d, Joe Murphey, M-u-r-p-h-e-y. I think that I have covered most of them.

Mr. WEITZ. All right.

Now, we are turning to you. Could you tell us what your relationship was with Mr. Nelson? For example, you defined what your area of responsibility was.

Could you tell us your contact with Mr. Nelson in general during this period?

Mr. LILLY. Of course, during this time as an assistant to the general manager, it covered practically anything which may or may not come up; that put me in close working relationship with Bob Isham as comptroller, with Dave Parr in the capacity—he served with the division managers we had actually named as division managers. And we had a number of division managers.

At a later date, we created regions, which is a higher level than a division, in close contact with the regional managers as to what was going on—telephone conversations through me directly with Mr. Nelson on some plant problem or some legislative problem or whatever the problem might be; also rather closely tied to TAPE at that time doing lobbying activities at a much higher level—not at a higher level, that is a poor choice of words—but at a more intensified effort than under Dr. Mehren.

And I might say that whatever might fall within the realm of an assistant to the general manager of a large national cooperative—I mean, that would fit within my capacity.

Mr. WEITZ. Were there any other persons in approximately your position with regard to Mr. Nelson?

Mr. LILLY. No; Mr. Nelson, at the time of the creation or formation of MPI and later, AMPI, refused to leave San Antonio and move to Dallas, Tex., where the board wanted to have the office. And, in fact, I moved to San Antonio in April of 1968, and was there for approximately a year and a half before any of the other people within MPI, later AMPI, moved to San Antonio.

So, the two of us were together for well over 1 year.

Mr. WEITZ. You and Mr. Nelson?

Mr. LILLY. That is right.

Mr. WEITZ. Who was his secretary at that time?

Mr. LILLY. A lady by the name of Madeline, M-a-d-e-l-i-n-e, that is probably misspelled, P-i-l-l-o-t.

Mr. WEITZ. Did you have a secretary?

Mr. LILLY. I had a secretary. I used Madeline Pillot, and had a secretary by the name of Sarah Bezdek, B-e-z-d-e-k.

Mr. WEITZ. For what period of time did Sarah Bezdek serve as your secretary?

Mr. LILLY. From my time moving to San Antonio in 1968, either she or Madeline Pillot, later Sarah Bezdek, entirely up until March of 1972.

Mr. WEITZ. And after that time?

Mr. LILLY. After that time, I have used Annette, A-n-n-e-t-t-e, Tomisini, T-o-m-i-s-i-n-i, curently my secretary.

Mr. WEITZ. Do you know who succeeded Madeline Pillot as Mr. Nelson's secretary?

Mr. LILLY. Yes; a lady by the name of Jane Wright, W-r-i-g-h-t.

Mr. WEITZ. Do you know when she replaced Pillot?

Mr. LILLY. No; I do not.

Mr. WEITZ. Did Jane Wright continue on as Mr. Nelson's secretary until he was removed as general manager?

Mr. LILLY. I think just prior to his being removed as general manager, Jane Wright left him probably and went with an insurance company. It possibly could have been immediately after. I mean, I could not give you a date.

Mr. WEITZ. I see.

Do you know where Ms. Wright is located now?

Mr. LILLY. She is—I saw her just a day or two ago. I know she is still working with the insurance company, and she lives in Olmos Park in San Antonio, as far as the residence is concerned.

Mr. WEITZ. Do you know—what about Pillot?

Mr. LILLY. She lives in New Braunfels, Tex.

Mr. WEITZ. Where does Sarah Bezdek live?

Mr. LILLY. In San Antonio, I am not sure of the address.

Mr. WEITZ. I would like to move to some questioning concerning the formation of TAPE. Can you tell us what the purpose of TAPE was and who was instrumental in its formation?

Mr. LILLY. Of course the purpose of TAPE was to provide a vehicle for our dairy farmer members—the purpose of TAPE was to provide a vehicle that dairy farmers could make political contributions, and it was so designed that they would contribute under $100 to prevent and to avoid having to report their names and addresses at that time to the Clerk of the House.

And in our handling, dairy farmers were paid in such a way—we handled their moneys for them for the milk that they sold during the month, and they would sign an authorization for us to make a deduction out of their checks. We originally started out at one-third of 1 percent, and I could not tell you truthfully why we were tied up on that.

When they would reach $99.96, then they would be cut off and contribute nothing further during the year. These moneys were used to contribute to State and Federal candidates for political office. The formation of it first started in 1968. We had a number of attorneys.

I remember DeVier Pierson had some comments on it. There was some correspondence on his thoughts and ideas. Ted Van Dyk, that's V-a-n D-y-k, had some input into it through correspondence and ideas as to how it should be organized. Mr. Jake Jacobsen, J-a-c-o-b-s-e-n, Austin, Tex., had some input into it; possibly other attorneys. These, I can remember.

As to how it should be structured and organized, we finally determined to set it up as a trust in the true sense of the word. It was originally entitled "Trust for Agricultural Political Education," with Robert Isham, our comptroller, as sole trustee of the fund.

The first deposits started in 1968. The actual first collection of the first deposit was made in March of 1969.

Mr. WEITZ. Was there a committee for TAPE that had some function?

Mr. LILLY. There was a committee for TAPE. We had it at that particular time. I believe we had four regions within AMPI, and each region, if my memory serves me correctly, had two representatives that were directors on AMPI's board, corporate board members, as we referred to them as.

It was not a committee in the true sense of the word. They would make the determinations about where money would be spent. They certainly could make requests. Their requests were probably accepted and moneys were expended to the regions which they recommended.

But for the most part, the committee functioned as a committee that we reported to after the fact, when we would report to the Clerk of the

House, at that time sometimes on a quarterly basis, and very similar to the reporting date now. We would give the committee a copy of the report, who we'd made contributions to, but it was an after the fact thing rather than a before the fact thing.

In other words, we did not have to have their permission at that particular time, at the inception of TAPE to make a contribution.

Mr. WEITZ. The TAPE committee was made up of dairy farmers who were members of TAPE?

Mr. LILLY. Right.

Mr. WEITZ. Were all of them members of the board of directors of AMPI?

Mr. LILLY. Yes.

Mr. WEITZ. Under the trust agreement, is it not true that Mr. Isham had sole legal responsibility for the dispensation of the funds?

Mr. LILLY. That is true.

Mr. WEITZ. In practice, who controlled the dispensation of funds or who made the decisions as to contributions?

Mr. LILLY. For the most part, myself, Mr. Nelson, Mr. Parr, Mr. W. R. Griffith, G-r-i-f-f-i-t-h, a director from, I will say, Oklahoma, New Castle, Okla.; probably others, but those were the major people.

Mr. WEITZ. Is Mr. Griffith a member of the TAPE committee?

Mr. LILLY. Yes, he was chairman of the TAPE committee, and as a matter of fact, he is chairman of the Committee for TAPE now.

Mr. WEITZ. Now, you said that you, Mr. Parr, Mr. Nelson, and Mr. Griffith had actual responsibility. If you were to estimate who made the majority of the decisions, could you make such an estimate?

Mr. LILLY. I would say that Mr. Nelson and Mr. Parr, between the two of them, made 80 to 90 percent of the decisions.

Mr. WEITZ. How many instances do you recall in which you made a decision for a particular contribution without consulting with, either Mr. Nelson, or Mr. Parr?

Mr. LILLY. I remember one instance quite well.

Mr. WEITZ. Only one now?

Mr. LILLY. I am sure there were others. One particularly comes to my mind, but I am sure there were other contributions I made without consulting with them.

Mr. WEITZ. Were there contributions that were made on the authority of either Mr. Nelson or Mr. Parr, in which they did not ask your advice or otherwise consult with you?

Mr. LILLY. Yes, yes.

Mr. WEITZ. Numerous occasions?

Mr. LILLY. When they asked my advice, they might have told me that they were going to—in most instances, I was aware that they were going to, I might disagree or agree, but that had no bearing on it. I think in most instances I was aware of it.

Mr. WEITZ. You would say that perhaps Mr. Nelson, and to a lesser extent, Mr. Parr, had final authority with regard to contributions?

Mr. LILLY. Insofar as I am concerned, Mr. Nelson had final authority.

Mr. WEITZ. Did Mr. Isham, or you, or anyone else make reports to the TAPE committee, other than those reports—copies of the reports to the Clerk of the House?

Mr. LILLY. Mr. Isham did. Usually my assistants or my help would be sure that he had it properly——

Mr. WEITZ. How frequently did he make such reports?

Mr. LILLY. There was a report required at the end of February of each year, the end of May of each year, the end of June—I mean August—of each year, and the end of December. It was very similar to what it is now with the Clerk of the House.

Mr. WEITZ. You're talking about reports to the Clerk of the House, but did he make independent reports to the committee?

Mr. LILLY. Mr. Isham or myself would make reports to the committee; sometimes, Mr. Isham, sometimes he was not even along and I would make the report to the committee at about the same time or shortly thereafter when we made a report to the Clerk of the House.

Mr. WEITZ. I see.

But you would not consult—you or Mr. Isham would not consult with members of the TAPE committee beforehand as to particular contributions?

Mr. LILLY. In some instances, if we were going to contribute in Oklahoma, Mr. Griffith lives in Oklahoma, and if we were going to make a contribution decision, we would contact him and be sure that we were not going to have his ire raised because of a contribution we might make in Oklahoma; the same thing in Kansas or any of the States. We usually would try to check with someone, but not in all instances.

Mr. WEITZ. I see.

Did the TAPE committee meet as a committee from time to time?

Mr. LILLY. No; not the TAPE committee.

Mr. WEITZ. Were there reports made as to TAPE contributions to the board of directors of AMPI?

Mr. LILLY. No; it was kept totally separate and apart, and to my knowledge, during the period of TAPE, I do not think the minutes will reflect any report having—AMPI boards minutes will not reflect any report having been made. And I think this would hold true until after the change in the law in 1972, when the new election code came into effect.

Mr. WEITZ. You say the minutes would not reflect, I take it, a formal or oral report. To your knowledge, were there informal, off-the-record reports made to the AMPI board by anyone knowledgeable as to TAPE contributions?

Mr. LILLY. There would be, not as to who might have been contributed to. A question might have been raised informally by a board member, had a contribution been made to someone, or what contributions had been made, or how much money TAPE had as far as balances were concerned. And these things would usually be answered in an informal, off-the-record, insofar as AMPI minutes—board minutes were concerned.

Mr. WEITZ. I see.

I would like to move to the period December 1968. Are you aware of or do you know anything concerning a transaction in which funds were delivered through one or more persons to Maurice Stans?

Mr. LILLY. I am unaware of any moneys having been moved in 1968.

Mr. WEITZ. This is December of 1968.

Mr. LILLY. I am totally unaware of it.

Mr. WEITZ. And you neither discussed this with Mr. Isham or anyone else, or were never told of any such transaction?

Mr. LILLY. I certainly have no—I mean, to the best of my recollection, I have no knowledge, no notes. It is a blank space in my mind.

Mr. WEITZ. All right.

Next, I would like to ask you about the transaction in 1969, that culminated in a payment of $100,000 to Mr. Kalmbach.

Would you like to tell us how that transaction began, and what you know of it?

Mr. LILLY. Yes.

Is it permitted for me to read this [indicating] to cover what I have?

Mr. WEITZ. Go right ahead.

Mr. LILLY. In late July of 1969, I was directed by Harold Nelson to deliver $100,000 cash to Milton Semer, S-e-m-e-r, a Washington, D.C., attorney. I was informed at the time, or perhaps a little later by Mr. Nelson, or Dave Parr, P-a-r-r, that the purpose of the $100,000, which was ultimately to be delivered to Herbert Kalmbach was to offset an AMPI personnel activity with the Democratic Party in the 1968 Presidential election, and also to get the favorable attention of the Republicans.

I was told to contact the Citizens' National Bank in Austin, Tex., the depository for our political TAPE funds, and work out details. I spoke with Mr. Marvin Stetler, president of the bank, that is S-t-e-t-l-e-r. Apparently, Mr. Stetler was told the transaction by Mr. Nelson prior to my conversation with Mr. Stetler, who told me that it would take several days to accumulate this amount in $100 bills, because it would have to be gathered from several banks in order to avoid arousing the interest of the Federal bank authorities.

The money was debited to the account of TAPE, the political arm of AMPI. This required the approval of Robert O. Isham, a trustee for TAPE. It is probable that Mr. Isham discussed the transaction, but I do not recall any conversation.

At this time, I was located in the San Antonio office, and Mr. Isham was located in the Dallas office. I was called by Mr. Stetler and told that the $100,000 would be ready on August 1, 1969. I notified Mr. Semer in Washington, D.C., and we arranged to meet in Dallas, Tex.

On August 1, 1969, I went to Austin, I went to Mr. Stetler's office in the Citizens' National Bank. Mr. Stetler counted $100,000 in $100 bills in my presence, and I then signed a debit memo acknowledging receipt of $100,000 cash, this first day of August 1969, per instructions of Bob Isham, that is I-s-h-a-m.

The money was placed in a briefcase. I took it and went to the airport and flew to Dallas, Tex. I do not remember if I went by commercial airline, or in the AMPI private plane. The plane landed at Love Field, and I went by taxi to the Executive Inn.

I called Milt Semer's room, and he asked me to come to his room, which I did. I gave Mr. Semer the briefcase containing the $100,000. He did not count the money, nor did he give me a receipt.

At a later date, several weeks as I remember. I saw Mr. Semer in Washington, D.C., and he told me he had left my briefcase in California, indicating to me that the money had been delivered. Sometime after this it was decided that no contribution exceeding $5,000 should

have been made under the then existing statute to any one individual or committee in any one year.

I do not know who made this decision or when it was made. In December of 1969, Mr. Nelson discussed with me ways to show the $100,000 contributed in an acceptable manner. I suggested that the $100,000 be returned to us, and we then give 20 State Republican committees $5,000 each, and they could in turn pass the money back to Kalmbach. This suggestion was ruled out by Mr. Nelson, and I got the clear impression that this approach had been discussed outside the office and had been vetoed, probably by someone close to the administration.

I then suggested that if the State committees were not to be trusted to do this, that 20 special committees be appointed. This idea was also turned down.

The final decision was that I should borrow $100,000 from the Citizens' National Bank in Austin, Tex. This was to be deposited to the TAPE account. Then a TAPE check in the amount of $100,000 was to be used to purchase a $100,000 non-interest-bearing CD to be held by the bank as collateral for my personal note.

The personal note was executed on December 17, 1969, for 60 days, and I deposited the $100,000 to the TAPE account on December 17, 1969. A TAPE check purchasing $100,000 non-interest-bearing CD was issued on December 19, 1969, and cleared the bank on December 22, 1969.

Mr. WEITZ. Off the record for a minute.

[Discussion off the record.]

Mr. WEITZ. Let's go on the record.

Mr. NICHOLAS. Bob, do you recall how you were advised, if you were so advised, as to how to get a hold, as to why to get a hold of Mr. Semer? I mean, do you have any recollection of that, or did you know Mr. Semer?

Mr. LILLY. I knew Mr. Semer by name of the Jacobsen, Semer and White law firm in Washington, D.C., because I had an appointment with Mr. Jacobsen. Possibly I had met Mr. Semer, but I am not sure that I had.

And why I contacted him—is this what you are asking?

Mr. NICHOLAS. You said that you contacted Mr. Semer for the purpose of delivering to him the $100,000 that was given to you through the debit——

Mr. LILLY. Memo.

Mr. NICHOLAS. Memo from TAPE. Is that correct?

Mr. LILLY. Yes.

Mr. NICHOLAS. My question is this, were you told to contact Mr. Semer? Did Mr. Semer contact you?

Mr. LILLY. I was told to contact Mr. Semer.

Mr. NICHOLAS. Who told you that?

Mr. LILLY. Mr. Nelson.

Mr. NICHOLAS. Mr. who?

Mr. LILLY. Nelson.

Mr. NICHOLAS. Harold A. Nelson?

Mr. LILLY. Yes.

Mr. NICHOLAS. How was the contact made?

Mr. LILLY. Truthfully, I do not remember. I would have to assume it was by phone.

Mr. NICHOLAS. Anyway, Mr. Nelson told you to make the contact?

Mr. LILLY. That is right.

Mr. NICHOLAS. The other question is this, was there any discussion between you and Mr. Nelson or anyone else as to why the $100,000 was being delivered or given to Mr. Herbert Kalmbach? I mean, did somebody just say, "Well, we are going to give them $100,000," or was there some reason for it?

Mr. LILLY. I mentioned just briefly in my statement, it was to get the attention of the Republicans, since we had worked rather heavily in the Democratic Party, and we needed to get their attention.

Mr. NICHOLAS. You say, "we" needed to get their attention. Whose idea was this?

Mr. LILLY. This was a conversation that did take place outside of the office. I do know that Mr. Parr, Dave Parr, was aware of this. I know that Mr. Jake Jacobsen was aware of this. I know that Mr. Nelson was aware of this.

Who else might have been contacted, I do not know. Those three people, I am aware that they were involved, and had knowledge of it, and had talked about it outside; possibly, there had to be other people as well.

Mr. NICHOLAS. This was the 1969—I am going to use the word "contribution"——

Mr. LILLY. OK.

Mr. NICHOLAS [continuing]. Of $100,000. Now, as I understand, 1969 was not an election year.

Mr. LILLY. That is true.

Mr. NICHOLAS. And 1968 was an election year.

Mr. LILLY. That is right.

Mr. NICHOLAS. And that is when Mr. Nixon ran against Mr. Humphrey.

Mr. LILLY. Right.

Mr. NICHOLAS. And Mr. Nixon beat Mr. Humphrey?

Mr. LILLY. Yes.

Mr. NICHOLAS. And the milk industry, as I understand it, supported Mr. Humphrey heavily, right?

Mr. LILLY. That is true.

Mr. NICHOLAS. Was there any discussion as to what this $100,000 was for?

Mr. LILLY. No.

Mr. NICHOLAS. Well, was it a political contribution?

Mr. LILLY. Outside of what my statement covers, I mean this is about the only knowledge that I have as to what it was for.

Mr. NICHOLAS. Was it to pay anybody back, or to pay off political campaigns, or was there any mention about getting your foot in the door, or——

Mr. LILLY. To gain their attention, I mean, that would be to get your foot in the door to me.

Mr. NICHOLAS. What I want to know is whose idea was it while we are on the record, and while we are here. Let me ask you whether it was your idea?

Mr. LILLY. No, it was Mr. Nelson's idea insofar as I am concerned, but he told me and directed me to do it.

Mr. NICHOLAS. Mr. Nelson told you to do it?

Mr. LILLY. Right.

Mr. NICHOLAS. Go ahead.

Mr. WEITZ. Before the payment was to be made, did you attend any meetings at which this matter was discussed?

Mr. LILLY. Not that I recall.

Mr. WEITZ. So Mr. Nelson told you about this individually?

Mr. LILLY. I know that he talked about this to me individually. I am under the impression that Mr. Isham could well have been present at some of the discussion when this was discussed with Mr. Nelson.

My notes—what few notes I have—do not indicate it. I know that Mr. Isham is aware of it and, of course, Mr. Isham was in Dallas. I was in San Antonio. It is quite possible we could have discussed it, either on the phone or in person.

We must have had discussions between Mr. Isham and myself, and probably between Mr. Nelson, but I cannot remember.

Mr. WEITZ. Why do you say that you must have had a discussion with Isham?

Mr. LILLY. Well, Mr. Isham and myself on a number of occasions, on practically any political contribution that was made—he would usually talk with me about it. Whether I would approve or disapprove, he wanted to make me aware of it and get my thoughts and ideas as to what I really thought about a contribution being made.

I am talking about TAPE contributions now. So we had a rather close, working relationship. Possibly, he valued my candidness with him, whether he agreed or disagreed with me on what I really and truly thought about making a political contribution to a candidate. I think we had a close, working relationship, and this is why I think he would have since it originally involved TAPE funds.

I think he would have discussed it with me.

Mr. WEITZ. On that point, since it did originally involve TAPE funds, was there any discussion between you and, either Mr. Isham or Mr. Nelson or anyone else concerning how this transaction would be reported by TAPE?

Mr. LILLY. This is something that I have no knowledge of at all as to how they reported it.

Mr. WEITZ. Are you familiar with the Corrupt Practices Act of 1925, which was then applicable?

Mr. LILLY. At that particular time, no. I am now, but at that particular time, I was not, and Mr. Isham was making the reports. I was concerned about who we contributed to, which was not as detailed as it is—certainly it was far different.

I am familiar with what goes into the report. He wanted people identified and various other things, State and Federal people, because he did not have this information. But the actual report itself, Mr. Isham prepared it, and I did not have that much knowledge of it.

Mr. WEITZ. Was it ever discussed whether or not it would be reported at all, quite apart from——

Mr. LILLY. I do not know. To my knowledge, it was not reported with me, if it was ever to be reported at all.

Mr. WEITZ. Was it ever explained to you as to why the contribution was made in cash?

Mr. LILLY. No.

Mr. WEITZ. Did you ever ask?

Mr. LILLY. I did ask why we could not go with TAPE, and why we could not use checks. We had money in 20 States, $5,000 in each, or I could set up special people and argued a considerable length of time with Mr. Nelson about this.

Mr. WEITZ. Did you argue with him before August 1, or in December before the loan was actually taken?

Mr. LILLY. This was in December—before the loan was taken.

Mr. WEITZ. So when it was originally proposed to you in July you followed through, and there was no discussion of alternative ways of making a contribution?

Mr. LILLY. Not to my memory.

Mr. WEITZ. And at that time, you did not ask why it had to be made in cash?

Mr. LILLY. No.

Mr. WEITZ. Do you know who proposed that it be made in cash?

Mr. LILLY. No; I do not.

Mr. WEITZ. Mr. Nelson merely came to you with the decision that it was to be made in this fashion?

Mr. LILLY. And delivered to Mr. Semer.

Mr. NICHOLAS. On the cash part of it, Bob, or Mr. Lilly, let me ask you this. Did anyone make any decision as to the amount of bills that it would be made in—you say, like $100 bills?

Where did that come from?

Mr. LILLY. When I called Mr. Stetler at the bank——

Mr. NICHOLAS. If you know.

Mr. LILLY [continuing]. He told me it would be in $100 bills. This was my first knowledge that it would be in $100 bills.

Mr. NICHOLAS. Mr. Stetler told you?

Mr. LILLY. Mr. Stetler at the bank.

Mr. NICHOLAS. And Mr. Stetler, as I understand it, was president of the Citizens' National Bank at Austin, Tex., at that time?

Mr. LILLY. That is right.

Mr. NICHOLAS. Do you know of your own knowledge that that bank was owned or controlled by Jake Jacobsen and Joe Long?

Mr. LILLY. That is true.

Mr. NICHOLAS. Were they the majority stockholders, if you know?

Mr. LILLY. They were major stockholders.

Mr. NICHOLAS. Was Jake Jacobsen, at that time, attorney for AMPI or rather MPI?

Mr. LILLY. Yes; he was an attorney, that would have been AMPI. And he was on a retainer for being an attorney for AMPI.

Mr. NICHOLAS. Was there any discussion at that time as to the type of $100 bills that would be used in this contribution, gift or donation, or whatever it turned out to be?

Mr. LILLY. Well, Mr. Stetler told me that it would take several days to get the money together. He would attempt to get older bills, and he would attempt to get the money together because if he took—he named a figure in dollars. If you take so many dollars out of a bank, the

Federal banking authorities are going to start looking into it, as to how many $100 bills come out of a particular bank and why.

This is why he wanted some time to accumulate it.

Mr. NICHOLAS. You were not talking to Jake Jacobsen at this time?

Mr. LILLY. No; I talked to Mr. Stetler.

Mr. NICHOLAS. Mr. Stetler—is Mr. Stetler still with the bank?

Mr. LILLY. No; he is not.

Mr. NICHOLAS. Mr. Stetler then, I assume, did not relate to you as to why he wanted to collect the $100 bills, as to who—I mean, he did not relate to you if anyone had told him or advised him to do it in this manner?

Mr. LILLY. No; he did not.

Mr. NICHOLAS. He just told you how he was going to do it?

Mr. LILLY. True.

Mr. NICHOLAS. Was anything said about serial numbers on the $100 bills?

In other words, was there any purpose in having different types of $100 bills—old money, new money, money from different banks, and so forth?

Mr. LILLY. He probably meant to indicate this by his statement to me, but when he said he had to collect it from a number of banks over a period of time to keep from attracting attention, I would have to assume that. But he did not tell me as much.

Mr. WEITZ. Let me ask you concerning your transaction with Semer. When you gave the money to him, what did you tell him, or what did he tell you about it?

Mr. LILLY. Of course, we had had a prior conversation, and he was aware of my delivery of—truthfully, I do not know if I mentioned the $100,000 figure to him. Possibly, I did.

I do remember asking him if he cared to count it, and he said, "No." But outside of that, it was a short conversation; truthfully, it just was not a very long conversation.

Mr. WEITZ. If you told him the amount of contribution, did he express surprise?

Mr. LILLY. No; he did not.

Mr. WEITZ. Did he open the satchel in any way to see what was there?

Mr. LILLY. I do not remember him even opening the briefcase.

Mr. WEITZ. Did he give you a receipt?

Mr. LILLY. No.

Mr. WEITZ. Had you asked for one?

Mr. LILLY. No; I knew him to be a partner of Mr. Jacobsen, as far as law partners are concerned, in Washington.

Mr. WEITZ. At any time, either before or after delivery to Mr. Semer, did he ask you about the reporting requirements in connection with the transaction, whether TAPE had been given names of committees or otherwise provided with information to report it?

Mr. LILLY. I think he did, at some time, ask me how it would be reported; if it would be reported by the committee.

Mr. WEITZ. Would it have been in the conversation in which he said he dropped off the package in California?

Mr. LILLY. It could well have been, because I remember him asking how we reported it.

Mr. WEITZ. So he did ask that once. What did you tell him?

Mr. LILLY. I do not know.

Mr. WEITZ. You say you were not familiar with the reporting requirements of the 1925 act?

Mr. LILLY. [Nods affirmatively.]

Mr. WEITZ. Would you have been able to tell him anything?

Mr. LILLY. Well, I was familiar to the extent that you mean the times or the days of the year that it was reported. I was aware of the fact that there was a limitation on how much you can contribute.

Mr. WEITZ. How much was that limitation?

Mr. LILLY. It was $5,000 to any one candidate, in any one year.

Mr. WEITZ. In fact, in December, when you meant to talk this matter over with Mr. Nelson, you yourself suggested that they could break down the $100,000 to 20 different committees?

Mr. LILLY. That is right.

Mr. WEITZ. Now, when you picked the money up from Mr. Stetler, was Mr. Jacobsen there?

Mr. LILLY. He could possibly have been. But I do not remember his being there.

Mr. NICHOLAS. On that point, let me ask you this.

When you picked up the money from Mr. Stetler at Citizens' National Bank, did you say that Mr. Stetler insisted on counting the money?

Mr. LILLY. He insisted on counting the money.

Mr. NICHOLAS. Where was it counted?

Mr. LILLY. It was counted in his office. He drew the curtains in his glass-caged office, and he counted the money in his office.

Mr. NICHOLAS. Do you recall the time of day?

Mr. LILLY. No. It seems for some reason, I have nothing to verify this, it seems it was near closing hours of the bank.

Mr. NICHOLAS. Do you recall how the money was packaged? Was it in——

Mr. LILLY. In wrappers, $1,000 per wrapper.

Mr. NICHOLAS. $100 bills in $1,000 wrappers?

Mr. LILLY. That is how I remember it.

Mr. NICHOLAS. How long did you remain in Mr. Stetler's office counting the money with him?

Mr. LILLY. I do not remember this. I know that we counted each package.

Mr. NICHOLAS. Did Mr. Stetler have any comment to make about the money at that time?

Mr. LILLY. No, he had none.

Mr. NICHOLAS. What was the money actually in? What was it contained in?

Mr. LILLY. Oh, in a briefcase. It was put into a briefcase.

Mr. NICHOLAS. Do you remember the color of the briefcase?

Mr. LILLY. No, I do not remember the color. It was not my briefcase. They had provided a briefcase at the bank.

Mr. WEITZ. When you delivered the money to Semer, you left the briefcase with him?

Mr. LILLY. I left the briefcase with him.

Mr. WEITZ. Let me mark exhibit No. 1, and show it to you.

[Whereupon, the document referred to was marked as Lilly exhibit No. 1 for identification.*]

* See p. 5990.

Mr. WEITZ. This is a copy of a debit memo from Citizens' National Bank, dated August 1, 1969, in the amount of $100,000, and it reads, "Receipt of $100,000 cash acknowledged this 1st day of August 1969, per instructions of Bob Isham by" and there is a signature which appears to be "Bob A. Lilly."

Have you ever seen that?

Mr. LILLY. Yes, I have.

Mr. WEITZ. Is that a copy of the debit memo which you signed that day?

Mr. LILLY. Yes, that is, and that is my signature.

Mr. WEITZ. Now, I would like to turn back again to the events in December of 1969, around the time when the loan was taken out, and the funds transferred. Before the 17th, can you recall how you first learned that this transaction was contemplated?

Mr. LILLY. The transaction of the——

Mr. NICHOLAS. Do you mean the transaction of the loan?

Mr. WEITZ. That is right, the December 1969 transaction.

Mr. LILLY. No. I really cannot. I know that I had some conversation with Mr. Nelson about it; the problems about the $5,000 limitation. But I really do not have a great deal—I cannot remember a great deal about it.

Mr. WEITZ. Do you remember speaking to Bob Isham specifically about the way in which you would be repaid for the loan?

Mr. LILLY. Yes. We had a discussion at that time as to how it would be repaid. Mr. Isham, at that time, had moved to San Antonio. His office was located there, and he did draft a proposal as to how the money would be repaid.

The note would be made for 60 days, the latter part of December, the year of 1969, a portion of the money would be recovered through a series of attorneys; and then in 1970, another series of money would be recovered in attorneys, and reduced to writing, some names of attorneys. Some of them would be contacted by DeVier Pierson. He was to contact some of them, or I was to contact some of them to see if they would.

In addition to that, he also suggested that myself and three other employees would be given bonuses—not bonuses, salary advances, or bonuses or expense advances—of $5,000 each to make up for $20,000 of it. And then, Mr. Isham had, I believe, it was eight attorneys that we would—he wrote down the figure $10,000; that means if we got $5,000, he would be paying him back $10,000 to cover the tax situation.

Mr. WEITZ. And if it was $10,000, you would be repaying them $20,000?

Mr. LILLY. Right, it would be double.

Mr. WEITZ. Let me show you what I will mark as exhibit 2, which is the xeroxed copy of what appears to be some writing on, perhaps, a yellow pad, some legal-sized paper.

[Whereupon, the document referred to was marked Lilly exhibit No. 2 for identification.*]

Mr. WEITZ. Could you identify this as to what it is, and whether you have seen it before?

Mr. LILLY. Yes. It was on yellow paper. It is Mr. Isham's writing; insofar as the attorney's names, the amount of money, the asterisks

* See p. 5991.

as to who to contact, what lawyer, DeVier Pierson's Washington telephone number are all his writing.

There are some other notes around the edges of it.

Mr. NICHOLAS. Whose writing? DeVier Pierson's?

Mr. LILLY. Robert Isham's writing. And the other writing around the edge of it is my writing, and it indicates that I contacted Joe Long and Frank Masters, because I see my OK, and this is my writing, and checkmark that appears to be made by me, that I did contact them regarding this.

Mr. WEITZ. And as to the others, which do not have any of your markings next to them, they would have been contacted either by Mr. Pierson or someone else?

Mr. LILLY. Or by Bob Isham, I presume.

Mr. WEITZ. Do you recall when this document was drawn up, or when you first saw it?

Mr. LILLY. It was drawn up at the time, right at the time, the note was drawn up in December. I mean, this was how the money would be paid back; a personal note would be made, and this is how it would be recovered and paid back within the 60-day period.

Mr. WEITZ. Why are there two columns next to the list of persons; one marked 1969 with a series—$10,000 and a series of checks underneath it, and under 1970, another $10,000 written with a series of checks marked beneath them?

Mr. LILLY. On this, of course, this would be—we would divide it in years for one thing as far as reporting with attorneys and various other people, and they would recover a portion of it this year. They would recover a portion of it in the next calendar year of 1970; of course, which totals $80,000.

And this would repay half of it [indicating] or approximately half of it; and this column [indicating] in 1970 would repay approximately one-half of it, as four people—Lilly, Parr, Anderson, Suttle with $5,000 each. That would be $20,000.

I suppose it says "expense advance." To recover $100,000; I mean this was his determination of how the $100,000 would be paid back. There is nothing figured in there for interest on the money. It is just a total, $40,000 in 1969, $40,000 in 1970, that would be $80,000 and then $20,000 here would be $100,000, that had to be paid back.

Mr. WEITZ. What you are saying is since the figures were all doubled, it is actually $80,000 in 1969, $80,000 in 1970 plus the $20,000 expense advance and that the company, it would be envisioned, would have to pay to these individuals through billings; approximately $180,000 for the original $100,000 loan?

Mr. LILLY. That's right.

Mr. WEITZ. Was it clearly understood in your conversation with Mr. Isham that these attorneys would be making payments to you, and would in turn recoup through excess billings to the company?

Mr. LILLY. That is right. It would be, and further for the most part, it was discussed that they should be in cash.

Mr. WEITZ. I see a note in here where it says, "check or cash to Bob Lilly."

Mr. LILLY. Right.

Mr. WEITZ. Whose writing is that?

Mr. LILLY. That is my writing.

Mr. WEITZ. So you say it could be either in check or cash, but that you decided that it would be preferable if it were in cash?

Mr. LILLY. Preferable in cash, yes.

Mr. WEITZ. Did you talk to DeVier Pierson about this directly?

Mr. LILLY. I do not remember at the time. I have talked to DeVier numerous times, but I do not remember talking to him——

Mr. WEITZ. Was this document prepared and did your conversation with Mr. Isham take place before the loan was actually taken out?

Mr. LILLY. To my memory, yes, it was.

Mr. WEITZ. We will get back to that arrangement in a minute. I would first like you to identify certain documents. Let me mark document No. 3, which is—appears to be—a Xeroxed copy of a note and several renewals; the first note in the amount of $100,000 is dated December 17, 1969, and it is signed "Bob A. Lilly."

[Whereupon, the document referred to was marked Lilly exhibit No. 3 for identification.*]

Mr. WEITZ. And there is typed on it, "Certificate of Deposit No. 188."

Is that the loan and subsequent renewal notes represented for that original $100,000 loan?

Mr. LILLY. It is. That is for the $100,000 loan.

Mr. NICHOLAS. Before you get into the note, there is one thing that I would like to get on the record, that I am confused about. In your questions to Mr. Lilly about the $10,000 beside each attorney's name, which totals $80,000 in 1969, and the $10,000 by each of their names, that totals $80,000 in 1970; the question that bothers me is this that I want cleared up.

Was the amount of $80,000 theoretically to be billed by the attorneys to AMPI, or was it MPI at that time?

Mr. LILLY. It was AMPI.

Mr. NICHOLAS. The $80,000, was only $40,000 of that supposed to go to payment?

Mr. LILLY. That is true. This [indicating] was the figure, the amount of money that it would actually cost AMPI.

Mr. NICHOLAS. In order to be clear, look, for instance, if Stuart Russell billed AMPI $10,000 at this particular time in 1969, then AMPI would then send Stuart Russell $10,000. Is that correct?

Mr. LILLY. That's right.

Mr. NICHOLAS. As an example?

Mr. LILLY. Right.

Mr. NICHOLAS. Then Stuart Russell would then give you back, if you were the party involved, the $5,000 to apply to the note?

Mr. LILLY. That is right.

Mr. NICHOLAS. Not $10,000?

Mr. LILLY. That is right. It didn't work that way in every instance, but that is what this was designed——

Mr. NICHOLAS. That was the theory?

Mr. LILLY. That was the theory.

Mr. WEITZ. Let me interrupt for a minute. Now, on the same piece of paper, exhibit 2, there is an asterisk to the figure of $100,000 under

* See p. 5992.

the 1969 column and the asterisk footnote reads, "To be deposited before 12–31–69 in TAPE."

Let me ask you a few questions about that. First of all, do you recall whether, in fact, it was originally contemplated the money would be repaid directly to TAPE without the necessity of you making a $100,000 loan?

Mr. LILLY. Not to my knowledge, and I think the asterisk—when he talks about the $100,000, he is referring to the $100,000 note to be deposited; so that it would be clear, and TAPE would show that no money had been taken out of it.

Mr. WEITZ. So you are saying that at the time this was drawn up, the note to make TAPE whole before the end of the year was already contemplated?

Mr. LILLY. That is true.

Mr. WEITZ. And this procedure, since it says "check or cash to Bob Lilly" at the top, was clearly to repay you after TAPE was whole?

Mr. LILLY. Yes.

Mr. WEITZ. Was it contemplated that the $100,000 would be repaid to you all in 1969, and then the excess taxes billed to these attorneys in 1970; or were they, in fact, only to give you $50,000 in 1969, and $50,000 in 1970?

Mr. LILLY. The note was 60 days, and if my memory serves me right, and as I remembered it, the moneys would actually be paid back in the 2-year time within the 60-day framework.

Mr. WEITZ. Would that also, for example, enable the attorneys to spread their tax burden over a 2-year period?

Mr. LILLY. That is true.

Mr. WEITZ. But it was contemplated, nonetheless, that they would complete the transaction by, for example, February 17—February 15, maybe, in 1970?

Mr. LILLY. That's right.

Mr. NICHOLAS. Now, on that point, when this list was made up, whenever it was made up, were any of these attorneys listed on this list, that is exhibit No. 2? Were they a party to this?

By that, I mean were they there?

Mr. LILLY. None of them were present.

Mr. NICHOLAS. Had they been consulted?

Mr. LILLY. I do not know that.

Mr. NICHOLAS. Do you mean that you and Mr.—did Mr. Isham just write down the names?

Mr. LILLY. No. When I met with Mr. Isham, he had the names. Apparently, he had had a conversation with Mr. Nelson or with someone, I am not sure who, and then he had these names. He drafted them down, and asked me about the Gary Evat, E-v-a-t, question mark. He was a young attorney with Jacobsen and Long.

And I said no, that you could not include him or you should not include him. So he was not a part of this. He then discussed the entire operation. None of the attorneys were present.

He said—maybe he told me how to talk to DeVier or he would talk to DeVier Pierson, and DeVier was to—it was clearly my understanding that DeVier was to contact them, and so far as I know, he did contact those marked with a "1".

Mr. NICHOLAS. In order to bring this into the proper focus, in context, earlier in your testimony, you testified, I believe, that attorneys had put input into the organization and how to make contributions and so forth. You mentioned DeVier Pierson, Joe Long, Stuart Russell, Jim Jones, Dick Maguire, et cetera.

Mr. LILLY. That's true.

Mr. WEITZ. I think the record will show he only mentioned three individuals; Ted Van Dyk, DeVier Pierson and Jake Jacobsen.

Mr. NICHOLAS. My question is, Whosever name the record does reflect on this, would this have been part of the advice given by those attorneys at a time prior to the time their names were listed on exhibit No. 2?

Mr. LILLY. No, their input at the time that I mentioned the attorneys' names was when we were trying to establish, create what later became known as TAPE, the vehicle for TAPE.

Mr. NICHOLAS. So then at this particular time, your memory is that you do not really know whether or not any of these attorneys were actually contacted by anybody, anyone in the organization?

Mr. LILLY. No.

Mr. NICHOLAS. You did not contact them?

Mr. LILLY. Evidently, I contacted two attorneys. I have an "OK" and an "OK" by Joe Long and Frank Masters, and that is my writing. And to me, this indicates that I must have.

Mr. NICHOLAS. But this writing of yours would have been put on exhibit No. 2 after exhibit No. 2 was originally created by Mr. Isham?

Mr. LILLY. It could have been that all of these notes were put on after. They could have been put on at that time.

Mr. NICHOLAS. Your handwriting was put on at a subsequent time; is that correct?

Mr. LILLY. This may have been a time when I might have collected some money from them. I do not know.

Mr. NICHOLAS. All right.

Now, for instance, and to keep it in proper context, with the exhibit 2, take for instance Frank Masters, did you ever talk to Frank Masters about this plan?

Mr. LILLY. No. I talked to Frank Masters, and told him that I needed money, and he was aware of it. He did deliver me some money.

Mr. WEITZ. I think that we will get into, over a period of time, each individual person on this list, and the transactions that transpired.

Before we leave the exhibit, though, in the upper left-hand corner is scribbled—it seems to be "February, March 15 to 26, April, May, July, September 4 to 9; and October." Do you know what that means?

Mr. LILLY. No, I do not.

Mr. WEITZ. Is that your handwriting?

Mr. LILLY. It is my handwriting, yes.

Mr. WEITZ. Would that have been written on there at a different time than the other handwriting of yours on this document?

Mr. LILLY. To me, yes, because of the different weight pen that might have been used at the time. I do not remember. It has no significance to me.

Mr. WEITZ. I would like to mark for exhibit 4, a security agreement dated December 17, 1969, and the debtor's name is Bob A. Lilly in the

amount of $100,000, and it pledges a Citizens' National Bank certificate of deposit, No. 188 in the amount of $100,000 in the name of Milk Producers, Inc. And it is signed "Milk Producers, Inc. by Bob A. Lilly."

[Whereupon, the document referred to was marked Lilly exhibit No. 4 for identification.[1]]

Mr. WEITZ. Have you seen this document, and is that your signature?

Mr. LILLY. Yes, I have seen the document, and that is my signature. It is rather hard for me to read. It is light, but it is.

Mr. WEITZ. Do you remember signing this document?

Mr. LILLY. Yes.

Mr. WEITZ. Did you have the authority to pledge funds of MPI?

Mr. LILLY. No, I did not have.

Mr. WEITZ. Did you know that at the time you signed this document?

Mr. LILLY. Yes.

Mr. WEITZ. Did anyone explain to you what the purpose of this document or pledge was?

Mr. LILLY. No.

Mr. WEITZ. To the best of your knowledge, the transaction was to be secured, if it had to be secured, by a certificate of deposit of TAPE?

Mr. LILLY. True.

Mr. WEITZ. Were you aware that MPI had previously on or about this time purchased such a CD in the amount of $100,000?

Mr. LILLY. Yes. I do not know whether they had purchased it at this time, but I knew they were contemplating TAPE to purchase a CD.

Mr. WEITZ. But whether MPI had such a CD?

Mr. LILLY. No. I am totally unaware of that.

Mr. WEITZ. Do you remember what document you thought you were signing when you signed this?

Mr. LILLY. A portion of the—well, security agreement pledging $100,000 CD that I thought TAPE would purchase as collateral for the loan that I had taken out.

Mr. WEITZ. Let's go back then. I am going to mark as exhibit No. 5 a security agreement by TAPE for the benefit of Bob A. Lilly, dated December 17, 1969, in the amount of $100,000, and the collateral is stated as one Citizens' National Bank certificate of deposit, No. CD 219 for $100,000 issued to TAPE. And it is signed "TAPE by Bob Isham, trustee."

[Whereupon, the document referred to was marked Lilly exhibit No. 5 for identification.[2]]

Mr. WEITZ. Have you ever seen that document?

Mr. LILLY. Yes, I have seen it.

Mr. WEITZ. To the best of your knowledge, is that Mr. Isham's signature?

Mr. LILLY. Yes, it is.

Mr. WEITZ. Do you know whether this document was executed on the 17th or shortly thereafter?

Mr. LILLY. To my knowledge, it was executed on the 17th, but it may have been shortly after.

[1] See p. 5995.
[2] See p. 5997.

Mr. WEITZ. But it was your understanding that such a pledge was to be made in order to secure the loan to you?

Mr. LILLY. True.

Mr. WEITZ. And that you were to be repaid directly and the money was not to be repaid from the attorneys to TAPE, but rather to you, and the loan was to make TAPE whole on the 17th or shortly thereafter?

Mr. LILLY. That is right.

Mr. NICHOLAS. Mr. Weitz, I would like to ask Mr. Lilly a question on those two documents, the two CD's.

Is exhibit No. 4 the MPI-purchased CD?

Mr. WEITZ. Yes.

Mr. NICHOLAS. Is that an interest-bearing CD?

Mr. LILLY. Are you asking me?

Mr. NICHOLAS. No. I am asking——

Mr. WEITZ. The pledge does not indicate—the security agreement does not indicate whether it is interest-bearing.

Mr. NICHOLAS. Oh.

Mr. WEITZ. However, we do have a letter. Let's go off the record for a minute.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. NICHOLAS. In reference, Mr. Lilly, to exhibit No. 4, which is the $100,000 CD, which was apparently as I understand purchased by MPI, dated December 17, 1969, and exhibit No. 5, which is TAPE for-the-benefit-of-Bob-Lilly CD for $100,000 bearing the same date, December 17, 1969; do you understand?

[Mr. Lilly nods affirmatively.]

Mr. NICHOLAS. Do you have any personal knowledge of your own in keeping with any conversations, if you had any, with Bob Isham or anybody else as to why two CD's for the purposes of the security or collateral of your original note for $100,000, dated December 17, 1969?

Mr. LILLY. I had a conversation with Mr. Isham at some time—early 1970, possibly in late 1969—we discussed the fact that there was an interest-bearing CD, and it was the intention to have a non-interest-bearing CD, but I do not know which.

Mr. NICHOLAS. In other words, you have nothing to do with the paperwork involved in this?

Mr. LILLY. Nothing.

Mr. NICHOLAS. In order for the record to be clear, what were your specific instructions as to how to borrow the $100,000, who you were to borrow it from, and what you were to secure it with?

Mr. LILLY. I was instructed by Mr. Nelson that the money would be borrowed from Citizens' National Bank, that collateral would be put up, and that I would sign the note personally. I would recover from attorneys, and I would go to the Citizens' National Bank in Austin to execute it.

And this is, in effect, what I did.

Mr. NICHOLAS. And pursuant to those instructions from Mr. Harold Nelson, did you, in fact, go to the Citizens' National Bank, and borrow the $100,000?

Mr. LILLY. I did.

Mr. NICHOLAS. That's all I have on that point at this time.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. NICHOLAS. Now, Mr. Lilly, on this point of the dates when you delivered, and before we get too far afield from the date you actually delivered $100,000 to Mr. Semer at the Executive Inn in Dallas, which has been established as August, that is on August 1, 1969; had you, prior to this time, indicated by statement to either Mr. Weitz or to Mr. Jon A. Sale or to the Watergate grand jury a different date other than the date which you have related here today?

Mr. LILLY. Yes.

Mr. NICHOLAS. I want you to explain why there was the confusion in the dates.

Mr. LILLY. Let me, if I may, read a statement that I had regarding that.

"At my previous appearance before this grand jury"—this was drafted—I have appeared before the Federal grand jury here in Washington. On what date, I cannot recall.

Mr. NICHOLAS. That would be on a Friday in the latter part of October. I do not remember the date right now.

Mr. LILLY. And I made a statement at that time, that it was December 1, and here is where I would like to enter here——

Mr. NICHOLAS. Not December 1; December 19 or 29.

Mr. LILLY. 29th, I'm sorry.

At my previous appearance before the grand jury, I testified that on December 29th, 1969, I picked up $100,000 in $100 bills at the Citizens' National Bank, Austin, Tex., and delivered it to Milton Semer, a Washington, D.C., attorney at the Executive Inn in Dallas, Tex.

After reviewing my diary for 1969, I find I was in error on the date. My diary shows that I traveled from San Antonio to Dallas on December 29, 1969, but no stop in Austin, where Citizens' National Bank is located. So I could not have picked up the $100,000 on that day.

With the aid of my diary and various bank records, I reconstructed to the best of my ability the correct sequence of events. August 1, 1969, is the date I picked up the $100,000 in Austin and delivered it to Mr. Semer in Dallas.

My diary shows on August 1, 1969, I traveled from San Antonio to Austin to Dallas, and on to Memphis and Humbolt, Tenn., and then back to San Antonio. I have seen a debit receipt to the TAPE trust—Agricultural Political Education—account signed by me in acknowledgment of receipt of the $100,000 dated August 1, 1969.

This same receipt has a Citizens' Bank stamp dated August 1, 1969 on the face of the receipt. Also, the August 29, 1969 statement of account for TAPE, covering the period July 31, 1969 through August 29, 1969, shows a debit of $100,000 to this account on August 1, 1969.

Mr. NICHOLAS. Now, at this time, for the record, do you wish to correct your prior statement as to the date of delivery of the $100,000?

Mr. LILLY. I do.

Mr. NICHOLAS. That is it was on August 1, 1969?

Mr. LILLY. And not December 29, 1969.

Mr. NICHOLAS. And not December 29, 1969?

Mr. LILLY. True.

Mr. NICHOLAS. OK.

That is all I have.

Mr. WEITZ. OK. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. SANDERS. You have mentioned a diary. Has this diary been shown to or made available to our staff?

Mr. LILLY. Mr. Sanders—this morning, I believe it was delivered this morning—and it has been Xerox copied, and you have the year of 1969, and possibly with 4 or 5 pages gone out of the very front portion of it, as I remember. But you have a Xeroxed copy of that diary I referred to.

Mr. SANDERS. What year does it cover there?

Mr. LILLY. 1969, 1970, 1971, 1972—4 years.

Mr. SANDERS. And you have possession of the original?

Mr. LILLY. Yes. I do have.

Mr. SANDERS. Prior to the time of your delivery of $100,000 to Mr. Samer, did you learn of any circumstances whatsoever which indicated to you that this contribution was solicited by any persons in the Republican committee or the Republican campaign?

Mr. LILLY. I have no knowledge of anyone in the Republican Party or the campaign having solicited. I recall no conversation with Mr. Nelson, or Mr. Isham, or Mr. Jacobsen, or Mr. Parr about any solicitation.

Mr. SANDERS. My question relates to—as you may have gathered—to the actual way in which this thing was initiated. It appears to me from what you said that it had its genesis with officials within AMPI, as opposed to someone, some Republican official contacting AMPI for a contribution?

Mr. LILLY. Somewhere in the conversation in contributing to Republicans, because we had been heavily involved with the Democrats, really was what I was intending to imply by my statement. I am not sure what I might have said in my statement.

This was my implication that someone within the Republican Party—it would not be at too low a level, it would certainly not be a State level; it would have to be higher than that—had to have contacted Mr. Nelson, and to have generated his approval, his final action through me on this thing.

Mr. SANDERS. Before the time of your delivery to Semer, did you ever learn from Nelson or Parr who, in the Republican Party, might have contacted AMPI?

Mr. LILLY. No, I do not know to this day.

Mr. SANDERS. But you think the rationale for wanting to make a contribution to the party—to the Republican Party—was the heavy involvement of AMPI on behalf of Democrats in 1968?

Mr. LILLY. This was their rationale, and it is a rationale to me. I mean, I can rationalize it in this manner.

Mr. SANDERS. Were you personally involved in making contributions to Democratic officials in 1968?

Mr. LILLY. Yes. I made personal contributions by personal checks in 1968. I was reimbursed at that time by MPI into my personal account in 1968; moneys, total moneys, some—I can know of records of $30,000, of personal checks of over $20,000, possibly as much as $40,000 that went through my own personal account, was expended by me on behalf of Democrats in 1968.

Mr. SANDERS. Did it appear to you that the funds, which were expended in that manner, were, in fact, AMPI funds as opposed to officers' own moneys?

Mr. LILLY. Looking back now, yes.
Mr. SANDERS. TAPE was not in existence in 1968?
Mr. LILLY. It was not in existence in 1968.
Mr. SANDERS. So it would have been MPI as opposed to AMPI?
Mr. LILLY. Right.
Mr. SANDERS. Mr. Nelson was president that year?
Mr. LILLY. He was general manager.
Mr. SANDERS. General manager?
Mr. LILLY. Right.
Mr. SANDERS. In one of our earlier interviews, conducted by this staff, there is mention of the contribution of $100,000 to Hubert Humphrey. There is no time frame placed on it.

Do you have knowledge of when such a contribution would have been made, or that in fact, first of all, that one was made?

Mr. LILLY. I have some notes, and I will go into what contributions I do have. I have some direct contributions going to Senator Humphrey's campaign in 1970, and I have some records in 1971.

I have some records of 1968 of where they went into his campaign. And the total, I am not sure.

There is another item that I will discuss while we are discussing, and it gets into a total new area, and that is with Valentine & Associates, because this is possible—some of this money could have ended there.

Mr. SANDERS. I do not want to get into Valentine right now. I guess what I do want to know is, if a $100,000 one-time payment had been made to Hubert H. Humphrey, that would have stood out in your memory and you would have known——

Mr. LILLY. I did not make it and I have no knowledge of it.

Mr. SANDERS. Aside from the Valentine possibility, do you think other smaller payments could have totalled $100,000?

Mr. LILLY. I doubt it. The records that I have and the amounts of money that I actually handled to him would not total that amount of money.

Mr. SANDERS. From on or about the date of the November 1968 election until the time of this payment to Semer, do you know of payments by AMPI to any other political adjuncts?

Mr. LILLY. You are talking about political funds, as we've been talking about, handled in this manner. No, I do not, from after the election until December 1969. There were some TAPE contributions made during that period which were officially reported, but none of the corporate funds.

Mr. SANDERS. Well, before you delivered this money to Semer, did you have only one conversation with Nelson about this subject?

Mr. LILLY. I am sure that I had more. I, truthfully, cannot remember. I may have said "a conversation." Let me correct it to say that I am sure that I had conversations, but I really do not recall and I do not keep that in my diary. And I do not know.

But I must have had conversations with him about it.

Mr. SANDERS. And in your phone call to Semer prior to your meeting with him——

Mr. LILLY. Right.

Mr. SANDERS [continuing]. Can you reconstruct that conversation?

Mr. LILLY. We had had—I cannot—I can paraphrase it, but I cannot

reconstruct the conversation. I had been told that Mr. Semer would be the one, when the money was ready, that I would be working with. I was instructed to contact Mr. Semer.

We gave him notice, so he could make arrangements to meet me—and to where we would meet, because this had not been determined—and when I called Mr. Semer, I am sure it was before August 1, because he would have had to travel from Washington, D.C., to Dallas and he would have made reservations and various other things.

So what day I called him, I am not sure. But I did tell him the time or approximately the time that I would meet him in Dallas, possibly. And the date, certainly, I recall that because he did arrive in Dallas on that date.

Mr. SANDERS. But when you first spoke with him on the telephone, did it appear to you that he knew why you were calling, or did you have to explain it to him?

Mr. LILLY. He knew why I was calling.

Mr. SANDERS. He knew?

Mr. LILLY. Yes.

Mr. SANDERS. What appeared to you to be the extent of his knowledge about the purpose of your contact?

Mr. LILLY. I think that he was aware that I would be contacting him, that I would be delivering him some money. As I remember the conversation, no numbers were even mentioned, but we were to meet in Dallas. I was ready to meet him in Dallas at a certain date.

And I would say that he had had knowledge as to the amount that it would be, as to when it would be delivered, as to where it would go to; because I am certain that this required him to make some contact where he would have to deliver it to.

Mr. SANDERS. OK.

Mr. NICHOLAS. On that point, Alan, I want to stay on the record.

Two things, Mr. Lilly: One is, Mr. Sanders has repeatedly stated in his questions that you had made this phone call to Mr. Semer based upon your testimony.

Mr. LILLY. Right.

Mr. NICHOLAS. Do you have any independent recollection——

Mr. LILLY. No, I do not.

Mr. NICHOLAS [continuing]. Of having made the telephone calls?

Mr. LILLY. No, I do not.

Mr. NICHOLAS. Then why do you keep referring that you made the phone calls?

Mr. LILLY. Well, I am having to assume—I think my diary shows I did not go to Washington, D.C., during that time; certainly, I would not have written to him. So I must have had to have telephoned him.

Mr. NICHOLAS. Could he have called you? The point is that.

Mr. LILLY. Yes, it's possible. It's quite possible he could have called me.

Mr. NICHOLAS. Or could Harold Nelson have called him, and put you on the line together, or anything of this nature?

Mr. LILLY. That could have easily have happened.

Mr. NICHOLAS. The reason I am asking these questions is because these gentlemen, as I understand, are depending upon you being as accurate as you can be; and when you say you make a phone call, they are going to assume that you made it.

Is there any way to check any records at the AMPI office, or the MPI office or your telephone to find out if, in fact, you called Semer's number in Washington?

Mr. LILLY. I would say the only way, knowing how we kept our telephone calls—we kept no record. I would say that you would have to get it through the telephone company as to the date it was called, the billing at the office that we would have from the telephone company.

In 1969, we did not have a WATTS line. I assume even the WATTS line would register the number. But this would have been in December of 1969. I am not sure when we installed the WATTS line, so I would say that we——

Mr. NICHOLAS. It would be July of 1969?

Mr. LILLY. I mean July of 1969.

Mr. NICHOLAS. You keep referring to the December date, because in your mind that is when you signed the note.

Mr. LILLY. That is true.

Mr. NICHOLAS. When you contacted Mr. Semer in Dallas at the Executive Inn, did you have his room number, telephone number, and so forth?

Mr. LILLY. No, I went to the Executive Inn. I knew that he would be there. I checked at the desk to get his room number and called him on the interhouse phone.

Mr. NICHOLAS. Was he actually registered?

Mr. LILLY. He was registered and in his room.

Mr. NICHOLAS. On or about August 1, 1969?

Mr. LILLY. That is right.

Mr. NICHOLAS. When Mr. Sanders asked you—had you personally made contributions to the 1968 campaign to Hubert Humphrey or to his reelection or for his election or political campaign for election, at that time did you, in making your contribution—you stated you made them out of your bank account?

Mr. LILLY. Right.

Mr. NICHOLAS. Some of them, is that right?

Mr. LILLY. That is right.

Mr. NICHOLAS. Because TAPE was not in existence.

Mr. LILLY. That is right.

Mr. NICHOLAS. So you would write checks on your bank account to pay certain committees for H. H. H., which is Hubert H. Humphrey. And you have those checks, do you not?

Mr. LILLY. I do.

Mr. NICHOLAS. During the course of the—after those contributions were made, and—was there any plan to pay you back for the money you were spending out of your own personal account to contribute to Hubert Humphrey's campaign?

Mr. LILLY. MPI, in 1968, was reimbursing me, either by salary bonuses, salary advances, expense advances. There were a number of these checks.

Mr. NICHOLAS. I want to ask you this question since in the year of 1973, which is this year——

Mr. LILLY. Yes.

Mr. NICHOLAS [continuing]. Has the Internal Revenue Service commenced a civil investigation/audit of yours and Mrs. Lilly's personal income tax returns?

Mr. LILLY. They have.

Mr. NICHOLAS. Would that be about March of 1973?

Mr. LILLY. March of 1973.

Mr. NICHOLAS. During that investigation, did the figure of $13,800 come up as to where you obtained this money from, or is there such a figure that exists, that was text or subject matter of a dispute or conversation between you and Mr. Isham?

Mr. LILLY. Yes, there was—in the Internal Revenue investigation, that particular check has not come up, not to my knowledge. But Mr. Isham said from the year of 1968, it had been carried forward on his accounts receivable in 1968 and 1969.

In the year of 1970, on August the 27th, I wrote AMPI a check for $13,800. It possibly might have been $13,840, but it was written on the account at the Citizens' National Bank where these other funds had been handled; to pay money that I could not account for the year of 1968, that they had advanced me. But I had no receipts or no checks for—apparently it went out in cash and this money went back to AMPI to resolve these accounts receivable.

Mr. NICHOLAS. All right.

Now, in other words, as I understand, Mr. Isham then told you that they were approximately $13,800 short.

Mr. LILLY. Right.

Mr. NICHOLAS. You could not account for these moneys?

Mr. LILLY. Right.

Mr. NICHOLAS. Did Mr. Isham tell you that you would then have to pay AMPI back the $13,800?

Mr. LILLY. He said it would have to be paid back; this was discussed with Mr. Nelson.

Mr. NICHOLAS. All right.

Mr. LILLY. And Mr. Isham.

Mr. Nelson informed me to go to the Citizens' National Bank, borrow the money in the form of a personal note, recover the money from the attorneys to pay the $13,800 back, or approximately $13,800—840—back.

Mr. NICHOLAS. Did you do that?

Mr. LILLY. I did do that.

Mr. NICHOLAS. Is there such a note in existence?

Mr. LILLY. There is a note in existence.

Mr. NICHOLAS. Was that $13,800 paid back through the attorneys' plan for the payment of these notes that were created by Isham and Nelson, and whoever else created it?

Mr. LILLY. That is correct.

Mr. WEITZ. Off the record.

[Discussion off the record.]

[Whereupon, at 1:30 p.m., the hearing in the above-entitled matter recessed to reconvene at 2:15 p.m. later the same day.]

AFTERNOON SESSION

Mr. WEITZ. Mr. Lilly, I would like to turn to the arrangements for repayment of the $100,000 loan. On exhibit No. 2, the name of Joe Long appears, and it is marked with a check and an OK. I believe you said it was in your handwriting.

Mr. LILLY. Yes.

Mr. WEITZ. Would you like to tell us your contact with Mr. Long or any others affiliated with him, and the way in which he repaid moneys to you?

Mr. LILLY. Mr. Long is a partner with Mr. Jacobsen. It is probably going to be hard for me to separate the two.

On December 18, 1969, I received $5,000 cash from Joe Long. I do not know if this came from Mr. Long and Mr. Jacobsen, or only Mr. Long. But my notes indicate that I had $5,000 from Joe Long, but it could be both of them.

Mr. WEITZ. He gave you the money in cash?

Mr. LILLY. In cash.

Mr. WEITZ. Where did he give you that money?

Mr. LILLY. I would say that he gave me the money in Austin, Tex. That happens to be where the bank is located, and I noticed at about that time I paid $5,000 cash on the note. I have in my notes the 12th and the 18th, and I have on another note, the 12th and the 17th.

I would say this would be the $5,000 that I did receive from him, and did deposit and pay on the note.

Mr. WEITZ. Mr. Long's and Mr. Jacobsen's law offices are also in Austin. Is that correct?

Mr. LILLY. True, that is correct.

Mr. WEITZ. Exhibit 3, which is a copy of the $100,000 note and renewal note, isn't there a payment indicated on December 17, 1969, for $5,000 curtailment of the note?

Mr. LILLY. True.

Mr. WEITZ. Is it your recollection, and since there is no other payment on the note until February, that that $5,000 was received by you and paid on the note on December 17?

Mr. LILLY. That is true, because I have a memo that I have $5,000 cash from Joe Long at that particular time.

Mr. WEITZ. Did he mention to you whether or not Mr. Jacobsen had participated in that?

Mr. LILLY. I do not remember him mentioning it to me. He gave me the cash and I applied it to the note.

Mr. WEITZ. Now, staying with Mr. Long for another moment, are you aware of any subsequent payment from him?

Mr. LILLY. Yes. Mr. Long and/or Mr. Jacobsen had a series of payments over this period. There was—the next notation that I have is June 15, 1970, $5,000 from Jacobsen and Long.

I will change that statement. I will explain that further.

The next payment from Jacobsen and Long was the 12th and 17th, a cash payment of $5,000 which we had mentioned. On February 2, 1970, I have a cash payment of $5,000 from Jacobsen and Long. On August 6, 1970, two entries totaling $10,000 from Jacobsen and Long.

Then that totals $20,000 cash from December 17, 1969 through August 6, 1970 from Jacobsen and Long, or Long and Jacobsen.

Mr. WEITZ. Actually in each case, did Mr. Long—was he the one who gave you the cash, or did sometimes the money come from Jacobsen?

Mr. LILLY. At one time, Mr. Long and Mr. Jacobsen gave me a check. I believe each one of them happened to be for $2,500 cash.

I went to another bank in Austin. I believe it was Community National, a bank also that they had a major interest in, and cashed two

checks without having endorsed them. They were made out to "cash," and the two of them totaled $5,000. Mr. Jacobsen was present at that particular time in the office where I picked up the checks.

Mr. WEITZ. What was the name of the bank, Community National?

Mr. LILLY. Community National, I believe, is the name of the bank. They have controlling interests in three banks in Austin, but I believe it was Community National.

Mr. WEITZ. What was the third bank? You mentioned the Citizens' National Bank and the Community National.

Mr. LILLY. Citizens' National, Community National and the First State Bank, or it might be the First National Bank. It is in south Austin; that is all I remember.

Mr. WEITZ. Do you recall the approximate time when you cashed those checks in Mr. Jacobsen's presence?

Mr. LILLY. He was not present. I picked up the checks from him, and went to the bank alone.

Mr. WEITZ. You said at one point though, because you did not endorse them, that Mr. Jacobsen was, in fact, present at Community National Bank with you.

Mr. LILLY. No. If I did, that was an error. I went to Mr. Jacobsen's and Mr. Long's office. Both of them were present. They gave me two checks made out to "cash," $2,500 each, and I in turn went alone to the Community National Bank. They called an officer, and told them that I would be coming out there, that I had two $2,500 checks, and to cash them for me.

And I went to the Community National Bank, and I was alone. Mr. Jacobsen was present when the checks were given to me.

Mr. WEITZ. At this point I think it would be useful to enter into an exhibit a number of items: First, exhibit No. 6, which is a schedule compiled by you of various note transactions, and transactions with these various individuals and others. And this is prepared by you?

[Whereupon the document referred to was marked as Lilly exhibit No. 6 for identification.[1]]

Mr. LILLY. Prepared by my accountant that worked for me there with AMPI.

Mr. WEITZ. When was this prepared?

Mr. LILLY. Within the last 2 weeks.

Mr. WEITZ. But you have reviewed this, and this is accurate to the best of your knowledge?

Mr. LILLY. To the best of my knowledge and ability, it is accurate.

Mr. WEITZ. Let me mark as exhibit 7, xeroxed copies of two checks, both on the account of Jacobsen and Long, one for $2,000 written to Joe Long; one for $3,000 written to Jake Jacobsen, both signed by Eula Bulkley, B-u-l—it looks like B-u-l-k-l-e-y. And the endorsements on the back of one is Joe R. Long and Bob A. Lilly, and the other is Jake Jacobsen to Bob A. Lilly.

[Whereupon, the documents referred to were marked Lilly exhibit No. 7 for identification.[2]]

Mr. WEITZ. Have you seen those checks?

Mr. LILLY. That is my signature, there is no doubt that I have seen those checks, and they compare to the date that I reduced those to cash at the Citizens' Bank.

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[1] See p. 5999.
[2] See p. 6002.

Mr. WEITZ. Does it refresh your recollection, that perhaps you cashed those checks with one or more of those gentlemen at the bank, or even without them, in order to make the payment?

Mr. LILLY. I would not have had to have had either one of them present at the bank. One of them could have been present. I do not really recall that this was the way. I really thought it was in cash until you showed me this, and I really cannot recall if one of them was with me or not. But I did know some of the principal officers at the bank, so it would not have been—I notice my name is on the——

Mr. WEITZ. Now, in exhibit 6 on the third page with the schedule of payments to you from Long and Jacobsen, you have one payment of $5,000. This would probably be received or deposited on June 15, 1970.

I show you, and I mark as exhibit No. 8, a xeroxed copy of two checks dated June 12, 1971, to Jake Jacobsen in the amount of $2,875; another to Joe R. Long in the amount of $2,125; again, signed by Eula Bulkley, and the back one is endorsed Joe R. Long, for deposit only, paid to the order of the First National Bank, Bob A. Lilly.

And the second check is endorsed Jake Jacobsen, pay to the order of First National Bank, Bob A. Lilly.

[Whereupon, the documents referred to were marked as Lilly exhibit No. 8 for identification.*]

Mr. WEITZ. Do you recognize these checks, and are those your signature endorsements on the back?

Mr. LILLY. Yes; they are my endorsements, and I do recognize the checks. I have reason to. I show this as cash. Those did go into my own personal bank account at Evant, Tex. I do have a check for $5,000 from Evant, Tex., to the Citizens' National Bank at Austin, Tex., bringing the $5,000 back out. And I have it on this at the 6th and 15th of 1970.

So this went into the wrong account. It did come back out.

Mr. WEITZ. But you deposited it in that account, didn't you?

Mr. LILLY. I did.

Mr. WEITZ. Is there any reason that you deposited it first in that account?

Mr. LILLY. No. I really thought that the checks had been sent from Jacobsen and Long to this bank in Evant, Tex., but evidently I endorsed the checks and sent them myself. Then when I did realize it, I wrote a check for $5,000. It was within one day or two. It came back into the Citizens' National Bank.

Mr. WEITZ. Now, on your summary sheet on exhibit 6, as you say, you show a total of $20,000 cash payments on the notes plus this $5,000 payment on or about June 15, 1970, for a total of approximately $25,000.

What was the purpose of the June 1970, $5000 payment? Did that go to——

Mr. LILLY. The June payment went to the loan on note transactions, on June 15, 1970, on payment on notes; on the note transaction portion of it, there is a payment on that particular date of $7,503.77; $617.27 interest.

It was either at that particular time, or on August 6, 1970, when a payment was made on that note of $55,488.50, with $408 interest paid. And it has been identified as——

Mr. WEITZ. Off the record.

[Discussion off the record.]

* See p. 6003.

Mr. WEITZ. On the record.

Mr. LILLY. The $5,000 check that had been erroneously deposited in my personal account at the First National Bank at Evant, Tex., was withdrawn. I would say, within 1 week. I am not sure of the exact date of the check, and it was made payable directly to the Citizens' National Bank and paid on the note.

It was not deposited, and one of these note payments will reflect that particular payment.

Mr. WEITZ. Did you ever discuss, with either Mr. Jacobsen or Mr. Long, the purposes for which these payments were going?

Mr. LILLY. No. I have discussed political contributions. I needed to make a payment on a note at Citizens' National Bank. I needed a political contribution for some reason, outside of making a political contribution, I am not sure that I did discuss as to what they would be going for.

I had reason to believe that they were officers in the bank; which they were. Loans of $100,000 having been made, it must have been discussed at a board of directors meeting, and of course, they were both on the board of directors.

Mr. WEITZ. When you say you just told them for political purposes, did you tell them that or——

Mr. LILLY. No; I told them this. I told them for political purposes.

Mr. WEITZ. Both Mr. Long and Mr. Jacobsen?

Mr. LILLY. I could make telephone calls. "I need some cash for political purposes."

Mr. WEITZ. Well, how would you put it? That does not exactly ring true.

Would it be more likely that you say "for some contribution"?

Mr. LILLY. For a contribution, "I need some money for a political contribution."

Mr. WEITZ. Would you normally tell them who or what it was for?

Mr. LILLY. No.

Mr. WEITZ. But you would say it in those general terms?

Mr. LILLY. General terms, yes.

Mr. WEITZ. Was it also ever discussed with them that they could recoup these funds through excess billings to the firm?

Mr. LILLY. No, I did not discuss it with them.

Mr. WEITZ. Are you aware whether anyone else discussed it with them?

Mr. LILLY. Not from personal knowledge.

Mr. WEITZ. Are you aware, if in fact—whether any of these payments were recouped by them, or whether there were any invoices from the firm of Jacobsen and Long that were reflected in some of these payments?

Mr. LILLY. There were invoices from Jacobsen and Long. A number of them came across my desk with my initials on them for approval for payment. There might be some correlation between the dates that they made advances to me and the dates on which they billed.

I have not had the privilege of looking at their checks to see if there is a correlation, but possibly there is, and those particular documents would have, probably, crossed my desk, and most of the Jacobsen and Long bills crossed my desk for approval for payments; be it for this or for other purposes.

Mr. WEITZ. For example, let me mark as exhibit 9, and ask you about a voucher and a copy of a check. The voucher is from Jacobsen and Long in the amount of $10,000 dated January 6, 1970. It is approved by perhaps, Robert Isham. I am not sure. I will have you identify that in a moment.

There is a Xerox of a note attached saying, "Bob Isham." This is a special billing from Joe Long, and the check is written for $10,000, Jacobsen and Long, on January 20, 1970.

[Whereupon, the documents referred to were marked as Lilly exhibit No. 9 for identification.[1]]

Mr. WEITZ. Can you identify that for us?

Mr. LILLY. Yes, I can identify it. It is one of the repayments; the writing, "Bob Isham. This is a special bill," indicates to me, from some of the advances that Jacobsen and Long had given, that this was to pay them back for the $5,000 that had been contributed on December 17, 1969.

Mr. WEITZ. Are you fairly certain that that would be the repayment for that $5,000?

Mr. LILLY. I am fairly certain that it would be.

Mr. WEITZ. All right.

Is that your handwriting, that note to Bob Isham?

Mr. LILLY. That is my handwriting.

Mr. WEITZ. That is your handwriting, so presumably——

Mr. LILLY. And I say that I approved the bill. Here's my "OK—B.A.L." at the top.

Mr. WEITZ. And who is the [indicating]?

Mr. LILLY. It says approval of payment, R. V. would be Ron Voss, Bob Isham's assistant there in the office at the time, assistant comptroller.

Mr. WEITZ. I want to mark for identification exhibit 10, another check to Jacobsen and Long in the amount of $10,000. It is dated April 25, 1970, and the attached billing for a particular piece of litigation from Joe Long, and the bill dated April 21, 1970, is addressed to you.

[Whereupon, the document referred to was marked Lilly exhibit No. 10 for identification.[2]]

Mr. WEITZ. Could you look at that and see whether that is for legitimate purposes, or part of this payback scheme for those purposes?

Off the record.

[Discussion off the record.]

Mr. WEITZ. Let's get back on the record.

Looking again at exhibit 10, do you recall what this payment may have been for?

Mr. LILLY. Exhibit 10, which is a $10,000 check to Jacobsen and Long, OK'd with my initials, and sent to Bob Isham for a payment. I would be convinced from looking at my notes on February 2, 1970, I have $5,000 cash having come in from Jacobsen and Long and that would be a billing for February 2, 1970.

Mr. WEITZ. Just as a general matter, would you approve all of their checks that came in, or only the ones that were repayments to you or some of both?

[1] See p. 6004.
[2] See p. 6007.

Mr. LILLY. Some of both that I would approve. At times, I would have Mr. Nelson approve them. If I felt that I really was not totally aware of what might have happened, or that he should be aware of what was happening, and I would go to him. And you will find some of the billings with my initials, and his initials on it.

I, too, discussed it with Bob Isham, and he felt that this would be a much better situation if I cleared some of the billings with Mr. Nelson.

Mr. WEITZ. So the only way you would be able to tell as to particular reimbursements from them, would be to look at each individual?

Mr. LILLY. I would have to tie it back, that is right.

Mr. WEITZ. In general when you received a payment from them, would they tell you specifically when they were going to seek reimbursement from that, or would you arrange it directly with Isham? How would they be reimbursed?

Mr LILLY. There was no prearranged—I would get cash from Jacobsen and Long, and a billing would come in, and of course, a great many of them crossed my desk. And of course, it would be paid off, and I would not be aware of the time they were going to bill or the amount they were going to bill at the time.

There was no discussion between Jacobsen and Long or myself on that.

Mr. WEITZ. All right.

I have exhibit No. 11 marked for identification; check and voucher dated July 22, 1970, for $22,000 from Jacobsen and Long, and the breakdown on the attached invoice, which is approved by you, indicates a $10,000, a $6,000, and a $6,000 matter.

[Whereupon, the documents referred to were marked Lilly exhibit No. 11 for identification.*]

Mr. WEITZ. Looking at that, can you identify whether any of those payments were recoupments for money to you?

Mr. LILLY. I would be inclined—$10,000 portion of the $22,000 billing from Jacobsen and Long on July 16, I would think would refer back to the June 15, 1970, contribution for political purposes that they made. It was in a check form. It went to Evant, Tex., and later back to the bank.

Mr. WEITZ. You do not know that for a fact, but you assume that because it follows about a month after the earlier payment?

Mr. LILLY. Yes; and it is an even amount.

Mr. WEITZ. I have—and rather than go through each lengthy period—I have a series of checks. There are 20 checks here and invoices, and each of these indicates, as part of their billing, in various amounts as much as $5,000, and the majority of them, $1,500 each, are designated as "professional services rendered in excess of the amount covered by the retainer," and on each bill there is a retainer of $2,500; and these various amounts for, as I say, professional services rendered in excess, and some or all of them—some are also OK'd by you.

Now, do you know whether in every case when they billed in this fashion, it would be for repayment to you to recover payments made; and would only some of them be——

Mr. LILLY. Only some of them. A general thing following approximately 2 or 3 weeks, or 1 month behind the time, when others would

* See p. 6010.

be the retainer, which was $2,500; and those fees in excess of retainer usually would pertain to flights to Washington, D.C., or some other point, or to represent AMPI in some other capacity, legitimately, many of them would be—and I, too, would have approved those as well as other billings.

Mr. WEITZ. Do you have any way of knowing then exactly how much was recouped by Jacobsen and Long with regard to the—what you indicate to be $25,000 paid to you?

Mr. LILLY. I have no sure way of knowing. I believe we would find billings tieing down $50,000. We have $25,000 over this period of time; probably in equal amounts within this framework within 1 month after I would show a deposit, I mean, make a payment to them.

Mr. WEITZ. Off the record a minute.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

All right. At this point, we are looking at what I shall mark as exhibit 12, the check of September 1, 1970, for $22,000 for Jacobsen and Long for an invoice dated August 31, 1970, which has an $8,000, a $12,000, and a $2,000 item.

[Whereupon the documents referred to were marked Lilly exhibit No. 12 for identification.*]

Now, your best recollection, or your assumption is, that the $8,000 and the $12,000 were the $20,000 to repay you for the earlier——

Mr. LILLY. For August 6, 1970.

Mr. WEITZ [continuing]. $10,000 payments on August 6, 1970.

Mr. LILLY. That's right.

Mr. WEITZ. Your best recollection is they would try to recoup the money in round amounts shortly after making the payment to you. Is that the practice?

Mr. LILLY. That is the practice they used.

Mr. WEITZ. Do you know whether they were ever short in the amounts of money that they recouped in terms of their excess taxes?

Mr. LILLY. If so, I am not aware of it.

Mr. WEITZ. All right. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. SANDERS. Just one other question. Did you receive any other moneys from Jacobsen and Long for political purposes which you did not use to pay off your loans at the bank?

Mr. LILLY. No, I did not.

Mr. SANDERS. That's all.

Mr. WEITZ. Before we leave Jacobsen and Long, let me ask you a question with regard to the original payments in December. Did you contact them or did Mr. Nelson contact them in regard to repayment?

Mr. LILLY. Do you mean Jacobsen and Long?

Mr. WEITZ. Yes.

Mr. LILLY. I am sure Mr. Nelson talked with them. I also talked with them, but I am sure that he talked with them. I do not remember the conversation.

Mr. WEITZ. Do you know whether, either you told them, or from some other source they understood the payments to you in December to have been to help you repay a longstanding loan, as opposed to one that was immediately taken out in December?

*See p. 6012.

Mr. LILLY. Would you repeat that?

Mr. WEITZ. I am sorry.

When they made the payment to you in December of 1969, did you have any conversation with them that indicated to you that their belief was that they were helping you pay off a loan that was overdue from a previous period?

Mr. LILLY. No.

Mr. WEITZ. Was it your understanding that they knew that they were helping you repay a loan that had just been taken out?

Mr. LILLY. I am not sure that they were totally aware that I was paying on a loan just taken out, but again being officers of the bank, I feel sure that they would have knowledge of a $100,000 loan close to that period of time. And I am more inclined to think, even though it is not personal knowledge, that it would apply on this particular loan.

As a matter of fact in the bank, to go back beyond that, I believe you will find that I have no record of having borrowed any money from that particular bank. Of course, that would not mean that I could not have borrowed it from another bank, but this particular one.

Mr. WEITZ. And you say that at least several times when you talked with them, you would tell them that you needed money for political purposes?

Mr. LILLY. Yes.

Mr. WEITZ. In fact, of course, except for the one $5,000 payment on June 15, which also went onto your notes, actually all the payments you received from them went to repay existing loans?

Mr. LILLY. That is right. That is true.

Mr. WEITZ. So it is likely you have said you need money for political purposes, or is it likely that you said to pay off some loans I have?

Mr. LILLY. I probably would not have distinguished between the two of them in my conversations with them. And as I remember, I needed some money for a political contribution.

Mr. WEITZ. Whether or not it was actually to repay a loan that you would have made to make that contribution, or to make the contribution directly?

Mr. LILLY. Yes.

Mr. WEITZ. I see.

Mr. NICHOLAS. On that point, and on the point that the other question that was asked concerning the—all of these moneys that you received from Jacobsen and Long apply to payments of notes only in relation to that aspect of it?

Mr. LILLY. Yes.

Mr. NICHOLAS. Wait a minute. Let me finish.

Mr. LILLY. All right.

Mr. NICHOLAS. Do you recall whether or not there were any direct contributions that you made from Jacobsen and Long money, like—I know that we are not talking about—it deviates a little bit; for instance, like in a State campaign like the Bill Barnes or Gus Mutscher or to Governor Smith, or to any of these people that you know well.

Do you understand what I mean from political circles?

Mr. LILLY. Yes.

Mr. NICHOLAS. Did you ever give those people moneys from Jake and Joe that were recouped by them billing AMPI? This is important because they have asked you a question.

Did all of the money that they billed AMPI go only to pay these notes? You have to understand that——

Mr. LILLY. Let me reanswer the question because on the face of this, I have other contributions.

Mr. NICHOLAS. I noticed those on there. You've got all kinds of State things.

Mr. LILLY. They are State. They are all State.

Mr. WEITZ. You're talking about on page 2 of exhibit 6?

Mr. LILLY. See over on this side, the Speaker of the House, Gus Mutscher, $200, unidentified—Speaker of the House, Gus Mutscher. Then you pick up a Federal contribution, $1,200 to Beall; $1,000 to Gus Mutscher; $300 unidentified; $4,100 to Gleason, question mark, and then of course, Lt. Gov. Ben Barnes, and then the House, the State of Texas, two other State representatives——

Mr. WEITZ. Where did that cash come from?

Mr. LILLY. It came out of this account, so it created—and some of that money could have gone into these particular items. An example, the $5,000 that was deposited in June of 1970 of Jacobsen and Long could easily, quite easily, have gone to some of these other political contributions.

Mr. WEITZ. But the others are noted, at least in your exhibit, as cash payments on the notes.

Mr. LILLY. Having been applied on the notes.

Mr. WEITZ. So if that is true, it might only be true of the June 15, 1970, payment, at least for Jacobsen and Long?

Mr. LILLY. It could be, yes.

Mr. NICHOLAS. So the record could be clear, Alan, the reason I am asking this question is because going back in memory on prior discussions of these notes that we all know about, that were taken out at Citizens' National Bank; the reason I am asking Bob the question is because most of the payments on those notes, as I recall, have been traced to Stuart Russell money. Is this not correct?

Mr. LILLY. That's right.

Mr. NICHOLAS. Almost $75,800 worth of them or more.

Mr. WEITZ. Some of what money? I am sorry.

Mr. NICHOLAS. Stuart Russell money to Bob Lilly.

Mr. WEITZ. We'll get to Russell.

Mr. NICHOLAS. That's the reason I'm asking this question, because when you asked him a specific question—were all of these moneys that Jacobsen and Long billed AMPI for, considered a scheme, a part of the billing to pay back the moneys they had theretofore contributed to Lilly to make contributions with.

I am asking you to think again and be as sure as you can as to whether or not they all went to the payment of notes or not.

Mr. LILLY. Of course, some of those moneys could have been used on political contributions within the State of Texas, or to other Federal elections, or Federal candidates; outside of going directly on the note, because when I have identified a good portion of them having been paid, I would have to have an accountant to interpret this for me.

But I would say some of them certainly could have gone in.

Mr. WEITZ. Talking about Jacobsen and Long, the only $5,000——

Mr. LILLY. That could be true.

Mr. WEITZ. I understand. Let's move to Ted Van Dyk.

Mr. LILLY. All right.

Mr. WEITZ. His name appears on the list of conduits. Would you tell me what you remember to have transpired after the loan was taken out with regard to repayments to you by Mr. Van Dyk?

Mr. LILLY. Yes; Mr. Van Dyk was one of the attorneys.

Mr. WEITZ. I believe he is not an attorney.

Mr. LILLY. Well, one of the people involved in paying back on this scheme. In the latter part of December, he sent a check to me for $10,000, and the check was apparently deposited in the Citizens' National Bank, according to my records, on January 5, 1970.

And then in March of 1970, I filed my income tax, and then in March, later in March, I received a letter from Mr. Ted Van Dyk as well as a 1099, where Mr. Van Dyk stated—the letter was dated March 10, 1970, to me. He said, "As protection for both of us, you will be receiving a withholding slip for the $10,000, just as I received one. That closes the circles and keeps us beyond question."

Mr. NICHOLAS. Maybe I gave you the wrong one.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. Lilly, let us go back to December. When did you receive—December of 1969 or January of 1970. When did you receive the $10,000 payment from Mr. Van Dyk?

Mr. LILLY. I deposited the payment on January 5, 1970.

Mr. WEITZ. So you would have received it sometime just before that?

Mr. LILLY. January 2 or 3, just prior to that time.

Mr. WEITZ. Do you know who contacted Mr. Van Dyk to ask for that payment?

Mr. LILLY. After that?

Mr. WEITZ. No; asked for that payment.

Mr. LILLY. Oh, asked for the payment. According to the prior notes that I have, DeVier Pierson would have contacted Mr. Van Dyk.

Mr. WEITZ. You don't remember contacting him?

Mr. LILLY. No.

Mr. WEITZ. Do you remember talking to him at all before receiving that payment?

Mr. LILLY. Not about the payment. I talked quite often with Ted Van Dyk on other political things, but not about the payback, the check; no.

Mr. WEITZ. Now, when the—I have and I want to mark for exhibit 13, a series of documents relating to the invoice and payment in December to Mr. Van Dyk in the amount of $18,050 on or about December 22, 1969.

[Whereupon, the documents referred to were marked Lilly exhibit No. 13 for identification.*]

Mr. WEITZ. Do you remember being asked about, or in some way being involved in the approval of that invoice from Mr. Van Dyk?

Mr. LILLY. I think that Mr. Isham might have checked with me had I received—was I aware of the billing. I am not sure if I initialed the billing or not, but Mr. Isham would have checked with me to see if I had received any money from Mr. Van Dyk.

* See p. 6015.

Mr. WEITZ. One of the documents in exhibit 13 is a letter dated December 22 from Mr. Van Dyk. It says "Dear Harold," to Mr. Harold Nelson. And he refers—this is the letter apparently sending the invoice to AMPI.

And the letter reads: "Per my discussion today with Bob Lilly, I am submitting the enclosed invoice." Do you recall discussing with him some matter relating to submitting an invoice to recoup the $10,000 payment?

Mr. LILLY. No; I do not recall it. I would not say that I had not, but I certainly do not remember it.

Mr. WEITZ. You do not remember yourself discussing this type of matter before receiving the check from Mr. Van Dyk?

Mr. LILLY. No; I do not.

Mr. WEITZ. Now, marked as exhibit 14, is a check, a Xerox copy of both the front and the back of a check to Bob A. Lilly, signed by Ted Van Dyk in the amount of $10,000, dated December 29, 1969. And it is endorsed for deposit only, Bob A. Lilly. Have you ever seen that check?

Mr. LILLY. Yes; I have seen it, and that is my endorsement on the check.

[Whereupon, the document referred to was marked Lilly exhibit No. 14 for identification.[1]]

Mr. WEITZ. Now, after receiving this check, when was the next time that you talked to Mr. Van Dyk about this matter, about this transaction?

Mr. LILLY. I do not remember having talked with him. It is quite possible, but the next time I remember is having received a letter from Mr. Van Dyk on or about March 10, 1970.

Mr. WEITZ. Which is the letter you just read into the record.

Mr. LILLY. Right.

Mr. WEITZ. Do you know whether Mr. Van Dyk knew the purpose of the first $10,000 transaction?

Mr. LILLY. No. I did not talk with Ted Van Dyk on this, and I would have to say that evidentally from the letter, I had a conversation with him, but I am not aware of the conversation. I do not remember it with him. And I do not remember discussing the purpose of it, or anything else.

I knew he was one of the people to make a contribution to pay this back.

Mr. WEITZ. Let me mark as exhibit 15, a letter dated March 10, 1970, from Ted Van Dyk to you, which you read into the record just a moment ago.

[Whereupon, the document referred to was marked Lilly exhibit No. 15 for identification.[2]]

Mr. WEITZ. I take it that you have seen that letter, and that is the letter you received from Mr. Van Dyk?

Mr. LILLY. Yes, I have.

Mr. WEITZ. And accompanying that letter was the form 1099?

Mr. LILLY. That is right.

Mr. WEITZ. Yes.

And subsequently, you filed an amended return to reflect that increased $10,000 payment?

[1] See p. 6018.
[2] See p. 6019.

Mr. LILLY. True.

Mr. WEITZ. And this is a copy of that amended return?

Mr. LILLY. Yes.

Mr. WEITZ. Which you provided to us?

Mr. LILLY. [Nods affirmatively.]

Mr. WEITZ. At the time you received this letter from Mr. Van Dyk and the form 1099, what did you do? Who did you talk to?

Mr. LILLY. I talked to Bob Isham in regard to this, and told him that Mr. Van Dyk has sent me a 1099, knowing that he had been paid in excess of $18,000, that he had billed us for a $10,000 check, and that I would be placed in the position of filing an amended report.

And I think at the time, and I cannot tell, I have no record of it, but if my memory serves me correctly, I think that Mr. Isham gave me an advance check to pay the income tax. But I would not know this, whether he did or not. And I suppose AMPI records might reflect this. Maybe this was one of those that I never recovered; and if I did not, and paid it myself. I do not really know.

Mr. WEITZ. Now, if Isham had given you an AMPI check, how would you have recovered it? Through an expense voucher at a later time?

Mr. LILLY. Yes, through an expense voucher. It might have been an expense advance, expense voucher to me.

Mr. WEITZ. What were the excess taxes? Do you recall?

Mr. LILLY. Approximately $4,000.

Mr. WEITZ. Did anyone call Mr. Van Dyk and talk to him about this?

Mr. LILLY. I do not know if Mr. Isham called him or not.

Mr. WEITZ. Do you recall whether Mr. Isham suggested that you just ignore it and not do anything further to your return?

Mr. LILLY. No, I do not recall that.

Mr. WEITZ. But you felt certain that you had to file an amended return to reflect this additional payment?

Mr. LILLY. Yes, I did.

Mr. WEITZ. And you did so?

Mr. LILLY. Right.

Mr. WEITZ. Do you recall any further payments or transactions with Mr. Van Dyk in this vain?

Mr. LILLY. No. In the name—there was a check on or about August 27, 1970, September 15, 1970, that had the name Kirby Jones, Riggs National Bank, Washington, D.C.; and it showed up as having been deposited on December 15, 1970, under that name.

And this apparently came from Mr. Van Dyk. I do not know Mr. Kirby Jones.

Mr. WEITZ. Let's back up a minute.

Do you recall whether you or anyone else contacted Mr. Van Dyk in advance of September 15 to request any such payment?

Mr. LILLY. I certainly have no memory of having contacted him, but it is possible that I could have.

Mr. WEITZ. Do you have any independent recollection, or has it been refreshed, as to what you did with the $10,000 payment from Mr. Jones?

Mr. LILLY. I have refreshed my memory. It did go into an account in Austin, Tex., into the wrong account, at about September 15, and

about a day or two later was redeposited in the Citizens', the other Bob A. Lilly account, which was not a personal account.

Mr. WEITZ. Was this deposited erroneously as had been those earlier checks from Jacobsen and Long?

Mr. LILLY. Only in the Citizens' National Bank, and not the First National Bank.

Mr. WEITZ. But it was you who deposited them, and switched them over sometime later?

Mr. LILLY. A couple of days later; the check was written on the 17th.

Mr. WEITZ. And was the money used for any particular purpose, such as paying off existing notes?

Mr. LILLY. I would assume from my notes on disbursements to Citizens' National Bank on September 17, 1970, to receive payment of $15,000 on an existing note or notes. And I would say that the $10,000 we are referring to is reflected within that $15,000 payment.

Mr. WEITZ. Now, I marked for identification exhibit 16, which is a check from AMPI to Ted Van Dyk Associates on September 4, 1970, for $19,055.72. Attached to that voucher is an invoice dated August 28, 1970, to AMPI from Ted Van Dyk Associates, which includes a direct expense July–August 1970 of $12,057; at the top of that is written circled, "OK, K.B." And then it goes on "September 2, 1970, as per instructions from Bob Lilly on telephone this date."

[Whereupon, the documents referred to were marked Lilly exhibit No. 16 for identification.*]

Mr. WEITZ. Now, would you look at that first and tell me whether you can identify it, and then tell me whether you can explain that handwritten notation.

Mr. LILLY. The notation at the top was written by my secretary, Sarah Bezdek. She used the name Katherine Bezdek in all of her letters, and this is her, I would take it. It appears to be her writing. And apparently, I instructed her to OK the bill for payment to Ted Van Dyk from some place. Apparently, I was not in San Antonio.

Mr. WEITZ. But that does not refresh your recollection as having been personally involved in the arranging or asking for the $10,000 from Van Dyk or approving, or telling him to bill the company directly?

Mr. LILLY. I really do not recall the conversation. I mean, I could have had a conversation with him.

Mr. WEITZ. Do you remember whether Bob Justice was either involved in this transaction, or do you know of any other transaction which he might have been involved in picking up money from Mr. Van Dyk?

Mr. LILLY. I was not aware that Bob Justice picked up any money from Van Dyk.

Mr. WEITZ. You had never heard that?

Mr. LILLY. No; I was aware of other parties, but not Ted Van Dyk.

Mr. WEITZ. Now, on the third page of the exhibit, there is a letter from Ted Van Dyk, apparently sending the invoice, also dated August 27, 1970. And it says, "Dear Bob, per our discussion earlier today, please see the attached invoice for processing. See you in Washington on the 10th, or thereabouts. Sincerely."

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*See p. 6021.

Again, would you look at that, and see if you have ever seen that? Again, think back and see if you can recall any conversation about this.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

As I just asked you, does this reflect your recollection, or were there times when, for example, there were other bills when this might appear, and you in fact did not talk with Mr. Van Dyk?

Mr. LILLY. There are other bills and other times when Mr. Van Dyk would write me letters, and indicate "as per our conversation," on a certain day; he is sending me a billing or he had taken certain action as per my instructions, when in fact, I had had no conversation with him. And I do not recall this particular conversation, or the letter but——

Mr. WEITZ. Do you have any idea who would have talked with him? Obviously, this would not have been spontaneous.

Mr. LILLY. Bob Isham had conversations with him, but very little on this particular thing. Dave Parr had more conversation with Van Dyk than anyone else. Mr. Nelson also had conversation with him.

They had much closer contact. My contact with Ted Van Dyk was never that close.

Mr. WEITZ. Let me just ask you one more time. Do you ever recall, for example, talking to Isham about some incident of Bob Justice, or anyone else connected with Parr, going to Ted Van Dyk's office and picking up money from him or asking him for money?

Mr. LILLY. I do not recall Ted Van Dyk—I do know I talked to Bob Isham about Bob Justice having gone to Cliff Carter's office and Dick Maquire's office in Washington, D.C., to pick up some money.

Mr. SANDERS. With respect to Van Dyk, did he have some involvement, to your knowledge, in the contributions being made to the Muskie campaign?

Mr. LILLY. I believe the contributions I have referred to, and I have some correspondence on it, went back to his election in 1970 when he was seeking reelection as a Senator from the State of Maine. And Mr. Russell did make some contributions to him.

Mr. SANDERS. Do you have knowledge that the Russell contributions were anything other than from Russell's own genuine resources? What I am saying is, do you have knowledge that Russell, in any way, was reimbursed by AMPI or MPI?

Mr. LILLY. I would have to check billings to see if he was reimbursed. But I have——

Mr. SANDERS. Before we get into Russell, what was the—I thought this had some relationship to Ted Van Dyk. Does it?

Mr. LILLY. It has a relationship to Ted Van Dyk, because Ted Van Dyk——

Mr. WEITZ. Why don't we go off the record a minute?

[Discussion off the record.]

Mr. SANDERS. Back on the record.

We have been talking about Ted Van Dyk, and I have an interest in whether or not, to your knowledge, Ted Van Dyk ever received any funds for the Muskie Presidential campaign, which might have origi-

nated with AMPI or whether he had involvement in procuring any such funds?

Mr. LILLY. Yes, I do have some knowledge in the form of memos, and some in the form of letters from Ted Van Dyk, some to Ted Van Dyk, Milt Semer also. And it might be easier if I would read a memo that I used.

Mr. SANDERS. Perhaps if we could just make a Xerox of that, we could set this aside here with others that we might accumulate, and I will bring my secretary down here to Xerox those while we continue.

And rather than taking the time to read that whole thing in the record, let's mark it for the next numbered exhibit. Off the record.

[Discussion off the record.]

Mr. SANDERS. Back on the record.

Now, can you—from your best recollection, can you state the thrust of exhibit 17?

[Whereupon, the document referred to was marked Lilly exhibit No. 17 for identification.*]

Mr. LILLY. It is a memo of notes that I have accumulated and reduced to typing, apparently to keep myself advised, and it was written on April 17, 1970, and it pertained to a conversation with Milt Semer having received a check from Ted Van Dyk as a contribution to Muskie, a $5,000 check.

And he was quite amazed, Mr. Semer was, that Van Dyk would be involved in the campaign of Muskie. Muskie was seeking reelection as a Senator at the time from the State of Maine. And I was totally unaware of the total impact of it.

I did not know. I knew Milt Semer was closely related to Senator Muskie, but Ted Van Dyk; I did not tie that closely. But in the conversation, and in the memo that I made following that conversation, I mentioned the fact that apparently Semer was getting ready for the 1972 campaign, because he did refer to a Mr. Martin Hauhn, H-a-u-h-n, in Oklahoma, and wanted me to check him out to see who he is, what he is, what ability he has, apparently for the 1972 campaign.

Mr. SANDERS. In 1972, did you have any conversation with Van Dyk about funds for Muskie?

Mr. LILLY. No; I have some memos from Van Dyk that crossed my desk. Apparently some of them were written to me directly. He is referring to some things that I am totally unaware of.

Mr. SANDERS. Did any of them make mention of any desire for funds for Muskie?

Mr. LILLY. They referred to funds for Muskie. I have one on September 14, where he is referring to a check for $1,000 to Maine for Muskie, September 14, 1970—and he said it should be torn up and it was going to be replaced.

Well, I do not know—I am not advised at all—the Whittemore check is all he referred to.

Mr. SANDERS. Do you have other correspondence from Van Dyk pertaining to contributions for Muskie?

Mr. LILLY. I have another one here, dated July 9, 1970. And this is from Ted Van Dyk to Don Nicoll, N-i-c-o-l-l, 1660 L Street NW., room 1004, Washington, D.C. And I am not aware of who Mr. Don Nicoll might be.

*See p. 6024.

But it refers here to a memo. It says, "see attached a check for $1,666 to each Muskie Election Committee."

Mr. NICHOLAS. Read the whole thing.

Mr. LILLY. Back up and start over.

Dear Don, Harold Nelson, Dave Parr and their colleagues had a good meeting yesterday with the Senator. Many thanks.

Here is the follow-up: please see attached two checks $1,666 each for the Muskie Election Committee. And one for the Maine for Muskie Committee, additional checks for $3,334 each will be sent to you within the next few days to reach a total of $5,000 for each committee.

Two. I will send you a memorandum and list reference to the special milk program. The Senator offered to help on this.

Three. I will look forward to receiving from you a list of candidates the Senator recommends for special help this fall. Contributions will be made to them on the basis of the contributions that've come to the Senator's recommendation. I suggest that the list be relatively short, but consist of people who are of high priority to you.

Four. The Senator said he would welcome the input of several academics who have some help to offer re: agricultural policy. I will see that their papers, etc., are channeled through you. You can judge their usefulness.

Five. Small favors department; Dave Parr has two sons, Travis and Steve, age 18 and 17, who are anxious to spend 2 or 3 days this summer carrying bags, driving cars, etc. in the Senator's campaign entourage in Maine. They are good looking, intelligent boys. They would, of course, travel and work at their own expense. Could this be arranged?

I will stay in touch on all of this. With best wishes, Sincerely, Ted Van Dyk.

Here are copies of the checks, Xeroxed copies of the checks that he refers to from SPACE, which is the political arm of Dairymen, Inc. located with headquarters in Louisville, Ky.

Mr. SANDERS. This is the letter that you have just read from Ted Van Dyk to Mr. Don Nicoll?

Mr. LILLY. Right.

Mr. SANDERS. Did you say—you are not sure who he is or where he fits in?

Mr. LILLY. I have no idea. I do not know why I have a copy of the letter, or why I am into it, but it was sent to me. This is the reason I have a copy.

Mr. SANDERS. This handwriting up in the upper lefthand corner, "file with Van Dyk letter." Is that your handwriting?

Mr. LILLY. That is my handwriting.

Mr. SANDERS. You have no idea who sent this to you?

Mr. LILLY. [Nods negatively.]

Mr. SANDERS. Did you take any action on the basis of this Van Dyk letter to Dan Nicoll?

Mr. LILLY. Not that I know of, because apparently I have been kept informed about some transaction, and Mr. Van Dyk must have felt compelled to send me a copy of it.

Mr. SANDERS. Oh, you think it is likely that you received that, a copy of that, from Van Dyk?

Mr. LILLY. Well, if not from Van Dyk, I don't—Milt Semer possibly, but I do not see his name mentioned in it, and then Don Nicoll—or Nicoll, however the name is pronounced—I cannot think of who he is. And I don't know why he would have been sending me something.

Mr. NICHOLAS. May I ask one question on this?

Mr. Lilly, does the fact that the two checks that are attached to the Van Dyk letter of July 9, 1970, are from the SPACE, which is the Special Political Agricultural Community Education; would there

have been a policy set up between TAPE and/or AMPI or MPI and SPACE to keep you informed as to what they were doing?

Mr. LILLY. No.

Mr. NICHOLAS. No?

Mr. LILLY. To my knowledge.

Mr. NICHOLAS. Bear in mind that he was treasurer of the TAPE committee.

Mr. LILLY. No; not in 1970. Bob Isham was a trustee of TAPE, and it might have been someone's effort to keep me informed, but to my knowledge, these are the only two checks that I have from SPACE in my file.

Mr. WEITZ. If I may ask a question. Is it possible that Dave Parr sent you a copy, since his name is included in there?

Mr. LILLY. Well, his name was mentioned.

Mr. WEITZ. No. 5 in the "small favors department."

Mr. LILLY. That's a possibility; that is where I could have gotten it.

Mr. WEITZ. But you do not remember?

Mr. LILLY. No.

Mr. SANDERS. Do you still get correspondence to or from Van Dyk?

Mr. LILLY. Yes; I have correspondence on September 14, 1970, to Bob Lilly from Ted Van Dyk regarding the Whittemore check.

Bob, per our discussion, please tear up the signed receipt for the Whittemore check. The check itself has been destroyed on this end. A new check for $1,000 to Maine for Muskie should be drawn to replace it.

Please send it directly with new receipt for signature to Mr. Robert Nelson, Room 1004, 1660 L Street, N.W., Washington, D.C. Many thanks.

Mr. SANDERS. This is the one we already have, September 14?

Mr. LILLY. I did not realize that, I'm sorry.

That is all of the correspondence. I have some other correspondence there to Milt Semer, or for Milt Semer pertaining to Muskie in the same file, but nothing else from Van Dyk.

Mr. SANDERS. Mr. Lilly has just furnished me a copy of a letter from Milton P. Semer to David Parr. It is undated, but it says: "received July 20, 1970." And handwritten at the top is a notation: "file Muskie political."

I am including this with the other Van Dyke-Muskie letters that you have just handed me.

Mr. NICHOLAS. Can we go off the record for a minute?

[Discussion off the record.]

Mr. SANDERS. All right. We will go back on the record.

Mr. Lilly has just handed me a series of documents pertaining to contributions to Senator Muskie in 1970. And I am going to add these to the ones he has already given me, and I am going to go through them and mark them for the record and identify them.

We have already marked as exhibit No. 17, his own memo dated April 17, 1970.

I will mark as exhibit No. 18 a memo from Ted Van Dyk to Bob Lilly dated September 14, 1970, relating to a $1,000 check to Maine for Muskie.

[Whereupon, the document referred to was marked Lilly exhibit No. 18 for identification.*]

*See p. 6025.

Mr. SANDERS. Exhibit No. 19 is a letter dated July 9, 1970, from Ted Van Dyk to Don Nicoll pertaining to contributions to the Muskie campaign, and also making references to the milk program.

[Whereupon, the document referred to was marked Lilly exhibit No. 19 for identification.[1]]

Mr. SANDERS. Exhibit No. 20, a letter from Milton P. Semer to David Parr, undated, marked "received July 20, 1970," concerning presumably Senator Muskie's campaign.

[Whereupon, the document referred to was marked Lilly exhibit No. 20 for identification.[2]]

Mr. SANDERS. Exhibit No. 21 will be a multipaged exhibit containing a note on the letterhead of Stuart H. Russell, addressed to "Bob, for your information," undated; a letter from Semer to Russell dated August 3, 1970; a letter from Semer to Russell dated December 1, 1970, thanking Russell for a $5,000 contribution to the Muskie Election Committee.

A note on the letterhead of Russell to Bob, "for your information and record," not dated. An undated letter from Muskie to Nelson marked "received August 27, 1970"; a letter from Russell—correction, a copy of a letter from Russell to Muskie Election Committee showing a carbon copy to Bob Lilly, dated November 24, 1970, indicating a check had been enclosed in the sum of $5,000 payable to the Muskie Election Committee; and that this was sent at the request of Bob Lilly of AMPI.

A copy of a letter dated July 28, 1970, from Lilly to Van Dyk enclosing two checks for the Muskie campaign, and indicating that these checks along with checks from Dairymen, Inc., and Mid-America, make a total of slightly over $10,000; an invoice on the billhead, Stuart H. Russell, dated July 24, 1970, to Associated Milk Producers, Inc. for $5,100 for legal services rendered in the purchase of Wilsey-Bennett and Pure Milk Producers Co-op of Winsted, Minn. A copy of a Stuart Russell check for $1,750 to Maine for Muskie, dated July 24, 1970, and a Stuart Russell check for $1,650 to Muskie Election Committee, dated July 24, 1970.

A copy of a legal-size page bearing handwritten figures and words, apparently in reference to the preceding two checks; a letter from Russell to Lilly of January 13, 1971, attaching a letter of December 22, 1970, from Muskie to Russell expressing appreciation for help and encouragement.

[Whereupon, the documents referred to were marked Lilly exhibit No. 21 for identification.[3]]

Mr. SANDERS. We will make copies of these for our use, and return these to you.

All right. Now, for the record, Mr. Lilly, what, if any, conversations have you had since 1969 with Ted Van Dyk concerning contributions to a campaign of Senator Muskie?

Mr. LILLY. I am not sure that I have had conversations. Certainly, I do not recall any.

I have a series of letters. I have some memos. I do have notes of telephone calls from Milt Semer about Van Dyk.

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[1] See p. 6026.
[2] See p. 6028.
[3] See p. 6029.

Mr. SANDERS. Do you have any personal recollections at the moment of conversations with Van Dyk concerning contributions to the Muskie campaign?

Mr. LILLY. I have not; no.

Mr. SANDERS. The documents which you have just furnished to me, and which you have identified for the record, all came from your own files?

Mr. LILLY. From my own files.

Mr. SANDERS. Do you have knowledge of any AMPI—funds and I say this intending to separate any TAPE funds. Do you have knowledge of any AMPI funds since 1969 being furnished for the use or benefit of a Muskie political campaign? [Pause.] Off the record.

[Discussion off the record.]

Mr. SANDERS. Back on the record.

From 1969 forward, do you have any knowledge of any AMPI funds going for the use or the benefit of the Muskie campaigns?

Mr. LILLY. Not any that I recall, and not any that I handled.

Mr. SANDERS. What knowledge, if any, did you have of Russell making funds available for the Muskie campaign?

Mr. LILLY. Only the correspondence that we referred to earlier, that he made contributions to Muskie, and some exhibits that you have already marked. And that is my total knowledge.

Mr. SANDERS. These exhibits would tend to indicate that. But are you saying you have no independent knowledge of these transactions?

Mr. LILLY. Actually transpiring? Not until after the fact. I received copies—they transpired and I was advised of it by having received a letter with no prior knowledge to it.

Mr. SANDERS. You had no involvement in the development of the transaction?

Mr. LILLY. No, no.

Mr. SANDERS. Did you subsequently, however, learn how Stuart Russell came to make these contributions?

Mr. LILLY. No, I did not outside of having received his correspondence. And to this day, I do not know what spurred him on to make a contribution, or how he became involved.

Mr. SANDERS. Has Ted Van Dyk at any time solicited you to make contributions to the Muskie campaign?

Mr. LILLY. I have correspondence from Ted Van Dyk, but to my knowledge, I cannot recall having talked with him, or him having solicited through a letter to advise me of certain things happening. It would indicate that, certainly, we had corresponded or had had conversations about Muskie's campaign.

Mr. SANDERS. Do you have any recollection of conversations between you and Russell concerning contributions to Muskie?

Mr. LILLY. No, outside of his having advised me that he had made contributions and sending me some copies of correspondence, but not prior to. It was after.

Mr. SANDERS. Now, these [indicating] documents which you furnished me and which we have marked for the record contain Russell's invoice to AMPI for legal services in the amount of $5,100, July 24, 1970. I see no indication of any notations on it by way of approval or routing within AMPI.

Do you have any independent recollection about receiving or processing that document?

Mr. LILLY. No. I do not have. It could well have crossed my desk, and I could have passed it along, but I do not see my usual OK notation on it.

Mr. SANDERS. Would there be any reason why you would have in your files a bill of Russell to AMPI for services, which were indeed legitimate?

Mr. LILLY. I would say that I have a copy in my file. Mr. Russell sent me a copy to keep me posted of some of his actions that he was taking, and I would assume that it was paid.

Mr. SANDERS. I see.

What you are saying is that in as much as you have a copy of this Russell invoice in your file, it might be that this was sent to you by Russell; at the same time, he would have sent the original to AMPI's accounting office?

Mr. LILLY. To the comptroller.

Mr. SANDERS. And this was just to you for information?

Mr. LILLY. For information, just a copy of the checks he sent to me at the same time.

Mr. SANDERS. Now, what I am saying is, if Russell were indeed billing AMPI for services he had truly performed for AMPI, would there be any reason why he would send you a copy of the bill? And let's be more specific here.

This bill says for legal services rendered in the purchase of Wilsey-Bennett and Pure Milk Producers Co-op in Winstead, Minn. Is there any reason why you would need to know that he had performed such services for AMPI?

Mr. LILLY. I will say that on the Wilsey-Bennett—I am familiar with the Wilsey-Bennett operation in Oklahoma City, and I know that Mr. Russell was involved in its purchase. It is a butter plant that makes butter prints, little patties, butter patties. And it still carries the same name, Wilsey-Bennett.

I am not familiar with the cooperative, but I tie the billing itself to the two checks attached to it, to be more responsive to your question.

Mr. SANDERS. To the two checks to Muskie?

Mr. LILLY. True.

Mr. SANDERS. You would, although you cannot—you have no facts to establish it, your deduction is that he paid the checks to Muskie and billed AMPI an even larger amount to cover those checks plus his tax consequence?

Mr. LILLY. That is true.

Mr. SANDERS. Who would have asked him to do this, or arranged for him to do this within AMPI?

Mr. LILLY. It would be one of three people. It would be myself—which I did not. It would be Mr. Harold Nelson, or Mr. Dave Parr.

Mr. NICHOLAS. Can we go off the record just a second?

[Discussion off the record.]

Mr. SANDERS. Back on the record.

Let me just ask you one more time this question: Is there any reason why you would have had to know or Russell would have thought that you should know that he was billing AMPI for legal services in the purchase of this co-op?

Mr. LILLY. Mr. Russell knew that in my position, as far as AMPI was concerned, I worked largely on the political end of it, if we might use that word in the broadest sense. And I think he would have made every effort to have kept me informed as to what might have transpired, even though I would have had no knowledge of it; just to be sure that I did know it.

Mr. SANDERS. Does it appear to you that this copy of the Russell invoice came to you with copies of Russell's checks attached?

Mr. LILLY. Yes, it does.

Mr. SANDERS. Does it appear to you also that the handwritten notes were also attached, or are these yours?

Mr. LILLY. Those are handwritten. Most of those handwritten notes are Isham's. The note in the left-hand column are my notes. The rest of them are all Isham's writing.

Mr. SANDERS. So that Isham then was knowledgeable concerning Russell's payments to Muskie and the contemporaneous billing to AMPI?

Mr. LILLY. Yes.

Mr. NICHOLAS. Let me ask him one question off the record.

[Discussion off the record.]

Mr. SANDERS. The handwritten notes would not have come to you from Russell, but they were prepared in response to the receipt of the invoice?

Mr. LILLY. They originated in the home office, true. That is right.

Mr. SANDERS. Then there is this copy of a letter from you to Van Dyk, dated July 28, which purports to enclose the originals of the two checks for which we have copies.

So I presume that in addition to Russell sending you copies of the checks attached to his invoice copy, he must have sent you the originals?

Mr. LILLY. Evidently, he did send me the originals; the letter being dated the 28th, and the checks, the 24th; he could well have sent me this, because apparently I did forward the checks on. And apparently I forwarded the checks to Dairymen, Inc., at the same time or referred to that.

So evidently, I did receive the checks, made Xerox copies of the checks myself before forwarding them on.

Mr. SANDERS. Why would not Dairymen and Mid-America have sent their own rather than sending them to you for transmittal?

Mr. LILLY. Let me go off the record.

[Discussion off the record.]

Mr. SANDERS. Back on the record.

Your letter of July 28 to Van Dyk makes mention of checks from Dairymen and Mid-America. Why would you find it necessary to explain to Van Dyk concerning checks from other firms?

Mr. LILLY. Well, of course, the two co-ops both have political arms. They are both dairy co-ops in this instance. Somewhere between Ted Van Dyk and Milton Semer—Ted Van Dyk is dealing with the same people that Milton Semer is dealing with, meaning AMPI, Dairymen, Inc., Mid-America, three cooperatives all had political arms.

And they were forwarding me the checks to move on forward to Ted Van Dyk; at the same time, Mr. Milton Semer and some of the correspondence indicates, the telephone calls indicate, that he wanted to know where Mr. Van Dyk got involved, because he, more or less, was

raising the money for Mr. Muskie's reelection, and how did Van Dyk come into this? Apparently, there was some play, some animosity, some feeling between the two of them as to who was to raise money for Muskie; and why Ted Van Dyk would be involved in it.

Mr. SANDERS. In other words, Semer was disturbed that Van Dyk was contacting the same people he was contacting?

Mr. LILLY. That is right.

Mr. SANDERS. But were these contacts that we have just now mentioned, for the purpose of obtaining funds from the political funds, the legal political arms?

Mr. LILLY. The checks from SPACE that I believe we have referred to here are from their political arm.

Mr. SANDERS. It does not say that.

Mr. LILLY. SPACE happens to be the political arm of Dairymen, Inc. I just happen to know that.

The checks from AMPI via Stuart Russell are not from TAPE funds, but are from his funds. He was reimbursed evidently from AMPI corporate funds.

Mr. SANDERS. You have no knowledge that the checks from Mid-America and Dairymen, Inc., were from other than their legal political arms?

Mr. LILLY. That is true.

Mr. NICHOLAS. On that point, I wanted to ask you, Mr. Lilly: was Mr. Stuart Russell also representing Dairymen's, Inc. at the same time he was representing AMPI, or do you know?

Mr. LILLY. No. To my knowledge, he was only representing AMPI, but having had some conversation with Mr. Russell, he, too, was being contacted by Mr. Van Dyk and Mr. Semer, and was caught in the same confusion that I was.

Mr. SANDERS. Now, directing your attention to the copy of the letter you received from Russell, which he addressed to Muskie Election Committee on November 24. It states that it encloses a check in the sum of $5,000 at your request.

Do you have a recollection of receiving this copy from Russell?

Mr. LILLY. The copy is in my file, and I am aware of that. I do not remember the actual receipt of it, and on the request for the contribution itself, I certainly have a serious doubt that I originated that request to Mr. Russell.

Mr. SANDERS. How do you think that would have occurred?

Mr. LILLY. I think it would have occurred through Mr. Van Dyk having called Mr. Russell, and stating that he had talked with me, and he should make a contribution to Mr. Muskie.

Mr. SANDERS. And Van Dyk—any mention Van Dyk made to Russell of having talked to you was not accurate?

Mr. LILLY. No; because I have no knowledge of the $5,000 check with the exception of the instruments that you have there before you.

Mr. SANDERS. This letter, being dated November 24, would have been subsequent to the election in 1970, early November 1970. Did it strike you at the time that the campaign was over?

Mr. LILLY. I am not sure that it did at the time. It would now, but to me that is not too unusual, because you have campaign debts after the campaign is over. And I really do not tie a great deal of significance to it, but it might have some——

Mr. SANDERS. Do you have any knowledge as to whether Russell received reimbursement from AMPI for this $5,000 in November?

Mr. LILLY. I have no personal recollection of whether he did or not, but possibly a search of AMPI files, I feel, would reveal——

Mr. SANDERS. Off the record.

[Discussion off the record.]

Mr. SANDERS. Back on the record.

Mr. WEITZ. With regard to other transactions and, in general, all the transactions for reimbursement for political contributions by Mr. Russell, what contacts do you remember with him or discussions with regard to the repayment to you for the original loan or for other transactions providing money to you for political purposes?

Mr. LILLY. Are you referring to the original conversation?

Mr. WEITZ. Starting from the original; can you remember what happened originally and what you talked to him about over a period of time?

Mr. LILLY. No. I do not remember originally what we might have discussed following—once we got into the pattern, it really was, for the most part, a telephone call for me to either Mr. Russell or his secretary, Jane Hart, H-a-r-t, that I needed a check for $5,000, or I needed a check for $2,000, or whatever the amount might be.

Consequently the checks she would send, or Mr. Russell would send it—I did not go through the formality of having to talk to Mr. Russell personally. And many times, I did not talk to Mr. Russell, and some of the checks were signed by Jane Hart. Apparently she had the authority by Mr. Russell to sign. She did not question it either, and she sent them to me.

Mr. WEITZ. At the outset, did you discuss with him—let me start this way. In exhibit 6, it indicates the first payment from Russell was on December—received and deposited by you December 31, 1969; the amount of $5,000.

Now, at that time or some short time thereafter, did you discuss that from time-to-time you would need additional moneys and that is why he established a procedure whereby you could call his secretary and obtain it without him?

Mr. LILLY. I do not know, in the beginning, if I talked with Mr. Russell about repayment of this or not, or whether Mr. Isham might have talked with him or whether Mr. Nelson might have talked with him.

This, I do know; that insofar as Mr. Russell and myself, we had an understanding. He did not question me, and I did not tell him. I told him I needed a check in a certain amount, and he would send it to me. I do not truthfully remember the beginning.

After that, if we had a contribution to a particular individual, I do not remember ever having told him that it was going to so-and-so to repay a note. I just told him that I needed some money.

Mr. WEITZ. Did you ever discuss the fact that in general these moneys were being used directly or indirectly for political purposes?

Mr. LILLY. Yes; I did that.

Mr. WEITZ. Do you recall any specific conversation to that effect, or specific circumstances to that effect?

Mr. LILLY. No. I do not recall the circumstances. But I feel that we had between the two of us—he realized they were for political purposes, and he was not questioning me.

Mr. NICHOLAS. Going back to the beginning, before you ever received any checks from Stuart Russell—do you understand what I'm talking about?

Mr. LILLY. Yes.

Mr. NICHOLAS. Remember that exhibit with the attorneys' names on it, made out by Isham and Harold Nelson, were there any conversations between you and Russell, or Harold Nelson and you and Russell, or you, Russell, Harold Nelson and Isham concerning how this was going to operate? Bear in mind, if you just make out a list of lawyers' names and put amounts by them, they are not a party to the transaction at the time.

How did Russell become a party to that transaction? That is what Alan is asking you, I believe.

Mr. LILLY. On——

Mr. NICHOLAS. See if you can think back.

Mr. LILLY. On looking back at exhibit 2, where the list of lawyers' names are, I notice that to the left of the names, there is a dash; Joe Long, F. Masters, S. Russell, Jim Jones.

I see on Jim Jones, there is a 1, indicating that DeVier Pierson was to contact him; just to the right, Bob Isham was to contact him—I mean the figure with a dash to the left. I notice on Joe Long and Frank Masters, I have a check that says OK, that indicates that I talked with them or asked them for some money at the time.

And I am not sure what it is. It does not indicate on this particular instrument that I talked to Stu Russell at the time. But that doesn't mean—I just cannot recall a conversation I had with him about it.

Mr. WEITZ. Do you ever recall talking to him about his recouping moneys paid to you by billing the firm, billing the company?

Mr. LILLY. Yes. I have had conversations with Mr. Russell, and it was in San Antonio, and it was one conversation, and I will tie it down to a date, because I have a note of it. It is on May 3, 1971. And this actual conversation—my notes read that I phoned him—meaning Mr. Russell—on May 1, and met with him in person on the morning of May 3 in San Antonio. "That" on page 4 should have dashes around it.

And at that particular time, it was evident that an amount of $10,000 was needed for a contribution, for an expenditure. And Mr. Russell talked with Mr. Isham and myself, and we talked about ways—he indicated this was an expensive route to go. For him to make available to me $10,000, it would cost AMPI $20,000, and surely there could be another way set up.

And he suggested setting up dummy procedure accounts, set up repair accounts, et cetera

Mr. WEITZ. So it was clear from that, that he knew that whatever he paid you he would recoup, and it would cost AMPI double?

Mr. LILLY. Yes.

Mr. WEITZ. Were there occurrences though—you do not recall any specific situation where you did discuss the political purposes to which the funds were used?

Mr. LILLY. I could have. I do not recall it.

Mr. WEITZ. Of course, we have just referred to the moneys that Russell paid to Muskie, and presumably was reimbursed by AMPI. So that would be one instance at least——

Mr. LILLY. Right.

Mr. WEITZ [continuing]. In which he was using corporate funds to funnel through to corporate purposes.

Mr. LILLY. True.

Mr. WEITZ. But you were not directly involved in that?

Mr. LILLY. No, not directly involved.

Mr. WEITZ. I would like you to take a look at exhibit 22, which is a Xeroxed copy of a short note on Stuart Russell note paper. And it reads, "Bob, this represents $5,000 cash given Preach Griffith for Page Belcher campaign funds. My direction is due. This came from Leo Suttle." And it is signed, apparently, Stuart H. perhaps with a squiggle.

Could you look at this and see whether you have ever seen that, and identify it for us?

[Whereupon, the document referred to was marked Lilly exhibit No. 22 for identification.*]

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Let's go back on the record.

Mr. Lilly, can you tell us what transaction this exhibit 22 refers to?

Mr. LILLY. Yes. In the year of 1970, Mr. Page Belcher, Congressman Page Belcher, was running for reelection, and Jim Jones was his opponent. I acted alone, on my own, without talking with anyone, and made a contribution to Mr. Jim Jones from TAPE for $5,000, and this apparently upset a number of people including Mr. Nelson and Mr. Parr and other people in my own organization. And the determination was made that they would have to make contributions to Mr. Belcher.

The contributions—the decision was made by someone that the contributions would be made in cash. And on or about June 1970, the first contribution in the amount of $5,000 was made. It was made and delivered by Mr. Tom Townsend and Mr. Keiffer Howard—that's K-e-i-f-f-e-r.

And Mr. Russell sent me this exhibit 22 to indicate to me that he had spent $5,000, had cashed a check for that amount of money, and given to them. Mr. Griffith, to my knowledge, was not along with them, but Mr. Griffith was chairman of our TAPE committee; he is an AMPI board member. He does live in Oklahoma, and he certainly would be involved and interested.

At a later date in 1970, at about September, $10,000 cash was contributed in the same manner, delivered, in that instance, by Mr. Townsend and by Mr. Dave Parr to Mr. Belcher. And, again, the cash was obtained from Mr. Stuart Russell, and the delivery made. And, in turn, in time, he billed AMPI for the contribution.

Mr. WEITZ. So it is clear from at least this exhibit and your recollection of those two instances that Mr. Russell knew, and at least in two instances acted as a conduit for corporate funds for political purposes to a political candidate?

Mr. LILLY. Yes.

Mr. WEITZ. Were there any other notes which he would append to his bills which would indicate moneys which he was funneling through, in addition to his regular billing?

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*See p. 6041.

Mr. LILLY. I do not recall any notes. There possibly could have been some, but the one you see there, exhibit 22, is the only one that I have in existence. Of course, earlier we referred to the memo, that he sent me some correspondence that pertained to some contributions.

Mr. WEITZ. Muskie contributions?

Mr. LILLY. For Muskie. But to my knowledge, this is the only thing in writing that I do have from him, outside of this conversation that was held with Mr. Isham at another time. But to my personal knowledge, I know that we talked about it.

Mr. WEITZ. What about that conversation with Mr. Isham?

Mr. LILLY. This was when we were talking about ways and manners, a cheaper way of going about making these——

Mr. WEITZ. Are you aware of whether Mr. Russell, in both April of 1971 and April of 1972, asked for additional funds to cover his excess taxes as a result of this conduit operation?

Mr. LILLY. In April——

Mr. SANDERS. May I just ask one question about this [indicating]?

Mr. WEITZ. Certainly.

Mr. SANDERS. This exhibit 22 indicates that Russell gave the $5,000 cash to Griffith for Belcher. And yet, in explaining it to us, I thought you said it was given to Townsend and Howard?

Mr. LILLY. That is true; they delivered it. I think he mentions Preach Griffith in this to indicate to me that Mr. Griffith had OK'd a contribution to him; but actually, physically handling it was Tom Townsend and Keiffer Howard making delivery. And as to how much involvement Preach Griffith had, I am not aware of that.

But I think this is an indication, because I do not think that Mr. Griffith delivered it to Tulsa, and I assume they delivered it to Tulsa to the Congressman.

Mr. WEITZ. Was it not true that Preach Griffith had complained to you personally about the contribution you had approved for Jones?

Mr. LILLY. Very violently; yes.

Mr. WEITZ. Did he also talk to you directly about this other contribution to Belcher?

Mr. LILLY. He said, "Well, we are going to have them unhappy with us, and we are going to have to make contributions to Belcher and do what we can to get him reelected." And, of course, we had a difference of opinion on this, but that is neither here nor there, because in turn the decision was made—I think Mr. Belcher made the decision that he would not take a political contribution from TAPE. Since we had made a political contribution to Mr. Jones, he would not take one.

So, evidently he was going to be reelected, so some effort was made to make amends with Mr. Belcher.

Mr. WEITZ. Could you tell us what you know about Russell's request for additional compensation?

Mr. SANDERS. I am sorry; I am still on——

Mr. WEITZ. Oh, I am sorry.

Mr. SANDERS. Griffith was a member of the board of AMPI?

Mr. LILLY. Yes; he was then, and he is now.

Mr. SANDERS. I have never heard before the name of Suttle. Can you identify him?

Mr. LILLY. Leo Suttle is on physical disability retirement, living in Kansas, Wichita I believe, Kansas. He was a division manager when

we had MPI, and I am not sure of the time that he went on retirement, disability retirement, but he still is on disability retirement.

Mr. SANDERS. It indicates that he——

Mr. LILLY. He was aware of it.

Mr. SANDERS. Not only aware of it, but that he had some authority in the matter. It said: "My direction to do this came from Leo Suttle."

Mr. LILLY. This would indicate that to me, and I have not talked with Mr. Suttle—along about this time, he went on retirement, and he has been rather inactive. He still is on retirement, I might say.

Mr. SANDERS. Did he—in general, did he—was it your understanding that he could exercise some authority in——

Mr. LILLY. In this field?

Mr. SANDERS [continuing]. In granting political contributions?

Mr. LILLY. Mr. Suttle was division manager. He had the State of Kansas that he was division manager in, and in the State of Kansas, certainly, before you made a political contribution, you pretty well checked with Mr. Suttle. He felt rather strongly about it.

Here we have a situation, being in the State of Oklahoma, which was out of his domain, so to speak, but apparently he felt pretty strongly about my having contributed to Jim Jones, as well.

Mr. NICHOLAS. On that point, I would like to ask Bob a question off the record, in case it is not germane.

[Discussion off the record.]

Mr. SANDERS. Back on the record.

Mr. WEITZ. You were going to tell me about your knowledge of Russell's request for additional money at tax time in 1971 and 1972.

Mr. LILLY. Mr. Russell and Mr. Isham had both told me along about April of 1972, Mr. Russell talked with Mr. Isham and told him that for the years 1969, 1970, 1971, in his political contributions that he had made, even though he was contributing and billing double the amount he contributed, he had not recovered sufficient moneys to pay his income tax, and he was some $66,000—in excess of $66,000—short and lacked that much money having enough to pay the additional taxes he had paid during those years.

And subsequently, a check was issued to him in 1972 in excess of $66,000.

Mr. WEITZ. Did he talk to you about it at that time?

Mr. LILLY. No; not that I recall. The conversation that I had with him was about the particular $66,000. It was about 6 weeks or 2 months ago.

Mr. NICHOLAS. Do you mean to Stu?

Mr. LILLY. It was in your office [pause] 6 weeks ago that I talked with him. Bob Isham talked to me at the time about it.

Mr. WEITZ. Did Russell, either at that time or 6 weeks ago or at any time, ever admit to you that he knew, or indicate to you, that he knew this money was going for political purposes?

Mr. LILLY. I think this was the purpose. He indicated to me he had not billed us enough money to pay for the political contributions that he had made.

Mr. NICHOLAS. Did he use that kind of wording, as opposed to payments to you?

Mr. LILLY. As I recall, yes. That is my recollection of it.

Mr. NICHOLAS. Can we go off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

So you say that several weeks ago, Russell said that he was angry because of the fuss over the $66,000 he had received to cover his taxes for the moneys that he had given to you for political contributions?

Is that the gist of it?

Mr. LILLY. That is the gist of it. He felt rather bitterly or strongly because someone would raise any objection. He was recovering $66,000 that he had been out in taxes in 1970 and 1971 that he had not been paid for. Why should anyone raise a question or a point when he was paid $66,000 to cover these taxes?

Mr. WEITZ. At any time during the 2- or 3-year period of these transactions, did he ever ask you, for example, what the moneys were going for?

Mr. LILLY. No.

Mr. WEITZ. Do you know whether he ever asked either Mr. Nelson or Mr. Isham what types of purposes these moneys were going for?

Mr. LILLY. I feel sure he would not have asked Mr. Isham; I doubt if he would have known, to start with, Mr. Isham; and I know, he and Mr. Nelson certainly could have had conversations, but I am not aware. There were other—OK. I say that on one——

Mr. WEITZ. Why don't we go into it?

It has come up in a few cases, so why don't you tell us about the transactions leading up to the payment in May 1971 of $10,000 and Russell's involvement in that?

Mr. LILLY. All right.

In 1971, according to my notes, I have, on April 28, 1971 Jake Jacobsen called me in San Antonio, requesting $10,000 cash for John Connally, and he requested I deliver it to him for placing in Connally's safe deposit box at Citizens' National Bank, and this is what I have in my notes.

On May 3, I contacted Stu Russell in Oklahoma City, and he advised me he would make the cash available in an amount of $10,000 as I requested it, but that it was expensive to AMPI to pay income tax. I phoned him on May 1, and met with him personally on the morning of May 3 in the San Antonio office on possible ways to get money without doing it so costly, set up dummy procedures accounts, a repair account, et cetera.

Money was not obtained through Stu, and I did not recontact him after May 3. I borrowed the money in that instance.

Then, on May 4, I contacted——

Mr. NICHOLAS. Wait a minute.

[Discussion off the record.]

Mr. WEITZ. Let's go back on the record.

Now, when you met with him on the 3d, you discussed with him ways in which you could recoup the money, and he said you might be able to get it directly from AMPI for dummy accounts?

Mr. LILLY. True.

Mr. WEITZ. Did you then go back to Nelson and discuss that possibility?

Mr. LILLY. I went back and did discuss it with Mr. Nelson on the morning of May 3, and he thought about it for a while and said that Mr. Parr was coming over, Dave Parr, in the p.m. on the same day;

that he would talk to Mr. Parr on this and make a decision if I would request the money from Mr. Russell or from the attorneys or if I would borrow the money.

And on the morning of May 4, Mr. Nelson advised me to borrow the money, the $10,000, and I did, and it was note No. 17266 at the Citizens' National Bank in Austin. And, of course, I borrowed the money; I reduced it to cash; I gave it to Mr. Jacobsen in the bank at the Citizens' National Bank, and he in turn stated he would put it in Connally's cashbox, or put it in his cashbox and hold it for Connally. I am not sure what he might have said.

And Mr. Nelson did not advise me as to how to recover the money, but did further state that the money was recovered through the attorneys' scheme procedure.

Mr. WEITZ. Not necessarily Mr. Russell?

Mr. LILLY. Not necessarily Mr. Russell; no.

Mr. WEITZ. When you were talking to Mr. Russell about this, did you tell him the purpose to which the money would be put, this $10,000?

Mr. LILLY. I do not know if I did or not.

Mr. WEITZ. Did he ask you what the money would be used for?

Mr. LILLY. That I do not know either.

Mr. WEITZ. Now, to complete this, did either Mr. Connally or Mr. Jacobsen again talk to you about that transaction?

Mr. LILLY. On that particular transaction, no. At a later date, on the October 13, 1971——

Mr. NICHOLAS. You used the word "Mr. Connally."

Mr. Connally never did talk to Bob about——

Mr. LILLY. No; Mr. Jacobsen.

Mr. NICHOLAS. Mr. Jacobsen did this.

Mr. WEITZ. Mr. Connally never talked to you about that transaction?

Mr. LILLY. No; he did not.

Mr. WEITZ. From that point forward to today, have you ever talked to Mr. Connally?

Mr. LILLY. I have talked with Mr. Connally.

Mr. WEITZ. From May 4, 1971, to the present time, have you ever met with or talked with John Connally?

Mr. LILLY. Not in a private conversation. I have seen him, said hello, shaken hands at a reception or in the airport, in passing, I mean; but no conversation since May 4.

But at a later date in 1971, Mr. Jacobsen, on October 13, called me while I was stopped in Dallas en route to Washington, D.C. I was on Braniff flight 415. He had called my San Antonio office; I checked into the office and got his call from Annette—that's A-n-n-e-t-t-e—Tomisini—T-o-m-i-s-i-n-i, Mr. B. W. Bain's secretary.

Mr. WEITZ. B-a-i-n?

Mr. LILLY. B-a-i-n.

Mrs. Buckley, B-u-c-k-l-e-y, answered my call. This was when I called Mr. Jacobsen, and she was Mr. Jacobsen's secretary, and said that Mr. Jacobsen was in his office. It was about 12:45 p.m.

He informed me he was going to Washington, D.C., soon and wanted to tell Mr. Connally that we would have another $5,000 for him in cash, and have it in "Jake's safety deposit box at the Citizens' National Bank in Austin in a short time."

And I told him OK, he could tell Mr. Connally that.

On November 10, I went to Austin and I had a check from Mr. Stu Russell for $5,000, and this was cashed, reduced to cash. And in the presence of Mr. Joe Long, Mr. Jacobsen's law partner, I delivered it to their law office and gave the money to Mr. Jacobsen.

It was in an envelope. I did not count the money out. I just handed him the envelope. And he left at about 11:45 on November 10 to go to the bank to put it in the safe deposit box.

Mr. WEITZ. Now, that same day, did you also have an occasion to see Mr. Jacobsen earlier in the day?

Mr. LILLY. Yes; as I arrived in Austin—and I had flown to Austin from San Antonio— I went into the airport and I ran into Mr. Jacobsen. I also ran into Mr. Tom Townsend, an AMPI employee, Mr. Dave Parr, an AMPI employee; and Mr. Joe Long, Mr. Jacobsen's partner, came in a little later.

Mr. WEITZ. Where were they meeting?

Mr. LILLY. They were meeting in the coffee shop. The Austin Airport is so arranged that you see the coffee shop when you go into it, and they spoke to me, and I walked in.

Mr. Jacobsen handed Mr. Parr an envelope and said, "this is $5,000 for Mills." There was no money counted at the time, but it was in an envelope, and he did give it to him at the time. This was about 9 o'clock.

And then an hour or 1½ hours later, I was in Mr. Jacobsen's office, delivering him $5,000 cash, the proceeds of the Stu Russell check. And if I am not mistaken, that Stu Russell check on that particular date was made out to cash and possibly endorsed by Mr. Russell, or maybe endorsed by me. It was November 10, 1971.

Mr. WEITZ. Did you ask Mr. Jacobsen when you gave him the $5,000 later in the day, whether it had any connection with the earlier $5,000?

Mr. LILLY. No.

Mr. WEITZ. How did you know the earlier money was, in fact, $5,000?

Mr. LILLY. Only what he said: "Here is the $5,000 for Wilbur Mills," in my presence, Tom Townsend's presence.

Mr. WEITZ. Had you provided, except on these two occasions, other moneys to Mr. Jacobsen, other cash?

Mr. LILLY. No; these were the only two occasions.

Mr. WEITZ. Now, do you know of a check that was drawn by Stu Russell to cash on or around October 10—no; I am sorry, November 10?

Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. LILLY. I have a check, a Xeroxed copy of a check, No. 765, signed by Mr. Stuart Russell, and it is made out to cash, dated November 3, 1971, in the amount of $5,000. That check is endorsed, "Stuart Russell," and I recognize that. It certainly appears to be Mr. Russell's signature.

And this particular check was handled by me through the Citizens' Bank and reduced to cash. And this is where I derived the cash to give to Mr. Jacobsen on the 10th of November.

Mr. WEITZ. That is check No. 765?

Mr. LILLY. No. 765.

Mr. WEITZ. OK.

Is this a copy of that check?

Mr. LILLY. Yes; it is.

Mr. WEITZ. All right.

We will mark that as exhibit 23.

[Whereupon, the document referred to was marked Lilly exhibit No. 23 for identification.*]

Mr. WEITZ. These notes at the bottom of exhibit 23 are your notes?

Mr. LILLY. These notes were made by Mr. Nicholas fairly recently.

Mr. NICHOLAS. Let me read you those notes.

Mr. WEITZ. I would rather Mr. Lilly read the notes.

Mr. NICHOLAS. You can't read them off that. Use the original.

Mr. LILLY. The notes at the bottom that were made by Mr. Nicholas refer back to November 10, 1971, the date we are referring to, when this check was cashed.

Citizens National Bank, Austin, cashed this $5,000 check and took cash to Jake Jacobsen at his law office and gave him the money in the presence of Joe Long. Jake requested the money earlier in October 1970 and said Jake left for bank at 11:45 a.m. to put in his safety box at Citizens Bank to hold for Connally.

Mr. WEITZ. Do those notes accurately reflect your recollection of the events?

Mr. LILLY. Yes, they do.

Mr. WEITZ. All right.

Then they will be included in the exhibit.

Mr. NICHOLAS. So that will be clear, that is what Mr. Lilly told me, his lawyer.

Mr. WEITZ. But he has read it into the record, and he says that refreshes his recollection. It is accurate to those events as best he can recollect it.

Now, of the Stu Russell checks that we have, there are two checks in addition to that, and they are also in cash, one on October 5, 1971, one December 14, 1971, both signed by Jane Hart, one in the amount of $4,000, one in the amount of $5,000.

Off the record.

[Discussion off the record.]

Mr. WEITZ. On the record.

Mr. LILLY. Earlier I was reading notes that Mr. Nicholas had made. It should read October 1971 instead of October 1970.

Mr. WEITZ. That would be on exhibit 23?

Mr. LILLY. On exhibit 23.

Mr. WEITZ. With regard to the two checks that I have just mentioned, would you take a look at them and see if either of them has any significance to you?

Do you know what transactions they represent?

Mr. LILLY. On the check No. 847, dated December 14, 1971, for $5,000 cash, Jane Hart endorsed the check. This is Mr. Russell's secretary. I had closed out the bank account in Austin, Tex., and in some notes, I had already informed Mr. Nicholas that I have no knowledge of this at all. It is a total blank to me; I do not know what it is for.

On the October 5, 1971 [pause]. I have a payment to the Citizens National Bank. The source of the money, according to my records——

Mr. WEITZ. Exhibit 6.

*See p. 6042.

Mr. LILLY [continuing]. On deposits, that this was deposited. It says: "Cash payments on note, $4,000, Stuart Russell, October 8, 1970."

So I assume that the check went directly to pay on the note from the note that I have here and was not deposited in the bank.

Mr. WEITZ. Thank you.

We will enter that as exhibit 24.

[Whereupon, the document referred to was marked Lilly exhibit No. 24 for the identification.*]

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. Lilly, I would like to ask you about the other individuals mentioned on the exhibit 2 as perhaps being involved in the repayment plan.

In regard to Jim Jones, your exhibit 6 shows him having made two checks to you in the amount of $5,000 each, one that you deposited on December 31, 1969, and another that you deposited on May 6, 1970.

Now, with regard to these payments, or the preparations for these payments, do you remember any contact directly with Mr. Jones or any accounts given to you of his knowledge of these transactions?

Mr. LILLY. No, I do not. He was an employee at the time, and it is quite possible that Mr. Isham could have talked with him. According to this, Mr. DeVier Pierson—exhibit 2—Mr. Pierson was to contact him, and it is so indicated on this by Mr. Isham. I do not know that to be true, but I did not contact him.

Mr. WEITZ. Did you have any personal contact with him in connection with receiving these two checks?

Mr. LILLY. No. They were mailed to me, and I received them and they were deposited.

Mr. WEITZ. And he did not talk to you either before or after sending you the checks?

Mr. LILLY. Not that I remember at all.

Mr. WEITZ. So you have no personal knowledge or secondhand knowledge, except his being listed on exhibit 2, of having known about or participated in these transactions?

Mr. LILLY. No. That is true. I received his checks and they were deposited, so that is my total knowledge of it.

Mr. WEITZ. Do you know whether there was any additional moneys paid to him above this retainer?

Mr. LILLY. If so, I did not see the bill or handle the bill.

Mr. WEITZ. Was he the only employee ultimately to have participated directly in this conduit system?

Mr. LILLY. Well, he was on the payroll as an employee. The others were on the payroll as retainer fees. I do not know how you distinguish the difference. There is a difference, I am sure.

Mr. WEITZ. Was he a full-time employee of the company?

Mr. LILLY. A full-time employee on a stipulated annual salary.

Mr. WEITZ. And he had no other employment to your knowledge?

Mr. LILLY. Yes. He and his wife were both attorneys and practicing law in Tulsa.

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*See p. 6043.

Mr. WEITZ. So, in effect, the payments that he would receive may not have been very much different than other attorneys on a retainer fee basis?

Mr. LILLY. The only difference being he was charged with the responsibility of putting our publication together, and this falls generally outside an attorney's role, I think. So in that sense I would say he would be an employee, at least to my way of thinking.

Mr. WEITZ. Did your decision to make political contributions, to have TAPE make political contributions, to Jones in 1970—was that in any way related to his participation in this conduit scheme?

Mr. LILLY. No. This was totally separate, apart, and independent. This was a decision that I made to contribute to him.

Mr. WEITZ. OK.

Off the record.

[Discussion off the record.]

Mr. WEITZ. On the record.

Mr. Lilly, with regard to a check dated August 27, 1970, in the amount of $10,000 from Stuart Russell to you, endorsed by you and Joe Nigrelle, N-i-g-r-e-l-l-e, which I will mark as exhibit 25, would you please identify this and tell us what you know about that transaction?

[Whereupon, the document referred to was marked Lilly exhibit No. 25, for identification.*]

Mr. LILLY. Yes. This was a check that Mr. Russell sent to me at my request, and the money—it was reduced to cash in San Antonio. I do not bank in San Antonio, and, consequently, Mr. Nigrelle did, and that is why his signature appears on this. He helped me reduce this check to cash. It went to Arkansas.

Mr. Dave Parr requested the check. He indicated to me that Mr. Phil Campbell, who is Under Secretary of Agriculture now and was at that time, had made this request.

Mr. Parr asked me to deliver $10,000 to Atlanta. I was to contact Mr. Howard Calloway, who apparently was the campaign manager, or had something to do with Mr. Bentley's gubernatorial race. But, further, I was given the names of Larry Sizemore, S-i-z-e-m-o-r-e-, and Terry, T-e-r-r-y, McKenna, M-c-K-e-n-n-a, with a telephone number of area code [redacted] in Atlanta, and I was to contact them about delivery of this $10,000.

I did contact them. I did make the delivery on the 9th and 2d of 1970 at the Atlanta airport, to Mr. Sizemore and Mr. McKenna and have a card signed, "Receipt acknowledged, Mr. McKenna."

Mr. WEITZ. Mr. Lilly, did Mr. Parr tell you anything further about the request from Campbell?

Mr. LILLY. No. I checked with Mr. Nelson. I told him I had this request from Mr. Parr, and should I go through with it. Mr. Nelson told me that I should go through with it and carry out this particular thing, and it was carried out. I mean, this is all of the information I have on it.

Mr. WEITZ. Do you remember whether Mr. Parr told you whether he had made a commitment voluntarily or whether Mr. Campbell had initiated the request?

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*See p. 6044.

Mr. LILLY. His conversation with me was that Mr. Campbell had requested that we make such a contribution.

Mr. WEITZ. And Mr. Parr agreed?

Mr. LILLY. Well, evidently so, because he called me and asked me to do it.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Exhibit 6 indicates that Frank Masters made payments totaling $6,000 to you on three separate occasions.

Do you recall what contacts that you had with him and what you told him about those transactions?

Mr. LILLY. I contacted Mr. Masters and told him that I needed some political contributions, and that I was expecting him to make a political contribution, and he did make a political contribution.

I might say that I had to prod him a time or two, and he did make the contributions, scattered out over a period of time. In my records, the record, exhibit 6, indicates with the first deposit having been made early in—at the beginning of the $100,000 note, and in September of 1970 and October or thereabouts of 1970.

Mr. Masters did deliver cash to me. He did not talk to me about it. He went ahead and gave me the money, and, to my knowledge, he did not bill AMPI.

Mr. WEITZ. Did you tell him what the payments were for?

Mr. LILLY. No.

Mr. WEITZ. And he never asked?

Mr. LILLY. He said, "Do you have to?"

And I said: "Yes, sir. If you don't believe me, talk to Mr. Nelson."

Mr. WEITZ. Did you tell him they were going to any State candidates or going to Austin or anything like that?

Mr. LILLY. As I recall it, I just told him they were political contributions, I needed some help from him.

Mr. WEITZ. Did he ask any questions?

Mr. LILLY. No; not that I recall.

Mr. WEITZ. To your knowledge, he was never reimbursed from AMPI?

Mr. LILLY. To my knowledge, he was never reimbursed.

Mr. WEITZ. Did you tell him he could be reimbursed?

Mr. LILLY. No; I did not say that he could or could not. I told him what I needed.

Mr. WEITZ. Had he talked to Nelson beforehand?

Mr. LILLY. I feel that he had, yes. I do not know this. I do not think Mr. Isham talked to him; I think Mr. Nelson.

The reason I say that is because Mr. Nelson and Mr. Masters have been close, have been acquainted or worked together for a number of years, and they have a close relationship.

Mr. WEITZ. Had you told any of the others?

For example, I think I forgot to ask you—did you tell Jones that he could be reimbursed or should be reimbursed?

Mr. LILLY. No, I had not contacted Jones.

Mr. WEITZ. So you do not know what was told to him?

Mr. LILLY. I do not know what was told to him.

Mr. WEITZ. Had you ever told Jacobsen or Russell or anyone else they could be reimbursed?

Mr. LILLY. I do not remember telling anyone that they could be reimbursed on any of these checks. I told them what I needed. I felt that they knew that they could be reimbursed. It was quite obvious, because bills were coming in.

Mr. NICHOLAS. May I ask him a question on that?

Mr. WEITZ. [Nods in the affirmative.]

Mr. NICHOLAS. On the Frank Masters thing, do you know from your own knowledge whether or not Frank Masters and Harold Nelson had a falling out in 1968 over the antitrust suits and the business that Masters was not getting from Nelson—listen to the whole question, now—or do you know about it?

Mr. LILLY. I know a little bit about the backlash of it, but I really don't know too much about it.

Mr. NICHOLAS. The question I am asking you is this: Do you know, from knowing Frank Masters and from knowing Harold Nelson, that at some time in the year 1968, Masters and Nelson had a falling out because Nelson was retaining other lawyers in the lucrative antitrust litigation and leaving out Masters?

Mr. LILLY. That I know.

Mr. NICHOLAS. That is correct?

Mr. LILLY. That is correct.

Mr. NICHOLAS. So would it be likely that Masters would have consulted with Nelson about these kickbacks or schemes to pay back moneys?

Mr. LILLY. Probably not, because they were not speaking to each other, truthfully. I do know that Masters made some board meetings and went through the entire board meeting without a word passing between the two of them. It went on for some time, so possibly not.

Mr. NICHOLAS. Is Masters, in fact, still working on a retainer fee basis for AMPI?

Mr. LILLY. I think he works on a—not on a retainer basis.

Mr. NICHOLAS. On a time basis?

Mr. LILLY. But on a time basis. He does do some work.

But I would like to clarify; you asked me just a moment ago if I told any of these attorneys—I mean, I do not recall; it is possible, but I certainly do not recall, except some of the conversations that I have already related that I had with Stu Russell.

Mr. WEITZ. All right.

With regard to Richard Maguire, exhibit 6 indicates that four payments in the amount of $10,000 were made from Maguire to you.

Can you tell us anything about those transactions?

Mr. LILLY. Yes; I can.

On the transactions, the $5,000 transaction that occurred on or about October 5, if I am correctly reading across the lines, I came to Washington. I believe that was October 30, 1970.

My notes indicate that I have—I picked up $5,000 cash from Maguire in Washington, D.C. The other money, insofar as I know, most of the money from Maguire I would pick up at the same time that I would pick up moneys from Cliff Carter.

He would deliver it to me, or I would pick up from Cliff. This might have been Austin, Tex., Kerrville, Tex. I remember these were

two of the places that I met Cliff Carter at one time or another. He would usually have some money from Maguire and this is the way I got a portion of the money from Maguire.

Mr. WEITZ. So on those occasions you dealt just with Carter?

Mr. LILLY. That is true. I dealt with Carter.

Mr. WEITZ. Did he tell you what he was telling Maguire about those moneys?

Mr. LILLY. He didn't tell me anything.

Mr. WEITZ. In the billings which we have from Maguire to AMPI, it indicates that his retainer was increased in January of 1970 from $2,500 a month to $4,000 a month.

Are you aware of the background of why his retainer was increased?

Mr. LILLY. No; I am not. It corresponded very closely to the time some of these moneys started coming in.

Mr. WEITZ. With regard to Cliff Carter, there are five transactions indicated in exhibit 6 involving moneys from him to you in the total amount of $10,000.

Can you tell us about those transactions?

Did you deal directly? You apparently dealt directly with Carter.

Mr. LILLY. Directly, as far as receiving moneys.

Cliff Carter would call me at San Antonio, or through some way or the other meet me in Austin, Tex., or Kerrville, and tell me he was coming that way, or call me if I happened to be coming to Washington and he would make an arrangement to meet me somewhere in Washington, D.C. I never met him in his office.

And he would deliver some money to me, and say, "In the envelope is $2,500, $1,500, $1,000 from Maguire," and that would be the conversation.

Mr. WEITZ. Did he know what purposes the moneys were going to?

Mr. LILLY. Insofar as I know I did not tell him, and I did not contact him. I did not know Cliff Carter that well.

Mr. WEITZ. Who did know him well at the company?

Mr. LILLY. At the company I am not really sure that anyone knew him that closely. I would think this would be an indicator that DeVier Pierson contacted him, and it seems that that probably did happen, that DeVier talked to him.

Mr. WEITZ. I think you mentioned earlier that, in some connection, Bob Justice might have picked up some money from Maguire and/or Carter.

Can you tell us about that transaction? [Pause.]

[Discussion off the record.]

Mr. WEITZ. Let's go on the record.

Mr. LILLY. Cliff Carter called me at a date—I will have to check my notes out to determine when—and told me that Bob Justice, J-u-s-t-i-c-e, an AMPI employee of Mr. Dave Parr's from Little Rock, Ark., was in Washington and had been to his office asking him for money. And also he had asked Mr. Maguire, Dick Maguire, for some cash.

Mr. Carter, wanted to know if I knew Mr. Justice was in town, and I told him, no. And he wanted to know if he had authority to do it. I told him this was not my decision to make as to whether he did or did not.

At any rate, Mr. Carter told me that—well, he called me back and told me later that he had given Mr. Justice—and as my memory serves me now, without referring back to my notes, I can't locate—it was $2,500. And the money later went into the campaign of Senator Humphrey. And this would have been when he was running for Senator in 1970.

Mr. WEITZ. Did he indicate that any money was given from Maguire or on behalf of Maguire?

Mr. LILLY. Mr. Carter indicated to me that Maguire was quite upset because Bob Justice or someone he didn't know had walked into his office and was asking for cash. So Mr. Maguire did not give him the money. As a matter of fact, Cliff Carter said he had given the money. He was acting for both Maguire and Cliff Carter.

Mr. WEITZ. And the best you can recall, that was the total, $2,500?

Mr. LILLY. That is right.

Mr. WEITZ. What connection did either Carter or—I am sorry—Justice or Parr have with the Humphrey campaign at that point?

Mr. LILLY. Well, Bob Justice had been employed—he had worked for one of the Governors of Arkansas, and Mr. Parr had employed Mr. Justice in a political capacity. And I believe along in 1968, I was first working with him in 1968, in a political campaign.

I remember that I did send Mr. Justice back home and have Mr. Parr furiously on me for the rest of my days while he continued to work for AMPI, because Bob Justice was, to my own personal knowledge, not very astute, very capable, very qualified, so I sent him back home. And Mr. Parr made me send him back, so I did not work with him.

And he raised moneys. And I can find other tracks at other places where Bob Justice had been in getting some money for one reason or the other.

At one time, I worked for Pat Hillings' campaign in California, in a special election, Bob Justice showed up out there in California. Various other places, Bob Justice would show up.

I never really knew what capacity he might have served in, but he did raise some moneys. I am not sure who the moneys went to. In this one instance, I believe that they did go to Humphrey, but I will have to check my notes.

I do not know how much moneys, nor where he collected moneys, but I am sure there was some money collected and spent at some place by Bob Justice.

Mr. SANDERS. What I would really like to know is how you learned that his money went to the Humphrey campaign?

Mr. LILLY. In this particular instance—this is why I need to find my notes, and I will find them—because the money was given to me, it was sent to me by Bob Justice, and I in turn delivered it or mailed it to Jack Chestnut, I believe, who was the campaign manager for Senator Humphrey.

Mr. SANDERS. There is a note of that on your chronology, right?

Mr. LILLY. No.

Mr. SANDERS. Yes; there is.

Mr. LILLY. Jack Chestnut, yes; but this is other money that I am personally aware of. I am talking about some money from Bob Justice.

Mr. SANDERS. Justice gave this, perhaps $2,500, to you?

Mr. LILLY. And I delivered it.

Mr. SANDERS. To Chestnut?

Mr. LILLY. Right.

Mr. NICHOLAS. In cash or check?

Mr. LILLY. I will have to look at my notes. Now I cannot recall. I do have the information.

Mr. WEITZ. Do you know whether Carter was reimbursed from AMPI?

Mr. LILLY. This I do not know. If he was reimbursed, I do not know what he was told, why the money was needed. I do not know if this was the only occasion in which Bob Justice might have gone to him for money or not.

Mr. SANDERS. Did you say you cannot remember whether you hand delivered it to Chestnut or mailed it?

Mr. LILLY. The reason I cannot is because—if I could find my notes—it was reduced to a check, a cashier's check, which it seems for some reason it was. I would have mailed it rather than—unless I had a reason to go to Minneapolis, I would have mailed it. And certainly if it was cash I would not have mailed it; it would have been hand delivered. And that is why——

Mr. SANDERS. Do you want to take another few minutes to see if you can find that?

Mr. WEITZ. Let's go off the record.

[Discussion off the record.]

Mr. WEITZ. Let's go back on the record.

Upon reviewing your notes, now, Mr. Lilly, can you tell us—do you recall what transpired with the moneys that Justice apparently collected from Mr. Carter?

Mr. LILLY. Let me read from my notes, dated May 15, 1970, and they state, "Cliff Carter told me he gave Bob Justice $1,500 in D.C."—in parentheses, I have "cash"—"Carter also stated Justice saw Maguire"—meaning Dick Maguire—"to get $750, but Carter gave $1,500."

I would assume from that he was trying to get $750 from each of them. And this is all of the notes that I have regarding that transaction.

Mr. WEITZ. So, at this point, you cannot identify what, in fact, did happen to that $1,500?

Mr. LILLY. No, I cannot.

Mr. WEITZ. And it was not given to you, to the best of your recollection?

Mr. LILLY. To the best of my recollection. I have no note of it.

Mr. NICHOLAS. But in the event we can locate—and when we go through the other notes that we have—if we can locate this transaction, we would like to have the right to send it to you and attach it to the record.

Mr. WEITZ. Of course.

Now, with regard to DeVier Pierson, he is identified by you as apparently having assisted in the determination of who would be contacted to repay the loan to you.

Did you have any direct contact with him, either with regard to the setting up of the program or receiving funds from him?

Mr. LILLY. Not in setting up a program; no. I do not recall talking with DeVier Pierson, even though it was not uncommon for me to

visit with DeVier quite often, over the phone or in person. But in this particular instance, I had nothing to do, that I can recall.

But DeVier Pierson did fund some—my records indicate that I have a $5,000—on February 2, 1970, I have $5,000 from DeVier Pierson, and I also have on exhibit 6 unidentified payments on February 2, 1970, under "note transactions," of that particular numbered instrument. This possibly could be money that could have come from Maguire—I mean, DeVier Pierson.

Mr. WEITZ. Let me ask you this.

Would this February 2, 1970, payment from Pierson be part of the $15,000 which is indicated as a curtailment of the note, the $100,000 note, on that date?

Mr. NICHOLAS. Ask that question again, Alan.

Mr. WEITZ. Is the $5,000 cash payment from DeVier Pierson on February 2, 1970—did that go toward the $15,000 curtailment which is indicated on the $100,000 note, a copy of which we have as exhibit 3?

Mr. LILLY. It is quite possible. I notice I do have a notation on the third page of that under deposits where cash payments were made on the note. I have $5,000 being paid on February 2, 1970, reflecting it came from DeVier Pierson.

Mr. WEITZ. Let me ask you this. The records I looked at, such as the note or your deposit slips, do not indicate DeVier Pierson's name.

Can you tell me how either you or accountants have determined that, in fact, $5,000 was paid from DeVier Pierson for curtailment of the note on that date?

Mr. LILLY. On my itinerary, on January 27, 1970, the first page, down about midway, "$5,000 cash, DeVier Pierson paid note 11169 CNB, 2–2–70."

Mr. WEITZ. Are those from your notes?

Mr. LILLY. These are from my original notes, yes.

Mr. WEITZ. I see.

Mr. LILLY. There is still another possibility. In these payments, I have $5,000 unidentified. I do not know what the source is. You find $5,000 unidentified, and I do not know the source of that.

Mr. WEITZ. There is another $5,000, for example, in your summary, which I suppose at this point we ought to enter as exhibit 26, which is indicated on January 30, 1970, as an unidentified source.

[Whereupon, the document referred to was marked Lilly exhibit No. 26, for identification.*]

Mr. WEITZ. But that would be just 3 days after the earlier payment from DeVier Pierson. Is it likely that he would have made two consecutive payments of that nature to you, or do you remember two consecutive payments from him?

Mr. LILLY. No, I do not. I just have that as the unidentified source.

Mr. WEITZ. Is that the only other unidentified $5,000 payment?

Mr. LILLY. No. If you will look on "Note transactions, unidentified," you will see $5,000 up near the top. I do not know what number exhibit we are looking at, but——

Mr. WEITZ. Exhibit 6, page 2.

Mr. LILLY. Then you will see $4,264,460. Look on the first page of that; look way over to the righthand side.

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*See p. 6045.

Mr. WEITZ. Yes.

Mr. LILLY. Those payments are all $9,425. I cannot identify the source.

Mr. WEITZ. But the $5,000 is the other $5,000 that was used for the February 2, 1970, curtailment?

Mr. LILLY. Yes; that is true.

Mr. WEITZ. Do you remember at any time talking to Pierson about these transactions and the purposes for which the money went?

Mr. LILLY. I cannot recall having talked with him.

Mr. SANDERS. Off the record for just a minute.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. Lilly, did you attend any board of directors' meetings of AMPI?

Mr. LILLY. Yes; I attended most of the board meetings.

Mr. WEITZ. Do you remember any board meetings at which the question of high attorney fees was raised and discussed?

Mr. LILLY. Yes; I remember, as a matter of fact, two board meetings. I can give you the town, but I cannot give you the year.

Mr. WEITZ. Where were they held?

Mr. LILLY. One of them was in Madison, Wis. We do not meet there often; normally it is in October, because they have their World Area Expo, so I would assume that it would be in October of a year.

And the other one was in Las Vegas, Nev., and that would be in conjunction with the National Milk Producers Federation's annual meeting.

Mr. WEITZ. These were two particular meetings where you remember the matters being discussed?

Mr. LILLY. That is true. And the matters were discussed off the record. They were what the AMPI board refers to as executive session, which means that there are no minutes kept. If there are any actions that have to be taken, it is taken after they come out of their executive session.

It was Mr. Nelson, Mr. Parr, and myself and the AMPI board, and they were questioning high attorney fees, why and what they were being used for. Mr. Parr and Mr. Nelson, for the most part, attempted to satisfy and pacify the board of directors that this was a normal, routine business operation, and if we expected to get things done, we were going to have high attorney fees.

And the board asked how much of these fees might be going into political funds, so there was an admission that some of the fees were going into political funds to the board members.

Mr. WEITZ. Who asked whether some of the fees might have been going into the political funds?

Mr. LILLY. [Nods in the negative.]

Mr. WEITZ. One of the board members?

Mr. LILLY. Oh, yes. There were a number of board members involved, and I do not believe I could recall the individual who asked it.

Mr. WEITZ. Who were the ones that were active on this type of question who would have participated?

Mr. LILLY. Frank White would have been one of the board members; he is still on the AMPI board. Norman Barker would be another one from the State of Kansas, still on the AMPI board.

Mr. WEITZ. Would Zimmerman have been active in it?

Mr. LILLY. Zimmerman was on the board at the time; he is no longer on the board. Zimmerman would not have been one to have pursued the question.

Jack Hesser, H-e-s-s-e-r, from Oklahoma, no longer on the board, but on the board at that time, could well have been one of them.

Mr. WEITZ. What was Mr. Nelson's response?

Mr. LILLY. Well, Mr. Nelson's response—I will sum it up. In effect, it was, "Certainly, we have high attorney fees, and this is the way that we are going to accomplish things. And I don't think the board really wants to delve into these this far, and the cost of doing business"—I don't know if I'm doing a fair job of summing up Mr. Nelson's—but while there was no open admission as to what was actually happening, I do not think there was any doubt in the board members' mind as to what was transpiring.

Mr. WEITZ. When someone said, "Are some of these fees going to political funds," did Mr. Nelson say, "Absolutely not," or "You are wrong," or did he more or less rationalize it away?

Mr. LILLY. That is true. He rationalized. I think all of them were left with the impression that some of the fees were going to political activities. In fact, that is why I was in the executive session itself, because I was asked myself if they were.

Mr. WEITZ. What did you say?

Mr. LILLY. Well, Mr. Nelson—I said that he is an employee, and I am the general manager, so you can ask me the questions and I will answer the questions. And that is where he rationalized it.

Mr. WEITZ. At either of those board meetings or any others that you recall, did he actually use the word "conduit"?

Mr. LILLY. That is quite possible. I could not say.

Mr. WEITZ. Had he used the term, do you think you would have been sufficiently surprised to have remembered it?

Mr. LILLY. No; not me as such; I would not have been, because the term—I understood the term, and I would not have been. And he could well have used it, and it would not have impressed me.

Mr. WEITZ. Who, if any, of these—I think you mentioned Mr. Masters attended a good many of these.

Did he attend the two in Las Vegas and Madison?

Mr. LILLY. I think so, but I am not sure that he was present, because at the executive session, they move those out except the employees they want to talk with, and they would have looked upon Mr. Masters as an employee in this instance, because he helped keep the minutes of the AMPI board meeting.

Mr. WEITZ. Any of the other attorneys that we talked about—were any of them present at these meetings or similar meetings?

Mr. LILLY. No; not that I remember.

Mr. WEITZ. Did Stu Russell attend any board meetings?

Mr. LILLY. On a rare occasion he might if he happened to be in a city where a Federal order hearing was being held, and it was open that night, he might drop by the board meeting.

Mr. WEITZ. But you do not recall him being at either of those?

Mr. LILLY. No; not at either one of these.

Mr. WEITZ. I would like to ask you some questions now about the milk price-support decision in March of 1971.

Could you tell us what contacts, general contacts, were being made by employees and other representatives of AMPI during March of 1971 with members of the administration and other political officials?

Mr. LILLY. Well, of course, my contacts were being made with Congressmen. I did contact Senators during that time, a number of them, to work with some of our members, board members, and the dairy farmers who were not on the boards that were here and had been directing them to contact their own Congressmen. And most of our efforts were directed toward Congressmen.

At the same time, there was considerable effort, with the help of Mr. Marion Harrison, an attorney here in Washington, who was more or less guiding Mr. Nelson and Mr. Parr to the various officials within the Department of Agriculture. Certainly, the Secretary was contacted, Mr. Phil Campbell was contacted. Those two I know. I am sure others in the Department of Agriculture were contacted.

Dr. George Mehren is an economist by profession. He has his doctorate in agricultural economics. And having been a former Under Secretary or Assistant Secretary of Agriculture, he was certainly involved in this particular phase of it, in contacting that end.

At the same time, people in the White House—for the most part, Mr. Harrison was meeting them. I heard the name of Chotiner; I heard the name of Colson; and various dates were being set up by Mr. Harrison for Mr. Nelson and Mr. Parr and Dr. Mehren to contact, possibly, some of the general managers or the leadership from some of the cooperatives that could have been here during these meetings. But I am only talking about AMPI people.

And, at the time, we were—daily, we would meet several times a day to be aware of who had contacted who and where we might be in this.

There did come a time in March of 1971——

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. On the record.

Mr. LILLY. During the—a concerted effort was being made to influence legislators, administrative officials. Sometime during the week of the 15th of March it looked as if, from the administrative side of it, it was rather hopeless. Mr. Jacobsen had been in Washington quite frequently, most of the time with us, even though he was not the lead individual in making the contacts. But he did set up an appointment with John Connally, who was then Secretary of the Treasury, to talk with him about what assistance he might be able to lend to us in influencing the administration to make an administrative decision to increase the price support.

Mr. Nelson. Dr. Mehren, M-e-h-r-e-n, Jake Jacobsen met with the Secretary, and did discuss the need for a price support, the justification, as far as the economics of it were concerned, projected it into the future, and why we would have to have an increased price support. And the Secretary indicated to them shortly thereafter—an hour, an hour and a half, 2 hours after their meeting, I met with Mr. Nelson, and with Dave Parr, and with Jake Jacobsen, and with Marion Harrison.

Mr. WEITZ. But not with Dr. Mehren?

Mr. LILLY. Not with Dr. Mehren—in the Madison Hotel, where we were staying at the time, and he indicated that Mr. Connally was going to do what he could in the way of trying to convince the administra-

tion that we had a problem, and it would certainly be justified to grant an increase in price supports.

Mr. WEITZ. Now, what—can you pinpoint what day, for example, the meeting with Connally would have taken place?

Mr. LILLY. No. It was the week—I am looking at the 1971 calendar, and it would be the week of the 15th of March. That is as near as I can pinpoint it. I would say it would be possibly the 17th or 18th of March.

Mr. WEITZ. And you say that you met with Nelson, Jacobsen, Parr, and Harrison on the same day, shortly after the meeting with Connally?

Mr. LILLY. That is true. One or two other people may have been present, but I can remember those people being present.

Mr. WEITZ. At that meeting with you, did they discuss at the same time, or—did they discuss political contributions in the context of the milk price support?

Mr. LILLY. Yes, they were talking about the reaction of Mr. Connally as to what he might do, and how many people we had had cosign the bill and introduce it from the Hill, as far as legislators were concerned. And then the conversation drifted into the amount of money that was committed for getting an increased price support. Mr. Parr was committed for $1 million to get an increased price support. Mr. Nelson was of the opinion that it was in the neighborhood of $500,000. Mr. Harrison entered into this conversation; I do not remember what figure he might have had in mind.

So, the figure of commitment—we had a commitment, apparently, according to the discussion, somewhere between $\frac{1}{2}$ million and $1 million.

Mr. WEITZ. This is a commitment that already existed at this time, as you understood it?

Mr. LILLY. As I understood it.

Mr. WEITZ. Do you understand who had made the commitment, or to whom it had been made?

Mr. LILLY. I assumed that Mr. Nelson, Mr. Parr, and Mr. Harrison had made the commitment. They were aware of it, and certainly, all indications were that Mr. Jacobsen was aware that they had made a commitment; but Mr. Jacobsen entered into the conversation at that time, and said if Mr. Connally was going to be of any help, then certainly we were going to have to have some new money come in as a commitment. And there was not too much argument against committing new moneys, there within that room, so a figure of—someone asked how much would have to be committed, how much more, how much additional moneys over and above somewhere between $500,000 and $1 million, the difference of opinion, and the figure of $250,000 was injected into it at that point.

And Mr. Jacobsen agreed that that would be a reasonable amount. I mean new money, money that had not been indicated before.

Mr. WEITZ. Have you learned whether, in fact, Nelson, Jacobsen, and Mehren were together for the entire time with Connally, or whether, in fact, for a portion of that meeting or right after that meeting, one of them met individually for a brief time with Connally?

Mr. LILLY. Only this week. I was told by Dr. Mehren—I was in his office, he called me into his office in San Antonio, and—I really do not know what brought the discussion up, I was careful—but he brought

up the meeting that they had had with Mr. Connally. I will digress backwards for a moment, and say that he, Monday and Tuesday of last week, had attended a meeting in St. Louis with the presidents of food chains, and apparently, people in the food industry—I do not know if it was an annual meeting, or what it was—but he had been with these people, and they had heard some various rumors about John Connally thrown about at this particular meeting, and asked him if he knew them to be true, and he said he did not know anything to be true.

And then be recalled when Harold Nelson and he and Jake Jacobsen met with Connally, and truthfully, until that time, I really thought it was Dave Parr and Harold Nelson who had met with John Connally, along with Jake Jacobsen. But he gave him the information from an economic standpoint, Dr. Mehren did. Mr. Nelson added to it. It was this type of conversation; a sincere, solid effort to justify.

How much time was spent, I do not know, but then they left, and as they departed the office, Mr. Nelson and Dr. Mehren and Mr. Jacobsen, the Secretary called Jake back into the office and said "Let me talk with you privately for a moment." And they had a conversation; I do not know what it was related to. Dr. Mehren told me that this week, or last week, I am sorry, that this actually transpired.

Mr. WEITZ. Did he tell you whether or not he asked, or found out, what the Secretary and Jacobsen discussed in that brief meeting?

Mr. LILLY. He did not. I did not ask him, and he did not tell me, and I am sure that he does not know. I am sure that Mr. Jacobsen did not tell him.

Mr. WEITZ. How long was that brief meeting or conversation?

Mr. LILLY. He indicated just a short time.

Mr. WEITZ. A few minutes?

Mr. LILLY. Just a few minutes.

Mr. WEITZ. And at the subsequent meeting with you, several hours later, it was—the topic was raised that in order to get Connally to intercede, a commitment of new money should be made?

Mr. LILLY. That is right.

Mr. WEITZ. Do you remember who made that suggestion?

Mr. LILLY. I know that Jake Jacobsen strongly indicated it. In fact, he said, this has to be done.

Mr. WEITZ. Did he initiate this, to the best of your recollection?

Mr. LILLY. I really cannot say if he did or not. I know he was very strong in his statement that it had to be new money, other than what had been committed, and there was really no argument with this among Mr. Nelson and Mr. Parr. I do not know, though, if he initiated it or not, but it is quite possible that he did.

Mr. WEITZ. Now, after this meeting between you, Nelson, Jacobsen, Parr, and Harrison, was there a subsequent meeting, to your knowledge, with some representatives of AMPI and the Secretary before the new price support decision?

Mr. LILLY. Yes. As a matter of fact, according to my diary, and according to the day I left Washington, D.C., on that weekend of March 19, we were in the company jet, private plane, here at Page Airways at National Airport. I know that Mr. Nelson and Mr. Parr, Mr. Keiffer Howard, Mr. Tom Townsend, all employees of AMPI, and possibly others, those are the ones that I can recall were present.

We were waiting for the plane to be brought around, so that we could—this was after dark, and the Secretary walked into Page Airways, Secretary Connally, and he acknowledged our presence by waving his hand. And then he called me aside and talked with me for just a short time, and told me that he had made contact on our problem, and that it looked good. He thought it was going to be all right, or he said something to the effect, as I remember it, that "It is in the bag" for us.

Mr. WEITZ. Did he indicate who he had made contact with?

Mr. LILLY. No. I certainly would just have to assume, what he said and the way he said it, that he had personally talked with the President.

Mr. WEITZ. He did not say so explicitly, though?

Mr. LILLY. No, he did not say that, but certainly, he did not indicate that it would have been the Secretary of Agriculture that he had talked with, and I would not think that he would.

Mr. WEITZ. Between the meeting you had with Nelson and the others after the first Connally meeting and the time that you saw the Secretary in the airport, were you aware whether any of them had recontacted the Secretary, or had met with him?

Mr. LILLY. No, I am not aware of any further meeting or contact with him.

Mr. WEITZ. Did he tell you to tell the others at that time?

Mr. LILLY. Yes, he did. He said, "You can pass the word along to your other coworkers, or the other people with you," or whatever he might have said. And when we were aboard the plane, and headed back, I did tell them, and they were quite elated about the situation, being Friday. The first part of the week we had felt rather downcast and defeated on this thing, and then, it looked like we were going to be successful in what we were trying to do.

Mr. WEITZ. Who was on the flight back with you? Do you recall?

Mr. LILLY. Well, I named Harold Nelson, Dave Parr, Tom Townsend, Keiffer Howard. It seems the plane holds 10 or 12 people, and it was near full, but this is all I can recall at the time.

Mr. WEITZ. Why did he pull you over? He had met that week with at least Nelson of this group.

How long have you known the Secretary?

Mr. LILLY. Well, of course, I had known Connally prior to the time that he was Governor of Texas. He was Governor for 6 years, and he has had what, 4 years since that time, and the present Governor that we have now, I have known him prior to that. So I have known him probably 12 or 15 years. I knew him much closer than any of the other people, Tom Townsend was originally from Kansas, Dave Parr from Arkansas, Harold Nelson from Texas, but he did not work in State politics like I did. But I lived in Austin. I knew Connally from a number of years back, so I think it would be logical that he would talk to me, because I knew him better than anyone present.

Mr. WEITZ. Had you ever worked on a campaign of his, or anything?

Mr. LILLY. No; I had never worked on a campaign of his. I had lobbied for the Texas Farm Bureau for a number of years while Mr. Connally was Governor. He vetoed a number of bills. I was not successful in overriding any. We did pass some, after he vetoed them,

the next year. It was strictly an above-board type thing. He was a hard scrapper, but it was a working relationship.

Mr. WEITZ. How often do you think you had contact with him, for example, during his years as Governor?

Mr. LILLY. Oh, during his years as Governor, during the legislative session, three or four times a week.

Mr. WEITZ. Personally, you personally met with him?

Mr. LILLY. Yes; I personally——

Mr. WEITZ. How long were these?

Mr. LILLY. This may be a 3-minute visit, a 5-minute visit.

Mr. WEITZ. Were you alone, usually, at most of these meetings?

Mr. LILLY. At some times, I would be alone, at other times I would be with a legislator, a senator, a speaker of the house.

Mr. WEITZ. But there would not be a large group of people?

Mr. LILLY. Oh, no.

Mr. WEITZ. Did he know you by first name?

Mr. LILLY. Yes.

Mr. WEITZ. Did you call him by his first name?

Mr. LILLY. No.

Mr. WEITZ. How did you address him?

Mr. LILLY. I addressed him as Governor at that time?

Mr. WEITZ. And how did he address you?

Mr. LILLY. He addressed me as Bob, and quite often as Mr. Lilly.

Mr. WEITZ. When he left the governorship, when was that?

Mr. LILLY. About 5 or 6 years ago.

Mr. NICHOLAS. He left in 1968. In 1968 he appointed Roy Secretary of State, so in 1969 was the last year.

Mr. WEITZ. 1969?

Mr. NICHOLAS. Yes.

Mr. WEITZ. So during the period until 1969, you had very frequent contact with him?

Mr. LILLY. Yes.

Mr. WEITZ. Since 1969, have you had much contact with him?

Mr. LILLY. Infrequent. I have run into him at an airport, maybe at a political fundraising party or something to that effect, but no close contact with him.

Mr. SANDERS. Was Jacobsen in this group flying back?

Mr. LILLY. No; he was not.

Mr. NICHOLAS. I was going to ask him a question on that point. What was the physical position of the parties that were boarding the AMPI private jet at the time Connally saw you and you saw him? In other words, was he passing one way, and you passing another, that would have called you to his attention?

Mr. LILLY. Well, as we were going to the airport, we were possibly in two taxis if there were that many of us, and on the way to the airport, the Secretary—we passed him, and he passed us in the traffic. It was near dark, I mean, in fact, we saw him on the way to the airport to National Airport, and someone, I think it was Dave Parr, mentioned that there is the Secretary. And, as a matter of fact, I believe he waved to him on the way to the airport, and I am not sure if Secretary Connally waved back or not. And then, of course, Page Airways, if you are familiar with the National Airport, it is separated somewhat from the commercial hangar, and has its own lobby. And it

is not a large lobby, and it is not—here we were, a group, it would be quite easy. It was not crowded like in the commercial airports, so it would be pretty hard to walk into the Page Airways terminal and not see us. I mean into their lobby——

Mr. NICHOLAS. Who was Connally with, do you know?

Mr. LILLY. He was alone.

Mr. NICHOLAS. He was alone?

Mr. LILLY. He was alone.

Mr. NICHOLAS. Of the group that went with you, would you say you knew him the best?

Mr. LILLY. I certainly knew him the best; probably the only one that knew him, had really worked with him in the past.

Mr. NICHOLAS. Because Jake was not there?

Mr. LILLY. Jake was not there. That is right.

Mr. NICHOLAS. And Joe Long was not there?

Mr. LILLY. No; Joe Long was not there.

Mr. NICHOLAS. And how about Harold Nelson?

Mr. LILLY. Harold Nelson was there, but Harold Nelson had never really moved in this particular area, in working or legislation on a State level. He had not been too active politically on State politics, and just outside of knowing him and recognizing him, he really did not know him.

Mr. NICHOLAS. Were you at all surprised that he singled you out?

Mr. LILLY. No; not particularly, because while he was Governor, we have had many fights and many blowups, and I have raised the devil with him because he would not take certain action and sign a bill or veto it, and consequently he would do the same to me, and it was strictly on a professional-type basis, nothing personal in it. So this goes back to a long standing on that, so I think he would have known me and talked to me, where he would not have talked to them on a chance meeting like we did have.

Mr. NICHOLAS. Well, what he told you—you know, what he told you at the time——

Mr. LILLY. Yes.

Mr. NICHOLAS. In your opinion, would he be more likely to tell you something like that than he would anybody else?

Mr. LILLY. I think so.

Mr. NICHOLAS. Except for Jake or Joe Long.

Mr. LILLY. Well, I think he would have told Jake, but I doubt if he would have told Joe Long. But I think he would have told Jake, and if the three would have been there, I think he would have told the second, because Joe Long is not that close to him.

Mr. NICHOLAS. For instance, when you knew—you were the close friend of Price Daniel when he was Governor?

Mr. LILLY. Very close.

Mr. NICHOLAS. Did you know Connally then?

Mr. LILLY. Yes; I knew Connally at that time.

Mr. SANDERS. Just one question. Did you make any notes after your conversation with Connally? Did you make any notes of what he said?

Mr. LILLY. No; I did not make any notes, because shortly thereafter, we were on the plane, and I told the other people, in essence, what I hope that I have related here. And I told them, and we were quite jubilant on our way back. I did not make any notes of it; the only—

because we had been at this thing for several weeks, contacting legislators, getting people to sign or cosign bills, introduce bills, and then, the next week, we still had not gained anything. April 1 was just around the corner. It looked like we had to go the legislative route to get accomplished what we wanted to accomplish, and suddenly we did not have to. In fact, I was not in Washington, D.C. the next week. We quit; I did not even go back and start working the Hill anymore.

Mr. WEITZ. At his instruction, or at a mutual understanding?

Mr. LILLY. Well, we were convinced that we did not have to go back.

Mr. WEITZ. Let me ask you something. What was the jetliner? Was it the Saberliner?

Mr. LILLY. Saberliner.

Mr. WEITZ. I have a jet log here for the month of March 1971. And can you tell me—you say you think it was the 19th, which is what day of the week?

Mr. LILLY. That is on Friday.

Mr. WEITZ. To the best of your recollection, would it have been Friday or Saturday that you flew back?

Mr. LILLY. Well, according to—it would have been Friday. It might have been Saturday when we arrived at San Antonio, because we left—I know it was dark here. Of course, that time of year, the days are shorter, but on Saturday, I show myself going back to San Antonio, and being in San Antonio.

Mr. WEITZ. From where?

Mr. LILLY. From Washington, D.C.

Mr. WEITZ. On Saturday?

Mr. LILLY. No; on Friday, because Saturday I was in San Antonio. In my calendar that I have made available to you, in my daily diary, where I keep tab——

Mr. WEITZ. Have you ever looked at a jet log report—flight report?

Mr. LILLY. No.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. On the record.

I have the flight report for what I believe to be March 19 and March 20 of 1971. March 19 shows the Saberliner going from San Antonio to Dallas, Dallas to San Antonio, San Antonio to Washington. And on the 20th, it shows Washington to OTG; I think that is in Minnesota somewhere. OTG to Austin, Austin to San Antonio, which would have been Saturday. I am not sure I am reading this correctly.

Mr. LILLY. It does not show passengers?

Mr. WEITZ. No; unfortunately the list does not show passengers.

Mr. LILLY. Does it show the pilots?

Mr. WEITZ. Yes.

Mr. LILLY. Well, on the 19th, was Joe Bell one of the pilots?

Mr. WEITZ. No.

Mr. LILLY. It shows first pilot Blanten and second pilot Coggans, or Goggans, G-o-g-g-a-n-s.

Well, on my calendar of 1971——

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Where did the flight go from Washington?

Mr. LILLY. It originated at Page Airways at National Airport, and the first stop was in Little Rock, Ark., to let Mr. Parr and some of the other passengers off. Tom Townsend and Keiffer Howard, they both lived in Little Rock, Ark., to let them both off. And the remainder of us continued on to San Antonio.

Mr. WEITZ. Did you stop in Austin?

Mr. LILLY. No, we did not stop in Austin. We had gone from Little Rock to San Antonio.

Mr. WEITZ. When did you first learn of the actual—the second price-support decision?

Mr. LILLY. Officially, as far as I was concerned, I learned of it the date that it was announced. The Secretary of Agriculture announced it March the——

Mr. WEITZ. 25th?

Mr. LILLY. 25th.

Mr. WEITZ. Between the time of your chance meeting with the Secretary in the airport and the time when you learned of the public decision, second decision by the Secretary of Agriculture, do you know of any further contacts between representatives of AMPI and Connally?

Mr. LILLY. Possibly, there could have been. But I was not told of any, and I am not aware of any.

Mr. WEITZ. You were not told?

Mr. LILLY. [Nods in the negative.]

Mr. WEITZ. Do you know how and when the decision was made to go ahead and actually make these contributions of the new money of one-quarter of a million dollars that was discussed at that meeting plus the prior commitment?

Mr. LILLY. Would you restate that?

Mr. WEITZ. After the milk—well, during the following week, the week of March 21 or 22, were you aware of any discussions which related to the ways in which contributions would in fact be made?

Mr. LILLY. No. The next week, though, contributions were made by TAPE—$10,000. The week of March 21 or 22, the Republicans had at that particular week the Senate and House fundraising affair, which is annually, and we normally contribute to the Republicans and to the Democrats. The only difference in 1971 and other years, normally that check is made out for $10,000, contributed to the amount of $10,000, which usually buys a table for 10, or whatever it might be. But in this particular year of 1971, a decision—I might say this, the decision to contribute had already been made. We were going to contribute $10,000. This had no bearing on it one way or the other.

But Marion Harrison instructed me, and I do not have the names of, but he instructed me to make out four TAPE checks to four different committees totalling $10,000. Two of them were for $3,000, and two of them were for $2,000 each, making a total of $10,000. And this was a little unusual and different, but Mr. Nelson said it was all right to do this. So it made no difference to me. It was for the same purpose. We did have people in attendance at the meeting which was held that particular week that the price-support announcement was made, and I am not sure of the date. And if I attended, I do not remember, but I

possibly could have been one of the attendees of the Republican fund-raising affair.

Mr. WEITZ. But neither Mr. Nelson nor Mr. Harrison indicated why the contribution should be made in that way?

Mr. LILLY. No. And of course, following later there were other contributions at other times in the year.

Mr. WEITZ. Were you privy, for example, to the discussions, any discussions, relating to contributions by the other two co-ops during this period?

Mr. LILLY. No.

Mr. WEITZ. Were you aware, for example, of the $50,000 loan from TAPE to ADEPT shortly after that week?

Mr. LILLY. I was aware of that because shortly after—Mr. Isham checked with an attorney and I cannot recall the attorney's name that he might have checked with. It could well have been DeVier Pierson, or it could have been Mr. Jacobsen, or it could have been both of them.

But he contacted them, if we could make a loan to ADEPT, which was a newly organized political arm of Mid-America Dairymen. And the decision was yes, we could. The loan was made.

Outside of Mr. Isham telling me that we were making a loan, I do not know whether it carried any rate of interest or not, or whether it was a noninterest loan.

It was later paid back. I do not know how much later, but other than just in passing, Mr. Isham told me about it, and they were newly organized, they had very little money to spend at that time. And this is just my recollection, my understanding of it.

Mr. WEITZ. I have here copies of check stubs of 12 checks, dated April 26, 1971, each in the amount of $2,500. The stubs indicate that they are for, to various committees, in most cases, and "void" is written across each stub. And these were provided to us from the TAPE records by TAPE.

And I wonder if you would look at these and just tell me if you know anything about those, the transactions or the intended transactions indicated by those check stubs?

Mr. LILLY. These particular stubs—I do not know how many we have here. I have some correspondence, and I have copies of it, that relate back. And there were several efforts on the part of Mr. Harrison. He supplied the names, or at least his signature was over the letter where the names came in to TAPE. There is a series of names, letters, those names canceled out, other names substituted for, and eventually they came up with some names. And I think these were some of the earlier names, and for some reason, and I am not aware—I am uninformed as to why they were voided and not issued at that time.

A series of checks were issued in June after this—I have forgotten. I know that they were $2,500 each. I did deliver the checks to Marion Harrison's office, and did take the money that we got.

Mr. WEITZ. Were both these intended contributions and the contributions that were in fact made that you delivered to Marion Harrison later, do you know whether these were part of the commitment that was discussed in March of 1971?

Mr. LILLY. Well, since there was a series of checks that came from—that were contributed—I know it totalled $187,000 eventually.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

I want to identify as exhibit No. 27 the check stubs that I have shown to Mr. Lilly and which he has identified.

[Whereupon, the documents referred to were marked Lilly exhibit No. 27 for identification.*]

Mr. WEITZ. During the summer of 1971, other than the delivery of some checks to Mr. Harrison, did you have contact with the process by which contributions were made by TAPE to the committees established by the predecessor of the Committee To Re-Elect the President?

Mr. LILLY. No; I was kept aware of it by Mr. Isham.

In September of 1971, another series of checks were—I know the first series of checks I did take to Mr. Harrison personally. The second series, I do not know if I delivered or if they were mailed or if someone else delivered them. But I think the total series of checks totalled 75, covering the area that appeared in June. It appeared in September, when the contributions were made, and they were all written at the same time by names of the committees and addresses of people that were supplied from Mr. Harrison's office.

And of course we had some problem from the fact that the committees that the checks were delivered to were fictitious addresses. Some of the people happened to be Democrats, and they did contact, and wrote to the Clerk of the House. We had a few problems along that line, of which Mr. Isham made me aware. He was most unhappy when he found that they could not give us good names and addresses.

He did get, and I probably had a conversation or two with Mr. Harrison about some statement, a signed statement that these funds that were contributed would be used to help reelect the President. And we do have in the TAPE files a statement to this effect, that they would be used for this purpose.

Mr. WEITZ. Was that not an opinion letter obtained at the insistence of Mr. Isham in order to insure the legality of the contributions?

Mr. LILLY. That is possibly what it is, yes.

Mr. WEITZ. I would like to move to 1972, to a series of meetings——

Mr. SANDERS. Are you finished with the price support?

Mr. WEITZ. This ties it with it.

If you want to ask some questions——

Off the record.

[Discussion off the record.]

Mr. SANDERS. Back on the record.

To your knowledge, were Connally and Mills close friends?

Mr. LILLY. I have no personal knowledge of that.

Mr. SANDERS. What person in the House of Representatives did AMPI consider to be the most significant individual to advance legislation in its behalf?

Mr. LILLY. Well, certainly the Ag Committee we could not ignore, with Mr. Bob Poage being Chairman of the Ag Committee. And, of course, Graham Purcell and Tom Foley, Ed Jones, some of the good hardworking members that have been on the Ag Committee for some time. Of course, Mr. Purcell is now gone and no longer a member. But people that—the entire Ag Committee, we worked with. That was our first contact. We contacted the leadership of the House as far as the minority was concerned.

*See p. 6050.

We talked with—I did not—but Mr. Ford was contacted, and we did work with him in regard to this.

And I might say that we went about it in some organized manner, taking the States in which we had members, the people, that those of us that might be in contact, who could contact certain individuals and be more effective with them. Louisiana we had—I remember Louisiana. We, drawing the States of Louisiana and Texas, we had to call in another cooperative from Louisiana, have them send some of their own producers up here to contact people from Louisiana, because we did not have the inroads to them that we did have Congressmen from Texas—have the acquaintance with them, and know them as well as we do in Oklahoma, Texas, Kansas, various other States.

And then we used other cooperatives across the country, on the West Coast, from the East Coast to the southern area and mid-State area of the United States. And they, too, would take their assignments, and we made some efforts to coordinate this so that 10 people would not be going to contact the same Congressman in an effort to develop this.

And I know you have asked me who was the most influential and it——

Mr. SANDERS. Did you consider Wilbur Mills a significant person to be persuaded?

Mr. LILLY. Yes, very significant. Yes, very significant, very important.

Mr. SANDERS. Why?

Mr. LILLY. Possibly because of his long tenure of service. Probably just as much so because of his chairmanship of the Ways and Means Committee, which is rather important.

Mr. SANDERS. Would that committee have been handling any legislation that you were interested in?

Mr. LILLY. No; but Mr. Parr being from Arkansas and Mr. Mills being from Arkansas, they had a rather close working relationship.

Mr. SANDERS. The legislation which you had desired would have been processed by the Agriculture Committee, rather than the Ways and Means?

Mr. LILLY. That is right.

Mr. SANDERS. Who in AMPI had overall responsibility for coordinating the lobbying effort in the House?

Mr. LILLY. Within AMPI I think ultimately it went to Mr. Nelson. I had some input into it. Dave Parr had some input into it. Probably the three of us. Other people certainly had some input. They had some ideas and they were not—I can remember Joe Johnson, an employee who worked for us at the time from Arkansas. He certainly had some ideas. Tom Townsend, who I have mentioned, originally from Kansas, certainly had some input, into it because he too knew some people.

But as to who should contact who, probably I kept a closer record, along with Lyn Stahlbaum, who was an employee of ours then and still is, and had been a past Congressman from the State of Wisconsin. And he was very effective, very well known, very well respected on the Hill, and is still in Washington working for us.

Mr. SANDERS. In retrospect, does it appear to you that the lobbying efforts which AMPI made with Members of Congress had some impact on the ultimate decision to raise the price supports?

Mr. LILLY. This is an opinion of mine. I think——

Mr. SANDERS. If anybody is an expert on it, you are.

Mr. LILLY. I think it did have an impact. We had some 150 House Members that had signed or cosigned a bill. Really, my projection was—I have some figures somewhere, somewhere in the neighborhood of 225 that we would have on the bill. We would have well over one-half the Senate on the bill. And it is pretty hard, I mean this is where we were headed.

And I might say, had I prevailed in my own argument we would have gone the legislative route, because we had some very vicious arguments over this particular issue.

Mr. SANDERS. Had the House Agriculture Committee started hearings on the bill?

Mr. LILLY. Yes; they had started hearings on the bill, and it had moved out rather rapidly.

Mr. SANDERS. Was it reported out before the administration had announced its decision?

Mr. LILLY. I will say this. It was in a position to be moved out. I do not know whether it moved out or not. I would have to go back and check my notes. But I know that the subcommittee had, the dairy subcommittee had met. I believe the dairy subcommittee had acted favorably, and I believe it was pending a determination by us as to when it should be moved out of committee.

So I am not sure——

Mr. SANDERS. Was the legislation still more favorable than the decision that was made by the executive branch?

Mr. LILLY. No; there was no difference.

This is philosophizing, but to me we had committed in the neighborhood of 150 legislators to put their name on the bill, and had committed themselves to go with us. I think we could have gotten more. I felt sure, had the bill passed it would have been vetoed. I do not think we had the votes to override it. I think if we came back the next year, we could have passed almost anything we wanted to with the legislators. I felt in leaving them and going the route we did, that we had some of them that we had committed, and we ran off and left them right in the middle of the stream.

Mr. SANDERS. I am not familiar with the legislation.

Did it specify the extent of the support, or did it——

Mr. LILLY. I believe most of the bills were 80 percent, if my memory serves me right, 80 percent for 1 year. Some bills were introduced at 85 percent. Of course, it could have been between 75 and 90 percent, according to existing law. And this would have set it at 1 year at 80 percent price support.

Mr. SANDERS. At what level did the Secretary of Agriculture's announcement fix it?

Mr. LILLY. At about 80 percent.

Mr. SANDERS. So the legislation and the Secretary's announcement were——

Mr. LILLY. Fairly close together.

Mr. SANDERS. Comparable?

Mr. LILLY. I would have to review my notes to be sure on that, but I feel sure—I mean that is close to correct.

Mr. SANDERS. Did Chairman Poage take a public stand on your——

Mr. LILLY. He introduced the bill.

Mr. SANDERS. He introduced the bill?

Mr. LILLY. He did.

Mr. SANDERS. Did Chairman Mills take a public stand?

Mr. LILLY. He did not introduce the bill.

Mr. SANDERS. Do you know if he declared his position on it?

Mr. LILLY. He declared his position. And as a matter of fact he suggested some of those we might talk with to endorse the bill.

Mr. SANDERS. He was supportive of your legislation?

Mr. LILLY. He certainly was.

Mr. SANDERS. Do you know whether any commitments were made to any Congressmen in connection with the AMPI desire to advance this legislation?

Mr. LILLY. I am not aware of any. I made no commitments myself.

Mr. SANDERS. No financial commitments?

Mr. LILLY. I made no financial commitments, and I am not aware of any commitment being made.

Mr. SANDERS. Do you know of any AMPI moneys going to any Congressmen at any time in 1971 in relationship to the lobbying effort you had made for this legislation?

Mr. LILLY. I think that some honorariums were paid to some Congressmen and to some Senators that attended our annual meeting. I know that I introduced Senator Stevens at our annual meeting, and he spoke to a number of dairymen. This was held in Chicago. This was rather a large convention of some 40,000 dairy farmers. And we had a great many, as a matter of fact, and I think we had the majority of the House and Senate at this meeting. And most of those were given honorariums, and these moneys, if my memory serves, I believe came from AMPI for attending these meetings. And they did address our people and——

Mr. SANDERS. What was the largest honorarium?

Mr. LILLY. Oh, around $1,500 as I remember. Most of the honorariums—I have seen some letters, thank you letters on them—in that neighborhood. So to this extent, I mean there would have been AMPI moneys. But here we had people to attend the meeting, and they had to get out there and they had to get back. They took their time. And it is not an unusual custom to do this.

Mr. SANDERS. Do you know of any TAPE payments to Congressmen in connection—resulting from your lobbying effort on the legislation?

Mr. LILLY. Well, not in my mind. We contributed, and I am certain that we contributed to a great many of the people who did introduce our legislation. I think our past track record would have indicated that we would have contributed to the same people had they not have introduced legislation. They were people that we can work with in agricultural States, had built up some working relationship with, and in the instance of some that may have supported us, there is quite a possibility—and I have not checked this out—that we contributed to his opponent to help get him defeated for other reasons, even though he might have introduced legislation for us.

So it really had no bearing in the consideration of who we contributed to with TAPE money knowingly. I am sure there had to be some influence, but not knowingly, nor was it discussed.

Mr. SANDERS. To your knowledge, would there be—to your recollection, were there any documents which would have been filed by AMPI, TAPE indicating TAPE payments or commitments to Congressmen in connection with the lobbying efforts?

Mr. LILLY. Well, we filed the TAPE reports, and at that time we filed them with the Clerk of the House only.

Mr. SANDERS. That would just show the amounts paid.

Mr. LILLY. It would show the amounts. But normally Mr. Isham was filing those reports, and as a normal thing he would attach a sheet on there as to who we had contributed to at that particular time. He would just list everyone, both State as well as Federal candidates or incumbents, as the case might be.

Mr. SANDERS. What I am inquiring about is whether there would be any file, memos, or correspondence that would be more elaborative of the——

Mr. LILLY. No. I believe in the TAPE files in some instances—I do not know if it is in 1971 or 1970 or—but when contributions were made, and I might have written a letter of transmittal transmitting the check to, say the House Democratic Committee or the House Republican Committee, some of the moneys might be earmarked x dollars. And I do know that I have earmarked x dollars for this Congressman, and that Congressman, or this Senator and that Senator. And they are a matter of record. I mean, in my files. They are not a matter of record here, but they are in the TAPE files where I would transmit them.

Mr. SANDERS. In your lobbying effort with the Members of Congress, were you in addition to encouraging them to advance legislation, were you also trying to induce them to encourage the administration?

Mr. LILLY. Yes.

Mr. SANDERS. To take administrative action?

Mr. LILLY. Yes. As a matter of fact, we got a number of them to write to the administration, to call the administration, and to be on record, to put notices in the Congressional Record. I do not think a day passed that we did not have a number of people get up and speak to that particular subject.

Mr. SANDERS. Would you be able to provide me anything from your files which would document this?

Mr. LILLY. Well——

Mr. SANDERS. That narrow, specific thing I have just mentioned.

Mr. LILLY. Well, I had it. It is all in my files. Part of my files, I know that I have not looked at—I mean, they were old files. 1971 is what it would be in. And I know that there is some other litigation that we were involved in. I mean, these files are tied up and I have not been permitted to look at them even though they are old files. And I think it would be in this particular thing.

If I could get free from that, I think I could produce some information. I think I could probably reproduce it in another way, and that is through Mr. Stahlbaum, because he is a fairly good recordkeeper, and he too kept track?

Mr. SANDERS. Who has custody of the files that you have that you say are not now available?

Mr. LILLY. I do not know if it is the Justice Department or the FBI, to tell you the truth.

Mr. SANDERS Here in Washington?

Mr. LILLY. No, in San Antonio.

Mr. SANDERS. Would you ask Mr. Stahlbaum——

Mr. LILLY. Stahlbaum.

Mr. SANDERS. Stahlbaum.

Mr. LILLY. Lyn Stahlbaum.

Mr. SANDERS. To search for material in this respect?

Mr. LILLY. I certainly will.

Mr. SANDERS. And would you see if you can provide it for me?

Mr. LILLY. As a matter of fact, I will call him tonight.

Mr. NICHOLAS. Who is he?

Mr. LILLY. He works for CACF, Central American Club Federation. This is Mid-Am DI and AMPI. And he works—his office is downtown, right across the street from where we are staying at the hotel.

Mr. NICHOLAS. Would the attorneys representing the antitrust suit be the ones that would have the files that you are talking about?

Mr. LILLY. Yes. They have them now. I do not think they have those particular files. They might have.

But what I think my files, that I was referring to, are some of those they found recently. They were old files that I just have not been privy to look at yet, and I think that is where they are.

But I will check with Mr. Stahlbaum for what you are after.

Mr. SANDERS. Just a couple more.

Do you have knowledge—do you know of any circumstances indicating that Jacobsen may have subsequently related to anyone the details of the conversation he had with Connally on March 15?

Mr. LILLY. I do not know that he would have related to anyone—of course, two other people were involved, one of them being Harold Nelson, and the other one being Dr. George Mehren.

Mr. SANDERS. I am thinking of the conversation that followed the group conversation.

Mr. NICHOLAS. He is talking about the conversation when Mr. Connally called Mr. Jacobsen back and talked to him privately in his office, is that right?

Mr. SANDERS. [Nods in the affirmative.]

Mr. LILLY. Mr. Jacobsen. Mr. Nelson, and Dr. Mehren were the only people to my knowledge that were there. Neither Mr. Nelson nor Dr. Mehren have told me that Mr. Jocobsen told them what they discussed. Mr. Jacobsen has never said anything to me, and in fact I was not aware of it until last week that this had actually happened.

Mr. SANDERS. You learned this from Mehren?

Mr. NICHOLAS. The only likely party that he would have talked to would have been Harold Nelson.

Mr. LILLY. Likely, if he had talked to anyone.

Mr. NICHOLAS. If he had talked to anybody.

Mr. SANDERS. Now, during the week of March 22, some TAPE checks were issued for some dinners?

Mr. LILLY. Congressional fundraising dinners.

Mr. SANDERS. Would this have been Democrat and Republican?

Mr. LILLY. No, this was only Republican. The Democrats had one that year, but I believe theirs was at a later time. And I believe you will find the records show that we contributed $10,000 to theirs, too.

Mr. SANDERS. Later in 1971?

Mr. LILLY. Yes, I believe it was later in 1971.

Mr. SANDERS. Off the record.

[Discussion off the record.]

Mr. WEITZ. I think at this point we will recess until Friday morning at 9:30.

[Whereupon, at 7:50 p.m., the hearing in the above-entitled matter recessed.]

LILLY EXHIBIT NO. 1

CITIZENS NATIONAL BANK OF AUST.N

DEBIT

Austin, Texas, 8-1-69

We are charging your account as per items below:

For Receipt of $100,000.00 cash acknowledged this 1st day of August, 1969 per instructions of Bob Isham.			
By:			
PLEASE SEE THAT THE AMOUNT IS DEDUCTED ON YOUR BOOKS SO THAT OUR ACCOUNTS WILL AGREE. AMOUNT CHARGED	100	000	00

APPROVED BY:

To: T. A. P. E.

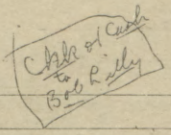
AUG 1 1969

Acct. #61-101-8

"00 10000000"

STECK-AUSTIN

LILLY EXHIBIT NO. 2



Fed mail 15-26 apr may July Sept 4-9 out

Chk of Cash to Bob Lilly

No valuable sheet to Clerk of Hess

Not nec. to file Int. Rev. Report

	1969	1970	
Deveau Pierson (1)	10,000	10,000	
Joe Long ✓ ok	✓	✓	
F. Master ✓ ok	✓	✓	
S. Russell	✓	✓	
Jim Jones (1)	✓	✓	
Dick McGuire (1)	✓	✓	
Cliff Carter (1)	✓	✓	
Van Dyke, Ted (1)	✓	✓	
	80,000	80,000	20,000
?? Gary Evat	10,000		60,000
	90,000		

Expense advances

Lilly	5,000
Pars	✓
Anderson	✓
Sutter	✓
	20,000
	100,000*

Cont to fund
Cont out of fund

Get Bk borrowing for me to reimburse, put as payments made to me.

* To be deposited before 12-31-69 in TAPE

(1) To be contacted by Pierson

Pierson AC 202 296 2894

Witness notes

LILLY EXHIBIT NO. 3

MMS

NO. 11169 NAME LILLY, BOB A.

AUSTIN, TEXAS, 12-17 1969

2-15 INTEREST FROM DATE

On demand, or if no demand is made then -60- *days after date, for value received, I,*
WE OR EITHER OF US, PROMISE TO PAY TO THE ORDER OF

CITIZENS NATIONAL BANK OF AUSTIN
AUSTIN, TEXAS

One Hundred Thousand and no/100---------- DOLLARS

In lawful money of the United States of America with interest thereon at the rate of 8¼ per cent per annum. In the event this note is placed with an attorney for collection, or if collected by suit or through probate, bankruptcy or other judicial proceedings, the undersigned agree to pay 15% additional on the principal and interest due as attorney's fees. Failure to pay any installment of either principal or interest when due and as promised shall, at the option of the legal holder, mature all of said indebtedness. If the legal holder of this note at any time deems the debt or any security for the debt (if any) unsafe or insecure, it may declare the unpaid balance due and matured without notice to any party. Each maker, surety, endorser and guarantor severally waives grace, protest, demand, notice and presentment for payment and consents that the payment and maturity may be extended and re-extended without notice and without release of any liability hereunder provided. The pledging and/or taking of security or collateral, or the substitution of security or collateral, shall in no manner affect the liability of any signer hereto for the payment of this note.

The holder hereof is hereby authorized and directed at any time after maturity hereof, as specified above, to apply any funds or things of value in the possession of the holder for the credit or account of any of the parties liable hereon, to the payment and satisfaction of this note. This note is or may be secured by one or more Security Agreements.

Certificate of Deposit #188

x Bob A Lilly 1306.25

ADDRESS 1011 N. W. Military Road, San Antonio, Texas

NO.			$100,000.00	
DATE	PAID		BALANCE	
	$		$	
12-17-69	5,000		95,000	—
2-2-70	15,000	—	80,000	00
2-11-70	28,231	77	51,768	23
	RENEWED			
	2-18-70 MS			

NO. 11772 NAME Lilly, Bob A.

AUSTIN, TEXAS, 2-13-70 1969

4-13-70 INTEREST FROM DATE

On demand, or if no demand is made then 60 *days after date, for value received, I,*
WE OR EITHER OF US, PROMISE TO PAY TO THE ORDER OF

CITIZENS NATIONAL BANK OF AUSTIN
AUSTIN, TEXAS

Fifty one Thousand Seven Hundred Sixty Eight $23/100 DOLLARS

In lawful money of the United States of America with interest thereon at the rate of 8¼ per cent per annum. In the event this note is placed with an attorney for collection, or if collected by suit or through probate, bankruptcy or other judicial proceedings, the undersigned agree to pay 15% additional on the principal and interest due as attorney's fees. Failure to pay any installment of either principal or interest when due and as promised shall, at the option of the legal holder, mature all of said indebtedness. If the legal holder of this note at any time deems the debt or any security for the debt (if any) unsafe or insecure, it may declare the unpaid balance due and matured without notice to any party. Each maker, surety, endorser and guarantor severally waives grace, protest, demand, notice and presentment for payment and consents that the payment and maturity may be extended and re-extended without notice and without release of any liability hereunder provided. The pledging and/or taking of security or collateral, or the substitution of security or collateral, shall in no manner affect the liability of any signer hereto for the payment of this note.

The holder hereof is hereby authorized and directed at any time after maturity hereof, as specified above, to apply any funds or things of value in the possession of the holder for the credit or account of any of the parties liable hereon, to the payment and satisfaction of this note. This note is or may be secured by one or more Security Agreements.

CERTIFICATE of DEPOSIT #188
RENEWAL of NOTE #11169

Bob A Lilly 735.54

ADDRESS 1011 N.W. Military Road, San Antonio

NO.			$51,768 23	
DATE	PAID		BALANCE	
	$		$	
	Renewed 4/13/70		Kind JK	

KWO

NO. 12438 NAME LILLY, Bob A.

AUSTIN, TEXAS, 4-13 19 70

On demand, or if no demand is made then 60 *days after date, for value received, I,* WE OR EITHER OF US, PROMISE TO PAY TO THE ORDER OF

CITIZENS NATIONAL BANK OF AUSTIN
AUSTIN, TEXAS

--Fifty One Thousand Seven Hundred Sixty Eight and 23/100-- DOLLARS

in lawful money of the United States of America with interest thereon at the rate of 7 3/4 per cent per annum. In the event this note is placed with an attorney for collection, or if collected by suit or through probate, bankruptcy or other judicial proceedings, the undersigned agree to pay 15% additional on the principal and interest due as attorney's fees. Failure to pay any installment of either principal or interest when due and as promised shall, at the option of the legal holder, mature all of said indebtedness. If the legal holder of this note at any time deems the debt or any security for the debt (if any) unsafe or insecure, it may declare the unpaid balance due and matured without notice to any party. Each maker, surety, endorser and guarantor severally waives grace, protest, demand, notice and presentment for payment and consents that the payment and maturity may be extended and re-extended without notice and without release of any liability hereunder provided. The pledging and/or taking of security or collateral, or the substitution of security or collateral, shall in no manner affect the liability of any signer hereto for the payment of this note.

The holder hereof is hereby authorized and directed at any time after maturity hereof, as specified above, to apply any funds or things of value in the possession of the holder for the credit or account of any of the parties liable hereon, to the payment and satisfaction of this note. This note is or may be secured by one or more Security Agreements.

Certificate of Deposit ~~#188~~ #219
Renewal of 11772

ADDRESS G. P. M. Bldg, 4th Floor
San Antonio, Texas 78216

NO.			$51,768.23
DATE	PAID		BALANCE
4-17-70	4264	46	$47,503.77
6-15-70	7503	77	40,000 -

Rec 6/12/70
Kwo

Bob A Lilly

44.58
512.69
402.51 617.27

8-10-70

NO. 13089 NAME LILLY, Bob A.

AUSTIN, TEXAS, June 12 19 70

On demand, or if no demand is made then 60 *days after date, for value received, I,* WE OR EITHER OF US, PROMISE TO PAY TO THE ORDER OF

CITIZENS NATIONAL BANK OF AUSTIN
AUSTIN, TEXAS

---Forty Seven Thousand Five Hundred Three and 77/100-- DOLLARS

in lawful money of the United States of America with interest thereon at the rate of 7 3/4 per cent per annum. In the event this note is placed with an attorney for collection, or if collected by suit or through probate, bankruptcy or other judicial proceedings, the undersigned agree to pay 15% additional on the principal and interest due as attorney's fees. Failure to pay any installment of either principal or interest when due and as promised shall, at the option of the legal holder, mature all of said indebtedness. If the legal holder of this note at any time deems the debt or any security for the debt (if any) unsafe or insecure, it may declare the unpaid balance due and matured without notice to any party. Each maker, surety, endorser and guarantor severally waives grace, protest, demand, notice and presentment for payment and consents that the payment and maturity may be extended and re-extended without notice and without release of any liability hereunder provided. The pledging and/or taking of security or collateral, or the substitution of security or collateral, shall in no manner affect the liability of any signer hereto for the payment of this note.

The holder hereof is hereby authorized and directed at any time after maturity hereof, as specified above, to apply any funds or things of value in the possession of the holder for the credit or account of any of the parties liable hereon, to the payment and satisfaction of this note. This note is or may be secured by one or more Security Agreements.

Renewal of 12438 and CD#219

ADDRESS G. P. M. Bldg, 4th Floor
San Antonio, Texas 78216

INTEREST FROM DATE

NO.			$47,503.77
DATE	PAID		BALANCE
6-15	$7503.	77	$40,000 00
8-6-70	5488	50	34,511 50

Bal
Renewed

Bob A Lilly

50.68
470.83
521.51

5994

KWO/MB

NO. 13647 NAME LILLY, BOB A.

AUSTIN, TEXAS. 8-6 19 70

On demand, or if no demand is made then -60- *days after date, for value received, I,* WE OR EITHER OF US. PROMISE TO PAY TO THE ORDER OF

CITIZENS NATIONAL BANK OF AUSTIN
AUSTIN, TEXAS

Thirty-four Thousand Five Hundred Eleven and 50/100------ DOLLARS

in lawful money of the United States of America with interest thereon at the rate of 7-3/4 per cent per annum. In the event this note is placed with an attorney for collection, or if collected by suit or through probate, bankruptcy or other judicial proceedings, the undersigned agree to pay 15% additional on the principal and interest due as attorney's fees. Failure to pay any installment of either principal or interest when due and as promised shall, at the option of the legal holder, mature all of said indebtedness. If the legal holder of this note at any time deems the debt or any security for the debt (if any) unsafe or insecure, it may declare the unpaid balance due and matured without notice to any party. Each maker, surety, endorser and guarantor severally waives grace, protest, demand, notice and presentment for payment and consents that the payment and maturity may be extended and re-extended without notice and without release of any liability hereunder provided. The pledging and/or taking of security or collateral, or the substitution of security or collateral, shall in no manner affect the liability of any signer hereto for the payment of this note.

The holder hereof is hereby authorized and directed at any time after maturity hereof, as specified above, to apply any funds or things of value in the possession of the holder for the credit or account of any of the parties liable hereon, to the payment and satisfaction of this note. This note is or may be secured by one or more Security Agreements.

CD#219 (Ren. Bal. Note 13089)

x Bob A Lilly 445.78

ADDRESS G. P. M. Bldg., 4th Floor, San Antonio, Tex. 78216 321.84

INTEREST PAID BANK

NO.			$ 34,511.50
DATE	PAID		BALANCE
	$		$
9-9-70	6,161	38	28,350 12
9-17-70	18,000		13,350 12
9/22/70	4000	00	4350 12

KWO

NO. 14384 NAME Lilly, Bob A. 12-2-70

AUSTIN, TEXAS, 10-4 1970

On demand, or if no demand is made then 60 *days after date, for value received, I,* WE OR EITHER OF US. PROMISE TO PAY TO THE ORDER OF

CITIZENS NATIONAL BANK OF AUSTIN
AUSTIN, TEXAS

Four thousand three hundred fifty & 12/100 DOLLARS

in lawful money of the United States of America with interest thereon at the rate of 7 3/4 per cent per annum. In the event this note is placed with an attorney for collection, or if collected by suit or through probate, bankruptcy or other judicial proceedings, the undersigned agree to pay 15% additional on the principal and interest due as attorney's fees. Failure to pay any installment of either principal or interest when due and as promised shall, at the option of the legal holder, mature all of said indebtedness. If the legal holder of this note at any time deems the debt or any security for the debt (if any) unsafe or insecure, it may declare the unpaid balance due and matured without notice to any party. Each maker, surety, endorser and guarantor severally waives grace, protest, demand, notice and presentment for payment and consents that the payment and maturity may be extended and re-extended without notice and without release of any liability hereunder provided. The pledging and/or taking of security or collateral, or the substitution of security or collateral, shall in no manner affect the liability of any signer hereto for the payment of this note.

The holder hereof is hereby authorized and directed at any time after maturity hereof, as specified above, to apply any funds or things of value in the possession of the holder for the credit or account of any of the parties liable hereon, to the payment and satisfaction of this note. This note is or may be secured by one or more Security Agreements.

CD #219
Ren. # 17647

x Bob A Lilly 56.19

ADDRESS G.P.M. Bldg, 4th Floor, San Antonio 78216

INTEREST PAID BANK

NO.			$ 4350 12
DATE	PAID		BALANCE
	$		$

LILLY EXHIBIT NO. 4

SECURITY AGREEMENT

(PLEDGE)

Bob A. Lilly

Debtor's Name

1011 N. W. Military Road — San Antonio — Texas

Mail Address — City — County — State — Zip

(hereinafter called in accordance with the Uniform Commercial Code–DEBTOR) for value received hereby grants to

Citizens National Bank of Austin

Secured Party's Name

(hereinafter called in accordance with the Uniform Commercial Code–BANK) whose mail address is

Austin — Travis — Texas

City — County — State — Zip

a security interest in and delivers to SECURED PARTY the following described property (which hereinafter is referred to as COLLATERAL) to-wit:

Citizens National Bank of Austin Certificate of Deposit No. 188 in the amount of $100,000 in the name of Milk Producers, Inc.

Bob A. Lilly's

to secure DEBTOR'S note to SECURED PARTY dated 12-17, 19 69, for $ 100,000.00

DEBTOR WARRANTS, COVENANTS AND AGREES:

1. That all financial or credit statements deposited with or relied upon by SECURED PARTY prior to, contemporaneously with, or subsequent to execution of this Security Agreement are or will be true, correct, complete, valid and genuine.

2. That all investment securities, instruments, chattel paper and any like property delivered to SECURED PARTY as COLLATERAL: (a) are genuine, free from adverse claims or other security interest, default, prepayment or defenses; (b) all persons appearing to be obligated thereon have authority and capacity to contract and are bound thereon as they appear to be from the fact thereof; and (c) the same comply with applicable laws concerning form, content and manner or preparation and execution.

3. That DEBTOR owns the COLLATERAL and has the right to transfer any interest therein; the COLLATERAL is not subject to the interest of any third person; and DEBTOR will defend the COLLATERAL and its proceeds against the claims and demands of all third persons.

4. That DEBTOR shall pay prior to delinquency all taxes, charges, liens and assessments against the COLLATERAL, and upon DEBTOR'S failure to do so, SECURED PARTY at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Security Agreement and shall be paid to SECURED PARTY by DEBTOR immediately without demand, with interest thereon at the rate of ten per cent (10%) per annum.

5. SECURED PARTY'S duty with reference to the COLLATERAL shall be solely to use reasonable care in the custody and preservation of COLLATERAL in SECURED PARTY'S possession, and to receive collections, remittances and payments on such COLLATERAL as and when made and received by SECURED PARTY and the SECURED PARTY shall have the option of applying the amount or amounts so received, after deductions of any collection costs incurred, as payment upon any indebtedness of DEBTOR to SECURED PARTY pursuant to provisions of this Security Agreement or holding the same for the account of DEBTOR. SECURED PARTY shall not be responsible in any way for any depreciation in the value of the COLLATERAL nor shall any duty of responsibility whatsoever rest upon SECURED PARTY to take necessary steps to preserve rights against prior parties or to enforce collection of the COLLATERAL by legal proceedings or otherwise.

The warranties, covenants, terms and agreements on the reverse side hereof are incorporated herein and made a part hereof for all intents and purposes. DEBTOR and SECURED PARTY as used in this Security Agreement include the heirs, executors, or administrators, successors or assigns of those parties.

Dated 12-17-69

Milk Producers, Inc.

by

Signature of DEBTOR

Assistant General Manager

DEBTOR WARRANTS, COVENANTS AND AGREES:

1. **Title**—Except for the security interest hereby granted, DEBTOR has, or upon acquisition will have, full fee simple title to Collateral free from any lien, security interest, encumbrance, or claim, and DEBTOR will at DEBTOR'S cost and expense defend any action which may affect SECURED PARTY'S security interest in or DEBTOR'S title to Collateral.

2. **Financing Statement**—That no Financing Statement covering Collateral or any part thereof is on file in any public office and at SECURED PARTY'S request DEBTOR will join in executing all necessary Financing Statements in forms satisfactory to SECURED PARTY and will pay the cost of filing same and will further execute all other necessary instruments deemed necessary by SECURED PARTY and pay the cost of filing same.

3. **Sale, lease, or disposition of Collateral**—DEBTOR will not, without written consent of SECURED PARTY sell, contract to sell, lease, encumber or dispose of Collateral or any interest therein until this Security Agreement and all debts secured thereby have been fully satisfied.

4. **Assignment of Security Agreement**—This Security Agreement, SECURED PARTY'S rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to SECURED PARTY, and DEBTOR will assert no claims or defenses he may have against SECURED PARTY against the Assignee except those granted in this Security Agreement. SECURED PARTY may at any time transfer the Collateral to itself or its nominee, receive income, including money, thereon and hold the income as Collateral or apply the income to any of DEBTOR'S indebtedness to SECURED PARTY. SECURED PARTY may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as SECURED PARTY, in its sole discretion, chooses. SECURED PARTY may delay exercising or omit to exercise any right or remedy under this Security Agreement without waiving that or any other past, present or future right or remedy, except in writing signed by SECURED PARTY.

5. **Repurchase of Collateral in Default**—DEBTOR shall upon demand of SECURED PARTY repurchase, in cash for the entire unpaid balance due, any Chattel Paper subject to this Security Agreement in which the account DEBTOR is in default under the terms and provisions of the note and/or Security Agreement evidencing said account.

6. **Additional Security Interest**—DEBTOR hereby grants to SECURED PARTY a security interest in all other property previously delivered to SECURED PARTY and all property hereinafter delivered to SECURED PARTY for the purpose of securing any indebtedness or obligation by DEBTOR to SECURED PARTY. Collateral includes, without limitations, DEBTOR'S reserve account, any stock rights, rights to subscribe, liquidating dividends, stock dividends paid in stocks, any securities, or other property which DEBTOR may hereafter become entitled to receive on the account of DEBTOR'S ownership or interest in Collateral and all proceeds and substitutions of Collateral all of which DEBTOR shall immediately deliver to SECURED PARTY and which shall be held by SECURED PARTY in the same manner as the property originally deposited as Collateral. The terms and provisions of this paragraph shall not be construed to mean that DEBTOR is authorized to sell or dispose of Collateral or any part thereof without SECURED PARTY'S consent.

7. **Taxes**—DEBTOR will pay promptly when due all taxes and assessments upon the Collateral or for its use and operation.

8. **Debtor Includes—Texas Law Applicable**—DEBTOR as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as DEBTOR. If more than one person executes this instrument as DEBTOR, their obligations under this instrument shall be joint and several. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined. The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

9. **Future Indebtedness**—The security interest hereby granted secures the indebtedness of DEBTOR to SECURED PARTY, direct or indirect, absolute or contingent, due or to become due, whether existing or hereafter arising.

10. **Decrease in Value of Collateral**—DEBTOR will, if in SECURED PARTY'S judgment the Collateral has materially decreased in value or if SECURED PARTY shall at any time deem that SECURED PARTY is insecure, either provide enough additional Collateral to satisfy SECURED PARTY or reduce the total indebtedness by an amount sufficient to satisfy SECURED PARTY. A call for additional Collateral may be oral or by telegram or by United States Mail addressed to the address of the DEBTOR shown on the front page hereof.

11. **Re-imbursement of expenses**—At SECURED PARTY'S option, SECURED PARTY may discharge taxes, liens, interest, or perform or cause to be performed for and in behalf of DEBTOR any actions and conditions, obligations or covenants which DEBTOR has failed or refused to perform and may pay for the preservation and protections of Collateral and all sums so expended, including but not limited, reasonable attorney's fees and other legal expenses incurred or paid by SECURED PARTY in exercising or protecting SECURED PARTY'S interest, rights and remedies under this Security Agreement, court costs, agent's fees, or commissions, or any other costs or expenses shall bear interest from the date of payment at the rate of 10% per annum and shall be payable at the place designated in the above described note and shall be secured by this Security Agreement.

12. **Payment**—DEBTOR will pay the note secured by this Security Agreement and any renewal or extension thereof and any other indebtedness hereby secured in accordance with the terms and provisions thereof and will repay immediately all sums expended by SECURED PARTY in accordance with the terms and provisions of this Security Agreement.

13. **Change of Residence or Place of Business**—DEBTOR will promptly notify SECURED PARTY of any change of DEBTOR'S residence, or chief place of business.

14. **Attorney-in-Fact**—DEBTOR hereby appoints SECURED PARTY DEBTOR'S attorney-in-fact to do any and every act which DEBTOR is obligated by this Security Agreement to do and to exercise all rights of DEBTOR in Collateral and to make collections and to execute any and all papers and instruments and to do all other things necessary to preserve and protect Collateral and to protect SECURED PARTY'S security interest in said Collateral.

15. **Time-Waiver**—DEBTOR agrees that in performing any act under this Security Agreement and the note secured thereby that time shall be of the essence and that SECURED PARTY'S acceptance of partial or delinquent payments, or failure of SECURED PARTY to exercise any right or remedy shall not be a waiver of any obligation of DEBTOR or right of SECURED PARTY or constitute a waiver of any other similar default subsequently occurring.

16. **Default**—DEBTOR shall be in default under this Security Agreement upon the happening of any of the following events or conditions:
    1. Default in the payment or performance of any note, obligation, covenant or liability contained or referred to herein;
    2. Any warranty, representation or statement made or furnished to SECURED PARTY by or in behalf of DEBTOR proves to have been false in any material respect when made or furnished;
    3. Any event which results in the acceleration of the maturity of the indebtedness of DEBTOR to others under any indenture, agreement or undertaking;
    4. The making of any levy, seizure, or attachment of any of the Collateral;
    5. Any time the SECURED PARTY believes that the prospect of payment of any indebtedness secured hereby or the performance of this Security Agreement is impaired;
    6. Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against DEBTOR or any guarantor or surety for DEBTOR.

17. **Remedies**—Upon the occurrence of any such event of default, and at any time thereafter, SECURED PARTY may declare all obligations secured hereby immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies provided by the Uniform Commercial Code of Texas, as well as all other rights and remedies possessed by SECURED PARTY. SECURED PARTY may, at SECURED PARTY'S option, sell, assign and deliver all or any part of Collateral at any Broker's Board or at public or private sale, without written notice or advertisement and bid and become purchaser at any public sale or at any Broker's Board. If notice to DEBTOR is required by the Uniform Commercial Code of Texas of public or private sale of any part of Collateral, as to that part of Collateral which the Uniform Commercial Code of Texas requires said notice, SECURED PARTY will give DEBTOR reasonable notice of the time and place of any public or private sale thereof and the requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of DEBTOR shown at the beginning of this Security Agreement at least five (5) days before the time of the sale of disposition. SECURED PARTY may apply the proceeds of any disposition of Collateral available for satisfaction of DEBTOR'S indebtedness and the expenses of sale in any order of preference which SECURED PARTY, in SECURED PARTY'S sole discretion possesses. DEBTOR shall remain liable for any deficiency.

LILLY EXHIBIT NO. 5

SECURITY AGREEMENT

(PLEDGE)

T. A. P. E. for benefit of Bob A. Lilly
Debtor's Name

1011 N. W. Military Highway | Bexar | San Antonio, Texas
Mail Address | City | County | State | Zip

(hereinafter called in accordance with the Uniform Commercial Code—DEBTOR) for value received hereby grants to

Citizens National Bank
Secured Party's Name

(hereinafter called in accordance with the Uniform Commercial Code—BANK) whose mail address is

P. O. Box 4595 | Austin | Travis | Texas
City | County | State | Zip

a security interest in and delivers to SECURED PARTY the following described property (which hereinafter is referred to as COLLATERAL) to-wit:

One (1) Citizens National Bank of Austin Certificate of Deposit No. CD219 for $100,000.00 issued to T. A. P. E.

to secure DEBTOR'S note to SECURED PARTY dated 12-17-69, 19____, for $100,000.00

DEBTOR WARRANTS, COVENANTS AND AGREES:

1. That all financial or credit statements deposited with or relied upon by SECURED PARTY prior to, contemporaneously with, or subsequent to execution of this Security Agreement are or will be true, correct, complete, valid and genuine.

2. That all investment securities, instruments, chattel paper and any like property delivered to SECURED PARTY as COLLATERAL: (a) are genuine, free from adverse claims or other security interest, default, prepayment or defenses; (b) all persons appearing to be obligated thereon have authority and capacity to contract and are bound thereon as they appear to be from the fact thereof; and (c) the same comply with applicable laws concerning form, content and manner or preparation and execution.

3. That DEBTOR owns the COLLATERAL and has the right to transfer any interest therein; the COLLATERAL is not subject to the interest of any third person; and DEBTOR will defend the COLLATERAL and its proceeds against the claims and demands of all third persons.

4. That DEBTOR shall pay prior to delinquency all taxes, charges, liens and assessments against the COLLATERAL, and upon DEBTOR'S failure to do so, SECURED PARTY at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Security Agreement and shall be paid to SECURED PARTY by DEBTOR immediately without demand, with interest thereon at the rate of ten per cent (10%) per annum.

5. SECURED PARTY'S duty with reference to the COLLATERAL shall be solely to use reasonable care in the custody and preservation of COLLATERAL in SECURED PARTY'S possession, and to receive collections, remittances and payments on such COLLATERAL as and when made and received by SECURED PARTY and the SECURED PARTY shall have the option of applying the amount or amounts so received, after deductions of any collection costs incurred, as payment upon any indebtedness of DEBTOR to SECURED PARTY pursuant to provisions of this Security Agreement or holding the same for the account of DEBTOR. SECURED PARTY shall not be responsible in any way for any depreciation in the value of the COLLATERAL nor shall any duty of responsibility whatsoever rest upon SECURED PARTY to take necessary steps to preserve rights against prior parties or to enforce collection of the COLLATERAL by legal proceedings or otherwise.

The warranties, covenants, terms and agreements on the reverse side hereof are incorporated herein and made a part hereof for all intents and purposes. DEBTOR and SECURED PARTY as used in this Security Agreement include the heirs, executors, or administrators, successors or assigns of those parties.

All references to DEBTOR shall also be applicable to OWNER OF COLLATERAL.

Dated 12-17-69

Trust for Agricultural Political Education

By: _____ Trustee

Signature of DEBTOR/OWNER OF COLLATERAL

DEBTOR WARRANTS, COVENANTS AND AGREES:

1. **Title**—Except for the security interest hereby granted, DEBTOR has, or upon acquisition will have, full fee simple title to Collateral free from any lien, security interest, encumbrance, or claim, and DEBTOR will at DEBTOR'S cost and expense defend any action which may affect SECURED PARTY'S security interest in or DEBTOR'S title to Collateral.

2. **Financing Statement**—That no Financing Statement covering Collateral or any part thereof is on file in any public office and at SECURED PARTY'S request DEBTOR will join in executing all necessary Financing Statements in forms satisfactory to SECURED PARTY and will pay the cost of filing same and will further execute all other necessary instruments deemed necessary by SECURED PARTY and pay the cost of filing same.

3. **Sale, lease, or disposition of Collateral**—DEBTOR will not, without written consent of SECURED PARTY sell, contract to sell, lease, encumber or dispose of Collateral or any interest therein until this Security Agreement and all debts secured thereby have been fully satisfied.

4. **Assignment of Security Agreement**—This Security Agreement, SECURED PARTY'S rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to SECURED PARTY, and DEBTOR will assert no claims or defenses he may have against SECURED PARTY against the Assignee except those granted in this Security Agreement. SECURED PARTY may at any time transfer the Collateral to itself or its nominee, receive income, including money, thereon and hold the income as Collateral or apply the income to any of DEBTOR'S indebtedness to SECURED PARTY. SECURED PARTY may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as SECURED PARTY, in its sole discretion, chooses. SECURED PARTY may delay exercising or omit to exercise any right or remedy under this Security Agreement without waiving that or any other past, present or future right or remedy, except in writing signed by SECURED PARTY.

5. **Repurchase of Collateral in Default**—DEBTOR shall upon demand of SECURED PARTY repurchase, in cash for the entire unpaid balance due, any Chattel Paper subject to this Security Agreement in which the account DEBTOR is in default under the terms and provisions of the note and/or Security Agreement evidencing said account.

6. **Additional Security Interest**—DEBTOR hereby grants to SECURED PARTY a security interest in all other property previously delivered to SECURED PARTY and all property hereinafter delivered to SECURED PARTY for the purpose of securing any indebtedness or obligation by DEBTOR to SECURED PARTY. Collateral includes, without limitations, DEBTOR'S reserve account, any stock rights, rights to subscribe, liquidating dividends, stock dividends paid in stocks, any securities, or other property which DEBTOR may hereafter become entitled to receive on the account of DEBTOR'S ownership or interest in Collateral and all proceeds and substitutions of Collateral all of which DEBTOR shall immediately deliver to SECURED PARTY and which shall be held by SECURED PARTY in the same manner as the property originally deposited as Collateral. The terms and provisions of this paragraph shall not be construed to mean that DEBTOR is authorized to sell or dispose of Collateral or any part thereof without SECURED PARTY'S consent.

7. **Taxes**—DEBTOR will pay promptly when due all taxes and assessments upon the Collateral or for its use and operation.

8. **Debtor Includes—Texas Law Applicable**—DEBTOR as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as DEBTOR. If more than one person executes this instrument as DEBTOR, their obligations under this instrument shall be joint and several. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined. The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

9. **Future Indebtedness**—The security interest hereby granted secures the indebtedness of DEBTOR to SECURED PARTY, direct or indirect, absolute or contingent, due or to become due, whether existing or hereafter arising.

10. **Decrease in Value of Collateral**—DEBTOR will, if in SECURED PARTY'S judgment the Collateral has materially decreased in value or if SECURED PARTY shall at any time deem that SECURED PARTY is insecure, either provide enough additional Collateral to satisfy SECURED PARTY or reduce the total indebtedness by an amount sufficient to satisfy SECURED PARTY. A call for additional Collateral may be oral or by telegram or by United States Mail addressed to the address of the DEBTOR shown on the front page hereof.

11. **Re-imbursement of expenses**—At SECURED PARTY'S option, SECURED PARTY may discharge taxes, liens, interest, or perform or cause to be performed for and in behalf of DEBTOR any actions and conditions, obligations or covenants which DEBTOR has failed or refused to perform and may pay for the preservation and protections of Collateral and all sums so expended, including but not limited, reasonable attorney's fees and other legal expenses incurred or paid by SECURED PARTY in exercising or protecting SECURED PARTY'S interest; rights and remedies under this Security Agreement, court costs, agent's fees, or commissions, or any other costs or expenses shall bear interest from the date of payment at the rate of 10% per annum and shall be payable at the place designated in the above described note and shall be secured by this Security Agreement.

12. **Payment**—DEBTOR will pay the note secured by this Security Agreement and any renewal or extension thereof and any other indebtedness hereby secured in accordance with the terms and provisions thereof and will repay immediately all sums expended by SECURED PARTY in accordance with the terms and provisions of this Security Agreement.

13. **Change of Residence or Place of Business**—DEBTOR will promptly notify SECURED PARTY of any change of DEBTOR'S residence, or chief place of business.

14. **Attorney-in-Fact**—DEBTOR hereby appoints SECURED PARTY DEBTOR'S attorney-in-fact to do any and every act which DEBTOR is obligated by this Security Agreement to do and to exercise all rights of DEBTOR in Collateral and to make collections and to execute any and all papers and instruments and to do all other things necessary to preserve and protect Collateral and to protect SECURED PARTY'S security interest in said Collateral.

15. **Time-Waiver**—DEBTOR agrees that in performing any act under this Security Agreement and the note secured thereby that time shall be of the essence and that SECURED PARTY'S acceptance of partial or delinquent payments, or failure of SECURED PARTY to exercise any right or remedy shall not be a waiver of any obligation of DEBTOR or right of SECURED PARTY or constitute a waiver of any other similar default subsequently occurring.

16. **Default**—DEBTOR shall be in default under this Security Agreement upon the happening of any of the following events or conditions:
    1. Default in the payment or performance of any note, obligation, covenant or liability contained or referred to herein;
    2. Any warranty, representation or statement made or furnished to SECURED PARTY by or in behalf of DEBTOR proves to have been false in any material respect when made or furnished;
    3. Any event which results in the acceleration of the maturity of the indebtedness of DEBTOR to others under any indenture, agreement or undertaking;
    4. The making of any levy, seizure, or attachment of any of the Collateral;
    5. Any time the SECURED PARTY believes that the prospect of payment of any indebtedness secured hereby or the performance of this Security Agreement is impaired;
    6. Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against DEBTOR or any guarantor or surety for DEBTOR.

17. **Remedies**—Upon the occurrence of any such event of default, and at any time thereafter, SECURED PARTY may declare all obligations secured hereby immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies provided by the Uniform Commercial Code of Texas, as well as all other rights and remedies possessed by SECURED PARTY. SECURED PARTY may, at SECURED PARTY'S option, sell, assign and deliver all or any part of Collateral at any Broker's Board or at public or private sale, without written notice or advertisement and bid and become purchaser at any public sale or at any Broker's Board. If notice to DEBTOR is required by the Uniform Commercial Code of Texas of public or private sale of any part of Collateral, as to that part of Collateral which the Uniform Commercial Code of Texas requires said notice, SECURED PARTY will give DEBTOR reasonable notice of the time and place of any public or private sale thereof and the requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of DEBTOR shown at the beginning of this Security Agreement at least five (5) days before the time of the sale of disposition. SECURED PARTY may apply the proceeds of any disposition of Collateral available for satisfaction of DEBTOR'S indebtedness and the expenses of sale in any order of preference which SECURED PARTY, in SECURED PARTY'S sole discretion possesses. DEBTOR shall remain liable for any deficiency.

Note Transactions

Citizens Nate. Bank of Austin	Number	Dated	Due Date	Amount	Date	Payments Amount	Balance	Interest	Remarks	Unidentified Payments	Unidentified Interest
	11169	12-17-69	2-17-70	(A) 10000000	12-17-69	500000	9500000				
					2-2-70	1600000	8000000				
					2-11-70	2823177 (C)	5176823	118823	Renewed by Note 11772	600000	
Citizens Nate. Bank of Austin	11772	2-13-70	4-18-70	5176823			5176823		Renewed by Note 12438		
Citizens Nate. Bank of Austin	12438	4-13-70	6-13-70	5176823	4-17-70	426446	4750377 (E)	25465	Renewed by Note 13089	426446	
Citizens Nate. Bank of Austin	13089	6-12-70	8-12-70	4750377	6-15-70	750377 (I)	4000000	41727			
					6-6-70	548850	3451150	40817	Renewed by Note 13647		
Citizens Nate. Bank of Austin	13647	8-6-70	10-6-70	3451150	9-9-70	600000 (M)					
						14138	2836012			14138	
					9-17-70	1500000 (S)	1336012				
					9-22-70	400000 (V)	936012				
					10-6-70	500000 (X)	436012	38946	Renewed by Note 14384		
Citizens Nate. Bank of Austin	14384	10-7-70	12-4-70	436012	11-16-70	436012 (Z)	-0-	4027			
Citizens Nate. Bank of Austin	12629	5-5-70	7-5-70	(K) 1000000	6-30-70	200000 (G)	800000	12917	Renewed by Note 13229		
Citizens Nate. Bank of Austin	13229	6-30-70	8-30-70	800000	8-4-70	400000 (P)					
						400000	-0-	10329			
Citizens Nate. Bank of Austin	14473	10-12-70	12-12-70	(L) 1250000	12-10-70	500000 (U)	750000	16146	Renewed by Note 15243		
Citizens Nate. Bank of Austin	15243	12-10-70	2-10-71	750000	1-26-71	760000 (W)	-0-	6854			
Citizens Nate. Bank of Austin	13936	8-27-70	10-1-70	(J) 1380000	9-9-70	1380000 (Q)	-0-	4000			
Citizens Nate. Bank of Austin	14584	10-22-70	12-22-70	(N) 500000	12-18-70	500000 (Y)	-0-	6042			
Citizens Nate. Bank of Austin	18844	8-17-71	10-17-71	(O) 1000000	10-8-71	400000					
						100000 (1A)	-0-	9389			
Citizens Nate. Bank of Austin	17266	5-4-71	7-4-71	(R) 1000000			1000000		Renewed by Note 18196		
Citizens Nate. Bank of Austin	18196	7-2-71	9-2-71	1000000	7-2-71	189167 (B)	810833	10833			
					8-30-71	491216 (N)	319617	8184	Renewed by Note 19056		
Citizens Nate. Bank of Austin	19056	8-30-71	10-16-71	319617	9-17-71	199260	120357				
					10-8-71	120357 (A)	-0-	1495			
Citizens Nate. Bank of Austin	19209	9-10-71	10-16-71	100000	9-17-71	100000	-0-	150			
				(A) 14,300.00		162,300.00	-0-	372398		9,425.84	

LILLY EXHIBIT No. 6

5999

Citizens National Bank of Austin

Account No. 41-487-E

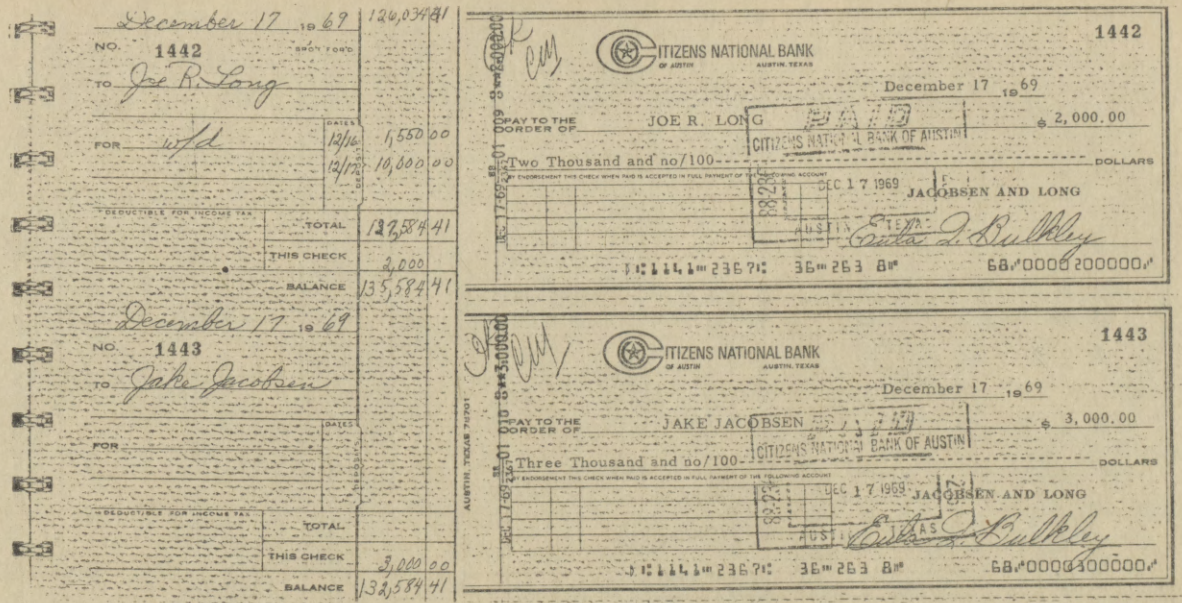
Date		Ck. No.	Disbursements: Amount	Disbursements: Treas Bill	Note Pay: Principal	Note Pay: Interest	Minnesota Demo Campaign Comm	Cash		Miscellaneous: Amount	Miscellaneous: Item
1/7/70	Citizens Natl Bank	D/m	2388000	2388000							
2/11/70	Citizens Natl Bank	D/m	2942000		2823177 (1)	118823					
4/14/70	Citizens Natl Bank		25465		(14)	25465					
5/4/70	Minnesota Demo. Camp. Comm	105	1000000				1000000				
6/11/70	Minnesota Demo Camp Comm	106	145000				145000				
6/12/70	First Natl Bank of Eyant	107	50000							50000	
6/12/70	Citizens Natl Bank	108	812104		750377 (2)	61727					
6/19/70	Cash	109	20000					20000	Speaker of House Gus Mutscher		
6/30/70	Citizens Natl Bank	110	212917		200000 (6)	12917					
6/30/70	Cash	111	20000					20000	Speaker of House Gus Mutscher		
7/21/70	Cash	112	20000					20000			
8/6/70	Citizens Natl Bank	113	400000		400000 (11)						
8/6/70	Cash	114	20000					20000	Speaker of House Gus Mutscher (Postage)		
8/20/70	Cash	115	20000					20000			
8/27/70	Asso. Milk Prod., Inc.	116	1384000		1380000 (4)	4000					
8/29/70	Hutchins	117	64077							64077	
9/17/70	Citizens Natl Bank	118	1500000		1500000 (3)						
9/9/70	Citizens Natl. Bank	119	600000		600000 (12)						
9/22/70	Citizens Natl Bank	120	400000		400000 (4)						
9/28/70	Community Natl Bank	121	224400							224400	
9/28/70	Bowie Natl Bank	122	207899							207899	
10/5/70	Citizens Natl Bank	123	533996		500000 (13)	33996					
11/16/70	Cash	124	120000					120000	X Beall (Marion Harrison)		
11/16/70	Citizens Natl Bank	125	439039		435012 (5)	4027					
11/23/70	Futura Press	126	14397							14397	Bill Heatly
12/10/70	Citizens Natl Bank	D/m	516146		500000 (7)	16146					
12/18/70	Citizens Natl Bank	127	506042		500000 (10)	6042					
1/26/71	Citizens Natl Bank	128	866854		750000 (8)	6854		100000	Speaker of House Gus Mutsher Travel		
3/3/71	Cash	129	30000					30000	?		
3/31/71	Cash	130	410000					410000	Gleason ? (Marion Harrison)		
4/26/71	McBud + Gaines	131	10000							10000	Mutscher
4/30/71	Cash	132	15000					15000	Lt Gov Ben Barnes Contribution		
5/10/71	Cash	133	10000					10000	19 Mors House Livestock Comm Luncheon—Villa Capri Rest.		
5/19/71	Cash	134	30000					30000	State Rep. W.S. Heatly App. Dinner-Munday, Tex.		
6/4/71	Holy Cross Hospital	135	6000							6000	
6/29/71	Citizens Natl. Bank	136	200000		189167 (11)	10833					
6/22/71	Citizens Natl Bank	D/m	644							644	Bank Book
8/30/71	Citizens Natl Bank	137	500000		491216 (14)	8784					
10/7/71	Cash	138	231251		220367 (16)	10884					
11/10/71	Citizens Natl Bank	139	109606					109606	Close Bank Acct.		
			16994837	2388000	11639316	320498	1145000	924606		577417	

(...) - Personal

CITIZENS NATIONAL BANK OF AUSTIN

ACCOUNT NO. 41-487-5

Date	Deposits: Amount	Deposits: Currency	James R. Jones	Stuart H. Russell	Ted Van Dyk Madison Natl Bank	Sou Farm Bur	Treas Bills: Principal	Treas Bills: Int Earn.	Citizens Natl Bank Note #12639	Joe Long and Jake Jacobsen	Citizens Natl. Bank Note #13936	Kirby Jones/ Riggs Natl Bk. Wash. D.C.	De Vier Person	Cliff [illegible]	Frank Masters	Dick Maguire	Citizens Natl. Bank Note #18844
12/31/69	1350000	50000	500000	500000													
1/5/70	100000													300000			
1/8/70	1000000				1000000										100000		
1/20/70	500000			500000													
2/4/70	2400000						2388000	12000									
4/17/70	664837					664837											
5/5/70	1000000								1000000								
5/6/70	500000		500000														
6/15/70	500000									500000							
6/18/70	250000																
7/21/70	500000			500000										150000		100000	
8/27/70	400000																
8/27/70	1380000										1380000			150000		250000	
9/15/70	1450000					750000						1000000					
9/25/70	400000																
4/28/70	250000														400000		
10/5/70	600000													250000			
10/5/70	500000			500000											100000	500000	
11/12/70	500000			500000													
12/18/70	500000			500000													
1/19/71	750000			750000													
3/12/71	500000			500000													
4/1/71	100000			100000													
7/1/71	100000			100000													
7/24/71	100000			100000													
8/25/71	400000			400000													
9/27/71	300000			300000													
⬭ - PERSONAL	16494837	50000	1000000	5250000	1000000	1114837	2388000	12000	1000000	500000	1380000	1000000	-0-	850000	600000	850000	
	PRINCIPAL	INTEREST															
9/17/71 CASH PAYMENTS ON NOTES	294250	750															
10/8/71 〃 〃 〃 〃	500000													150000		150000	
12/17/69 CASH PAYMENTS ON NOTES	500000																500000
2/2/70 〃 〃 〃 〃	1000000									500000							
8/6/70 〃 〃 〃 〃	548850	40817								500000			500000				
8/6/70 〃 〃 〃 〃	400000	10333								589667							
10/8/70 CASH PAYMENTS ON NOTES	400000			400000						410333							
	3648100	51900		400000						2000000			500000	150000		150000	500000
	20694837	50000	1000000	5650000	1000000	1114837	2388000	12000	1000000	2500000	1380000	1000000	500000	1000000	600000	1000000	500000



December 17 19 69 — 124,034 41

NO. 1442 — SPOT FORD

TO Joe R. Long

FOR Wld — DATES 12/16 — 1,550 00; 12/17 — 10,000 00

DEDUCTIBLE FOR INCOME TAX

TOTAL — 132,584 41

THIS CHECK — 2,000

BALANCE — 130,584 41

December 17 19 69

NO. 1443

TO Jake Jacobsen

FOR — DATES

DEDUCTIBLE FOR INCOME TAX

TOTAL

THIS CHECK — 3,000 00

BALANCE — 132,584 41

CITIZENS NATIONAL BANK OF AUSTIN — AUSTIN, TEXAS

1442

December 17 19 69

PAY TO THE ORDER OF JOE R. LONG — $ 2,000.00

Two Thousand and no/100 — DOLLARS

CITIZENS NATIONAL BANK OF AUSTIN — PAID

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT

DEC 17 1969

JACOBSEN AND LONG

AUSTIN, TEXAS

Estate of Lilly

⑆114⑆23671 36⑈263 8⑈ 68⑈0000200000⑈

CITIZENS NATIONAL BANK OF AUSTIN — AUSTIN, TEXAS

1443

December 17 19 69

PAY TO THE ORDER OF JAKE JACOBSEN — $ 3,000.00

Three Thousand and no/100 — DOLLARS

CITIZENS NATIONAL BANK OF AUSTIN

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT

DEC 17 1969

JACOBSEN AND LONG

AUSTIN, TEXAS

Estate of Lilly

⑆114⑆23671 36⑈263 8⑈ 68⑈0000300000⑈

Jake Jacobsen
Bob a Lilly

FIRST NATIONAL BANK, P.E.D.
CITIZENS NATIONAL
BANK OF AUSTIN
AUSTIN, TEXAS

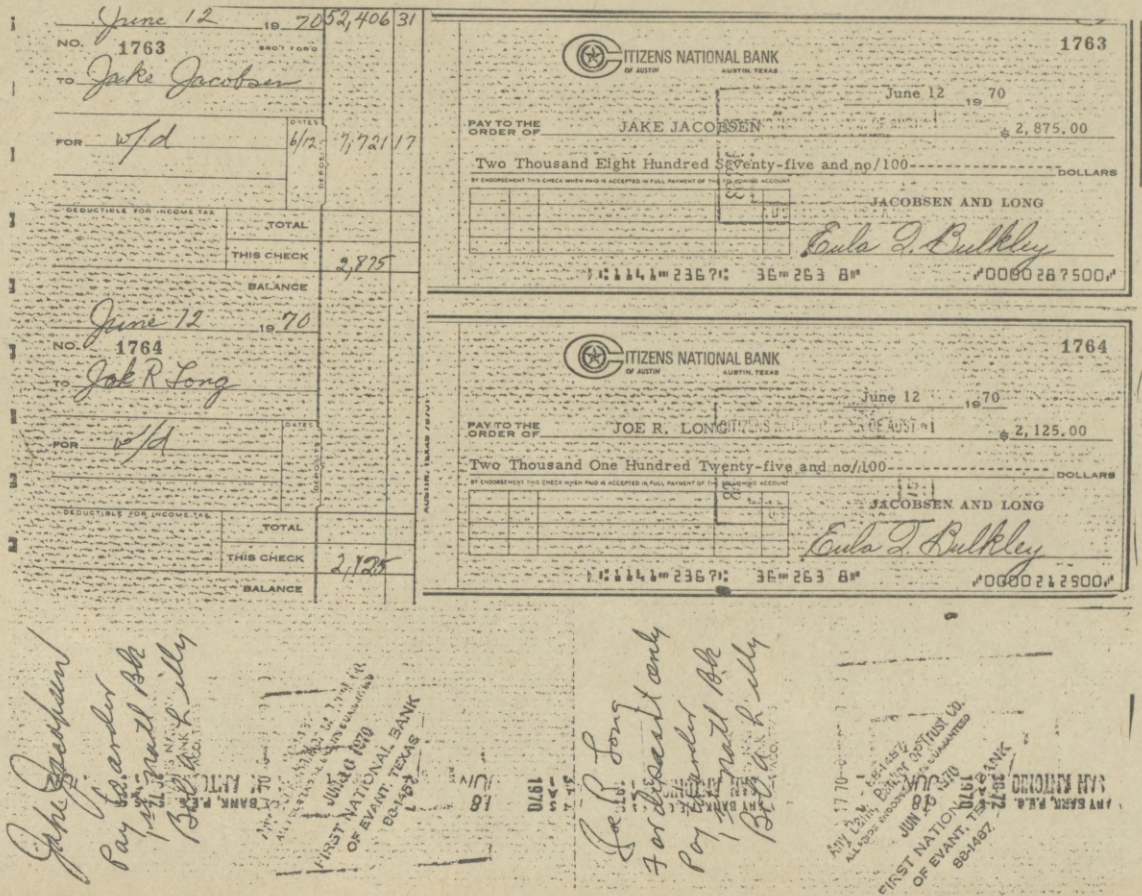
DEC 17 69 020 3372

Joe R Long
Bob a Lilly

FIRST NATIONAL BANK, P.E.D.
CITIZENS NATIONAL
BANK OF AUSTIN
AUSTIN, TEXAS

DEC 17 69 020 3373

LILLY EXHIBIT NO. 7



June 12 19 70 — 2,406 31

NO. 1763 — BROT FORD

TO Jake Jacobsen

FOR W/d — DATES DEPOSITED 6/12 — 7,721 17

DEDUCTIBLE FOR INCOME TAX

TOTAL

THIS CHECK 2,875

BALANCE

June 12 19 70

NO. 1764

TO Jok R Long

FOR W/d

DEDUCTIBLE FOR INCOME TAX

TOTAL

THIS CHECK 2,125

BALANCE

AUSTIN, TEXAS 78701

CITIZENS NATIONAL BANK OF AUSTIN, AUSTIN, TEXAS

1763

June 12 19 70

PAY TO THE ORDER OF JAKE JACOBSEN $ 2,875.00

Two Thousand Eight Hundred Seventy-five and no/100 DOLLARS

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT

JACOBSEN AND LONG

Eula D. Bulkley

⑆114⑆2367⑆ 36⑆263 8⑈ ⑈0060 28 7500⑈

CITIZENS NATIONAL BANK OF AUSTIN, AUSTIN, TEXAS

1764

June 12 19 70

PAY TO THE ORDER OF JOE R. LONG $ 2,125.00

Two Thousand One Hundred Twenty-five and no/100 DOLLARS

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT

JACOBSEN AND LONG

Eula D. Bulkley

⑆114⑆2367⑆ 36⑆263 8⑈ ⑈0060 21 2500⑈

Jake Jacobsen
Pay to the order of
1st National Bank
Austin, Texas
For Deposit Only
Jacobsen & Long

JUN 18 1970
FIRST NATIONAL BANK OF EVANT, TEXAS
88-1487

Joe R. Long
For Deposit Only
Pay to the order of
1st National Bank
Austin, Texas
Joe R. Long

JUN 18 1970
FIRST NATIONAL BANK OF EVANT, TEXAS
88-1487

LILLY EXHIBIT No. 8

6003

LILLY EXHIBIT NO. 9

JACOBSEN & LONG

WESTGATE
P. O. BOX 222
AUSTIN, TEXAS 78767
512-472-1131

SEMER & JACOBSEN
1156 FIFTEENTH ST., N.W.
WASHINGTON, D. C. 20005
202-659-2900

January 6, 1970

Mr. Bob Lilly
Associated Milk Producers, Inc.
1011 N. W. Military Highway
San Antonio, Texas

Dear Bob:

Subject: Cause No. 68-H-930, Marketing Assistance Plan, Inc., et al v. South Texas Producers Association, et al

Enclosed is our bill for services rendered in connection with the captioned case, as we discussed.

With best wishes.

Sincerely yours,

Joe R. Long

JRL:eqb
Enclosure

JAKE JACOBSEN JOE R. LONG GARY EVATT, ASSOCIATE

ok
AHL

JACOBSEN & LONG

WESTGATE
P.O. BOX 222
AUSTIN, TEXAS 78767
512-472-1131

SEMER & JACOBSEN
1156 FIFTEENTH ST., N.W.
WASHINGTON, D.C. 20005
202-659-2900

January 6, 1970

Associated Milk Producers, Inc.
1011 N. W. Military Highway
San Antonio, Texas

Attention Mr. Bob Lilly

For professional services rendered in connection with Cause No. 68-H-930 Marketing Assistance Plan, Inc., et al v. South Texas Producers Association, et al. $10,000.00

Thank you.

eqb

	BY	DATE
CHARGE ACCOUNT NO.	RV	
APPROVED FOR PAYMENT	HF	1-20-70
CHECKED FIGURES		
PAID — CHECK NO.	261	

Bob Isham
This is a special billing from Joe Long

JAKE JACOBSEN JOE R. LONG GARY EVATT, ASSOCIATE

ASSOCIATED MILK PRODUCERS, INC.
PHONE A/C 512 344-1392 TELEX 76-7446
P. O. BOX 32287
SAN ANTONIO, TEXAS 78216

№ 261 √ 30-2/1140

January 20, 1970

PAY REGISTERED D-23317 10000 dollars 00 cts $10,000.00

TO THE ORDER OF

ASSOCIATED MILK PRODUCERS, INC.

Jacobsen & Long
Westgate
P. O. Box 222
Austin, Texas 78767

VOID VOID VOID VOID

Robert O. Bohan

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

REMITTANCE STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
1/6/70		Legal Fees			10,000.00

6 07 1601

6006

LILLY EXHIBIT NO. 10

JACOBSEN & LONG

WESTGATE
P. O. BOX 222
AUSTIN, TEXAS 78767
512-472-1131

SEMER & JACOBSEN
1156 FIFTEENTH ST., N.W.
WASHINGTON, D. C. 20005
202-659-2900

April 21, 1970

Mr. Bob Lilly
Associated Milk Producers, Inc.
1011 N. W. Military Highway
San Antonio, Texas 78213

Dear Bob:

Enclosed is the bill with regard to Associated Milk Producers, et al. v. Texas Animal Health Commission which you requested.

With best wishes.

Sincerely yours,

Joe R. Long

JRL:eqb
Enclosure

BY DATE
CHARGE ACCOUNT NO.
APPROVED FOR PAYMENT
CHECKED FIGURES
PAID — CHECK NO.

JAKE JACOBSEN JOE R. LONG GARY EVATT, ASSOCIATE

JACOBSEN & LONG

WESTGATE
P.O. BOX 222
AUSTIN, TEXAS 78767
512-472-1131

SEMER & JACOBSEN
1156 FIFTEENTH ST., N.W.
WASHINGTON, D.C. 20005
202-659-2900

April 21, 1970

Associated Milk Producers, Inc.
1011 N. W. Military Highway
San Antonio, Texas 78213

Attention Mr. Bob Lilly

For professional services rendered in connection with Cause No. 179,227, Associated Milk Producers, et al. v. Texas Animal Health Commission, et al. . . $10,000.00

Thank you.

eqb

607601

JAKE JACOBSEN JOE R. LONG GARY EVATT, ASSOCIATE

ASSOCIATED MILK PRODUCERS, INC.

PHONE A/C 512 344-1392 TELEX 76-7446
P. O. BOX 32287
SAN ANTONIO, TEXAS 78216

Nº 1110 ✓ 30-2 / 1140

April 25, 19 70

PAY REGISTERED 0-23317 10000 dol's 00 cts $ 10,000.00

TO THE ORDER OF

JACOBSEN & LONG
P. O. BOX 222
AUSTIN, TEXAS 78767

ASSOCIATED MILK PRODUCERS, INC.

VOID — VOID — VOID — VOID

Robert O. [illegible]

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

REMITTANCE STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
4/21/70		Legal Fees		6-07-16-01	10,000.00

6009

LILLY EXHIBIT NO. 11

JACOBSEN & LONG

WESTGATE
P. O. BOX 222
AUSTIN, TEXAS 78767
512-472-1131

SEMER, WHITE & JACOBSEN
1156 FIFTEENTH ST., N.W.
WASHINGTON, D. C. 20005
202-659-2900

July 16, 1970

Associated Milk Producers, Inc.
1011 N. W. Military Highway
San Antonio, Texas

For professional services rendered in connection with Cause No. 179, 227, Associated Milk Producers, et al v. Texas Animal Health Commission, et al .	$10,000.00
For professional services rendered in connection with matters pending before the State Health Department	6,000.00
For professional services rendered in connection with cooperatives in Minnesota	6,000.00
Total	$22,000.00

Thank you.

eqb

CHARGE ACCOUNT NO.
APPROVED FOR PAYMENT
CHECKED FIGURES
PAID — CHECK NO.

DATE

RECEIVED JUL 20 1970

JAKE JACOBSEN JOE R. LONG GARY EVATT, ASSOCIATE

ASSOCIATED MILK PRODUCERS, INC.

PHONE A/C 512 344-1392 TELEX 76-7446
P. O. BOX 32287
SAN ANTONIO, TEXAS 78216

Nº 1833 √ 30-2 / 1140

July 22, 19 70

PAY REGISTERED 22000 dollars 00 cts $ 22,000.00
TO THE ORDER OF

JACOBSEN & LONG
WESTGATE
P. O. BOX 2222
AUSTIN, TEXAS 78767

ASSOCIATED MILK PRODUCERS, INC.

VOID VOID VOID VOID VOID VOID

Robert A. Schaum

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

REMITTANCE STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
7/16/70		Legal Fees		6-08-16-01	22,000.00

6011

LILLY EXHIBIT NO. 12

JACOBSEN & LONG

WESTGATE
P. O. BOX 222
AUSTIN, TEXAS 78767
512-472-1131

SEMER, WHITE & JACOBSEN
1156 FIFTEENTH ST., N.W.
WASHINGTON, D. C. 20005
202-659-2900

August 31, 1970

Mr. Bob Lilly
Associated Milk Producers, Inc.
1011 N. W. Military Highway
San Antonio, Texas

Dear Bob:

I enclose our statement for services rendered in accordance with our conversation of last week.

With best wishes.

Sincerely yours,

Joe

Joe R. Long

JRL:eqb

JAKE JACOBSEN JOE R. LONG GARY EVATT, ASSOCIATE

as per instructions by Bob Lilly by phone 9-1-70

OK BAL 64 KB

JACOBSEN & LONG

WESTGATE
P. O. BOX 222
AUSTIN, TEXAS 78767
512-472-1131

SEMER, WHITE & JACOBSEN
1156 FIFTEENTH ST., N. W.
WASHINGTON, D. C. 20005
202-659-2900

August 31, 1970

Associated Milk Producers, Inc.
1011 N. W. Military Highway
San Antonio, Texas

For professional services rendered in connection with Cause No. 179, 227, Associated Milk Producers, et al v. Texas Animal Health Commission, et al . .	$ 8,000.00
For professional services rendered in connection with the drafting of bills to be presented to the Texas Legislature and for preliminary committee work with regard to same	12,000.00
For professional services rendered in connection with research for opinion request to the Attorney General of Texas . .	2,000.00
Total	$22,000.00

Thank you.

eqb

	BY	DATE
CHARGE ACCOUNT NO.		
APPROVED FOR PAYMENT		
CHECKED FIGURES	AF	9-1-70
PAID — CHECK NO.	2246	

JAKE JACOBSEN JOE R. LONG GARY EVATT, ASSOCIATE

ASSOCIATED MILK PRODUCERS, INC.

PHONE A/C 512 344-1392 TELEX 76-7446
P. O. BOX 32287
SAN ANTONIO, TEXAS 78216

No. 2246 √ 30-2 / 1140

September 1, 1970

PAY Twenty-two thousand and 00 cts $ 22,000.00

TO THE ORDER OF

JACOBSEN & LONG
WESTGATE
P. O. BOX 222
AUSTIN, TEXAS 78767

ASSOCIATED MILK PRODUCERS, INC.

Robert O. Lehmann

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

6014

REMITTANCE STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
8/31/70		Legal Fees		6-08-16-01	22,000.00

LILLY EXHIBIT NO. 13

December 22, 1969

Dear Harold:

Per my discussion today with Bob Lilly, I am submitting the enclosed invoice.

With best personal wishes,

Sincerely,

Ted Van Dyk

Mr. Harold Nelson
Milk Producers, Inc.
1011 NW Military
San Antonio, Texas 78213

Enclosure

bcc: Bob Lilly

MILK PRODUCERS, INC.
1011 N. W. MILITARY
SAN ANTONIO, TEXAS 75213

No. 957

December 22, 19 69

PAY REGISTERED D-29317 18050 dollars 00 cts $18,050.00

TO THE ORDER OF

Ted Van Dyke
1224 17th Street N.W.
Washington, D.C. 20036

MILK PRODUCERS, INC.

NOT NEGOTIABLE

MERCANTILE BANK & TRUST
SAN ANTONIO, TEXAS

[redacted] [redacted]

MILK PRODUCER INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	OUR NUMBER	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
12/22/69		Professional Services				18,050.00

6-07-16-99

GrayLine "SNAP-A-WAY" FORM 44-731 3-PARTS

WILSON JONES COMPANY © 1961 PRINTED IN U.S.A.

6016

601705

TED VAN DYK ASSOCIATES, INC.

1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 783-3337

December 22, 1969

TO: Milk Producers, Inc.
1011 NW Military
San Antonio, Texas 78213

Expenses, October-December, 1969
Retainer, January-March, 1970 $18,050

Pd 12-22-69
#957

REQUEST FOR CHECK

TO DEPT: _____ DATE: 12-22-69

ISSUE CHECK TO: _____ AMOUNT: 18,050

Ted Van Dyke
1224 17th St. N.W.
Washington, D.C. 20036.

CHARGE TO ACCOUNT OR ACCOUNT NO. _____

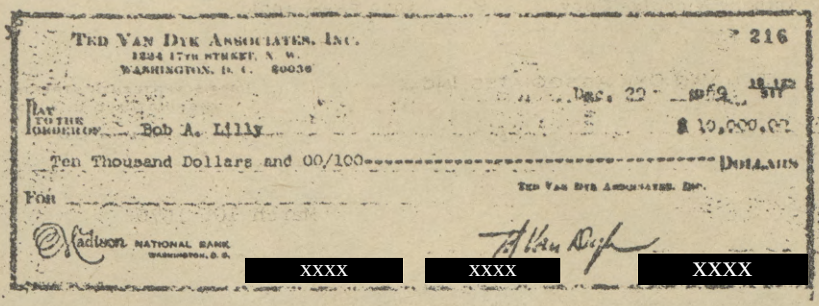
Professional Services

CHARGE ACCOUNT NO.
APPROVED FOR PAYMENT
CHECKED FIGURES
PAID — CHECK NO. _____ DATE _____ BY _____

REQUESTED BY _____ APPROVED BY _____

(Stout in mail to San Antonio)

LILLY EXHIBIT NO. 14



TED VAN DYK ASSOCIATES, INC.
1224 17TH STREET, N. W.
WASHINGTON, D. C. 20036

216

Dec. 22 1969 18 1/2 / 917

PAY TO THE ORDER OF Bob A. Lilly $ 10,000.00

Ten Thousand Dollars and 00/100 DOLLARS

TED VAN DYK ASSOCIATES, INC.

FOR

Madison NATIONAL BANK
WASHINGTON, D. C.

[redacted] [redacted] [redacted]

For deposit only
Bob A. Lilly

LILLY EXHIBIT NO. 15

Anthony Nicholas Copy 1969 Form 1099

TED VAN DYK ASSOCIATES, INC.
1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 783-3337

March 10, 1970

Dear Bob:

As protection for both of us, you will be receiving a withholding slip for the $10,000--just as I received one.

That closes the circle and keeps us beyond question.

Hope to see you soon.

With best wishes,

Sincerely,

Ted Van Dyk

Mr. Bob A. Lilly
Associated Milk Producers, Inc.
1011 N. W. Military
San Antonio, Texas 78213

1

Form 1099 U.S. INFORMATION RETURN FOR CALENDAR YEAR 1969 Copy A
(See Instructions on Form 1096) For Internal Revenue Service

OMB 16-R0231-1

1. Gross dividends and other distributions on stock	INTEREST: 2. Earnings from savings and loan associations, credit unions, etc.	INTEREST: 3. Other interest. Do not include amounts reportable in column 2	4. Patronage dividends and certain other distributions by cooperatives	5. Rents and royalties	6. Annuities, pensions, and other fixed or determinable income	7. Commissions, fees, prizes and awards, etc. to nonemployees, and foreign items. (Do not report W-2 items)
						10,000.00

Type or print taxpayer identifying number ⟶ 463-12-7298

Bob A. Lilly
1113 West Hollywood
San Antonio, Texas 78212

TO WHOM PAID Type or print name and address (include ZIP code). If account is for multiple payees with different surnames or it includes the name of a fiduciary, trust, or estate, designate the name of the individual or entity to whom the identifying number belongs.

TED VAN Dyk Associates, Inc.
1111 17th Street, N.W.
Washington, DC. 20036
52-0893941

BY WHOM PAID (Name, address (include ZIP code), and identifying number)
U.S. Treasury Department, Internal Revenue Service

LILLY EXHIBIT NO. 16

TED VAN DYK ASSOCIATES, INC.

1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 783-3337

August 27, 1970

Mr. Bob Lilly
Associated Milk Producers Inc.
GPM Building
San Antonio, Texas 78216

Dear Bob:

Per our discussion earlier today, please see the attached invoice for processing. See you in Washington on the 10th, or thereabouts.

With best wishes.

Sincerely,

Ted Van Dyk

RECEIVED SEP 2 '70

(K-KB) 9-2-70 as per instructions from Bob Lilly on telephone this date-

TED VAN DYK ASSOCIATES, INC.

1224 SEVENTEENTH STREET, N. W.
WASHINGTON, D. C. 20036
(202) 763-3337

August 28, 1970

TO: Associated Milk Producers
GPM Building
San Antonio, Texas 78216

Retainer, October-December 1970	$ 6,250.00
Direct Expense, July-August, 1970	12,805.72
Total	$19,055.72

	BY	DATE
CHARGE ACCOUNT NO.		
APPROVED FOR PAYMENT		9-4-70
CHECKED FIGURES	PF	
PAID — CHECK NO.	2281	

6023

ASSOCIATED MILK PRODUCERS, INC.
PHONE A/C 512 344-1392 TELEX 76-7446
P. O. BOX 32287
SAN ANTONIO, TEXAS 78216

No. 2281 30-2/1140

September 4, 19 70

PAY REGISTERED 0-23217 19055 dollars 72 cts $19,055.72
TO THE ORDER OF

ASSOCIATED MILK PRODUCERS, INC.

TED VAN DYK ASSOCIATES, INC.
1224 Seventeenth Street, N.W.
Washington, D. C. 20036

Robert O. [illegible]

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

REMITTANCE STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK

ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
8/28/70		Legal Fees - October-December 1970		6-08-16-01	6,250.00
		Legal Expenses - July - August 1970		6-08-16-02	12,805.72

LILLY EXHIBIT NO. 17

4/17/70

Muskie

Called Milt Semer, Washington, D. C. 4/16/70. Milt Semer discussed the Muskie Election Committee which is the official name of the fund raising machinery to get Muskie re-elected as Senator from the State of Maine.

Semer stated that Ted Van Dyk had contacted him and informed Milt Semer that AMPI was ready to contribute $ 5,000 to the Muskie campaign.

Semer was quite amazed that Ted Van Dyk would have passed this information along to him. I informed Semer that I had no knowledge of why Ted Van Dyk had contacted him to give him this information.

Semer suggested that if we did contribute that we not contribute this amount at this time, but hold it on a much lower scale, and he would look upon AMPI to be held in reserve. I assume from that that he means contributing in the neighborhood of $ 1,500 to $ 2,000 on the first contribution we might make to Semer.

Semer asked me to check out Mr. Martin Hauan. He is a political PR man, 1100 Sheraton Hotel, Oklahoma City--telephone no. CE 6-0931. Semer informed me that Hauan is among the anti-Kerr forces in the state of Oklahoma and his current assignment according to the information he had given Semer is to work for the election of Howard Edmundson, ex-Congressman, for the Governorship of the state of Oklahoma. Semer stated he is a smooth dresser--rather suave sort of person, very candid--and he did not know him and wanted me to check him out.

Hauan had volunteered to head up Muskie forces in the state of Oklahoma if Semer saw fit for him to do this in a low-key manner, but Semer seems to have some doubt about him as he questioned him on several people that certainly are known politically in Oklahoma and Hauan was not too well advised on them.

A TRUE COPY

LILLY EXHIBIT NO. 18

TED VAN DYK ASSOCIATES, INC.

1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 783-3337

September 14, 1970

TO: Bob Lilly

FROM: Ted Van Dyk

RE: Whittemore check

Bob, per our discussion, please tear-up the signed receipt for the Whittemore check. The check itself has been destroyed on this end.

A new check for $1,000 to "Maine for Muskie" should be drawn to replace it. Please send it directly, with new receipt for signature, to Mr. Robert Nelson Room 1004, 1660 L Street, N.W., Washington, D. C.

Many thanks.

LILLY EXHIBIT NO. 19

TED VAN DYK ASSOCIATES, INC.

1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 783-3337

Lilly
with
Van Dyke
letter
7/13

July 9, 1970
7/12/70

Dear Don:

Harold Nelson, Dave Parr and their colleagues had a good meeting yesterday with the Senator. Many thanks. Here is the followup.

1. Please see attached two checks--$1,666 each for the Muskie Election Committee and for the Maine for Muskie Committee. Additional checks of $3,334 each will be sent to you within the next few days, to reach a total of $5,000 for each committee.

2. I'll send you a memorandum, and list, re the special milk program. The Senator offered to help on this.

3. I'll look forward to receiving from you a list of candidates the Senator recommends for special help this fall. Contributions will be made to them, on the basis that the contributions come at the Senator's recommendation. I suggest that the list be relatively short, but consist of people who are of high priority to you.

4. The Senator said he would welcome the input of several academics who have some help to offer re agricultural policy. I'll see that their papers, etc. are channeled through you. You can judge their usefulness.

5. Small favor department: Dave Parr has two sons, Travis and Steve, ages 18 and 17, who are very anxious to spend two or three days this summer carrying bags, driving cars, etc. in the Senator's campaign entourage in Maine. They are good-looking, intelligent boys. They would, of course, travel and work at their own expense. Could this be arranged?

I'll stay in touch on all of this.

With best wishes,

Sincerely,

Ted Van Dyk

Mr. Don Nicoll
1660 L Street, N.W.
Rm. 1004
Washington, D. C.

Special Political Agricultural Community Education
508 PORTLAND BUILDING
LOUISVILLE, KENTUCKY 40202

№ 1815 630

July 7, 19 70

PAY TO THE ORDER OF Maine for Muskie Committee, Washington, D. C. $ 1,666.00

THE [illegible] 1666 DOLS 00 CTS DOLLARS

SPACE - VIRGINIA TRUST

THE LOUISVILLE TRUST COMPANY, LOUISVILLE, KY.

TRUSTEE

⑆0830⑉0052⑆ 00⑉08⑉033⑉0⑈

SPECIAL POLITICAL AGRICULTURAL COMMUNITY EDUCATION LOUISVILLE, KENTUCKY

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW. IF NOT CORRECT PLEASE NOTIFY US PROMPTLY.
NO RECEIPT REQUIRED

№ 1815

Contribution of dairy farmers of the southeastern states.

TRUST FOR
Special Political Agricultural Community Education
508 PORTLAND BUILDING
LOUISVILLE, KENTUCKY 40202

№ 1211 21-52 630

July 7, 19 70

THE [illegible] 1666 DOLS 00 CTS DOLLARS $1,666.00

THE ORDER Muskie Election Committee
Washington, D. C.

SPACE - KENTUCKY TRUST

THE LOUISVILLE TRUST COMPANY, LOUISVILLE, KY.

TRUSTEE

⑆0830⑉0052⑆ 00⑉08⑉028⑉4⑈

SPECIAL POLITICAL AGRICULTURAL COMMUNITY EDUCATION LOUISVILLE, KENTUCKY

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW. IF NOT CORRECT PLEASE NOTIFY US PROMPTLY.
NO RECEIPT REQUIRED

№ 1211

Contribution of dairy farmers of thessoutheastern states.

LILLY EXHIBIT NO. 20

SEMER, WHITE & JACOBSEN

1156 15TH STREET, N.W.
WASHINGTON, D. C. 20005
202-659-2900

JACOBSEN & LONG
AUSTIN, TEXAS 78767
512-472-1131

PERSONAL

Mr. David Parr
6423 Forbing Road
Little Rock, Arkansas

Dear Dave:

At your suggestion, here is a summary of our telephone conversation of a few minutes ago.

1. I am working with Bob Lilly to reshape the paper work originating from sources such as SPACE. I understand you agree that, although the figures are mathematically precise, they raise questions of logic and credibility we may find difficult to answer.

2. It is vital that the relationship between AMPI and the Senator's Campaign become highly personalized, with a minimum of intermediaries and brokerage until it is firmly established on a first-name basis. I suggest we avoid fragmenting or bureaucratizing your inputs, whether they be financial, academic, or your special brand of political savvy. At the moment, we have the largest supply of what we need the least, namely, the academic, particularly when it is unfiltered. Moreover, the intellectual contribution you can make should arise out of, rather than precede, a private session at his cottage in Maine or his home in Maryland. I have been planning on this since we first discussed this approach across the street that night of the Republican Congressional Dinner. I hope that this format will make sense to you and that you will also find it feasible to make it work beyond milk, covering the entire agropolitical scene.

3. The summer seminar for your boys in Maine is in the works.

Sincerely yours,

Milton P. Semer

cc: Mr. Harold S. Nelson
Jake Jacobsen, Esq.

RECEIVED JUL 2 0 1970

LILLY EXHIBIT NO. 21

Stuart H. Russell
ATTORNEY AT LAW
2309 FIRST NATIONAL BUILDING
OKLAHOMA CITY, OKLAHOMA 73102

405/236-5991

File

Secretary
Mitchell
Co
Mayne
Politics

Bob:

Find your information

MUSKIE ELECTION COMMITTEE
1156 15TH STREET, N. W., SUITE 302
WASHINGTON, D. C. 20005
Milton P. Semer, *Treasurer*

August 3, 1970

Stuart H. Russell, Esq.
2309 First National Building
Oklahoma City, Oklahoma 73102

Dear Mr. Russell:

The contributions of $1,750.00 to Maine for Muskie and $1,650.00 to the Muskie Election Committee are a big help in assuring Senator Muskie's re-election this year to the United States Senate from the State of Maine.

Thank you very much.

Sincerely,

Milton P. Semer

MPS/pym

MUSKIE ELECTION COMMITTEE
1156 15TH STREET, N. W., SUITE 302
WASHINGTON, D. C. 20005

Milton P. Semer, *Treasurer*

December 1, 1970

Stuart H. Russell, Esq.
2309 First National Building
Oklahoma City, Oklahoma 73102

Dear Mr. Russell:

Thank you for your generous contribution of $5,000.00 to the Muskie Election Committee. We are truly grateful for your support.

Sincerely,

Milton P. Semer

Milton P. Semer

MPS/pym

Stuart H. Russell
ATTORNEY AT LAW
2309 FIRST NATIONAL BUILDING
OKLAHOMA CITY, OKLAHOMA 73102

405/236-5991

BOB:

For your information and record.

SHR

EDMUND S. MUSKIE
MAINE

United States Senate
WASHINGTON, D.C. 20510

Lilly

Lilly
Maine
or
Muskie

Mr. Harold S. Nelson
Associated Milk Producers, Inc.
1011 N.W. Military Highway
San Antonio, Texas 78213

Dear Harold:

Milton Semer has given me a summary of the generous contributions you have inspired among your colleagues and friends. I hope you will convey my thanks and best wishes to Dave Parr and Bob Lilly for their continuing support.

Sincerely,

Edmund S. Muskie

RECEIVED AUG 2 7 1970

Muskie Michel

STUART H. RUSSELL
ATTORNEY AT LAW
1909 FIRST NATIONAL BUILDING
OKLAHOMA CITY, OKLAHOMA 73102

Telephone
CEntral 6-8293
CEntral 2-7549

November 24, 1970

AIR MAIL

Muskie Election Committee
1156 - 15th Street N.W.
Suite 307
Washington, D.C. 20005

Gentlemen:

At the request of Mr. Bob Lilly, of Associated Milk Producers, Inc. in San Antonio, Texas, enclosed herewith you will find my check #250, payable to the Muskie Election Committee in the principal sum of $5,000.00.

Please contact me if you have any questions.

Yours very truly,

STUART H. RUSSELL

SHR:jh
Enclosure

cc: Bob Lilly

July 28, 1970

COPY

Mr. Ted Van Dyk
Van Dyk Associates, Inc.
1224 Seventeenth Street N. W.
Washington, D. C. 20036

Dear Ted:

Enclosed are two checks in the amounts of $ 1,750 and $ 1,650 made out to Maine for Muskie and Muskie Election Committee respectively.

These two checks along with the checks from Dairymen, Inc. and Mid-America make a total slightly in excess of $ 10,000.

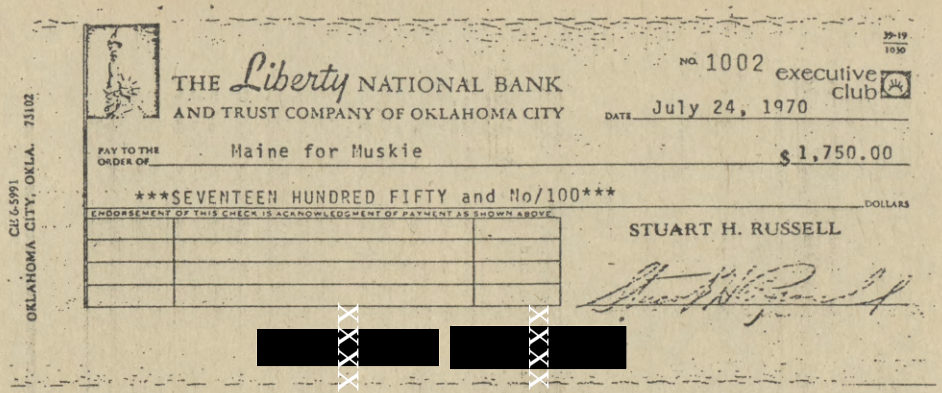
Sincerely,

ASSOCIATED MILK PRODUCERS, INC.

Bob A. Lilly
Assistant to the General Manager

BAL:kb

Enclosures--checks # 1002 & 0989



THE Liberty NATIONAL BANK
AND TRUST COMPANY OF OKLAHOMA CITY

39-19
1030

No. 1002

executive club

DATE July 24, 1970

PAY TO THE ORDER OF Maine for Muskie $1,750.00

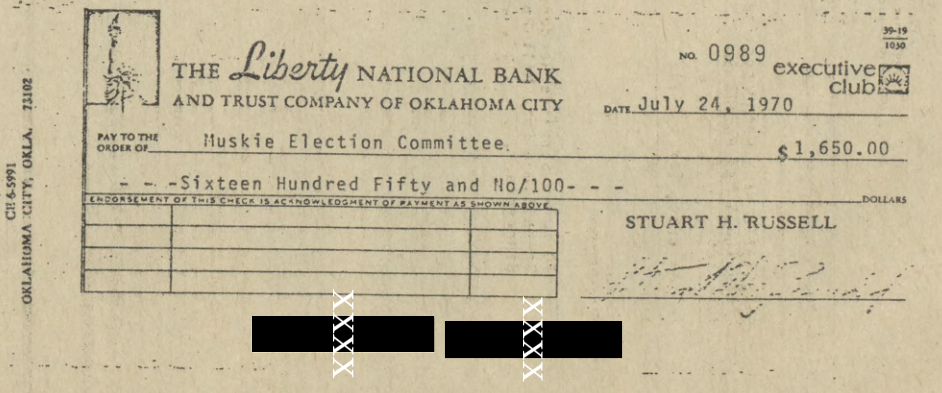
SEVENTEEN HUNDRED FIFTY and No/100 DOLLARS

ENDORSEMENT OF THIS CHECK IS ACKNOWLEDGMENT OF PAYMENT AS SHOWN ABOVE

STUART H. RUSSELL

CLI 6-5991
OKLAHOMA CITY, OKLA. 73102

[redacted]



THE Liberty NATIONAL BANK
AND TRUST COMPANY OF OKLAHOMA CITY

39-19
1030

No. 0989

executive club

DATE July 24, 1970

PAY TO THE ORDER OF Muskie Election Committee. $1,650.00

- - -Sixteen Hundred Fifty and No/100- - - DOLLARS

ENDORSEMENT OF THIS CHECK IS ACKNOWLEDGMENT OF PAYMENT AS SHOWN ABOVE

STUART H. RUSSELL

CLI 6-5991
OKLAHOMA CITY, OKLA. 73102

[redacted]

6036

Stuart H. Russell
ATTORNEY AT LAW
2309 FIRST NATIONAL BUILDING
OKLAHOMA CITY, OKLAHOMA 73102
405/236-8691

July 24 19 70

ASSOCIATED MILK PRODUCERS, INC.
ATTENTION: Mr. Bob Isham
Box 32287

San Antonio, Texas 78216

(PROFESSIONAL SERVICES:

TO Legal Services Rendered in Purchase of Wilsey-Bennett and Pure Milk Producers Coop of Winsted, Minnesota. $5,100.00

DT → 1666.66 — Maine for Muskie
Muskie Election Co

M for M
M E Co

1000 52

1224 17th STREET NW
WASHINGTON D.C. 20036

Maine for Muskie 1750.00
Muskie Election Committee 1650.00
3400

5000.00
3266.66
1750.00

Ho
Stu
7/23/70
Chk being
sent to
Bob Kelly

Stuart H. Russell
ATTORNEY AT LAW
2309 FIRST NATIONAL BUILDING
OKLAHOMA CITY, OKLAHOMA 73102
405/236-5991

Hon. Muskie

January 13, 1971

Mr. Bob Lilly
Associated Milk Producers, Inc.
Box 32287
San Antonio, Texas 78216

Dear Bob:

Attached is a letter which I received from Senator Muskie concerning a recent contribution.

This is something that I thought you would want in your files. It was apparently sent to San Antonio and then forwarded to me unopened.

Very truly yours,

STUART H. RUSSELL

SHR:jh
Attachment

SENATOR EDMUND S. MUSKIE
WASHINGTON, D. C. 20510

December 22, 1970

Stuart H. Russell, Esq.
c/o Harold Nelson
1011 N. W. Military Highway
San Antonio, Texas 78213

Dear Mr. Russell:

Before the year ends, I want to express to you again my very warm thanks and appreciation for all your help and encouragement to me in the months that have passed.

I need not tell you of the many great problems that face and divide our country in this coming year, nor how vital it is that we--all of us together--find a way to restore the faith, the confidence, the vigor, that are the great strength and inspiration of America.

To succeed, 1971 must be a time of great decision backed by positive action that will move us irrevocably forward in the direction of our great hopes. I am looking to you for the wise counsel and guidance I need to assist me in formulating policies and positions that will help us all to achieve this goal.

So again, my thanks to you for your confidence in me this past year. And with it my wish for a New Year of great joy, of added accomplishment, and of deepening friendship between us.

Sincerely,

Edmund S. Muskie

LILLY EXHIBIT NO. 22

Stuart H. Russell
ATTORNEY AT LAW
2309 FIRST NATIONAL BUILDING
OKLAHOMA CITY, OKLAHOMA 73102

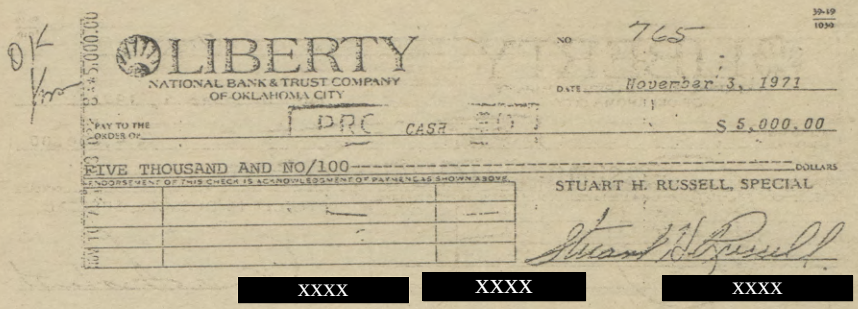
405/236-5991

Bob,

This represent $5,000.00 cash given Frank Griffith for Page Belcher campaign fund. - My direction to do this came from Leo Suttle. -

Stuart H.

LILLY EXHIBIT NO. 23


LIBERTY
NATIONAL BANK & TRUST COMPANY
OF OKLAHOMA CITY

NO 765

DATE November 3, 1971

PAY TO THE ORDER OF PRC CASH $ 5,000.00

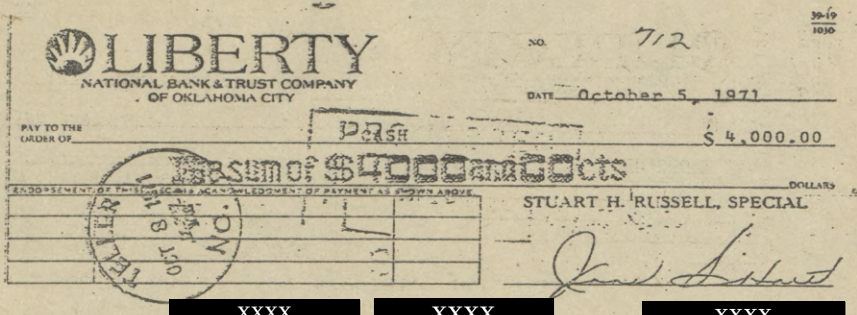
FIVE THOUSAND AND NO/100 DOLLARS

STUART H. RUSSELL, SPECIAL

Stuart H. Russell

[redacted] [redacted] [redacted]

LILLY EXHIBIT No. 24



LIBERTY
NATIONAL BANK & TRUST COMPANY
OF OKLAHOMA CITY

NO. 712

39-19
1030

DATE October 5, 1971

PAY TO THE ORDER OF PAS CASH $ 4,000.00

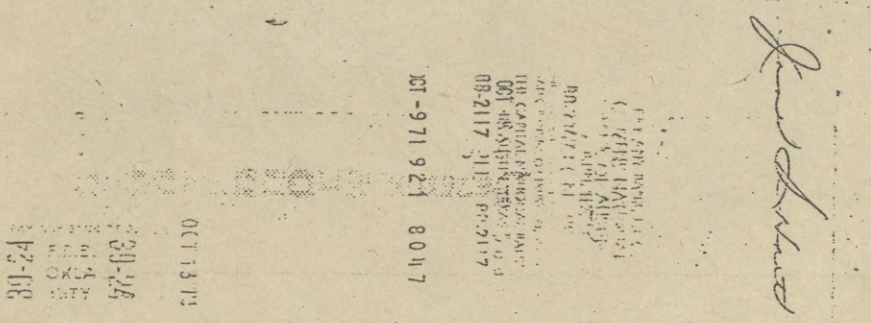
Thousand $4000 and 00 cts DOLLARS

ENDORSEMENT OF THIS CHECK IS A CANCELLED ACKNOWLEDGMENT OF PAYMENT AS SHOWN ABOVE

STUART H. RUSSELL, SPECIAL

TELLER NO. OCT 8 1971

XXXX XXXX XXXX



OCT-9 71 9 21 8047

OCT 13 71

30-24

LILLY EXHIBIT NO. 25

STUART H. RUSSELL - ATTORNEY
2509 FIRST NATIONAL BLDG.
CH 6-5591
OKLAHOMA CITY, OKLA. 73102

THE Liberty NATIONAL BANK
AND TRUST COMPANY OF OKLAHOMA CITY

No. 1195

executive club

DATE August 27, 1970

PAY TO THE ORDER OF Bob Lilly

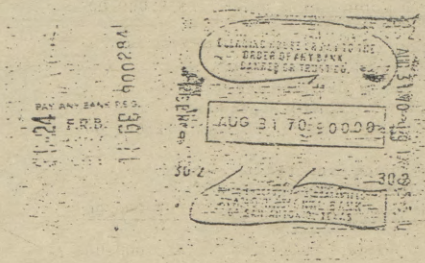
$ 10,000.00

TEN-THOUSAND-and No/100

DOLLARS

STUART H. RUSSELL

[redacted] [redacted] [redacted]



Bob Lilly

LILLY EXHIBIT NO. 26

12/18/69	$5000 (cash) from J. Long - deposited CNB $5000 from Joe Long paid on $100,000 note
12/23/69	$500 (cash) deposited CNB
12/29/69	$5000 (check) from S. Russell - deposited CNB check made out to Bob Lilly
12/29/69	$5000 (check) from Jim Jones - deposited CNB check made out to Bob Lilly
12/30/69	$3000 (cash) from Cliff Carter - deposited CNB
12/31/69	$10,000 (check) from Ted Van Dyk - deposited CNB check made out to Bob Lilly
1/2/70	$1000 (cash) from F. Masters-deposited CNB
1/20/70	$5000 (check) from S. Russell-deposited CNB check made out to Bob Lilly
1/27/70	$5000 (cash) DeViere Pierson-pd note #11169 CNB-2/2/70
1/30/70	$5000 (cash) from an unidentified source - Pd note 11169 2/2/70
2/2/70	$5000 (cash) from J. Long - pd note 11169 - 2/2/70 $15,000 paid to CNB on $100,000 note
2/11/70	$28,231.77 paid CNB on $100,000 note
4/17/70	paid CNB $4,264.46 - note 11169
5/4/70	$5000 (check) from J. Jones - deposited CNB check made out to Bob Lilly
5/5/70	Borrowed $10,000 from CNB-contributed to HHH. Note 12639 B. Lilly check #105
6/11/70	$5000 (check) from Joe Long-deposited to 1st National Bank, Evant, Texas Check on Evant Bank issued to CNB
6/11/70	To HHH - $1450 check from B Lilly (#106)
6/15/70	$2500 from Carter ($1500) and Maguire ($1000) transaction made in Kerrville between Carter and Lilly
6/15/70	pd. CNB $7,503.77 on $100,000 note by check #108

(2)

6/30/70 Paid on $10,000 note at CNB (check #110) $2000 prin. and 129.17 int.

7/16/70 $5000 (check) S. Russell-deposit CNB
check made out to B. Lilly

8/6/70 $10,000 (cash) from J. Long paid on notes
note #13229 - 4000.00 cash and $4000 check #113, 103.33 int.
note #13089 - 5488.50 princ. and 274.36 int.; total 5762.86

8/24/70 $500 (cash) from Carter and $2500 (cash) from Maguire

8/27/70 paid Isham $13,800 by check on CNB to clear accounts receivable-AMPI

borrowed $13,800 from Ken Odil, CNB

8/31/70 cashed $10,000 check from S. Russell to be delivered to Atlanta for Howard Bo Calloway to go to Bently Gov. race. Contacts at Atlanta airport. Lamar Sizemore or Terry McKenna, tele: 404/521-2268-
Transaction took place on 9/2/70 in Atlanta airport.

9/9/70 pd CNB $6161.38 on $100,000 note (#119)

9/17/70 pd CNB $15,000 on $100,000 note (check #118)

9/22/70 pd CNB $4000 on $100,000 note (Check #120)

9/22/70 Collected $4000 Frank Masters and pd CNB

9/24/70 $2500 (cash) from C. Carter - deposited CNB

9/30/70 $5000 (cash) from Maguire in D.C.

(3)

10/2/70	$1000 (cash) from F. Masters
10/12/70	borrowed $12,500 from CNB #14473 (cash)
10/13/70	$12,500 delivered to J. Chestnut for HHH
10/22/70	borrowed $5000 (note 14584) CNB. delivered $5000 (under Sec. of Agri. Phil Campbell) for Pelcher-Fulton Public Utilities Comm. candidate (R) Atlanta- traveling with H. Nelson pd 12/18/70 (check #127) 5000.00 princ. and 60.42 int.
10/29/70	$5000 from S. Russell - deposited in CNB
11/12/70	$5000 from S. Russell - deposited CNB
11/16/70	paid CNB 4350.12 princ. and 40.27 int., or 4390.39 on last of $100,000 note by check #125
11/18/70	delivered $1200 cash for J. Glenn Beall, newly elected Senator, Maryland thru Marion Harrison (check #124)
11/23/70	paid $143.97 to Futura Press for Bill Heatly (check #126)
12/10/70	paid CNB $5000 princ. and 161.46 int. on $12,500 debit memo note 14473
12/16/70	Dep. 5000. Stu Russell in CNB
12/18/70	Pd CNB $5000 plus 62.50 int. (check #127) pd note 14584
1/19/71	Dep. 7500.00 from S. Russell in CNB
1/26/71	7500 princ. plus 68.54 int. on note 14473 (check #128)
2/7/71	Pd CNB $7500 plus 68.54 int. on note #15243 (ck #128) bal. on 12,500 note

(4)

3/12/71 $5000 dep. CNB S. Russell

4/28/71 Jake Jacobsen called me requesting $10,000 cash for John Connally be delivered to Jacobsen for placing in Connally's safe deposit box at CNB, Austin.

5/3/71 I contacted Stu Russell, Okla. City, and he advised me he would make cash available to me in amount of $10,000 if I requested it, but that it was expensive to AMPI due to income tax. I phoned him on May 1 and met with him in person on morning of May 3 in San Antonio office on possible ways to get needed money without it being so costly (set up dummy procedure acct, set up repair acct, etc?) money was not obtained thru Stu and I did not re-contact him after May 3 (I borrowed money)

5/3/71 I contacted HSN as to how to get money thru attorneys or by borrowing. He advised me he and D. Parr would meet in San Antonio on May 3 in p.m. and decide.

5/4/71 HSN advised me to borrow $10,000 (note #17266) in my name at CNB Austin, for J. Connally. I borrowed money and delivered it in cash to J. Jacobsen who in turn stated he would put it in Connally's cash box at CNB. HSN did not advise me how to recover money.

6/1/71 $1000 - S. Russell to Bal - deposit CNB (check)

7/1/71 paid $2000 to CNB on $10,000 (note #18196) note for Connally check #136 - 1891.67 princ., 108.33 int.

7/1/71 $1000 S. Russell to BAL - deposit CNB (Check)

7/29/71 $1000 dep. CNB - S. Russell

8/17/71 HSN instructed me in the presence of Bob Isham to get $5000 cash to Dave Parr for Wilbur Mills-to deliver it to Parr personally. On 8/17/71 I borrowed $10,000 - CNB, note #18844, from CNB, Austin, for Mills (personal note-BAL) and delivered $5000 of it same day to Little Rock Central Flying Service to D. Parr's secretary, Norma Kirk, or Unis Hunt, the $5000 cash in an envelope. Company Sabre Liner, Joe Bell, pilot, on 10/8/71 balance of proceeds of this note $5000 paid on same note #18844.

(5)

8/25/71 $4000 S. Russell, deposit CNB (check)

8/30/71 pd CNB Austin (note #18196) $5000 on note
Check #137 - 4912.16 princ., 87.84 int.

9/10/71 Borrowed $1000 from CNB, Austin, from Ken Odil - delivered to Larry Teaver in Insurance Bldg., Austin, in CNB envelope

9/16/71 $3000 S. Russell - deposit 1st Natl. Bank, Evant, Texas (check) on the same day I wrote $3000 check on Evant Bank to CNB, Austin, to pay on notes

9/27/71 deposit

10/7/71 $4000 Jane Hart (S. Russell secretary) check cashed and pd on note 18844.

paid CNB:
Note 18844: 10,000 princ., 93.89 int.; 10093.89 total
Note 19056: 1203.67 princ., 14.95 int.; 1218.62 total
4000.00 - Russell Check (no endorsement necessary)
check #138 = 2312.51
5000.00 cash (?)
108.84 (?)

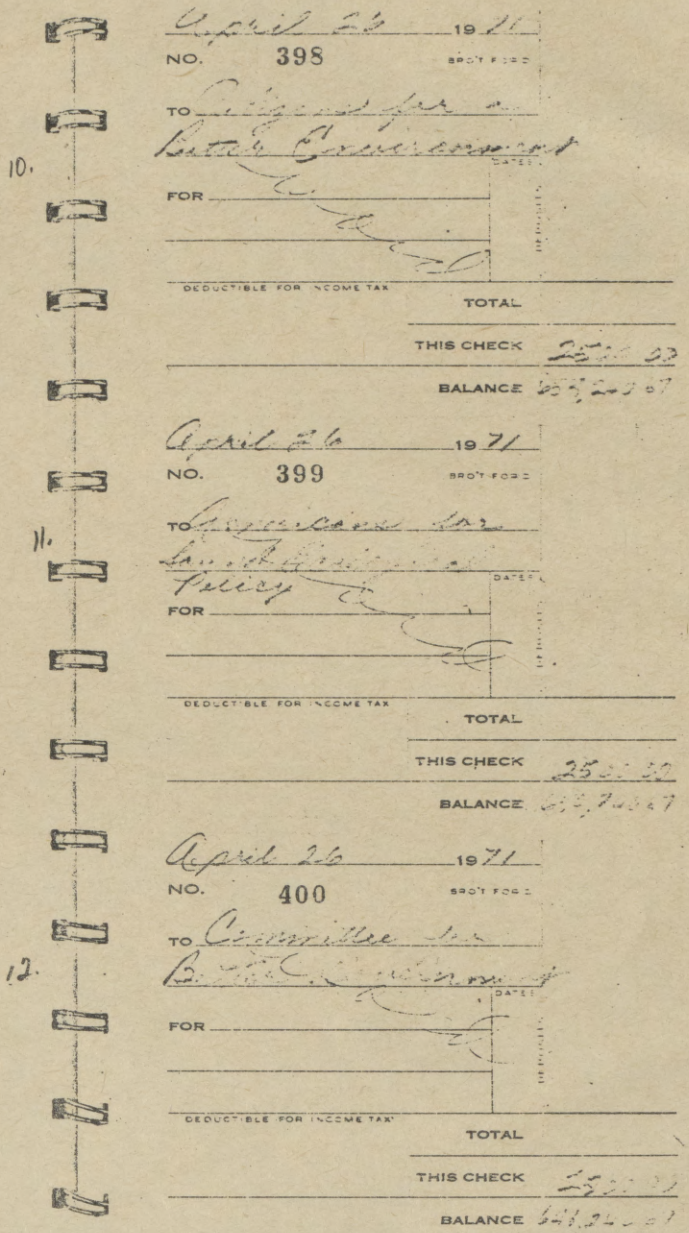
10/13/71 J. Jacobsen called me while stopped in Dallas enroute to D.C. on BN #14. He had called San Antonio office and I checked into office and got his call from Annette (Bain's secretary). Mrs. Buckley answered my call and said Jake was in office about 12:45 p.m. He informed me he was going to D.C. and wanted to tell Connally we would have another $5000 for him in cash in Jake's safety deposit box at CNB, Austin, in a short time. I okayed this.

11/10/71 Went to Austin-CNB, cashed $5000 check from S. Russell and took cash to Jake Jacobsen at his office. In the presence of Joe Long, I gave the money to Jake. Jake left for bank at 11:45 a to put in his safety box at CNB to hold for John Connally.

11/10/71 Austin Airport - 9:00 a.m. ran into Jacobsen, Tom Townsend, Dave Parr (Joe Long came in later) Dave was given $5000 cash by Jake for Mills.

11/10/71 Closed out ~~$1000~~ account at CNB (#139 - $1096.06)

LILLY EXHIBIT NO. 27



Editor's note: Check stubs numbered 398 thru 409 are all dated April 26, 1971, each for $2,500, and "void" written across face. Only stubs numbered 398 thru 400 shown.

THURSDAY, NOVEMBER 15, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to notice, at 5:10 p.m., in room 1418, Dirksen Senate Office Building.

Present: Senator Weicker.

Also present: Rufus Edmisten, deputy chief counsel; David Dorsen, and James Hamilton, assistant chief counsels; Alan Weitz, assistant majority counsel; Donald Sanders, deputy minority counsel; Robert Silverstein, assistant minority counsel.

Senator WEICKER. Do you swear the evidence you will give the committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CONNALLY. I do.

Mr. WEITZ. For the record, would you please state your full name and address, please?

TESTIMONY OF JOHN B. CONNALLY, ACCOMPANIED BY WILLIAM R. ECKHARDT, COUNSEL

Mr. CONNALLY. My name is John B. Connally, 2411 River Oaks Boulevard, Houston, Tex.

Mr. WEITZ. I see you are accompanied by counsel. Will he identify himself?

Mr. ECKHARDT. William R. Eckhardt. I am a partner in the law firm of Vinson, Elkins, in Houston, and I am here accompanying the Governor as his attorney.

Mr. WEITZ. Governor, I would like to direct your attention to a period in 1969. Were you ever consulted during, let's say, the first half of 1969 in connection with possible contributions by either Associated Milk Producers, Inc., which for the record we can abbreviate also as AMPI, or its political arm, TAPE?

Mr. CONNALLY. In what connection?

Mr. WEITZ. Political contributions to either the Republican Party or to representatives of the President, either for his reelection or for some other purpose?

Mr. CONNALLY. No; the only conversation that I can recall in this time frame and this is shortly after I had left the Governor's office and gone to Houston to practice law, I was informed, I would not call it being consulted, and that is a question of semantics, about—by Jake Jacobsen and I believe Mr. Harold Nelson—about their plans and asking about their plans to form what subsequently perhaps was then in existence. TAPE, or a political arm of the milk producers, similar, as I recall the conversations, patterned almost precisely after the COPE

arm of organized labor. And I was asked if I knew of any objections or any real reason why it should not be done legal or otherwise. Frankly, they didn't do it as a legal matter. I wasn't employed. This was a very perfunctory-type meeting in which they merely informed me about what they were going to do in a general way in terms of structuring their future activities.

There was no talk of any specific contributions to any individuals or parties or anything else. This dealt, as a generic matter, with their mode of operations.

Mr. WEITZ. Can you place in time for us that meeting with Mr. Jacobsen and Mr. Nelson?

Mr. CONNALLY. No; I really cannot. I don't have any idea.

Mr. WEITZ. Where did it take place?

Mr. CONNALLY. I am not even sure of that.

Mr. WEITZ. At that time you were back at your law firm in Houston?

Mr. CONNALLY. Yes, but I am reasonably certain it was not there for some reason. It was more or less just an offhand type of meeting and I would think, well, I just don't know. I just cannot place it.

Mr. WEITZ. I take it that you had known Mr. Jacobsen before that time?

Mr. CONNALLY. I have known Mr. Jacobsen for 25 years.

Mr. WEITZ. Has he ever served in a formal capacity in any of your public service positions?

Mr. CONNALLY. I would say unofficial. He has at times been an officer of a convention or something of that type but his political activities were really alined with former Senator Price Daniel. He was with Price Daniel when he was attorney general of Texas. He came to Washington to serve with Senator Price Daniel during his time here. He later served with him when the Senator went back as Governor of Texas.

So, although I have known him over this entire period of time, he has not ever been a part of my administration. He did serve, as I say, as an officer of some of our conventions, I think, beginning in 1964.

Mr. WEITZ. Had he ever served, for example, in some fund-raising capacity for you—any of your previous campaigns?

Mr. CONNALLY. No, I don't recall that he ever had any official position like that.

Mr. WEITZ. Is this the first time that he had ever consulted with you or discussed matters such as political contributions by some organization in Texas?

Mr. CONNALLY. I can't recall any specific prior instance, Mr. Weitz, but there might well have been.

He was a part of Governor Daniel's campaign for Governor. He was part of his organization in the race for attorney general. So far as I know he certainly was in a senatorial capacity, so we might well have discussed it although at that point he and I were not discussing political fundraising as such, and you will recall that I actually ran against Governor Daniel in 1962. And Mr. Jacobsen at that time understandably supported Senator Daniel.

Mr. WEITZ. Was that the first time that you met Mr. Nelson at this meeting in 1969?

Mr. CONNALLY. No; I had met him at some earlier time. I would say in the latter years of the 1960's and I can't place it either because it is

just one of those passing events. But I recall that it was in that time frame because I recall very well that President Johnson was President. Cliff Carter introduced me to Mr. Harold Nelson.

Mr. WEITZ. During 1969, can you estimate for us how many times you may have either met with or talked to Mr. Jacobsen?

Mr. CONNALLY. No, I don't have any idea.

Mr. WEITZ. Would it be as many as 10 times, for example?

Mr. CONNALLY. In 1969 it could have been. I don't know. I don't want to guess at the number of times. I really don't know.

But I have talked to him—let me simply say, to try to answer your question as best I can—I talked to him over the years on many occasions, but to try to specify how many times in a particular year, I have no idea.

Mr. WEITZ. Now after this discussion, this brief discussion about the formation of a political arm for AMPI, did you have an occasion at any later time in 1969 to discuss either with Mr. Nelson or Mr. Jacobsen or anyone else connected with AMPI the progress of that political arm or any contributions that it might have made?

Mr. CONNALLY. No.

Mr. WEITZ. Since that time until the present time have you ever come to be aware of any contributions in cash that TAPE made in 1969?

Mr. CONNALLY. No.

Mr. WEITZ. Were you ever consulted either in 1969 or sometime later by Mr. Jacobsen, Nelson, or other representatives of AMPI with regards to, aside from contributions to AMPI ways in which AMPI might have access to or approach the Nixon administration in terms of substantive policies?

Mr. CONNALLY. No, I don't recall that I did.

Mr. WEITZ. They never asked your advice as to who to contact or what the best approach might be to the new administration.

Mr. CONNALLY. No.

Mr. WEITZ. Are you aware that they have been generally, heavily identified with the Democrats in the previous election?

Mr. CONNALLY. That was my understanding but I knew nothing about it. That was just a general understanding that I had.

Mr. WEITZ. Governor, is there anything else you can recall with regard to that meeting in 1969 between you and Mr. Jacobsen and Mr. Nelson?

Mr. CONNALLY. No, nothing of any import because I don't recall that any specifics were discussed at all with me. As I recall, the thrust of the conversation was purely the plan that they had to do apparently what they have done.

Mr. WEITZ. Now, Mr. Jacobsen was identified, as you have discussed it, as a lifelong Democrat up until that time?

Would that be a fair characterization?

Mr. CONNALLY. I would say he probably still is.

Mr. WEITZ. That is right. Do you think, given your relation with him over a period of time, that he might have asked your consultation with regard to substantial contributions to the Republican party?

Mr. CONNALLY. No, he did not. And I might say in 1969 I was a Democrat. There was no reason why you should be consulting me about how to help the Republicans. We had just gone through a campaign in 1968, and despite some of the rumors, I had indeed opposed Presi-

dent Nixon. I had supported Vice President Humphrey publicly in every way that I could and I might say we carried Texas for Mr. Humphrey, one of the few States that he carried. So I do not know why anybody would approach me assuring that I was an authority on the Republican hierarchy.

Senator WEICKER. The question was asked by the counsel as to—I can't repeat the exact question and answer, but in the identification of contributions by AMPI to the Democrats in the previous election.

Is that the substance of your question?

Mr. WEITZ. Being identified as supportive of the Democrats.

Senator WEICKER. And, Governor, I believe you indicated that you had knowledge of that or you did not, that is the point.

Mr. CONNALLY. Senator, I said I only had a general understanding that they had been heavy contributors to the Democrats over no particular period of time but in the congressional as well as Presidential campaigns, but I had no specific knowledge about it. This was merely an understanding that I had.

Senator WEICKER. Did you have any political or professional connection with AMPI?

Mr. CONNALLY. No, none at all.

Mr. WEITZ. Now, turning to a period in 1971, when did you become Secretary of the Treasury?

Mr. CONNALLY. February 11, 1971.

Mr. WEITZ.Now, did there come a time in March of 1971 when on one or more occasions you met with representatives of AMPI in connection with the milk price-support decision that was then in dispute?

Mr. CONNALLY. Mr. Weitz, as I recall, either in the latter part of February or early March I had a communication with Mr. Jacobsen who is the only man I have talked to. He was in the private practice of law, as you know, representing AMPI prior to the time, and I don't remember the precise date, but it was prior to the time that the administration's decision was made on the milk price-support program, which I believe was March 12.

Mr. WEITZ. That would be the first decision by the Secretary of Agriculture?

Mr. CONNALLY. That is correct. Mr. Jacobsen either called me or came by to see me. I am not sure whether it was a personal visit or a telephone call but in effect saying to me that the milk people were very distressed, very disturbed, that they thought that Secretary Hardin was going to recommend a very low parity support price or a very low support price which represented about 80 percent of parity and that they thought this was a very great mistake. They thought it was unfair, unwarranted, and that under the circumstances, with the decreasing dairy herds and the rising cost of the dairymen, that indeed they thought a higher support price was warranted and should be granted. They expressed the hope that I would acquaint myself with the facts on the assumption that I would be consulted and if, indeed, I agreed with their position, he hoped I would give them some support. That was the substance of the conversation.

Senator WEICKER. When was that conversation?

Mr. CONNALLY. Senator, I do not recall precisely. As I say, it was the early part of March or the very last part of February because it was just not too long before March 12 because they obviously, in their com-

munications with the Department of Agriculture, realized that they were going to have some difficulty in persuading the Secretary to go as high in setting the support price as they thought the facts justified.

Mr. WEITZ. In that connection, do you keep or did you keep at that time any records of either meetings or a calendar of some sort to record meetings and phone calls?

Mr. CONNALLY. Yes, I did.

Mr. WEITZ. Have you brought those records with you?

Mr. CONNALLY. I have brought those that you asked me to bring that relate to this subject insofar as I could determine what they are, yes.

Mr. ECKHARDT. Let me state that we have here all of the records which were in Governor Connally's possession that came within the category mentioned in the subpena, and in that connection we have found only two pages that we thought might possibly apply and we brought those two pages out of his records. And, of course, there are other records here in other categories and at this time I would be happy to make these available.

Mr. WEITZ. Would counsel provide them? Perhaps we could identify them and enter them as exhibits.

Mr. ECKHARDT. Do you want only the ones that have to do with the question you asked or do you want all of the records that we have produced here under the subpena? Which are you asking for?

Mr. WEITZ. It would be appropriate to perhaps identify and enter as exhibits the documents which you believe to be relevant and enter those into the record and the remaining documents, if you will turn them over to the committee, then we can review them. And if we can find nothing in them that we will want to keep in the record, then we will return them to you.

Mr. ECKHARDT. If I could correct that statement. I have no knowledge as to whether or not these documents are relevant. We thought that they were the only ones that could come within the scope of the subpena and for that reason they are produced. You will have to determine the relevancy of them for yourself.

Mr. WEITZ. All right.

For identification here is a xeroxed copy of a record of phone calls on March 16, 1972. Governor, would you identify this as to whether this is a record of your phone calls for that period?

Mr. ECKHARDT. Counsel, the record contains other information in addition to phone calls. It contains a list of callers, for example, and other information.

Mr. CONNALLY. All of my appointments, phone calls, and other information. This so far as I know is an accurate and correct copy of the visits and phone calls and engagements I had on that day. This happens to be March 16, 1972.

Senator WEICKER. Might it not be easier, if the committee is going to receive these documents, to identify them by the date of the document rather than the contents? Is each one of these dated?

Mr. WEITZ. Yes. The others, it only says Tuesday, March 23. It is a similar page.

Mr. ECKHARDT. It is for 1972.

Mr. CONNALLY. 1971.

Mr. ECKHARDT. One has March 16, 1972, which has a date on it. The other, which only has Tuesday, March 23, on it, is 1971.

Senator WEICKER. Well, let's identify each one, then, as the log for this particular date and year.

Mr. WEITZ. All right. One would be the log for Tuesday, March 23, 1971, and the second for Thursday, March 16, 1972.

[Whereupon, the documents referred to were marked Connally exhibits Nos. 1 and 2 for identification.*]

Mr. WEITZ. There are other papers. Perhaps we can identify them by category for the record only.

Senator WEICKER. Are the papers that you have, Governor, are they xeroxes of the ones that you have? Are those additional?

Mr. CONNALLY. No, these are xeroxes. They are copies.

Mr. ECKHARDT. He has the original and counsel has the xerox.

Now, we also have a folder here which has General Accounting Office reports on the tab and it consists of some reports of Democrats for Nixon. I will hand those to you. They are all of the reports filed with the GAO.

And the next folder has a tab on it, "Dairymen," and it has in it some correspondence together with some pamphlets and a record of, I believe, one meeting.

And this is all of the information, all of the records that come within the categories asked for in the subpena which were in the witness' possession.

Mr. WEITZ. Now, to your knowledge, these are all the documents in your possession, either actual or constructive, that come within the scope of the subpena?

Mr. CONNALLY. So far as we can identify them and within—I might further say, within the time frame that we had to work we believe these are all of them. We had, what, 48 hours to look for them, I think was about all, but I think these are all.

Mr. WEITZ. In the event that you on further search find other documents, would you provide them to the committee?

Mr. CONNALLY. We would be delighted to.

Mr. WEITZ. Now, Governor, you just mentioned a meeting in either late February or early March of 1971, either a meeting or a phone call with Mr. Jacobsen. Now I notice you have not provided us with a log for that day.

Mr. CONNALLY. Simply because I cannot identify, I have no way of identifying what was discussed in any particular phone call on any particular day. That was the only reason. I don't know, I am just telling you what I do know from memory and I will be glad to give you the logs for the latter part of February and March, if you prefer, but I cannot do it on the assumption that every one of the calls, if any, from Mr. Jacobsen related to the subject.

Mr. WEITZ. Is there more than one call?

Mr. CONNALLY. I do not know.

Mr. WEITZ. Well, in searching for them, did you notice more than one call?

Mr. CONNALLY. I do not think there is.

Mr. WEITZ. Well, if there is only one call, we would obviously request that you provide the log for that day. If there is more than one call I would think that you should provide the logs for each of the days on which Mr. Jacobsen appears and we can pursue the matter

*See pp. 6092 and 6093.

with him or in some other way try to determine the relevant phone calls.

Mr. ECKHARDT. We will make copies of each log that has Mr. Jacobsen's name anywhere on it during whatever time period you want and promptly furnish it to the committee. If you would tell me the time period that you have in mind it would help us.

Mr. WEITZ. Well, I think we may expand on it later. At this point I would say from the time, perhaps, when you are reasonably certain the call may have come in or, say, from the time you came on or mid-February through March of 1971, at least to begin with.

Now, you are aware, of course, that the statutory authority for establishing milk price supports rests with the Secretary of Agriculture?

Mr. CONNALLY. Right.

Mr. WEITZ. Did you take Mr. Jacobsen's request as a request that if you were consulted by the Secretary of Agriculture you would transmit your views to him?

Mr. CONNALLY. Yes.

Mr. WEITZ. Did he indicate that he also hoped you would express your views to anyone else, for example, in the White House?

Mr. CONNALLY. No, he obviously did not try to specify by whom I would be consulted nor with whom I should talk.

Mr. WEITZ. Did he mention anyone else other than the Secretary of Agriculture?

Mr. CONNALLY. No.

Mr. WEITZ. Did he mention the Secretary of Agriculture at all?

Mr. CONNALLY. He did. As I recall the conversation he expressed the hope that I would be consulted by the Secretary and, if I was, he would hope that I would agree with their position and so state.

Mr. WEITZ. Can you recall anything else about the conversation?

Mr. CONNALLY. No; I think that was about the substance of it except my response was that I did not know to what extent I would be consulted but that I most certainly would familiarize myself with it and if, indeed, they were correct that he was thinking in terms of a support price at 80 percent of parity, I thought that was too low. I did not need to familiarize myself with it, I was already familiar with it to that extent. But I would certainly bring myself up to date.

And my position on it, Mr. Weitz, is very clear. It was in every conversation I had. It still is. And that is simply that in that time frame in 1971, even though I had just come aboard, we were in the middle of what was being called a stagflation, a recession. We were involved in administering a budget that was in excess of $20 billion in deficit. Part of the justification for the full employment budget that we had was that we were trying to stimulate the economy to get economic expansion to create the jobs. And we were putting out that kind of money. I felt then that 80 percent of parity was an unreasonably low level for price support of milk and made no bones about it and I simply said, and in subsequent conversation, that the farmer, the dairy farmer was probably in about the lowest income group in the country and, under the circumstances, since the Johnson administration had always maintained the parity on milk prices at about 89 percent, that I thought it was totally unrealistic and unjustified for us to drop it to 81 percent.

Mr. WEITZ. Would you have said all this to Mr. Jacobsen, a long-time friend in Texas?

Mr. CONNALLY. Would I?

Mr. WEITZ. Would you have?

Mr. CONNALLY. I do not know that I did at that point in time but, sure, I would have.

Mr. WEITZ. I see. So you are recounting your views on the matter as opposed to exactly what you may have told Mr. Jacobsen?

Mr. CONNALLY. Yes, I am just recounting my views on it, not what I told him.

Mr. WEITZ. Did he discuss how their AMPI's political arm had progressed since they last talked to you?

Mr. CONNALLY. No, he did not.

Mr. WEITZ. He had not talked with you about it, I take it, in the interim between early 1969 and early 1971?

Mr. CONNALLY. No.

Mr. WEITZ. Now you have mentioned other conversations. Did there come a time when you spoke to Mr. Jacobsen again about this matter?

Mr. CONNALLY. Yes.

Mr. WEITZ. Could you tell us about this?

Mr. CONNALLY. This was after the order was issued on March 12 and it was a few days thereafter and maybe it was the day of the 23d. I see his name is on here again. I am guessing about the subject matter, but the reason I assume that and the reason I guess that is because we did indeed have a meeting that day as reflected on my calendar at the White House on milk.

Now, in the subsequent conversation Mr. Jacobsen said to me that he wanted me to know that when the order came out on March 12 that they were bitterly disappointed, that they thought it was going to create chaos in the milk industry where they were already losing tremendous numbers of cattle and herd and a great many of them going out of business and that they were frankly going to turn to Congress for relief and they had done so, and that they had enormous support and that they frankly were going to push for their 85 or 90 percent of parity. And he told me then the relative success that they had had in the intervening few days, and I might point out that on one bill in the House of Representatives pending at that time they had been able to secure 102 sponsors for 90 percent of parity and in the Senate, as I recall, they had about 33 Members of the Senate already sponsoring a bill calling for 85 percent of parity. But he said:

> I want you to know this is going on because we are not trying to undercut the administration, we are not trying to create problems for you, but we do not think we have been treated fairly and we don't have any recourse except to proceed to try to get congressional relief. We think beyond any question we are going to be successful and we just want you to know this.

That was the essence of the conversation. I said: "Thank you very much. I don't have any argument with what you are doing and I understand your position clearly."

Mr. WEITZ. Did he discuss anything else with you at that time?

Mr. CONNALLY. No; I do not recall that he did.

Mr. WEITZ. He did not mention any matters concerning political contributions?

Mr. CONNALLY. No.

Mr. WEITZ. This is, to the best of your recollection, on March 23?

Mr. CONNALLY. Yes; and again I am guessing because I do have a telephone call from him logged here so I guess that is correct.

Mr. WEITZ. Do you recall any meetings between the time that you first talked to Mr. Jacobsen on the phone or in person briefly in late February or early March and this conversation on the 23d?

Was there some other conversation that you may have had with him and/or others from AMPI in connection with the milk price support matter?

Mr. CONNALLY. No; I do not recall any.

Mr. WEITZ. Do you recall a meeting with Mr. Nelson and a Dr. George Mehren during that time?

Mr. CONNALLY. No; I do not.

So far as I know the first time I ever met Dr. Mehren was almost a year later.

Mr. WEITZ. In 1972?

Mr. CONNALLY. In 1972.

Mr. WEITZ. During this period you do not remember a meeting in your office with Mr. Nelson, Mr. Jacobsen, and Dr. Mehren?

Mr. CONNALLY. No; I do not.

Mr. WEITZ. If they were to recall such a meeting, would you just take it to be that your memory was faulty on that point?

Mr. CONNALLY. I could be but, indeed, if I had a meeting in my office during that period of time it would certainly reflect that I met with them and we did go through the logs of these meetings in my office as well as the telephone calls, and if, indeed, I had seen Dr. Mehren, Nelson, and Jacobsen, I certainly would have submitted that because that, obviously, would have been the subject matter.

Mr. WEITZ. For example, if Mr. Jacobsen's name had appeared, would he have established such a meeting and brought the other gentleman with him which would not have been on the log?

Mr. CONNALLY. No; normally, if you will look, nearly all of the names are there of everybody that came in the office.

Let's take the date of March 16, 1972, which is on the sheet there. It shows 3:15 to 3:50 I met with Mr. Jake Jacobsen, Dr. George Mehren, Harold Nelson, dash, Dairy Co-op.

Mr. WEITZ. Your logs do not establish any other meeting, to the best of your knowledge?

Mr. CONNALLY. No.

Mr. WEITZ. Now, this meeting, or this call I should say, from Mr. Jacobsen, was that before or after the meeting that is noted on the log of March 23 with the President's office on milk?

Mr. CONNALLY. I have no way of knowing that because we did not, except in rare cases, put down the time of the phone call but I would assume it was before because the meeting at the White House was at 4:45, which was running fairly late in the afternoon. So I would assume that it was before the meeting.

Mr. WEITZ. The first phone call listed on the log of March 23 is from the President at 10:15?

Mr. CONNALLY. Right.

Mr. WEITZ. Would that relate in any way to this matter of milk price supports?

Mr. CONNALLY. I would not think so but I cannot say with certainty. Let me tell you why I do not think so.

If you will look down under calls and I do not know why this sheet was ever prepared this way, but anyway, it does not reflect calls, it reflects meetings from 8 in the morning to 10:05.

There was a meeting at the White House with Republican leadership, a 2-hour-and-5-minute meeting at the White House with the Republican leadership. Again the President called and they did put a time on that call at 10:15 so obviously I just returned from that meeting. I have to assume that his call had something to do with the meeting that had just broken up and not relating to the milk matter.

Mr. WEITZ. Are only calls that are actually completed listed on this, on your log as opposed to callers whose calls are not completed?

Mr. CONNALLY. I think only the completed calls but I will have to verify that. I cannot say it with certainty but I think that must be right.

Mr. WEITZ. Can you tell us who Gus Mucher is who appears to have received a call from you and he resides in Austin?

Mr. CONNALLY. Yes; Gus Mucher was a former speaker of the house of representatives from Brenham, Tex.

Mr. WEITZ. Did that matter relate to the milk price support decision?

Mr. CONNALLY. No, I would think not. No, and I frankly do not know why I called him, probably to give him my condolences. You will recall that he was involved in another time period but he was involved in at a subsequent time or perhaps during this period of time in the Sharpstown problem. I do not know why I called him.

Mr. WEITZ. Now, either before or on this date you do not recall a conversation with Mr. Jacobsen in which the question of new money from the milk people was raised?

Mr. CONNALLY. No.

Mr. WEITZ. If such a matter had been discussed that certainly would stick in your mind, I take it?

Mr. CONNALLY. Well, I would not know what they meant by new money because I did not know anything about any old money.

Mr. WEITZ. Had any matters in connection with any commitments by the dairy industry to the presidential or Republican Party ever been discussed with you?

Mr. CONNALLY. Not at all; not by anyone.

Mr. WEITZ. Were you aware of any such commitments?

Mr. CONNALLY. I was not.

Mr. WEITZ. Are you aware of any commitments to this day made sometime in 1971?

Mr. CONNALLY. Only through the press, and I read in the paper where there was a letter written by some man in 1970 talking about a $1 million or $2 million contribution but I was totally unaware of it until I read it in the newspaper.

Mr. WEITZ. And you never expressed an opinion on or before this date to Mr. Jacobsen, as to additional moneys in addition to some prior commitments, should be made in order to obtain a milk price support increase support from the administration?

Mr. CONNALLY. Absolutely not.

Mr. WEITZ. I take it you did not attend the meeting between the President and the dairy farmers, the representatives of the dairy industry on the 23d?

Mr. CONNALLY. On the 23d of what?

Mr. WEITZ. The 23d of March—this day that you are looking at.

Mr. CONNALLY. No, I am sure that I did not.

Mr. WEITZ. So, the first meeting that you had with the President concerning the milk price support level would have been the meeting at 4:45?

Mr. CONNALLY. Right.

Mr. WEITZ. Can you recall—where did that meeting take place?

Mr. CONNALLY. I do not remember; it would be the Cabinet Room or the Roosevelt Room, I would imagine.

Mr. WEITZ. Can you recall for us who attended that meeting?

Mr. CONNALLY. There were quite a few, and as best I can recall, Secretary Hardin was there, Director Shultz was there—he was then Director of the Office of Management and Budget. I believe Dr. McCracken was there, perhaps other members of the Council of Economic Advisers.

Mr. WEITZ. And the President, of course?

Mr. CONNALLY. The President was there—there were two or three staff people who were there; I was there. I cannot be more precise than that.

Mr. WEITZ. Now, before this time had you discussed with either Secretary Hardin, Director Shultz, Dr. McCracken, or anyone else in the administration, the question of milk price supports?

Mr. CONNALLY. Oh, I think beyond any question, I had. Not any formal, structured meeting, but we were in constant meetings during this period of time about all different types of subjects. I was appearing on the Hill with great regularity; following my confirmation. I was particularly in communication with the Council of Economic Advisers and Director Shultz about all types of administration policy; and I would dare say the subject had come up—but not in such a way that I remember any particular meeting, or any particular comment that was made by anybody.

Mr. WEITZ. Do you remember, for example, the positions taken by the gentlemen?

Mr. CONNALLY. Oh, yes; I remember quite well.

Mr. WEITZ. Let us take it one at a time.

Secretary Hardin?

Mr. CONNALLY. Secretary Hardin, basically—now you are talking about the time frame of the 23d?

Mr. WEITZ. Let us say, before the 23d, your conversations with him.

Mr. CONNALLY. Secretary Hardin obviously had stated his position and it had prevailed—in this position—on March 12. He basically was recommending a support level at 81 percent of parity. I think that was concurred in by Director Shultz, I think, beyond any question, and perhaps others—I do not recall the others' positions with a degree of certainty that I would want to try to speak for. Obviously the 81 percent of parity did not reflect my view, at all, but my views were not that persuasive, nor that important. I had stated them prior to the 12th and subsequent to that time we had had—and the reason I think we have had cursory talks, about the price-support program, because we would begin to get feedback from the Hill—that a great deal of effort was going on, on the Hill, and that the milk people were, indeed, active on the Hill. That all of our—in my own case, I was up on the Hill, as I said a moment ago, a great deal testifying before committees in the House and the Senate, and I, from time to time, was talked to by people on both sides of the aisle and they were very upset about it. It

was obvious that there was building a real push on the Hill for congressional action to overturn the price support level of 81 percent of parity.

Mr. WEITZ. Did you speak to anyone in the White House before this meeting on the 23d to express your views?

Mr. CONNALLY. Well, I would say, again without being able to tell you the times and places of precise details, I would say yes, I think I had mentioned it to Secretary Shultz. I think I had talked to Dr. McCracken about it.

Mr. WEITZ. Can you recall anyone else you might have spoken to?

Mr. CONNALLY. No; but every time we got into a meeting, the subject might have come up, there might have been 3 people there, there might have been 10 people there, but if you are asking me about any other particular individual specifically than the President, I have no rememberance of talking to the President about it.

Mr. WEITZ. Do you recall talking to the President about it?

Mr. CONNALLY. No; I do not.

Mr. WEITZ. Might you have?

Mr. CONNALLY. No; I did before the 12th, but I do not recall that I did after the 12th. I frankly thought it was a closed issue and we had made a mistake, and I simply, in the various comments that I made on the 23d and what comments I made to George Shultz and others, if indeed I made any, was to the effect that I thought we had made a mistake and that I thought the Congress was going to act.

Mr. WEITZ. Now before the 12th, you mentioned you talked to the President about this. Can you recall when that took place?

Mr. CONNALLY. No; but all of us—those of us who were concerned with economic matters—our opinion had been asked and I assume that they asked advice of a lot of people. I expressed the opinion that I had previously given to you, that I thought 80 or 81 percent was too low. I thought it was a mistake and I gave all the reasons why I thought it was a mistake.

Mr. WEITZ. Did you ever discuss with the President, before the first decision, anything concerning the political activity of these dairy co-ops?

Mr. CONNALLY. No; political activities in what sense? In the arguments, yes, in relation to their influence on the Hill—and I do not use that in a crass or bad way—but they obviously were in a position to talk to a great many people on the Hill and apparently get a more reasonable approach in answering their problem. And I must say that I think the Congress was right when, indeed, you got 102 signatures on the bill in the House asking for 90 percent of parity, and when you got Senators like Senator Nelson and Allen, Bayh, Bentsen, Burdick, Cook, Cranston, Eagleton, Eastland, Fulbright, Gravel, Harris, Hart, Hartke, Hollings, Hughes, Inouye, Long, McGee, McGovern, Mondale, Moss, Muskie, Proxmire, Sparkman, Stevenson, Symington, and Tunney, all on one bill, calling for 85 percent of parity?

Mr. WEITZ. The bill never passed, did it?

Mr. CONNALLY. No; but the reason I think it did not pass was because Secretary Hardin changed his mind about the level of parity.

Mr. WEITZ. And you never discussed before this meeting on the 23d, possible political contributions by these groups, with the President?

Mr. CONNALLY. I never discussed political contributions by this group with them, or with him, or with anybody else.

Mr. WEITZ. Did you talk to him about the possible support they might give him, without being specific about it?

Mr. CONNALLY. I do not recall that I did.

Mr. WEITZ. Are you aware that he had had a brief meeting the previous year with Mr. Nelson and another representative of AMPI?

Mr. CONNALLY. No; I was not.

Mr. WEITZ. Did he speak to you in terms that he indicated that he was familiar with this particular co-op, or its leaders, or other co-ops?

Mr. CONNALLY. No.

Mr. WEITZ. Now, at the meeting on the 23d, could you tell us what views were the same views that you have heard earlier, were they reexpressed?

Mr. CONNALLY. I would say "modified." And again, Mr. Weitz, let me try to put this in the proper perspective. When we go into a meeting with the President, all of his Cabinet officers and advisors tried to analyze a problem in terms of the options and the alternatives and the pros and cons of every position. So, there was no question of going in and choosing up sides, or showing of hands, or anything of that kind. Rather, we tried to analyze the problem from every standpoint. I think it is fair to say that by the time this 23d meeting came about, that everyone in that room was aware of what was happening on the Hill—every one of them. And I think this went a long way toward softening the position, we'll say, of George Shultz. Shultz—George Schultz was pretty strong in his first attitude, I think, for two reasons; and he is certainly more—I think he has appeared before you—he is certainly more capable of expressing his own views than I am, but as I recall, he has basically two objections.

The first—in the first place, he didn't believe in price supports. He did not believe in the farm program, to be perfectly frank about it, philosophically. And second, we had an enormous deficit in the budget and he was fighting to keep a dime of additional expenditure down, regardless of the program, and that was the principal thrust of his argument.

I think this was basically Dr. McCracken and the Council of Economic Advisers, I think weighed in, against it to begin with; and I can't recall any specific comments they made—that is my impression, now, of their position then. Largely, again, on philosophical grounds, I think that we ought not to encourage, we ought to be working toward the elimination of the price support programs, and the farm programs, completely, and not encouraging the raising of the parity level and the raising—the continuation of the program. But, because of the congressional attitude, there's no question what everybody's view, including Secretary Shultz, including Secretary Hardin's, had been softened immeasurably. That was about the net of it.

I think, still, Secretary Shultz and Secretary Hardin, in particular, on balance, would have still been slightly in favor of their position of the lower parity. My position was the same. The only thing that—the only additional argument I had was the proof of congressional activity which I think they all, at that point, recognized.

Mr. WEITZ. Was there any discussion at that meeting of any counterlobbying on the Hill or talking to Senators and Congressmen in the hope of dissuading them from passing such legislation?

Mr. CONNALLY. Yes, there was talk about it, and there was talk about—suppose they pass it, you can still veto it. Maybe they can override the veto, maybe they cannot, but again, I do not think anybody wanted to undertake that kind of a program, at that particular moment in time.

Mr. WEITZ. Was there any discussion of increased feed cost?

Mr. CONNALLY. Of what?

Mr. WEITZ. Increased feed costs.

Mr. CONNALLY. Feed costs—well, I do not recall, except, no, I do not recall.

Mr. WEITZ. Are you aware that that was the sole justification, or the principal justification mentioned by the Secretary of Agriculture in his public decision?

Mr. CONNALLY. Yes, but this was an assumed thing, the rising costs to the dairymen, as I mentioned earlier, yes, there is no question about that.

Mr. WEITZ. And in fact those costs had been rising all through the previous year?

Mr. CONNALLY. Correct.

Mr. WEITZ. So would it be your conclusion that the decision by the Secretary of Agriculture was not based on any new facts that had come to light from an agricultural point of view, rather than perhaps some new matters outside this—those areas?

Mr. CONNALLY. I certainly cannot interpret, or try to read the mind of Secretary—the Secretary of Agriculture, what he did. I do think that the change in the parity level was, in my own judgment, was at least substantially due to the activity on the Hill and it was a defensive measure in order to retain some latitude in the law, and not permit Congress to write a specific, mandatory level in there. And under the law under which they were then operating, the Secretary of Agriculture could set the parity as low as 75 percent, as high as 90 percent, and I think everybody concerned, particularly the Secretary of Agriculture, indeed, did not want to give up that type of latitude in order to be faced with a bill that said it is going to be 85 percent, or 86, or 89.

Mr. WEITZ. Did the President express his views at the meeting?

Mr. CONNALLY. No, as a matter of fact, I do not remember that he responded his views. He listened, as he frequently does during the meeting, and he would turn to everybody and say, what do you think, what do you think, what do you think, and sometimes he would express an opinion, sometimes he would not. We normally discussed the matters among ourselves. If he feels very strongly, he will obviously make a comment, he will put in something, but no decision was made at that moment, and I was not present when any decision was made—either the first time or the second time—so I cannot enlighten you at all about that.

Mr. WEITZ. At the conclusion of that meeting, a decision had not yet been made, to the best of your knowledge?

Mr. CONNALLY. To the best of my knowledge, no.

Mr. WEITZ. Or had at least not been communicated?

Mr. CONNALLY. That is correct.

Mr. WEITZ. When did you first become aware of the change in the decision?

Mr. CONNALLY. As far as I know, when I read it, I guess. I do not recall any particular communication with respect to it.

Mr. WEITZ. Did anyone, between the time of this meeting on the afternoon of the 23d, and the time on the 25th, when the decision was publicly announced, indicate to you that in fact it was to be changed, or was very likely going to be changed?

Mr. CONNALLY. Mr. Weitz, I cannot say that they did. I do not recall anyone doing it.

Mr. WEITZ. Did you talk about it with the President between the time of this meeting and the 23d?

Mr. CONNALLY. No, I don't believe I did.

Mr. WEITZ. Did you talk with any other Presidential advisers about it?

Mr. CONNALLY. I do not think so. And again, let me say to you, this was an extraneous matter, so far as I was concerned. It was an economic matter and I was concerned with it to that extent. I had given my advice, and the next day I went on to something else. I was then within 6 weeks of being sworn in; I was still trying to learn my lesson at the Treasury. I was appearing constantly before committees, almost to the day I was sworn in on February 11, and I have never had a more strenuous, arduous time. So, frankly, I did not pay any attention to it. I promptly forgot it, and as far as I know, no one communicated with me about it until after the decision was made. I have no recollection of it.

Mr. WEITZ. Was not Mr. Jacobsen, a 25-year friend of yours, terribly concerned about this, and wouldn't his cause at least have brought it back to mind?

Mr. CONNALLY. Well, I do not even know that I even talked to him after that.

Mr. WEITZ. Between the 23d and the 25th, your recollection is that you did not meet with Mr. Jacobsen?

Mr. CONNALLY. I do not recall that I did.

Mr. WEITZ. Do you remember a meeting, either on the night of the 23d, or the night of the 24th, with Mr. Jacobsen and Mr. Nelson?

Mr. CONNALLY. No.

Mr. WEITZ. Now, the logs you have given us are logs that are kept in your office, are they not?

Mr. CONNALLY. Yes.

Mr. WEITZ. Any log, any meetings that you would either schedule after hours, or schedule outside of your office, would not be reflected in those logs?

Mr. CONNALLY. That is correct, unless they were scheduled sometime in advance, or unless by some means I told the office that I have got an appointment at 8 tonight or 6 this afternoon, or am going so-and-so for dinner, or something of that kind. It would not necessarily reflect a chance meeting, or something of the kind, that occurred after I left the office.

Mr. WEITZ. So a meeting that you might have had outside of the office on the night of the 24th, perhaps sometime late at night in the Madison Hotel for example, would not be reflected in these logs?

Mr. CONNALLY. If it had been scheduled it would, but if it had been a chance meeting that came up at the last moment or almost by happenstance, it would not be reflected on the logs.

Mr. WEITZ. Now on the evening of the 24th, did you attend the "Kickoff 1972" Republican dinner?

Mr. CONNALLY. No, I did not. Let me explain why I didn't. Simply because I was a Democrat in a Republican administration, I had made my decision that I was not going to participate in any political activities and I did not attend that dinner. I was asked to do so, and I explained, and I did not attend it.

Mr. WEITZ. Let's go back for a minute to the period between the first decision by Secretary of Agriculture on the 12th, and the second decision on the 25th. Do you recall meeting, or talking, to Bob Lilly during that period of time?

Mr. CONNALLY. No, I do not.

Mr. WEITZ. Do you know Bob Lilly?

Mr. CONNALLY. Yes, I casually know Mr. Bob Lilly.

Mr. WEITZ. Can you recall how long you have known him, or when the first time it was that you met him?

Mr. CONNALLY. It was sometime when I was—during the period when I was Governor of Texas, I would guess in the middle 1960's, perhaps. At that time, I recall that he was an employee, or working in some capacity I thought, with the Farm Bureau—now I do not know whether it was the Texas Farm Bureau or the National Farm Bureau Federation, but I am not even sure of that point.

Mr. WEITZ. In what connection did you meet him at that time?

Mr. CONNALLY. I do not have the faintest idea. I just remember that he was one of the men around the Capitol doing work before the legislature and I have not the faintest idea where, or under what circumstances, I met him.

Mr. WEITZ. Now, since that time, somewhere in the mid-1960's, when you think you first came in contact with him, until, for example, you had left the governorship, could you estimate for us how frequently you would have come in contact with Mr. Lilly—say on a weekly or monthly basis, for example?

Mr. CONNALLY. I think—and again this is a pure guess just trying to recall the years, how many times you have seen a casual acquaintance, I would guess maybe I could count them all told, over a period of since I have known him, on one hand, maybe five times over a period of 7 or 8 years.

Mr. WEITZ. You say he was affiliated with some Farm Bureau? Perhaps the Texas Farm Bureau?

Mr. CONNALLY. That is my understanding, but I cannot be sure of that.

Mr. WEITZ. And you do not recall meeting with him, perhaps on a number of occasions, in connection with certain matters that were then pending, either before the legislature or the Texas administration?

Mr. CONNALLY. Not unless he happened to be in a large group of people. I have no recollection—can you elaborate what type of legislation? I do not know; I am totally at a loss to know what you are referring to.

Mr. WEITZ. Well, in general, with regard to a number of pieces of legislation—you do not recall for example meeting with him frequently over numerous matters that might arise over a period of time?

Mr. CONNALLY. No, but, again let me point out to you, you obviously—and I am not trying to read your mind—but you obviously have some reason for asking the question, and I want to be as responsive as I know how to be. At least once a month, sometimes every 2 weeks, as

Governor, we would have proclamation day and I would go out in a big reception room and we would sign bills and do all kinds of honors to people. We would give awards, we would recognize every type of day, we would recognize every type of queen, and we would be photographed; we would have the room packed with people. It is entirely possible that he could have been in the office or in a group like that on several occasions without me having the faintest memory of it. But so far as meeting with him about any particular legislation, I have no memory of it.

Mr. WEITZ. And if this happened, if he were to of met with you several times a week, or several times a month, on a repeated basis over a number of months, over a number of years in a fairly small group or even just the two of you, you would probably recollect that?

Mr. CONNALLY. Oh, I think I would.

Mr. WEITZ. Now during the time between March 12 and March 25, do you recall meeting Mr. Lilly at Page Airways in Washington, in the Washington Airport?

Mr. CONNALLY. No, I do not.

Mr. WEITZ. Do you recall, would your records show, where you were either on the day of March 19 or March 20 of 1971?

Mr. CONNALLY. Yes, I guess it would.

Mr. WEITZ. Would you provide those two, that would be part of the segment in late February. I think it would be useful to see all of March.

Mr. CONNALLY. All right, we will give you all of it, but I certainly have no recollection of meeting him at Page Airways.

Mr. WEITZ. Do you remember, perhaps a chance meeting, or passing him and seeing him in the airport on that day?

Mr. CONNALLY. No, because frankly, I do not recall that I was out there, and I do not recall I went anywhere during that period.

Mr. WEITZ. You do not remember any trip out of Washington, let's say between the 12th, which was the day of the first decision of the Secretary and the meeting with the President on the 23d, for example?

Mr. CONNALLY. No, I do not. We can certainly check it though, and I would be delighted to do so, but I certainly do not remember.

Mr. WEITZ. Now I take it you do not go to Page Airways unless you are actually in transit?

Mr. CONNALLY. I do not think I have, no.

Mr. WEITZ. And normally when you travel, or during that period when you were traveling, would you normally travel by private plane?

Mr. CONNALLY. Yes.

Mr. WEITZ. If you are traveling on that day——

Mr. CONNALLY. Now by private plane?

Mr. WEITZ. As opposed to commercial aircraft?

Mr. CONNALLY. Yes.

Mr. WEITZ. A private plane that would have in Washington departed or arrived at Page Airways. So if your records would show that you were in transit on one of those 2 days, in or out of Washington, and you indicate that at least you, for some period of time, were in Page Airways terminal?

Mr. CONNALLY. It might well do it.

Mr. WEITZ. There would be no other way you would come and go during that period if you were traveling by air?

Mr. CONNALLY. No—and not be there—no, I don't think so.

Mr. WEITZ. Now you do not recall seeing Mr. Lilly. Do you perhaps recall seeing a group of people, members and employees of AMPI in the Page Airways sometime during that period, passing them briefly, and perhaps seeing Mr. Nelson among them?

Mr. CONNALLY. During this time period? No.

Mr. WEITZ. Well, let me list a number of people, can you tell me who you believe would be the person you would recognize most readily, or would know the best, if I mention the following people: Kieffer Howard——

Mr. CONNALLY. Who?

Mr. WEITZ. Kieffer Howard, Harold Nelson, David Parr, and Bob Lilly; can you tell me who of those gentlemen you would think you would know the best?

Mr. CONNALLY. I would probably recognize Dave Parr first; secondly, probably Mr. Harold Nelson; third, Mr. Lilly; and I am not even sure I know Mr. Howard at all, perhaps I have met him, but the name does not strike a chord with me at all.

Mr. WEITZ. You would recognize Mr. Nelson over and perhaps speak to him in a chance meeting, ahead of Mr. Lilly you think?

Mr. CONNALLY. Oh, yes.

Mr. WEITZ. And you do not recall any such meeting held ever at Page Airways during this period of time?

Mr. CONNALLY. No; I do not.

Mr. WEITZ. Did you ever, between the period of the 12th and the 25th—between the first decision and the second decision—ever communicate to any representative of AMPI your assessment that you thought this decision would in fact change, and a new decision would be made to raise supports by the administration?

Mr. CONNALLY. I don't recall that I did, no. As a matter of fact, I do not think I talked to anybody except Mr. Jacobsen in the communication that we have already talked about and during the period between the 12th and the 25th. I frankly had no real reason to be optimistic about a change as far as the administration was concerned, because we had been down this road and the decision was made on the 12th to set the level at 81 percent, and I frankly felt that if it was changed at all it was going to have to be changed by the Congress at that point.

Mr. WEITZ. As you have testified, you do not remember meeting during this period, either with Mr. Nelson, together with Mr. Nelson, Mr. Jacobsen, Dr. Mehren?

Mr. CONNALLY. No.

Mr. WEITZ. And if either of those gentlemen recall that, you think that their memory will be faulty or perhaps yours will be faulty on this point?

Mr. ECKHARDT. Why don't you ask him to just speculate on that?

Mr. WEITZ. No; I am trying to establish how firm his recollection is for that period of time.

Mr. CONNALLY. I do not know how firm my recollection is, and I am not trying to be facetious with you—let me again point out to you that I was working literally 18 hours a day, 7 days a week, and I mean 7 days a week, Saturdays and Sundays, trying to cover the ground, trying to get briefed on what the Treasury was, every available hour. I took home—I had reading material; I read as much as 10 hours every

single night, on reports, documents, and Divisions of the Treasury, what they did because of the constant work I was doing on the Hill in testifying.

Now it is entirely possible that a chance meeting—I would not remember. But I am saying to you with all the sincerity that I possess that I do not recall a meeting of this type with these people within this time period.

Mr. WEITZ. And as you say, you were actually taken by surprise, you were actually pessimistic about the change during this period?

Mr. CONNALLY. I was, indeed.

Mr. WEITZ. So your recollection is that you would not have communicated to any dairy people the optimism about the new decision?

Mr. CONNALLY. Not in this time period; I do not think there is any basis upon which that I might have reflected optimism. And this, I probably would have done, I certainly would have reflected optimism with their chances on the Hill because every report we were getting clearly indicated that the Congress was going to act. But I had no reason to think that this was going to be translated into action by the administration.

Mr. WEITZ. Did there come a time during 1971 when you received a communication from Mr. Jacobsen concerning some cash that he had obtained from representatives of AMPI?

Mr. CONNALLY. In about the middle of June or the latter part of June or the first of July, and I cannot be certain, I met with Mr. Jacobsen; he told me that the milk producers—and I cannot be more specific than that because I frankly do not remember and I do not think he is more specific than me—were prepared to start making contributions in 1971 to committees and to candidates for dinners—all types of activities looking toward the election in 1972. He said then that he had available $10,000 in cash to be given to any committee or any candidates that I might designate, and I said now Jake, I am not interested in that. I said I am in this administration as a Democrat. I have refused to go to any fundraising dinners; I did not even go to the dinner for the President. I would not like to be in the position of trying to raise money for Democrats against the Republicans as long as I am serving in a Republican administration.

By the same token, I wouldn't feel right about trying to suggest that contributions be given to Republicans against members of my own party. And I have made the decision that I am going to be as nonpolitical as I possibly can be and I am not going to take any interest in party partisan politics, or party politics, during the foreseeable future, and I interpret that to mean so long as I hold this office. And that was the end of it.

Mr. WEITZ. Did he tell you how he had obtained the money?

Mr. CONNALLY. No; he discussed no details and I was not sure he had the money; he just said that it was available, that amount, and that's all he said and I stopped the conversation and I said what I did. It ended it.

Mr. WEITZ. Did you tell him to return the money?

Mr. CONNALLY. No; I did not tell him what to do with it.

Mr. WEITZ. Did he tell you where he was keeping the money?

Mr. CONNALLY. No; and he did not tell me he had it. He just said there was $10,000 available to be given. I frankly didn't know whether

he had it or whether somebody else had it, I had no way of knowing that, I did not ask him, I did not want to know.

Mr. WEITZ. Did he say it was in cash, or did he not specify?

Mr. CONNALLY. As I recall, it was.

Mr. WEITZ. Was it likely that $10,000 was available in cash—would be available without it actually having been in the actual possession of either Mr. Jacobsen or someone who was willing to turn it over to Mr. Jacobsen?

Mr. CONNALLY. Well, I am not going to start speculating.

Mr. WEITZ. What did you understand him to mean?

Mr. CONNALLY. Well I understood him to mean just what he said that it was available.

Mr. WEITZ. Wasn't that a a euphemism for I had the cash?

Mr. CONNALLY. Not necessarily in my mind, I do not know whether he had it or whether he did not, but I interpreted him to mean that either he had it or he could get it.

Mr. WEITZ. Why did he make such money available?

Mr. CONNALLY. I think you would have to get a better answer from him than from me. I am not sure but again I assume he thought that it would do me some good, to get some credit for some Members of Congress, if indeed they thought that I encouraged AMPI to give them a contribution. That was my assumption; that was my interpretation.

Mr. WEITZ. Of course it could have been easier for him to ask who you wanted to recommend that AMPI or TAPE give such money?

Mr. CONNALLY. That's what he did. He said it is available for you to designate. Who do you want it to go to?

Mr. WEITZ. In cash, it was available?

Mr. CONNALLY. Yes, in cash; that is what I understood, it was in cash.

Mr. WEITZ. That would be separate for moneys that were in a bank account of some organization where he could write out a check from any committee at any time?

Mr. CONNALLY. We didn't get into any of that at all.

Mr. WEITZ. Well, from your experience, as an example, as head of Democrats for Nixon, did you normally keep cash available for certain purposes?

Mr. CONNALLY. No.

Mr. WEITZ. And was it your experience that, for example, organizations that gave contributions of money to you, did they normally deal in cash?

Mr. CONNALLY. No, in Democrats for Nixon we had a rule, and I established it from the first day, I said there are certain things—one, this is not going to be primarily a fundraising organization. I said I think there is going to be plenty of money in this campaign and we are not going to do that. Now we will raise some, I do not mean we won't attempt to do it in a rather routine fashion, but second, I told everybody on the staff that I want to take no amounts of cash of any size at all—I mean $2, or $3, or $5, or $10 that come in by mail, perhaps yes, but no sizable cash contributions.

I said, No. 3, I want you to check every check that comes in and be sure if there's any question about whether or not that check is a corporate check; go back, write them a letter or call them on the telephone and say: "We have your check; is it, indeed, a personal check? We don't want to get any corporate contributions."

And those were things that I laid down and so far as I know we followed them religiously during the whole campaign.

Mr. WEITZ. Did Mr. Jacobsen, in this time frame, indicate whether or not this $10,000 cash that was available was corporate funds?

Mr. CONNALLY. During this time he indicated that they were prepared—that he was prepared—he brought up the subject again, wanted to know whether we wanted a contribution from AMPI, that he had $10,000 in cash or we could—and I said no, I do not want it. I said I do not want that sizable contribution in cash and I said, as a matter of fact: "Jake, you've got lots of problems in AMPI"—in the meantime they had had a complete turnover of personnel and management had gone through a rather serious reorganization, all of which I am not familiar with, but I do know that they had gone through—they had tax problems. I know they had antitrust problems about that time and I frankly said to him, "We would just prefer not to take any money from you."

I would not say that there's anything wrong with it, necessarily, but I just think it is the better part of wisdom for us not to have any cash around.

And we took as you know, I assume, you can check the records, we did take a $25,000 contribution from a Kentucky group which I believe is SPACE, or their political arm, and we took a $6,000 political contribution from the Missouri group and that is the total contributions that I have any knowledge of from the milk industry.

Mr. WEITZ. OK; we will return to their activity later. In connection with that, had Mr. Jacobsen ever made a similar offer to you before?

Mr. CONNALLY. No.

Mr. WEITZ. Did he ever make a similar offer after the one in 1972?

Mr. CONNALLY. No.

Mr. WEITZ. Did you specifically tell him to return the money?

Mr. CONNALLY. No, I just said: "You do whatever you want with these various funds. You know who your friends are." I said I frankly do not want any part of it and I did not suggest one place that he put a dime that he raised for anybody.

Mr. WEITZ. Did he indicate whether he had intended the moneys to go to either Democrats or Republicans?

Mr. CONNALLY. No.

Mr. WEITZ. Did you know what he, in fact, did with the money?

Mr. CONNALLY. No.

Mr. WEITZ. Do you know whether he, in fact, still has the money?

Mr. CONNALLY. No.

Mr. WEITZ. Do you maintain a savings deposit box in the Citizens' National Bank in Austin?

Mr. CONNALLY. No, I do not.

Senator WEICKER. Am I correct, then Governor, in my understanding of what you testified to so far that insofar as 1969 and 1971 are concerned, the only mention to you of political moneys from AMPI, from Jake Jacobsen, from Bob Lilly, George Mehren, Harold Nelson, Dave Parr, was in this particular instance of May, June, July 1971, insofar as the $10,000 availability of funds was concerned, otherwise that you had no conversations relative to political contributions to either the Committee To Re-Elect the President, to the Republican Party, with any of these individuals in 1969 or 1971?

Mr. CONNALLY. Say, that except the contributions of these two milk co-ops in 1972.

Senator WEICKER. In 1969 and 1971, the only instance of any discussion of moneys, as between yourself and these individuals and/or organizations, is this incident of May, June, July, whatever the specifc date was, the $10,000 fund?

Mr. CONNALLY. That is absolutely correct in terms of specific money, Senator. In the 1969 conversation, and I do not recall when it was, in explaining to me what they were doing, they were going to set up a political arm similar to COPE, to handle the contributions of the milk industry, but this was a pure structural conversation dealing with the method of providing political funds. It had nothing to do with contributions to any individual or to parties for that matter.

Senator WEICKER. Right. In 1971, and just so that we can be specific on this point, the conversation of the $10,000 was a conversation that Jake Jacobsen had with you; is that correct?

Mr. CONNALLY. Yes, sir.

Senator WEICKER. But at no time during 1971 were moneys discussed—political contributions discussed—between yourself and others—Nelson, Mehren, Lilly, Parr, Milton Semer—is it?

Mr. CONNALLY. I do not know. Can you identify that?

Senator WEICKER. The Washington attorney for AMPI.

Mr. WEITZ. He is a partner of Mr. Jacobsen in his Washington office—or was, at that time.

Mr. CONNALLY. I did not first recognize the name, I think perhaps I have heard—no, the answer to your questions, that is absolutely correct. And I might even go further Senator and simply say that at no time to this good day do I know, nor has anyone ever told me what they contributed to whom, or by what means, or in what amount. I had nothing to do with their political campaign contribution activities.

Senator WEICKER. Let me just ask then, and let counsel continue in a natural progression. But just while I am on the point, aside from the May 1971 conversation with Jacobsen and Jacobsen repeating this fact to you in 1972, was there any other discussion of political money as between yourself and this group?

Let me be specific, I have a list here, I put down a list of all those persons and organizations that appear in the milk hearing, the Associated Milk Producers, Inc., AMPI, TAPE—political arm of AMPI—is it CTAPE, is that correct? Harold Nelson, George Mehren, Bob Lilly, David Parr, Milton Semer, who is the Washington attorney for AMPI and a former law partner of Jacobsen, Joe Long, who is Austin attorney for AMPI, Marion Harrison, Washington attorney for AMPI; Murray Chotiner, Washington attorney for AMPI; Pat Hillings, Washington attorney for AMPI; Mid-America Dairymen, Inc.; Gary Hanman, executive vice president; ADEPT, political arm of AMPI; Dairymen, Inc.; and SPACE, the political arm of Dairymen, Inc., discussion as to political moneys, with the exception of the contributions that you have mentioned from SPACE—is it—from what was the other one?

Mr. WEITZ. SPACE was the larger amount.

Mr. CONNALLY. One gave us 25 and one gave us 6, frankly I don't remember which it was.

Senator WEICKER. And those two, and the discussion that have come here with Jacobsen on the $10,000?

Mr. CONNALLY. That's all.

Senator WEICKER. And that is it?

Mr. CONNALLY. Yes, sir; that is it, and I might parenthetically say, Senator, a lot of those names you read off, I do not even know.

Mr. WEITZ. Now, in that connection, do you recall any subsequent conversations with Mr. Jacobsen, still in 1971, let us say in the fall of 1971—again, raising either this matter or some related moneys that he had obtained or made available, perhaps in the same way that he had made the earlier $10,000 available to you?

Mr. CONNALLY. I do not—not only do not remember, it never happened. I not only do not remember it—I misstated myself. I not only do not remember it, it did not happen.

Mr. WEITZ. Now before we leave this, I just want to make clear, when Mr. Jacobsen raised this matter with you, did he make it fairly clear this money was from AMPI?

Mr. CONNALLY. No; frankly, I assumed it was from the milk people, but to say it was from AMPI, I could not say.

Mr. WEITZ. Well let me be more specific, I am not picking between the co-ops, but——

Mr. CONNALLY. I assumed it was milk money; I do not recall that he made that clear, but I think there was no doubt in my mind that that's what it was.

Mr. WEITZ. Did he make it clear, for example, that it was money from TAPE, or from AMPI?

Mr. CONNALLY. No; that is what I am saying.

Senator WEICKER. If I might just ask—if I could hold the proceedings for a minute, Governor, would you like a respite here, a coke?

[Off the record discussion.]

Mr. WEITZ. Shall we proceed back on the record?

Mr. CONNALLY. Certainly.

Mr. WEITZ. Before we leave the period 1971, let me just ask you one question. In connection with that discussion between Mr. Jacobsen and yourself, was there any reference in that discussion to the earlier milk price suppport decision?

Mr. CONNALLY. No.

Mr. WEITZ. When he mentioned the availability of the $10,000 cash?

Mr. CONNALLY. No.

Mr. WEITZ. Would you provide to us, in addition to the periods you previously mentioned, the log or logs that would identify the day—possibly identify the day in which Mr. Jacobsen talked to you about that matter?

Mr. CONNALLY. I would be glad to.

Mr. ECKHARDT. Who talked to him?

Mr. WEITZ. When Mr. Jacobsen talked to him. I would suggest you might start as early as May 1971, and perhaps go forward about 2 or 3 months until you are reasonably sure that you have covered the period.

Mr. ECKHARDT. I am quite sure that the only notation that would appear on the log would be the name of Jacobsen.

Mr. WEITZ. That would be sufficient. If it does not refresh your recollection any further, then just provide us with those logs and we will review them.

Now did there come a time in early 1972 when you did, in fact, meet again with Mr. Jacobsen and perhaps others from AMPI?

Mr. CONNALLY. Yes.

Mr. WEITZ. Would you like to tell us about that meeting?

Mr. CONNALLY. This meeting occurred, as I recall, on March 16, 1972. Mr. Jacobsen and Mr. Harold Nelson and Dr. George Mehren came into my office and the meeting was for the purpose, really, of telling me about the change of management in the organizational change of AMPI. But, primarily, to introduce to me Dr. George Mehren; and in the process, it was a meeting in which I asked them how they were doing, what their problems were, and as I recall they started off and they had a number of problems. We finally got into that. They talked about—if my memory serves me correctly—their marketing practices, this was a problem that was concerning them.

They talked about the pricing of the formulas for pricing buttered cheeses and so forth, all of which was so complicated I did not quite understand it. I never quite understood it and they talked about the antitrust suit that had been filed against them, I believe, in Chicago—at least it was in the Midwest. These are the only—there might have been one or two other things, I do not recall, but these are the subjects that were discussed at that particular meeting.

Mr. WEITZ. In what connection were they discussed?

Mr. CONNALLY. I would say in the connection of just being an informative type of thing, just informing me of what some of their problems were, and telling me what some of the difficulties were with which they were dealing and that was about the extent of it.

Mr. WEITZ. This was the first time you had met Dr. Mehren?

Mr. CONNALLY. I believe it was—it was the first time that I recall ever having met him. Now I will let it go at that. I am sure he would be offended if, indeed, I had met him somewhere earlier and did not remember it, but I believe this was the first time I had ever met him.

Mr. WEITZ. Why did Mr. Nelson accompany him?

Mr. CONNALLY. Why?

Mr. WEITZ. Yes.

Mr. CONNALLY. Well, I really do not know.

Mr. WEITZ. Dr. Mehren had replaced Mr. Nelson as I understand it?

Mr. CONNALLY. Yes; that is correct, but I understood—then I asked in as courteous a way as I knew how, what the structure was, and they simply explained that—well, Dr. Mehren had become the head of the organization—I do not know what you would call him but Mr. Nelson was still a consultant I believe, or a lawyer or something for them, and he was still going to be active with them, so that was the explanation they gave me.

Mr. WEITZ. Were there any other matters discussed that you recall?

Mr. CONNALLY. No; I do not recall any.

Mr. WEITZ. Now, in connection with raising these matters, did they ask for your help or ask for any specific action on your part?

Mr. CONNALLY. No; I do not recall that they did. I do not really believe that that was the purpose of the meeting.

Mr. WEITZ. Let us take them one at a time, for example, marketing practices—that would be within the jurisdiction of the Secretary of Agriculture?

Mr. CONNALLY. Right.

Mr. WEITZ. Did they ask you to call the Secretary at that time, Butz?

Mr. CONNALLY. No; and I did not.

Mr. WEITZ. Do you know whether they ever contacted Secretary Butz directly?

Mr. CONNALLY. Oh, I am sure that they were, but I do not know whether they specified that.

Mr. WEITZ. Is there any problem that was then a particular problem such as the previous year?

Mr. CONNALLY. No, no, no, and I might parenthetically add there that so far as—if there was indeed a problem with respect to support prices in 1972, I was unaware of it. I was not a participant, really, in any of the discussions relating to it, and so I assumed that there really was no great problem in connection with it.

Mr. WEITZ. Now you mentioned the antitrust suit, do you know anything further about that antitrust suit?

Mr. CONNALLY. No; they pointed out that they were really very irritated about it, obviously, and expressed the thought that they thought the Department of Justice had gone too far, that they were irritated, that they thought it was going to have political repercussions all through the Midwest, and I said, "Well, I am sorry to hear it. I am sure the suit was not filed unless the Justice Department felt there was ample justification for it." And they said, "Well, nevertheless, we are very upset with it, and we think it is going to have a very damaging effect."

Mr. WEITZ. A damaging effect upon whom?

Mr. CONNALLY. Politically, upon the Republican Party.

Mr. WEITZ. What about on the farmers? Or farm co-ops?

Mr. CONNALLY. Obviously, and on farm co-ops, but again I don't recall the details. In the process of saying that they didn't think that the suit was justified, they said they thought the Justice Department moved too quickly, that they thought that if, indeed, here were pracices that they could have known about, or been advised of, they probably could have corrected them without the lawsuit. But it was done then, and I said, "It is done and there's nothing I can do about it," but I do not remember.

Mr. WEITZ. Had they been in contact with Mr. Mitchell up to that point?

Mr. CONNALLY. I do not recall that they did, but I called him—either that day or at a later time and of course in the meantime he was, as I recall at the time of that meeting, he was no longer Attorney General. I called him and simply reported to him the substance of the meeting, with respect to the antitrust things, and I said I thought they were quite irritated, and that he ought to, from a political standpoint, he ought to consider how to work around it.

Mr. WEITZ. Did you call Mr. Mitchell in the presence of those three gentlemen?

Mr. CONNALLY. I do not think so. If I did, it would have been highly unusual.

Mr. WEITZ. Why?

Mr. CONNALLY. Well, I just normally did not do that. I would say it is possible that I did, I do not recall, but I just certainly don't normally do that.

Mr. WEITZ. Did they ask for—did they raise the issue of any prior commitments that had been made by the dairy co-ops to the Republican Party or to the Committee To Re-Elect?

Mr. CONNALLY. No.

Mr. WEITZ. Were you aware of any such commitments at that time?

Mr. CONNALLY. No.

Mr. WEITZ. Who arranged the meeting?

Mr. CONNALLY. I cannot be sure, but I assume Mr. Jacobsen probably did.

Mr. WEITZ. Did they mention any contacts that had been made between Mr. Kalmbach and representatives of the dairy industry?

Mr. CONNALLY. No.

Mr. WEITZ. And they did not discuss, in any way, the question of whether they should go forward or not go forward on political contributions before April 7?

Mr. CONNALLY. I do not recall any discussion of contributions.

Mr. WEITZ. What did Mr. Mitchell say?

Mr. CONNALLY. I do not recall. He took the information; he obviously did not know a great deal about it. I think he grunted and said, thanks very much. That was about the extent of it.

Mr. WEITZ. Well, he was a former Attorney General; he was then deeply involved, of course, in chairman of the effort to reelect the President. Representatives of this large dairy co-op had said an antitrust suit would have serious repercussions on the Republican Party. Did you either suggest or did you take Mr. Mitchell to believe that it would be prudent to take action to try to alleviate that problem?

Mr. CONNALLY. No, no; I did not. I have been in politics too long to know that you cannot—when action like that is taken, you are going to obviously offend somebody, you do the best you can to alleviate the political damage, but you go on. There is no way you can do anything about it, and I did not suggest to him that we take any action at all. I said I am simply telling you what I've been told, and you should use it for your own guidance.

Mr. WEITZ. Well, what was suggested, or what do you think he contemplated with regard to alleviating the political impact?

Mr. CONNALLY. I have no earthly idea. I will not speculate on what he might have done. If it had been me, I would simply, if you are asking me what I might have done, if I were running the campaign, I would have probably contacted the head of the campaign effort in each one of those States, and said the Government has taken some action here that is irritating these farmers, we have to try to offset it with some aggressive work in explanation—explain it the best you can, get out and try to tell them that the Government action was justified and certainly was not an effort to prosecute them or to treat them unkindly, but after all, they have a responsibility for upholding the law, and that would of been my general approach. But I certainly have no way of knowing.

Mr. WEITZ. Was that in effect what you told him?

Mr. CONNALLY. No.

Mr. WEITZ. Do you know whether Mr. Mitchell told them that?

Mr. CONNALLY. No, I do not know that he met with them; I do not know what he did.

Mr. WEITZ. You don't know whether in fact——

Mr. CONNALLY. I do not know whether he even talked to them.

Mr. WEITZ. Were you aware of an Internal Revenue Service audit then in progress of the predecessor of AMPI, MPI for the year 1968?

Mr. CONNALLY. I think that might be the day I learned about it: I am not sure.

Mr. WEITZ. From whom?

Mr. CONNALLY. From Mr. Jacobsen.

Mr. WEITZ. What did they say about it?

Mr. CONNALLY. He, as I recall when that meeting was over, he stepped back in for a minute—it was either there, and I cannot be positive if this was the occasion, but about that period of time in any event—he said, he asked me. He said: "We have some problems with IRS dating back to the Johnson days. We would like to hire Marvin Collie to represent us; he is the best taxman we know of anywhere close to us. We would like to hire him if you have no objection."

Mr. WEITZ. Marvin Collie is who?

Mr. CONNALLY. Marvin Collie is the head of the tax department of Vinson, Elkins, and was one of my partners prior to my disassociation from that firm, and that is why he obviously asked me; he said, "We would like to hire him if you have no objection."

I said, "No, Jake, I have no objection. You hire whomever you please." And that was the extent of it.

Mr. WEITZ. Did either you or Mr. Collie write a letter to the District Director of the IRS in Texas in connection with this matter?

Mr. CONNALLY. I certainly did not. He might well have.

Mr. WEITZ. Did you discuss this matter with him?

Mr. CONNALLY. No, I did not.

Mr. WEITZ. You never discussed this matter with Mr. Collie?

Mr. CONNALLY. I since—I have since then, yes, since this business came up, I asked him what have we, indeed, done? I remember the conversation with Jake Jacobsen; I said, "Did they employ you," he said, "Yes," and I said, "Well, what happened?"

He said, "Well, I spent a considerable time going into it." I told him that I thought they had no defense to plead nolo and get it over with, if that is what they did, and I said, "What did you charge them?" and he said, "I charged them $3,500."

Mr. WEITZ. Now I am not quite clear. When did you discuss this matter with Mr. Collie? The first time you discussed it with him?

Mr. CONNALLY. I discussed it with him this week.

Mr. ECKHARDT. I am sure it has been within the last 2 or 3 days.

Mr. CONNALLY. It was just before we came up here.

Mr. WEITZ. Why did you discuss it with him?

Mr. CONNALLY. Just simply because I was coming up here and I wanted to be sure that I knew what had happened because of the conversation Jake had asked me about, saying they had some problems with IRS and if I had no objection they wanted to approach Mr. Collie, so I later asked him about it after I got out and after this came out, I asked him about it and said, "Did they indeed employ you?"

Mr. WEITZ. I am not quite certain —there were a lot of matters that obviously you could have asked various people that might be covered in this interview. For example, did you go back to Mr. Jacobsen in the last few weeks and discuss matters that might come up in this interview?

Mr. CONNALLY. No.

Mr. WEITZ. Why not?

Mr. CONNALLY. Well, I have not seen him.

Mr. WEITZ. Did you try to contact him?

Mr. CONNALLY. No. I went to Europe and I have not contacted him since I have been back. And, responding to the subpena, well you asked in the subpena for one thing, for us to bring any data that we had, and

I just wanted to be sure, and particularly this information about any—let me see what the wording is—yeah, any investigation or audit conducted during 1971 or 1972 of the Internal Revenue Service of AMPI or MPI.

Mr. WEITZ. I understand. At the same time, the subpena also covers a number of other matters in which other persons to whom you have talked, for example, Dr. Mehren, Mr. Nelson, and Mr. Jacobsen, by your testimony, were also related to these matters. Did you discuss any of those matters with any of those individuals?

Mr. CONNALLY. No, I have not talked to Dr. Mehren. I have not talked to Mr. Nelson, and I have not talked to Mr. Jacobsen in about 2 weeks.

Senator WEICKER. There is one thing I am a little bit confused on and before we get away from the meeting of March, with Mehren, Nelson, and Jacobsen, do I understand that during the course of this meeting that you did or you did not talk to John Mitchell?

Mr. CONNALLY. Senator, I don't recall. I talked to John Mitchell that day, or the next day, and I frankly do not know, I cannot say with certainty at what precise hour of the day I talked to him. I do not know. When he asked me if I talked when they were there, my response was, I don't think so, it would have been unusual for me to do it with them there, but it is possible that I did simply because I was relaying—merely relaying—information to him. I did not suggest any action or ask him to do a thing. I merely was advising him of what I thought was information that he really ought to have.

Mr. WEITZ. But the content of the call to Mitchell, regardless of when it was made, did relate to the matters which were raised to you by these gentlemen at their meeting?

Mr. CONNALLY. Yes, that is correct. The antitrust aspect of it.

Senator WEICKER. The antitrust aspect of it?

Mr. CONNALLY. Yes.

Senator WEICKER. Entered any discussion of contribution?

Mr. CONNALLY. No.

Senator WEICKER. Any discussion of the IRS audit?

Mr. CONNALLY. No.

Mr. WEITZ. Now, I am still not quite certain; for example, you were calling not the then current Attorney General, but the former Attorney General who was chairman—as I recall—of the Committee To Re-elect; were you not calling him to discuss these matters and the implications they might have on the reelection effort and the finance effort?

Mr. CONNALLY. No.

Mr. WEITZ. What was the purpose of your call?

Mr. CONNALLY. Solely to tell him what I had been told.

Mr. WEITZ. That these people might be offended, or irritated by the antitrust suit?

Mr. CONNALLY. Right.

Mr. WEITZ. And what effect did that have on the campaign?

Mr. CONNALLY. The farmers that they represented were obviously irritated and I wanted him to know it.

Mr. WEITZ. Well, who had control, for example, or do you know who had control, for example, of the political funds of TAPE?

Mr. CONNALLY. No.

Mr. WEITZ. Would it be the farmers, do you know, or would it be the officials?

Mr. CONNALLY. I do not know. Now let me be sure you understand. I did not discuss any political contributions with John Mitchell in any way in this conversation.

Mr. WEITZ. Did you discuss matters in such a way so that the reasonable implication or understanding would be that that would be a natural consequence?

Mr. CONNALLY. No.

Mr. WEITZ. And you never discussed with these gentlemen at the meeting with them with Mehren, Nelson, and Jacobsen, the possibility or the likelihood that the Government would go slow on the antitrust suit, or the IRS, or anything of that nature?

Mr. CONNALLY. No, sir.

Mr. WEITZ. And you did not discuss with them the timing, the advisability, of waiting, perhaps until sometime later in the year to press for higher price supports in the milk?

Mr. CONNALLY. No; as I recall, there was no problem with price supports with milk and I am not even sure we discussed it. I guess we did, but it certainly was not a matter of such importance that he raised it with me.

Senator WEICKER. At any time that you talked to Jake Jacobsen, not necessarily in the meeting that we're discussing now, but any time, did you indicate to him that you had made efforts relative to the price support situation within the White House on their behalf, at any time in your discussion with Jacobsen, in other words, did you for lack of a better term take credit for the fact that the price supports had gone up and this was due to conversations that you had had with various individuals in the administration?

Mr. CONNALLY. No, Senator, I was not that presumptuous. The conversations—I had just as many conversations about the level of price supports before March the 12th in which, obviously, I had demonstrated no influence as I did after March the 12th, and I do not think my position weighed very heavily, very frankly, one way or the other, because I did as much to say that it was a mistake to set it at 81 percent of parity before March the 12th, as I did after March the 12th. And between that and the 24th, and I must say to you again, that it certainly was not due to any advocacy of mine that I think the parity was changed. I think it was a defensive reaction to what was happening on the Hill.

Senator WEICKER. All right, but the only point that I make is, let us assume that you say it is correct that it was not an advocacy of yours that resulted in the change in supports, but did you indicate to Mr. Jacobsen that your advocacy was responsible for a change?

Mr. CONNALLY. No, no; I really have a little more humility than that, Senator, because I could not in good conscience take credit for it.

Mr. WEITZ. In that same vein, did you ever, for example, try to impart the impression to or tell Mr. Jacobsen or any of the others of AMPI, that their contributions would have that effect, if not your advocacy?

Mr. CONNALLY. No.

Mr. WEITZ. Now, just before we leave this March 16 meeting—you may have a copy—but would you look at the log for that day and just so that the record is clear, does that refresh your recollection that the

call you made to John Mitchell to discuss this matter was, in fact, that same day?

Mr. CONNALLY. It may, or it might not have been. Now, during this period it could of been anything, this might or might not have been the call, I frankly do not know.

Mr. WEITZ. Were you in touch with Mr. Mitchell frequently during that period, or as much as once a day?

Mr. CONNALLY. No; oh no, not once a day, but I assume, and it is a rash assumption that that probably was the time I talked to him about this matter, but that may not be correct.

Mr. WEITZ. But it is your recollection that that day, or shortly thereafter, you did call Mr. Mitchell about this?

Mr. CONNALLY. Sometime in that time frame.

Mr. WEITZ. Now I would like to move to the period of August 1972, and I think you provided the committee with certain documents, and perhaps we ought to identify these and enter these formally on the record.

[Whereupon, the documents referred to were marked Connally exhibits Nos. 3 and 4 for identification.[1]]

Mr. WEITZ. And then exhibit No. 4 is a letter dated August 15, 1972, it is a letter dated to you and it was from Joseph J. Westwater, vice president of Dairymen, Inc.

Mr. CONNALLY. That is correct.

[Whereupon, the document referred to was marked Connally exhibit No. 5 for identification.[2]]

Mr. WEITZ. And finally, exhibit No. 5 is a letter dated August 17, 1972, dated to you at the Madison Hotel as is exhibit No. 4 and that is signed by Gary Hanman, senior vice president of Mid-America Dairymen, Inc.?

Mr. CONNALLY. That is right.

Mr. WEITZ. Now, the log for August 2 indicates that at 9 p.m. you were scheduled to meet at the Madison Hotel suite with the milk producers, and in particular it indicates Ben Morgan, Jr., of Dairymen, Inc., and Joe Westwater of Dairymen, Inc., and then underneath that is written coordinator of the Central American Co-op Federation, Gene Baldi, B-a-l-d-i, Mid-America; Gary Hanman, Mid-America; and George Mehren, Ass., perhaps Associated Milk Producers, Inc.

Now, do you recall a meeting with those gentlemen on that day and at that time?

Mr. CONNALLY. Yes; I do. I think they were all there.

Mr. WEITZ. Who arranged that meeting?

Mr. CONNALLY. I do not recall, I frankly do not know.

Mr. WEITZ. Was Mr. Jacobsen present at that meeting?

Mr. CONNALLY. It does not indicate that he was.

Mr. WEITZ. Do you recall whether he was?

Mr. CONNALLY. I do not think he was.

Mr. WEITZ. Had you ever met any of these gentlemen before that day, other than, I suppose you said you had met Dr. Mehren?

Mr. CONNALLY. Yes; I had met Dr. Mehren, I am not sure I had.

Mr. WEITZ. You are not sure you had what?

Mr. CONNALLY. Met the gentlemen before.

Mr. WEITZ. I see, so if it was not Dr. Mehren who had set up this meeting, it would have had to be——

[1] See pp. 6094 and 6095.
[2] See p. 6099.

Mr. CONNALLY. It might well have been Jake, I do not know; it might have been Dr. Mehren, I do not know.

Mr. WEITZ. Was he in the habit of setting meetings and then not attending those meetings with the gentlemen?

Mr. CONNALLY. No; I would say most of the time he would set them up, he would attend them—let me just simply say, I do not know and I do not want to speculate. The meeting occurred, there is no question about that.

Mr. WEITZ. What was Mr. Jacobsen's function or relation to the Democrats for Nixon at that time?

Mr. CONNALLY. Not any, really, he had an office across the street and he was, from time to time, helpful to us in trying to arrange office space or trying to guide some of our people to get furniture and things of this type, but he had no official connection with the campaign as such.

Mr. WEITZ. And what was your official capacity at that point in connection with the Democrats for Nixon?

Mr. CONNALLY. I think I had the title of chairman.

Mr. WEITZ. In that position, normally would you characterize for us, who you would normally meet with and for what purpose in connection with your functions as chairman of Democrats for Nixon?

Mr. CONNALLY. Mr. Weitz, I obviously would meet with all types of groups that I thought could be helpful in the campaign, could be influential in the campaign, I met with—I traveled a great deal, I made speeches, I met with editors, I met with publishers, I met with potential donors, I met with anybody that was politically—I met with Governors, I met with different factions of parties, I met with primarily Democrats that I thought I could entice into supporting the President.

Mr. WEITZ. Can you recall in what category these people would fall, or for what purpose you met them?

Mr. CONNALLY. Now, this was obviously a meeting at their request, they came and talked to me and again about their problems and they talked about—they got into such detail on them again—going back to the marketing practices, where they were complaining about the fact that they were doing a terriffic job for their members who were paying their dues, as I recall, but the nonmembers, whose milk bills were processed, were getting a free ride to the extent of about—I do not know 15 or 18 cents a hundredweight for the milk they sold, so it is the same old argument that they had in the unions where the unions take the position that the benefits that they derive from unionization apply to everybody and they think that the nonmembers ought to pay the freight. This is precisely the position that they were taking.

They also talked, again, about the formula on the pricing of cheese and on butter and on whey and it frankly got so complicated that I just said, "Well you all write me a letter about it." They were really not complaining—let me put the meeting in context. I said, "I do not know what I can do about this"—all this—and they said, "We really do not want you to do anything about this, we want you to be informed, we are getting on very well with the Department of Agriculture, we do not have any real problems, but we want to come and see you and talk to you about it," and I said, "Thank you very much."

Mr. WEITZ. How long did the meeting last, do you recall approximately?

Mr. CONNALLY. I would guess 45 minutes.

Mr. WEITZ. Was the purpose of the meeting for you to meet with them and listen to their status report of the dairy industry?

Mr. CONNALLY. Yes.

Mr. WEITZ. Was the purpose also perhaps to see whether they were interested in making political contributions?

Mr. CONNALLY. Not particularly.

Mr. WEITZ. Was that one of the purposes of the meeting?

Mr. CONNALLY. Not really, not at all. I was, at that point, a little skeptical as a matter of fact, when we got the first donation from the political arm of the group in Kentucky, I believe it came in first, we had a meeting in the office to debate whether or not we ought to even take it.

Mr. WEITZ. Why was that?

Mr. CONNALLY. Simply because there was already a great deal of talk about the milk producers' contributions to the campaign and there wasn't anything wrong with it, it was perfectly open and aboveboard, they have every right to contribute, just as every labor union has a right to contribute to campaigns, there was not a thing wrong with it, but again we are trying to be like Caesar's wife as much as we could and we finally said, "We have no justification for not taking it, let's take it."

So the meeting was not for the purpose of trying to get campaign contribution funds.

Senator WEICKER. But, was the subject of campaign contributions discussed?

Mr. CONNALLY. Senator, I do not even recall it being discussed, no.

Senator WEICKER. It seems rather extraordinary that it was not discussed. If I am not mistaken, at this time, you were in your official function, your official political function?

Mr. CONNALLY. I was, I certainly did not bring it up, I was not looking for contributions from them. I really was not trying to get one here. We had three different groups represented, these were not the people—these were the technicians, the fellow who did most of the talking was Westwater and he is an economist, I believe—let me see that letter from him, and he is the vice president of special programs—I think he is an economist. And substantially, the whole meeting was talking about these highly detailed things until frankly I got inundated with information that I could not quite assimilate and I finally said to them, "Well look, you all are getting over my head with all these details I cannot remember. If you would be kind enough to send me a letter about it and I will have it here, and thank you very much," and that was about it.

Mr. WEITZ. Now, I notice in the exhibit No. 4 from Mr. Westwater, he begins by saying "On August 2d, Ben Morgan, Dave Parr and I, from Dairymen, Inc., and Eugene Baldi and Gary Hanman of Mid-America, Inc., met with you."

Do you remember Dave Parr's presence at that meeting?

Mr. CONNALLY. Yes, I do. I sure do, his name is not on the list, is it?

Mr. WEITZ. No.

Mr. CONNALLY. But he was there.

Mr. WEITZ. Is it likely that Mr. Parr set up the meeting?

Mr. CONNALLY. It could be, it is possible, but I do not think so. I do not recall Dave Parr ever setting up a meeting.

Mr. WEITZ. Now you mentioned, in response to a question a while ago, that you were in a crowd with Dave Parr, Harold Nelson, and Bob Lilly, that Dave Parr would be the one you most readily recognized, when did you first meet Dave Parr?

Mr. CONNALLY. Oh, 5 or 6 years ago, but I have seen him, very frankly, primarily on the Hill up here, off and on the last couple of years, I came up here a very great deal as you know and in my appearances before congressional committees, I would say Dave Parr was pretty active around the Hill, I ran into him in the halls and outside of offices and so forth.

Mr. WEITZ. Is he essentially a lobbyist?

Mr. CONNALLY. I do not know what he is.

Mr. WEITZ. Well he was an agricultural economist though as Mr. Westwater was?

Mr. CONNALLY. I do not know, I do not know that much about his background. One of the reasons I would recognize him is that he is a pretty distinctive looking fellow.

Mr. WEITZ. And neither Mr. Parr nor Mr. Hanman, nor you or anyone else in the meeting discussed political contributions?

Mr. CONNALLY. I do not recall that we did, no.

Mr. WEITZ. Do you recall discussing——

Mr. CONNALLY. Let me—when you say a political contribution, they might have said, well I see you are in operation, we might want to be helpful to you—I might have said well that would be great, thank you—some passing——

Mr. WEITZ. Would you have initiated that conversation?

Mr. CONNALLY. No, I would—did not.

Mr. WEITZ. Would you, for example, have suggested that—well, let me start it this way—did a party take place, or some type of reception for the President in late September of 1972, for which you were responsible, or the sponsor?

Mr. CONNALLY. In 1972?

Mr. WEITZ. Late September 1972.

Mr. CONNALLY. What kind of reception?

Mr. WEITZ. Some reception or dinner honoring the President?

Senator WEICKER. A fundraising dinner.

Mr. CONNALLY. Fundraising?

Senator WEICKER. In other words, Governor, was there a fundraising function sponsored by the Democrats for Nixon in September, which function would have been under the auspices and direction of you?

Mr. CONNALLY. Not that I am aware of. The only one that I am aware of is a reception that I had at the ranch and it was in that time frame, I have forgotten the precise date, but that was in September.

Mr. WEITZ. Did the President attend that?

Mr. CONNALLY. Oh, yes, it was for him.

Senator WEICKER. Was it a fundraiser?

Mr. CONNALLY. No, I would not classify it as a fundraiser. We had made no attempt to raise funds at all. A lot of the people who were there, indeed, contributed and as a matter of fact, I suppose nearly all of them had—so, in that sense, it was not a fundraiser. We did not

mention funds. I never heard the word mentioned. There was no pitch made for funds, there was nothing.

Senator WEICKER. But the makeup of the guests was that they were contributors?

Mr. CONNALLY. No, not all of them were contributors of money, no.

Senator WEICKER. I am just trying to distinguish, in other words, the fact that as I understand there was no charge for being there?

Mr. CONNALLY. No, that's correct.

Senator, let me posture the dinner in terms of what we were trying to do with it. The dinner was given in the President's and Mrs. Nixon's honor and we invited Democrats for Nixon from around the country. The purpose of it was to simply say to the Democrats who were coming, and these whom we hoped we could prevail upon, to join us in Democrats for Nixon that you are not going to be a stepchild, that indeed we want you. The President wants your support. You are not going to be completely unknown. You are going to be treated like anybody else, in effect, that is the whole thrust of the meeting.

So people who were there were not just people who had contributed money. We invited a great many people. We invited little Dave Lukens, who is a little Jewish rabbi, 26-year-old, from New York and he was there, of course, he was working with youth groups, Mayor—the former Mayor John Collins was there, former mayor of Boston who had contributed no money to my knowledge. A great many people like this from all over the country were there, but they were Democrats who had, in some way, been instrumental in trying to help us set up the Democrats for Nixon organization. It was not a fundraising affair.

Senator WEICKER. Were any of the gentlemen on that log there?

Mr. CONNALLY. I think there were a couple of them there.

Senator WEICKER. Do you know whether any of these individuals are Democrats or Republicans, or what have you?

Mr. CONNALLY. I think they were all Democrats, as far as I know, we tried not to invite—I do not know, we might have had a Republican or two there. I do not know, but we tried to make it Democrats and we tried, frankly, to keep well-known Republicans out of the Democrats for Nixon organization so it would not look like just a cover of some kind. We really wanted it to be an authentic organization to try to attract disenchanted Democrats in support of the President, but who are not prepared to go all the way and say I am a Republican, that was the thrust of it.

Mr. WEITZ. Now at the meeting on August 2, would you have mentioned, or do you remember mentioning this reception and the possibility that these people might want to contribute money and attend that meeting and that reception for the President?

Mr. CONNALLY. No invitation to that meeting was tied to a contribution of one thin dime.

Mr. WEITZ. Well, rather than tied to, would you have perhaps mentioned that a reception was to be held in late September for supporters of the President?

Mr. CONNALLY. No; I do not think I mentioned it to them.

Mr. WEITZ. Now you say that these two, and the cooperative was represented by these gentlemen, two cooperatives, through their political arms, each donated certain amounts, I believe SPACE contributed $25,000 to your recollection, and ADEPT contributed $6,000?

Mr. CONNALLY. Right.

Mr. WEITZ. Do you know when SPACE made its contribution, its $25,000 contribution?

Mr. CONNALLY. No; but it was very, very early, I think it was about the middle of August.

Mr. WEITZ. Could it have been August 2?

Mr. CONNALLY. No; I do not think it was that early.

Mr. WEITZ. Well, if the reports of SPACE to GAO indicate that it made a contribution on August 2 of $25,000, would that refresh your recollection?

Mr. CONNALLY. Perhaps it was—well let us look at the——

Mr. WEITZ. Why don't you provide the reports that you have?

Mr. ECKHARDT. You have the reports filed with GAO there and it would show the dates on the reports. As far as the Democrats for Nixon are concerned.

Mr. WEITZ. The record should show that the report by Democrats for Nixon to GAO, dated September 8, 1972, indicates on page—on schedule A that on August 10, 1972, a contribution for $25,000 was received from the trust for SPACE, located in Louisville, Ky.

Mr. CONNALLY. What was the date again?

Mr. WEITZ. August 10. Now do the dates listed in the report to the GAO listed by the Democrats for Nixon, does that reflect the dates on which the checks—the moneys were actually received by the committee?

Mr. CONNALLY. I frankly do not know. I had nothing to do with keeping these records or handling the money at all. Mr. Leonard Marks handled that entirely. I have no memory whatever about it. I have no knowledge, I never did know.

Mr. WEITZ. And you are not aware of the date on which the contribution was actually sent or committed by SPACE?

Mr. CONNALLY. No.

Mr. WEITZ. Did, at that meeting, either organization through their representatives actually make a commitment of funds?

Mr. CONNALLY. No; I do not think they did.

Mr. WEITZ. They just listened to you and did not acknowledge the fact—in fact whether they would go ahead and make some specific contribution?

Mr. CONNALLY. What do you mean "just listened to me"?

Mr. WEITZ. Well, you would—all right, you say you had not raised the matter of the President's reception?

Mr. CONNALLY. That is correct.

Senator WEICKER. I gather from the Governor's testimony that he indicated that he was listening to them.

Mr. CONNALLY. That is correct.

Mr. WEITZ. Yes; the record should show that.

And it was only their suggestion that they be anxious to help or support you that elicited some type of favorable response?

Mr. CONNALLY. I am not even sure they brought that up, they might have, I simply said they might have made some passing reference to it, but the meeting in no way on August the 2d was a meeting that dealt with political contributions.

Mr. WEITZ. You are certain of that?

Mr. CONNALLY. I am certain of that.

Mr. WEITZ. And any recollection to the contrary on the part of any of those gentlemen would be faulty, you would think?

Mr. CONNALLY. I would again simply say there might have been a passing reference to it, but the purpose of the meeting, as they stated, was to discuss these problems and they did it in great detail to the point where I said I got inundated with information that I did not fully understand, and at the conclusion of the meeting, I said, "Gentlemen you have lost me, and I think the best thing to do if you would be kind enough to, is to please write me a letter setting out these facts and I will have them."

Mr. WEITZ. But aside from passing reference, had they made a specific commitment of $25,000 from each of the organizations? That was something you would have remembered?

Mr. CONNALLY. At that meeting? No, I do not believe they did.

Mr. WEITZ. So your testimony is they did not do so?

Mr. CONNALLY. No; we never got $25,000 from each of them.

Mr. WEITZ. Well, are you aware that ADEPT did make contributions on September 19, as reported in their GAO report, of $6,000 to Democrats for Nixon and $19,000 additional to four other State Democrats for Nixon?

Mr. CONNALLY. No; I was not aware of that.

Mr. WEITZ. And they never mentioned that to you?

Mr. CONNALLY. Until this moment.

Mr. WEITZ. And they never mentioned that to you at that meeting, or later?

Mr. CONNALLY. No.

Mr. WEITZ. And Mr. Jacobsen never mentioned that to you at that meeting or later?

Mr. CONNALLY. I did not know what was being contributed to various committees around the country. I made no effort to find out.

Mr. WEITZ. In general, when people—for example, when you discuss at any time possible contributions, would you in any way encourage them to make contributions, either on the one hand to the National Democrats for Nixon, or on the other, to the various State Democrats for Nixon committees?

Mr. CONNALLY. Yes; or frankly, I said if you prefer, make them to the Committee To Re-Elect. They have all kinds of committees all over the country. I said, "If you want to, we're not a fundraising organization necessarily, make it to whomever you please."

Mr. WEITZ. Would you at any time, though, encourage them one way or the other—in other words, would prefer if you would make contributions to a State committee as opposed to the National Democrats for Nixon?

Mr. CONNALLY. No; I never really tried to do that, no.

Mr. WEITZ. Who would handle those types of arrangements, for example, if someone came to Leonard Marks or to you or to anyone else connected with the committee, and said, we feel like we would like to make a contribution of x dollars, would all of that money necessarily go to Democrats for Nixon, or might some of the money, might it be suggested that some of the money be contributed to a State committee?

Mr. CONNALLY. I would say I do not frankly know. If they would come to me, I do not know how to respond to your question. I would say that Mr. Marks would be your best informant there, because he talked to these people, I do not recall if I ever encountered that problem.

Mr. WEITZ. Now, in general, looking as an overview for 1971 and 1972, aside from the suggestion by Mr. Jacobsen in mid-1971 in connection with the $10,000 cash, do you recall any time when you handled or—funds in the amount of $5,000 or more—were put at your disposal?

Mr. CONNALLY. I did not.

Mr. WEITZ. Whether in cash or otherwise?

Mr. CONNALLY. I did not, cash or otherwise, at any time.

Mr. WEITZ. Did anyone under your direction, other than Leonard Marks, for example, in the regular course of Democrats for Nixon, handle such amounts for you?

Mr. CONNALLY. No; not to my knowledge, no.

Mr. WEITZ. And Mr. Jacobsen?

Mr. CONNALLY. Not to my knowledge, no, no one.

Mr. WEITZ. I have no further questions.

Senator WEICKER. I have just one question on this particular subject. Have you ever met with David Wilson of the White House staff relative to the suit brought by Ralph Nader on this matter?

Mr. CONNALLY. No; I have not, I do not believe I know him, Senator. I've certainly never met with him.

Senator WEICKER. Do other counsel have any questions?

Mr. SANDERS. Yes, sir, I have a few things.

The REPORTER. Your name, again, please.

Mr. SANDERS. Sanders, S-a-n-d-e-r-s.

Governor Connally, did you, at any time in February or March 1970 or 1971, discuss the milk support problem with Chairman Mills, Wilbur Mills?

Mr. CONNALLY. Yes.

Mr. SANDERS. Did you do this in connection with testimony before a House committee or was this a private meeting you had with him?

Mr. CONNALLY. I do not recall, Mr. Sanders. I rather think we discussed it several times.

Mr. SANDERS. Did you have meetings with him for the particular purpose of discussing the milk price support?

Mr. CONNALLY. I do not recall that we did. I met with him frequently, because I was up there frequently, but I do not recall that we had any meetings for that purpose.

Mr. SANDERS. Did you have similar discussions with Chairman Poage?

Mr. CONNALLY. I cannot be sure. I got a telephone call from him, but I do not think I had—I do not think I had any meeting with him.

Mr. SANDERS. My understanding is that the legislation that was introduced in the House was referred to the Agriculture Committee.

Mr. CONNALLY. I think that is right.

Mr. SANDERS. Why would your discussions have been with Chairman Mills as opposed to someone on the Agriculture Committee?

Mr. CONNALLY. Oh, Mr. Sanders, I testified earlier, I talked to a great many—or a great many Members of Congress talked to me about this matter. It was not something—and both sides of the aisle in both Houses—both House and Senate, so I thought it not a bit unusual and I must say they were amazed, those with whom I talked, that the administration would indeed set the parity—set the support price at 81 percent of parity and they thought it was extremely foolish and that they were in effect saying they were going to set it themselves.

Mr. SANDERS. Do you have any recollection of any discussions concerning this matter with Chairman Mills between March 12 and March 25?

Mr. CONNALLY. I do not want to try to tie the time down, that specifically, I do not remember that precisely. I do remember that I talked to him on several occasions about it.

Mr. SANDERS. Do you have a recollection of any conversations in the context of the administration decision already being made and your desire to or your thoughts about overcoming this—about the potential legislation?

Mr. CONNALLY. Well, I do not want to try to define the conversations that precisely because I do not remember them that precisely. I do know that there was a great deal of interest on the Hill. I do know that Chairman Mills talked to me about it several times, as did a number of other Members of Congress, and I am sure a number of those conversations were between March 12 and March 25th.

Mr. SANDERS. Do you have any recollection of any discussion concerning this subject in March 1971 with President Johnson?

Mr. CONNALLY. No, I do not.

Mr. SANDERS. Do you have any knowledge as to whether President Johnson made any effort to persuade Democratic Congressmen to go to bat for the increased parity?

Mr. CONNALLY. I do not know.

Mr. SANDERS. Do you have any knowledge as to whether any officials of AMPI were in contact with President Johnson in March 1971?

Mr. CONNALLY. No. I would have no way of knowing that.

Mr. SANDERS. Do you have any knowledge of any AMPI funds being committed to Congressman Mills?

Mr. CONNALLY. No—other than the published reports, but that is all.

Mr. SANDERS. That would be TAPE?

Mr. CONNALLY. I do not even remember who it was.

Mr. SANDERS. Well, my question related to commitments. Do you have any knowledge of any AMPI funds being paid to Congressman Mills?

Mr. CONNALLY. The only thing I know, it seems to me I read in either the report of the filings, but in any event, I read something in the newspaper about funds that had been contributed by one of the organizations to Chairman Mills.

Mr. SANDERS. In any of your conversations with Chairman Mills concerning the milk problem, did you discuss with him the availability of AMPI funds?

Mr. CONNALLY. No.

Mr. SANDERS. Do you have any knowledge of a commitment of any AMPI funds to President Johnson?

Mr. CONNALLY. During this time period?

Mr. SANDERS. Yes, sir, in 1971.

Mr. CONNALLY. No.

Mr. SANDERS. Or to anyone on behalf of or for the use of President Johnson?

Mr. CONNALLY. No.

Mr. SANDERS. No further questions.

Senator WEICKER. Are there any further questions on this matter?

Mr. EDMISTEN. Let me ask a question.

It seems as though the various milk groups sort of singled you out.

To what do you attribute that—to comfort their woes and troubles?

Mr. CONNALLY. I certainly would not characterize myself thusly. I think I had meetings with one of their representatives in 1971. I had one meeting which I have already described in March 1972. I had another meeting in August 1972. Those were three meetings that I have had in 2 full years. They were all over this town like locust in 1971, if I remember correctly, and I do not think they singled me out at all. I think you go to anybody in town and find that they had received about as much attention or more than I had.

Senator WEICKER. During the year 1973, Governor, have you discussed this matter with—and when I say this matter, rather the events that transpired as you knew them or the publicity that has been given to this business—with the President of the United States.

Mr. CONNALLY. No, Senator, I do not believe I have.

Senator WEICKER. With any personnel of the White House?

Mr. CONNALLY. No.

Senator WEICKER. During 1973?

Mr. CONNALLY. No, I do not believe I have.

Senator WEICKER. I have one question while you are before the committee. I know you have been very patient and very responsive, sir, in your questioning by the committee. While you are here, there is one question I would like to relate to you on another matter.

During the course of the summer, certain memorandums were handed over to the committee which contained public knowledge, one of which was a memorandum from Mr. Charles Colson to H. R. Haldeman relative to the ITT matter, and it was given to the Watergate Committee, and it appeared in the press. In the course of that memorandum, the following statement was made:

> Certain ITT files which were not shredded and were turned over to the SEC—it was talked yesterday in the Committee of subpoenaing these from IT&T—these files would undermine Grinell testimony that he made, that he made the decision not to take the appeal to the Supreme Court. The correspondence to Connally and Peterson credited the delay in Justice's filing of the appeal to the Supreme Court in the *Grinell* case to indirect intervention by Peterson and Connally. And they are referring to a letter that was sent to you on April 22, 1971 by Phil Meyer.

And I wonder if you might take this occasion to comment upon that reference to you in the memorandum?

Mr. CONNALLY. Senator, I am grateful for the opportunity to do so, because in spite of the reference in there as crediting Pete Peterson and me with it, I had nothing whatever to do with it. It was a gratuitous thanks, which was richly undeserved. And I cannot speak for Mr. Peterson, obviously, but as far as I am concerned, I took no part in the ITT matter as suggested in that matter.

Senator WEICKER. Do you know the letter that I am referring to? I have a copy here.

great many—or a great many Members of Congress talked to me about the 16th, April 22. Yes. I am now familiar with the letter. Frankly, I do not even recall that I saw the letter when it came in.

I had a meeting with these gentlemen, and I assume it was on this Friday, April 16, that I saw Mr. Geneen and Dr. Mehren. They talked to me about some of their problems for approximately 30 minutes. I listened—I thought very patiently—to their problems. I tried, and did to a certain extent, steer the conversation into other channels, be-

cause obviously the matter was not one under my jurisdiction, one under which I would have no control, and one under which I did not intend to take any part.

I tried to direct the conversation to the area of administrative hurdles, administrative barriers, obstacles that are placed in the way of American businessmen by foreign governments when they attempt to do business in those countries, because we are getting deeply involved in international trade, international monetary affairs. We are looking at a bad balance of payments, a bad balance of trade, and it was my responsibility at that point to take a look at this entire field. I knew he operated extensively overseas. I tried to direct the conversation in that area.

The only thing I remember of any significance out of the meeting was the fact that he told me that ITT, in their international operations, made a net $300 million a year, or attributed a net $300 million a year to our favorable trade balances. Now, beyond that, I had no part whatsoever in the rest of this.

Senator WEICKER. In other words, you were not in contact with anybody at the Justice Department?

Mr. CONNALLY. No.

Senator WEICKER. As a result of this meeting?

Mr. CONNALLY. No.

Senator WEICKER. Did you ever discuss it with the President?

Mr. CONNALLY. No.

Mr. SANDERS. I have one more.

Senator WEICKER. Yes, please go ahead.

Mr. SANDERS. Governor Connally, do you have any knowledge of a meeting between Dr. Mehren and President Johnson in October 1972?

Mr. CONNALLY. No.

Senator WEICKER. I have no further.

Is there anything further, Governor, that you would care to go ahead and say?

Mr. CONNALLY. Senator, I believe not. I am grateful for the opportunity to be here, to hopefully clarify the role that I played in these matters that are receiving the attention of the committee. We would be delighted to supply you with any additional information that you have asked for.

I know that this is an executive session, Senator, but the press is rather large, I think, and assembled over in the press room. I assume, without objections on your part, or I would like to, without objection on your part, go over and at least touch the high spots of my testimoney in response to their questions.

I do not want to volunteer anything to them, but they are there. They have been there. They were there when I came in. I do not know how to avoid it. And unless there are serious objections——

Senator WEICKER. There is no objection as far as the Chair is concerned, except insofar as the information that has been given at this meeting, as it relates to the various staff members. Obviously, we will go by the regular rules of the committee, which is, this is an executive session, and they will not be made available to the press.

And I certainly appreciate your notifying us.

Mr. CONNALLY. I do not want to do it, but I think I ought not to walk out of here in a veil of secrecy and not respond to their questions at all. I will do it in the absolute minimum.

I would be delighted for any of your staff to go and listen to it if they would like.

Senator WEICKER. Thank you very much for your patience. I appreciate it.

[Whereupon, at 7:35 p.m., the hearing in the above-entitled matter adjourned.]

CONNALLY EXHIBIT No. 1

(DATE)

CALLERS	PHONE CALLS
	From: The President (10:15)
10:20 11:20 Messrs. Cohen & N. Gordon	To: Lt. Gov. Barnes (Palm Beach)
10:30 10:55 Dr. McCracken	To: Sen R. Long
11:00 11:05 Mr. Weidenbaum	To: Mr. Weidenbaum
11:20 11:30 Wardell Leisk & Mr. Frank	From Bill Bowen (Dallas)
11:58 12:00 Bruce McLaury	From: Gene Rosenberg
1:00 1:05 Mr. Nolan	From: Mayor Welch (Irene)
	From: Jerry Ford
2:40 2:55 Amb. Schmidt of Canada & Mr. Cates	From: Dev Bartlett
	To: Dus Mutscher (Austin)
3:05 3:40 Wayne Wickman	From: Jake Jacobsen
3:45 4:40 Rowland Evans & Bob Novak	To: C. Brumley
	To: Margaret Martin (Austin)
4:45	
CALLS	
6:50 10:05 Mtg. - W. H. w/ Rep. Leadership	
4:45 Mtg - President's ofc on "milk"	
	TIME RECORD

Tuesday, March 23.

CONNALLY EXHIBIT NO. 2

(DATE)

CALLERS	PHONE CALLS
2 50 Mrs. Valcker / John Cross	From: Cecil Hoden (Houston)
3 10 / 3 50 Jake Jacobsen, Dr. George	To: Sam Cross
Mehren, Harold Nelson - Dairy	From: Rob't. Wiegerski
Coop.	To: Lt Gov. Ben Barnes (Houston)
4 20 / 4 50 Peter Flanigan	From: Frank Bennack
	To: John Mitchell
	From: Warnon F. Newburger
	To: Horace Busby
CALLS	
	TIME RECORD

Thursday
March 16, 1972

7 00 Dinner at Home for V P
etc.

CONNALLY EXHIBIT NO. 3

Wednesday, August 2

8:30 Decatur Tower

9:00 Milk Producers - MADISON HOTEL SUITE
Ben Morgan, Jr. : Dairymen, Inc.
Joe Westwater : Dairymen, Inc.
Coordinator of The Central America Co-op Federation
Gene Baldi : Mid-America
Gary Hanman : Mid-America
George Mehren : Ass. of Milk Producers, Inc.

11:00 Jane Pauley (Rm 207) Invig - G.C.

12:30 John Collins : Confirm change w/ Sen. Brooke office Conf. C.C.

1:30 Mario Procaccino : Arranged through Colson Conf. C.C.

~~4:00 John Collins - Ex-mayor of Boston~~

CONNALLY EXHIBIT NO. 4

Dairymen, Inc.

SUITE NO. 506, PORTLAND FEDERAL BUILDING
200 WEST BROADWAY, LOUISVILLE, KENTUCKY 40202

CENTRAL OFFICE
PHONE (502) 584-8123

August 15, 1972

The Honorable John Connally
Madison Hotel, Room 203
15th and M Streets, N.W.
Washington, D. C. 20005

Dear Mr. Connally:

On August 2, Ben Morgan, Dave Parr and I from Dairymen, Inc. and Eugene Baldi and Gary Hanman of Mid-America Dairymen, Inc. met with you to discuss needed changes in federal programs relating to milk marketing. You suggested we write to you summarizing the needed changes and why these changes are necessary.

There are two vitally needed changes. The first of these is the amending of Federal orders to expand the use of marketing service payments to include additional activities which are performed by producer groups and which benefit all producers. The second needed change is the adjusting of the milk price support level to the market level which will prevail during October and November of this year.

This letter is concerned with the first of these vital changes--namely marketing service payments. Mid-America Dairymen, Inc. will send a second letter concerning the needed adjustment in the price support level.

MARKETING SERVICE PAYMENTS

Background. Marketing service payments have long been used in the Federal milk order regulatory process to reimburse cooperatives for verification of producer weights, samples, and butterfat tests, and for providing market information. These provisions were incorporated into Federal Orders at a time when the above enumerated activities were practically all of the activities in which cooperatives

were engaged. Extension of the payment for marketing services to encompass all services with market-wide benefits and performed by modern-day cooperatives is essential to fully achieve the objectives of the Agricultural Marketing Agreement Act, as amended.

In recent months, representatives from Dairymen, Inc. have met with the United States Department of Agriculture to discuss the expansion of marketing service payments. The reaction has been encouraging and we will meet again in coming weeks.

Some Market-Wide Services Performed by Dairymen, Inc. Which Benefit all Producer-Members and Non-Members Alike. Because consumers demand more milk from stores on Thursday, Friday and Saturday than on other days, many processors have cut back to bottling four or five days during the week. However, cows continue to produce milk seven days a week. Milk supply also varies seasonally. Therefore, Dairymen, Inc. and other producer groups, have the responsibility of balancing supply with the demand of an entire market. That is, Dairymen, Inc., and these other cooperatives, guarantee all the milk needed in a particular market and when milk supplies are not available locally, it is brought into the market from distant areas. This encompasses sizable investments in milk storage or reload facilities in addition to expensive transportation equipment.

In addition, members of Dairymen, Inc. invest one percent of the gross revenue received from the sale of their milk in milk promotion and advertising to expand the market for milk and dairy products.

Also, Dairymen, Inc. has been responsible for making extensive market analysis, proposing changes, requesting hearings and preparing testimony, all of which activities are necessary in the federal milk order regulatory program.

These above enumerated activities and some others have the effect of raising prices paid to producers in a particular market above what they would otherwise be. Dairymen, Inc., and other producer groups, are bearing the entire cost for these activities. However, non-member producers receive the benefits of these activities without paying an equitable share of their cost.

Impact on Consumers and Milk Dealers. Expansion of marketing service payments to include additional services provided by some producer organizations would not result in an increase in the price consumers pay for milk. The purpose of our proposal is to allocate cost of services provided among all those who receive benefits.

Dairymen, Inc. and other similar producer groups assume the major responsibility and all the risks for performing functions necessary to efficiently service the markets it supplies with milk. The most efficient means to provide these market-wide functions is through a highly interrelated system of plants, equipment and personnel. Such an organization, as Dairymen, Inc., increases efficiency which has the effect of enhancing the income of all producers in a market and decreasing the cost of milk to milk processors and consumers.

Impact on Producers. Currently, non-member producers are paying 5 to 6 cents per hundredweight for butterfat testing and market information under marketing service provisions now in Federal Orders. Members of Dairymen, Inc., and other similarly organized cooperatives, are paying approximately 25 cents per hundredweight to serve the total needs of the milk market. We estimate that marketing service payments that we propose would vary from 18 to 25 cents per hundredweight depending on the services performed in respective federal markets, which would be paid by all producers--both members and non-members. We believe we can show at a public hearing that non-member producers are gaining more than 18 to 25 cents per hundredweight through market-wide service activities of Dairymen, Inc.

Impact on Government Costs. There will be no significant increase in government program costs associated with the proposed expansion of marketing service payments since the expansion would have no effect on milk production or purchases of dairy products by the Government under the price support program.

Recommended Procedure. The Southeast is a relatively homogenous milk marketing area. We recommend that the U. S. Department of Agriculture call a public hearing to consider expanding the use of marketing service payments in the federal orders which are now operating in the southeastern states within which Dairymen, Inc. operates. If Dairymen, Inc., on the basis of its testimony at the public hearing,

persuades the Department of Agriculture that the expansion of marketing service payments is in the interest of dairy farmers and the public, then it can call hearings to consider similar changes in federal orders in other parts of the country.

If we can provide any additional information, please let me know.

Sincerely yours,

Joseph J. Westwater

Joseph J. Westwater
Vice-President
Special Programs

JJW:jh

CONNALLY EXHIBIT NO. 5

MID-AMERICA DAIRYMEN, INC.

P. O. BOX 1837 S. S. STATION • SPRINGFIELD MISSOURI 65805 • AREA CODE 417 862-7071

August 17, 1972

The Honorable John Connally
Madison Hotel
Room 203
15th & M Streets, N. W.
Washington, D. C. 20005

Dear Secretary Connally:

This is a follow-up to our discussion earlier this month relative to the need for governmental assistance as the dairy industry attempts to re-structure itself for the increased demand for cheese.

Historically, the Commodity Credit Corporation has purchased butter, powdered milk and cheese as a means of supporting milk prices. These products have two important attributes that make them desirable as price support products. First, they represent the end-use of milk that cannot be used in some higher value product and, secondly, they are storable for substantial periods of time.

To understand the mechanics of establishing the prices at which commodities are purchased, it is necessary to briefly discuss the yields that can be expected from processing milk into various products. Basically, 100 pounds of milk contains enough butterfat and solids not fat to make about 4-1/2 pounds of butter and about 8.1 pounds of powdered milk OR 10.1 pounds of cheese together with a small amount of whey by-products. By establishing prices for these commodities and providing a processing allowance, a target value of 100 pounds of milk can be established. The following is an example of the technique used to compute support prices as they were set on April 1, 1971:

100# Milk Made into Cheese	
Cheese price 54.7¢ per pound	
x 10.1 pounds cheese	$ 5.52
Add value of whey	.18
Gross value of cheese and whey	$ 5.70
Less cost of manufacturing	.77
Support Price Level	$ 4.93

100# Milk Made into Butter and Powder	
Butter price 67.78¢ per pound x 4.48# butter	$ 3.04
Powder price 31.5¢ per pound x 8.13# powder	2.56
Gross value of butter and powder	$ 5.60
Less cost of manufacturing	.67
Support Price	$ 4.93

It should be noted that the formula for establishing the price for cheese is somewhat more favorable than the butter-powder formula, representing an attempt to encourage the development of cheese processing facilities. Certainly no one can question the desirability of this attempt, since the domestic demand for cheese has absorbed an increase of about 18% during the past 3 years. Also, cheese is a more desirable product for distribution and use in the school lunch program and other relief feeding programs that utilize surplus commodities from the Commodity Credit Corporation.

The problem confronting the industry at the present time is the disparity in returns for plants that manufacture butter and powder, and those that make cheese. With cheese markets at 58¢ per pound, these operators have an ability to out-pay butter-powder plants (primarily coops) by about 30¢ per hundredweight.

About 75% of the butter-powder processing plants in the United States are owned and operated by cooperative associations, thus dairy farmers, or at least a part of the nation's dairy farmers, are, in effect, carrying this burden of an unfavorable price relationship with little opportunity to recover their losses in the short run.

There are indications that cheese prices will continue to strengthen and this in turn will allow cheese processors to further increase prices and widen the disparity with operators of butter-powder plants.

Cooperatives have been systematically converting butter-powder operations to the production of cheese as the domestic demand indicates a continuing need for cheese and as capital is available. The cost squeeze reflected in the current situation actually is reducing the funds available to cooperative associations for continuing the conversion of butter-powder plants to cheese processing, thus slowing a desirable trend.

To correct the present inequity and provide improved income to dairy farmers, we suggest the following action:

1. Bring the present price support level to the competitive price level currently being paid milk producers. This can be done by increasing the price at which the Commodity Credit Corporation will purchase powdered milk by about 3¢ per pound and moving the price support floor on cheese and butter to present market price levels. This would allow cooperative associations and others operating butter-powder plants to pay competitive prices and thus continue the program of converting butter-powder plants to cheese processing facilities. It is important to note that this action would not increase the price of cheese or butter since these items are already reflective of present milk price levels; thus, consumers should experience little if any increase in dairy product prices.

2. We suggest the Secretary review monthly the competitive prices paid for manufacturing milk and make similar adjustments if there are again competitive increases in price levels. We again suggest that such increases be made only in the powdered milk price and thus allow prices on consumer products such as butter and cheese to be established at competitive levels.

Very truly yours,

MID-AMERICA DAIRYMEN, INC.

Gary Hanman

GH:bd

Gary Hanman
Senior Executive Vice President

A F F I D A V I T

I, John B. Connally, being first duly sworn according to law, depose and say that the answers to the questions set forth below are true to the best of my recollection, information and belief.

Q. Now during March 1971, do you recall meeting Mr. Lilly at Page Airways in Washington, in the Washington Airport?

A. No, I do not.

Q. You do not remember any trip out of Washington during March 1971?

A. After a review of my records, I do remember a trip on March 5, Friday afternoon, when my wife and I left Washington from Page Airways by private plane to New York City and returned to Page Airways mid-afternoon, Sunday, March 7. Also, during the weekend of March 20 and 21, my wife and I visited at a farm, near Washington, with personal friends; we made this trip by automobile.

Q. Now you do not recall seeing Mr. Lilly. Do you perhaps recall seeing a group of people, members and employees of AMPI in the Page Airways sometime during March 1971, passing them briefly, and perhaps seeing Mr. Nelson among them?

A. I have no memory of seeing the AMPI people, including Mr. Nelson, in Page Airways during March 1971, although it is possible that I did. If I did, it was a chance meeting that occurred while I was passing from the front door to the back door of Page Airways or vice versa on my return.

Q. And you do not recall any such meeting held ever at Page Airways during March 1971?

A. No, I do not.

Q. In your meeting with Harold Nelson, Jake Jacobsen and George Mehren on March 16, 1972, was the subject of campaign contributions from the dairy people to the President's reelection effort, including the amount, form and timing of such contributions, discussed?

A. During Dr. Mehren's discourse on AMPI's problems, including Internal Revenue problems and the antitrust suit which had been filed, as I recall, he made some general comment to the effect that under all the circumstances AMPI probably should discontinue all political contributions until later. I responded by saying something to the effect that this sounded reasonable. I do not recall any specific discussion of campaign contributions to the President's reelection effort in this meeting, nor a discussion of the amount, form, and timing of any such contributions, except as the general discussion mentioned above can be considered to encompass these subjects.

John B. Connally

John B. Connally

DISTRICT OF COLUMBIA) ss:

Subscribed and sworn to before me this 11th day of April, 1974.

Mary Driessen

Notary Public

My Commission Expires September 14, 1977

A F F I D A V I T

STATE OF TEXAS :
:
COUNTY OF HARRIS :

I, John B. Connally, being first duly sworn according to law, depose and say that the answer to the question set forth below is true to the best of my recollection, information, and belief.

Q. During March, 1971, did you communicate at Page Airways to Bob Lilly or any other employee or representative of AMPI any opinion of any kind, whether optimistic or otherwise, concerning the possibility of an increase by the Administration in milk price supports for the 1971-72 marketing year?

A. As I stated in my affidavit of April 11, 1974, I do not recall any meeting, whether formal or chance, during March 1971 at Page Airways with Bob Lilly or any other employee or representative of AMPI; therefore, it follows that I do not recall communicating to any such persons at Page Airways any opinion which I might have held during that time concerning the possibility of an increase by the Administration in milk price supports for the 1971-72 marketing year.

John B. Connally

John B. Connally

Subscribed and sworn to before me this 9th day of May, 1974.

Lee Bates O'Brien

Notary Public

FRIDAY, NOVEMBER 16, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to recess, at 9:50 a.m. in room 1418, Dirksen Senate Office Building.

Present: Dave Dorsen, assistant chief counsel; Donald Sanders, deputy minority counsel; Alan Weitz, assistant majority counsel; Richard O'Hanlon and James Leo Elder, investigators.

Mr. WEITZ. Let the record show that this is a continuation of the executive session commenced on Wednesday, November 14, in connection with the testimony of Bob A. Lilly.

Mr. Lilly, I would like to turn to 1972 and some transactions during that period that related to certain Presidential contributions. Can you tell me what you know about certain meetings in January or February of 1972 between certain representatives of AMPI and Herbert Kalmbach?

TESTIMONY OF BOB A. LILLY—Resumed

Mr. LILLY. Not having been a portion of the meetings, I do know that in early 1972, January or February, that Mr. Nelson—Harold Nelson, and Mr. Jake Jacobsen, and Dr. George Mehren went to California and met with Mr. Kalmbach. And Dr. Mehren, possibly Mr. Nelson, told me about this meeting, or indicated that they had been to California, had met with Mr. Kalmbach following the meeting, and the general nature of the discussion.

I don't have a great deal of detail on it. It had to do with the discussion of political contributions that the Committee for TAPE, the political arm of AMPI, might make to the Committee to Re-Elect the President.

Mr. WEITZ. Now, at that point Dr. Mehren was general manager and had succeeded Mr. Nelson, isn't that correct?

Mr. LILLY. That's true, and it was immediately following that. That had occurred in January of 1972.

Mr. WEITZ. Do you know who arranged the meeting with Mr. Kalmbach in Los Angeles?

Mr. LILLY. No. I don't know who arranged it.

Mr. WEITZ. Now, do you know whether the contributions or the possible contributions that were discussed at that meeting were pursuant to any commitments that had been made the previous year by Mr. Nelson or anyone else to the representatives of the President's reelection?

Mr. LILLY. My understanding of the discussion was that Mr. Kalmbach felt, and in the discussion—it was related to me after—that he expected certain commitments to be carried out that had been made previously.

Mr. WEITZ. Who related that to you?

Mr. LILLY. Dr. Mehren related that to me.

Mr. WEITZ. Expanding on that, for example, when Dr. Mehren became general manager in January of 1972—this would have been before his meeting with Mr. Kalmbach—did he engage in any of these discussions with you in which he asked or tried to inquire as to the extent of any commitments that had been made in the previous year by Mr. Nelson or others to representatives of the President?

Mr. LILLY. Yes. He had asked me—I had assumed he had asked Mr. Nelson and other people, but I know he had asked me about commitments that were made, amount of commitments and how much total moneys that were really being discussed. And I truthfully told him that I really didn't have a true and solid answer as to commitments, total commitments that had been made.

Mr. WEITZ. Well, aside from a true and solid notion or answer, were you able to give him some idea or relate something that you knew about—some idea about possible commitments?

Mr. LILLY. Yes, because earlier in 1971, March of 1971, there had been a discussion between Dave Parr, P-a-r-r, Mr. Harold Nelson, Mr. Jake Jacobsen, and Mr. Marion Harrison, where moneys were discussed, as to how much moneys were obligated—already committed. This happened in the Madison Hotel in Mr. Nelson's room. And the disagreement between the amount of money that had been committed—Mr. Parr indicated that some $1 million had been committed at that particular time. Mr. Nelson was of the opinion that one-half million dollars had been committed. Mr. Marion Harrison, also present, indicated commitments had been made. I am not sure what figure Mr. Harrison might have used.

But apparently, commitments—the general consensus of the discussion was commitments had been made somewhere between one-half million dollars and $1 million at that particular time.

Mr. WEITZ. Now, isn't it also true that at those earlier meetings which you attended, it was decided upon the suggestion of Jake Jacobsen that perhaps another one-quarter million dollars would be committed in order to obtain Mr. Connally's assistance?

Mr. LILLY. Yes. Really this ended the discussion when no decision was arrived at as to how much moneys had or had not been committed. Mr. Jacobsen stated that certainly some new moneys, when Mr. Connally entered into this, would have to be committed.

And in view of the discussion of somewhere between $500,000 and $1 million, Mr. Jacobsen indicated that $250,000 would be a fair figure to commit as additional or new moneys really, as he referred to them, meaning moneys that had not been previously committed. And that there was general agreement on the amount of $250,000 over and above what had been committed should be added to those figures.

Mr. WEITZ. So to summarize then, at least from your understanding of that meeting which you attended, that those gentlemen were speaking in terms of the commitment of anywhere from a minimum of $750,000 to perhaps even $1¼ million?

Mr. LILLY. That is true.

Mr. WEITZ. Did they indicate whether this commitment was for AMPI alone or might it cover several other co-ops together with AMPI?

Mr. LILLY. It is possible that other cooperatives, one of them being Dairymen's, Inc., and the other, Mid-America, could have been mentioned. But it was my clear understanding that the commitments being discussed here were the commitments that the Committee for TAPE or TAPE and AMPI would be committed separate and apart from any other commitments that might be made.

Mr. WEITZ. Do you have any idea as to the relative size or relative ability for contributions by, for example, between AMPI and Mid-America and Dairymen's, Inc.?

Mr. LILLY. Well, normally Mid-America and Dairymen's, Inc., the numbers of producers that they have as compared to the number of producers that AMPI has, those two cooperatives, Mid-America and Dairymen's, Inc., combined would equal the membership of AMPI.

AMPI had somewhere in the vicinity at that time of 30,000 members. Those two cooperatives had in the vicinity of 30,000 members. AMPI later grew to a larger size, but at that particular time this was about the size of the two cooperatives.

Mr. WEITZ. Aside from the relative size of the two cooperatives, had you ever, either before that time or afterward, discussed with any representatives, either at AMPI or of the other two co-ops, the relative size of gifts that they would give—political contributions that they would make to the same candidates?

Mr. LILLY. Certainly there had been conversation between various people, between myself, between people in Dairymen's, Inc., between people in Mid-America, as to particular candidates—maybe Congressmen, maybe Senators, maybe State officials—that we would discuss, asking me had we contributed what we were going to contribute. They had contributed, or they were going to contribute a certain amount.

Mr. WEITZ. And would that in any way follow this hypothesis, that relative size ratios such that generally, or at least in some specific instance, their contributions might together equal those that had been made by AMPI to the same candidates?

Mr. LILLY. It possibly could have been the same, but I think more of the determination as to the amount that might be contributed would be the vicinity or the State in which the particular candidate lived. If he lived in Texas, Mid-America has members in Texas; we have the largest portion of the members, and our contribution would be far larger than that of Mid-America in most instances.

In an area like Missouri where we have about equal numbers in that particular State—Mid-America was headquartered in Missouri, at Springfield, Mo.—and they normally would contribute more money than TAPE would contribute in that particular State.

So it is hard to answer your question direct. I think it is the time, and the place, and the State, and position would probably have more bearing on that.

Mr. WEITZ. I understand.

Now, I know we covered this the other day, but I do just want to be very sure of it before we leave this matter. At the meeting in March 1971 between you and these other gentlemen, is it your understanding that just prior to that on the same day, perhaps several hours before, one or more of them had met with Mr. Connally in his office?

Mr. LILLY. Yes.

Mr. WEITZ. And at that time the milk-price-support question and perhaps other matters were discussed with Mr. Connally?

Mr. LILLY. Yes. That is true.

Mr. WEITZ. Who told you that such a meeting had taken place?

Mr. LILLY. Mr. Nelson discussed it with me. Mr. Jacobsen discussed it with me. And at a later time, being about a week ago, Dr. Mehren discussed it with me.

Mr. WEITZ. Now, are you quite clear that in the first instance, and more recently when Dr. Mehren talked to you about it, that they were in fact talking about a meeting at which those gentlemen had all attended together with Mr. Connally in March 1971?

Mr. LILLY. Of course, Dr. Mehren's most recent conversation about a week ago could have been referring back to the March 1972 meeting that was later held with Secretary Connally. But from the discussion held recently with Dr. Mehren and myself, Dr. Mehren stated that he presented the economic reasonings that would have to be to justify a price increase; and in 1972 the price-support issue, certainly always important, but it was not the major factor as it was in 1971.

And I do not believe—the effort was not being put into having a price-support increase made for milk in 1972. And so I think that Dr. Mehren was referring to the 1971 conversation that he had; because as an economist——

Mr. NICHOLAS. Well, Alan, on that point, so there won't be any confusion, as I understand it, Dr. Mehren's position is that he only attended one meeting.

Now, this is just what Mr. Lilly is relating from his conclusions that he drew from Dr. Mehren's conversations with him.

Mr. WEITZ. So that if, for example, it were determined or it was suggested that Dr. Mehren had attended only a meeting with Mr. Connally in March of 1972 and at that time discussed economic considerations over a number of agricultural matters, you would not necessarily dispute that?

Mr. LILLY. No, no, I would not.

Mr. WEITZ. But going back to the meeting that you attended with these gentlemen, March of 1971, did Mr. Nelson clearly relate to you that he had attended a meeting with Mr. Jacobsen and Mr. Connally several hours before?

Mr. LILLY. Mr. Jacobsen more clearly indicated it. Mr. Nelson, as my memory recalls the incident right, also had attended a meeting with Mr. Connally along with Dr. Mehren, because this was some 2 hours after the meeting had been held. They were discussing about the reception that Mr. Connally had given them: that he had listened and felt like that they had a justifiable cause in pursuing the matter that they were trying to gain the price-support increase.

Mr. WEITZ. Well, in any event, whether or not Dr. Mehren, who was not at the second meeting in March of 1971 with you——

Mr. LILLY. He was not.

Mr. WEITZ. But whether or not he had attended that meeting, or whether in fact Mr. Nelson had attended that meeting with Mr. Connally, it was clear to you that Mr. Jacobsen had attended the meeting with Mr. Connally?

Mr. LILLY. There was certainly no doubt in my mind about that.

Mr. WEITZ. And there was no doubt also in your mind from what those gentlemen said that Mr. Jacobsen was of the opinion, and perhaps as a result of his meeting with Mr. Connally, that in order to obtain Mr. Connally's assistance in obtaining a favorable decision by the administration with regard to milk price supports, new money should be committed by AMPI?

Mr. LILLY. That is true.

Mr. WEITZ. Now let us go back to 1972, and after the meeting between Mr. Kalmbach and Mr. Jacobsen and Nelson and Dr. Mehren in Los Angeles——

Mr. SANDERS. Well, now, if you're leaving that 1971, the possibility of a meeting, could I develop that a little bit more?

Mr. WEITZ. Certainly.

Mr. SANDERS. My line of questioning here, Mr. Lilly, will pertain only to the information that you received which indicated to you that Jacobsen had met with Secretary Connally before a number of AMPI officials had a meeting in March, and also the possibility that Mr. Nelson attended that meeting.

From what you have said, would it be fair to say that toward the end of March 1971, you and a number of other AMPI officials had a meeting at the Madison Hotel where there was a discussion concerning the commitments which were due or owing to some adjunct of the Republican Party. And Mr. Jacobsen was in attendance at that meeting.

Is that correct?

Mr. LILLY. That's correct.

Mr. SANDERS. And he made some remarks there which indicated to you that he thought a new commitment of about one-quarter million dollars would be necessary if Secretary Connally were to be involved?

Mr. LILLY. That's true.

Mr. SANDERS. Was it at this meeting that Mr. Jacobsen told you that he had met with Secretary Connally just previously?

Mr. LILLY. This was the meeting that they were talking about having met with Secretary Connally. And this is, as my memory serves me: and that Mr. Connally had been fully advised—well, let me digress back a moment, the reason for it.

Marion Harrison was there. Marion Harrison had been an attorney that had been working rather closely with Mr. Nelson and Mr. Parr, and this had been going on practically the entire month of March, talking with the various officials in the Agriculture Department, in the executive branch, and others. All of the officials that they contacted I am not aware of.

It had come to a particular point—of course, certainly those of us, many of us, including myself, were working on the Hill contacting legislators and getting bills introduced to accomplish the same thing, as well as other people from other cooperatives across the country.

But at this particular time it looked rather doubtful as far as getting administrative action, and Mr. Harrison had more or less exhausted and indicated something to the effect that he had exhausted just about all avenues that he knew to exhaust to come up, to influence anyone, to convince anyone to make a change insofar as administration—and I use that in a broad term—without legislative action.

And consequently, Mr. Jacobsen, having been a close associate, a close friend of Mr. Connally's for many years, then had been in Washington during most of this time—what he might have been doing—I'd see him quite often—I am not truly aware, but it was then decided that Mr. Connally was going to have to be brought into this; and this was a new avenue.

Mr. Harrison was not in a position to talk to Mr. Connally because he did not know him as well as Mr. Jacobsen. So Mr. Jacobsen was brought into it, then set up a date; and this was discussed also prior to having contacted Mr. Connally the same week.

And then the meeting was set up; and insofar as I know, the three that attended the meeting with Mr. Nelson, Dr. Mehren, and Jake Jacobsen with Secretary Connally. And then immediately following that in the Madison Hotel was where the discussion of amounts of money was discussed. Mr. Jacobsen said to get Mr. Connally into this, we are going to have to have $250,000—this was a final determination—at least one-quarter million dollars new money into it.

Mr. SANDERS. When and where did you first learn that Jacobsen had met with Secretary Connally between March 12 and March 25?

Mr. LILLY. At the Madison Hotel the week of the 15th, 16th of March 1971. I'm not sure what day that it would have been, but it was that particular week in March.

Mr. SANDERS. And it was at that meeting that you first learned from Jacobsen that he had met with Secretary Connally just previous to the meeting?

Mr. LILLY. Yes; there had been a meeting with Secretary Connally just prior to that meeting.

Mr. SANDERS. Did it appear to you it had been on the same day?

Mr. LILLY. Yes.

Mr. SANDERS. Were you meeting at nighttime in the Madison Hotel?

Mr. LILLY. It was, oh, 5 o'clock, 5:30. I mean it was almost dark. I mean it was late in the evening.

Mr. SANDERS. Did Mr. Jacobsen reveal his contact with Connally to you personally aside from the others, or was it in the presence of the entire group?

Mr. LILLY. No; this was in the presence of the group there.

Mr. SANDERS. Did he indicate that he had met with Secretary Connally in the Secretary's office?

Mr. LILLY. Yes.

Mr. SANDERS. Do you recall whether he said who attended with him?

Mr. LILLY. I am not sure that he stated that Mr. Nelson, Dr. Mehren, and himself attended; and this might be an assumption on my part that the three of them attended. But I am convinced that the three of them had just returned to the Madison Hotel from a meeting with Secretary Connally.

Mr. SANDERS. Was Dr. Mehren at the Madison meeting?

Mr. LILLY. No; Dr. Mehren had left at about that time and had gone to Europe. So two of the three that would have met were at the hotel, and that was Mr. Nelson and Jake Jacobsen.

Mr. SANDERS. Are you saying at the end of March of 1971 Dr. Mehren was in Europe?

Mr. LILLY. At along about the 20th, somewhere, 18th, the 20th, he went to Europe.

Mr. SANDERS. But on the night you were meeting in the Madison he was still in the United States?

Mr. LILLY. He was in the United States, but he was not at the meeting. I think he had gone to New York in preparation for going to Europe. I'm not sure about this, but I do know on Friday, the same week, which was the 18th, he was en route to Europe, because he had asked me to take a briefcase back to San Antonio for him.

Mr. SANDERS. Now, what I want to get clear is what circumstances did you learn at the meeting at the Madison, which indicated to you that Dr. Mehren had attended the meeting in Secretary Connally's office?

Now, in answering this I want you to divorce what Dr. Mehren has since told you, let's say a week ago. I want to know what you learned that night at the Madison which indicated to you that Dr. Mehren attended that meeting.

Mr. LILLY. Well, probably I am getting the two—because Dr. Mehren not being present, and as I truthfully recall the meeting, I was under the clear impression that Dave Parr and not George Mehren had attended the meeting. And this was when I learned, about a week ago, that Dr. Mehren said he had attended the meeting.

So Dr. Mehren had provided the figures, the information that would be used, being an economist.

Mr. SANDERS. You are not now saying that Parr was present and attended the meeting in the Secretary's office?

Mr. LILLY. No; I was under the impression that he was probably the third person that went to Connally at that particular time; but Dr. Mehren about a week ago stated that he was the one that was at Mr. Connally's meeting.

Mr. SANDERS. During the meeting in the Madison Hotel——

Mr. LILLY. Yes.

Mr. SANDERS [continuing]. Did you learn of facts which would have indicated to you that Nelson was in attendance in the Secretary's office, and what are those facts?

Mr. LILLY. Other than the discussion of meeting with the Secretary and that the Secretary had listened to their justification for a price-support increase, what might happen if they did not get the price-support increase insofar as milk production was concerned, the overall economic thing, and having presented that to Secretary of the Treasury Connally.

Mr. SANDERS. In other words, you were deducing, because of the importance and complexity of the discussion they would have had to have with the Secretary, that Nelson had to be there.

It that what you are saying?

Mr. LILLY. I think that Mr. Nelson would have met with Mr. Jacobsen had he had met with Secretary Connally, for one thing.

Mr. SANDERS. But at the meeting at the Madison did Mr. Jacobsen say that Nelson had been with him in the Secretary's office?

Mr. LILLY. Well, Mr. Nelson was talking about having met there, and Mr. Jacobsen was talking about having met with Secretary Connally.

Mr. SANDERS. OK.

Mr. NICHOLAS. On that point there's a couple of questions that I would like to ask my client.

Mr. Lilly, do you have any recollection whatsoever of the purpose or the reason why you came to Washington in the first place at this particular time, which would be March of 1971?

I mean, was there any meeting in San Antonio or Dallas or Arkansas or on the telephone, conversations that would have brought you all together here? There had to be some prearrangement, was there not?

Do you recall anything?

Mr. LILLY. Into Washington, D.C.?

Mr. NICHOLAS. Yes. Reservations had to be made, hotel reservations had to be made, plane reservations.

Mr. LILLY. Yes, true.

Mr. NICHOLAS. Well, do you have any independent recollection of any documents or any secretary that made the reservations, or anybody that would have been talked to about this prior to the time you all arrived in Washington?

And how did you arrive, if you know? If you don't know, it's all right. I'm just asking you since we're on this point, because I don't know myself.

Mr. LILLY. In my diary I was in San Antonio; I was in Austin, Tex.; I was in the District of Columbia. I believe my calendar indicates I was back from the District of Columbia, back to San Antonio. I had some State legislation that I was concerned with at the time. And I have forgotten what my calendar—and I have made it available—my diary.

I had not been in Washington the full week. I had been in Washington off and on most of the time during the month of March, and my calendar will reflect that. How many days, I don't really know.

But I would have had reservations. I would have stayed at the Madison Hotel.

Mr. NICHOLAS. Well, would they be in your name?

Mr. LILLY. And it would be in my name.

Mr. NICHOLAS. Well, would there be reservations in Dr. Mehren's name?

Mr. LILLY. Yes, there would be reservations in Dr. Mehren's name, Mr. Nelson's name, Mr. Parr's name; Mr. Jacobson stayed at the same hotel. They would not have been in Mr. Harrison's name. He lives in the vicinity of Washington; I'm not sure where.

Mr. NICHOLAS. Well, do you recall whether or not there was any discussion at all prior to anyone's arrival in Washington? For instance, Harold Nelson, was there anything said by Harold Nelson in San Antonio?

Was AMPI located in San Antonio at this time?

Mr. LILLY. Yes.

Mr. NICHOLAS. The main office?

Mr. LILLY. Right.

Mr. NICHOLAS. And Dairymen's, Inc.?

Mr. LILLY. Yes.

Mr. NICHOLAS. And Harold Nelson was general manager or was not general manager at that time?

Mr. LILLY. He was general manager.

Mr. NICHOLAS. What was Dr. Mehren's position at that time, if you know?

Mr. LILLY. Dr. Mehren was a consultant for AMPI. He was not on as a regular employee in the true sense of the word. He was residing in

New York City or thereabouts, and he had been on a consultant fee basis for AMPI since about 1968.

Mr. NICHOLAS. Well, assuming that Dr. Mehren was at the Madison Hotel with the other gentlemen, would they have been there before they went to Mr. Connally's office?

Mr. LILLY. At the hotel?

Mr. NICHOLAS. Yes.

Mr. LILLY. Oh, yes. They had been here. Mr. Nelson, Mr. Jacobsen, Dr. Mehren, Dave Parr, had been in Washington all week long.

Mr. NICHOLAS. They had already been here?

Mr. LILLY. They had already been here.

Mr. NICHOLAS. You met them here then?

Mr. LILLY. I met them here. I was in and out of Washington that particular week.

Mr. NICHOLAS. Why weren't you included in the meeting in Connally's office, or was there any reason for that?

Mr. LILLY. No particular reason. I'm not sure.

Mr. NICHOLAS. Well, who made up the meeting?

Mr. LILLY. Jake Jacobsen made up the meeting, and he made the determination. And at this point Marion Harrison's efforts, influence, ability to go further with this outside of the legislative process had come to an end, and this was discussed. And he had exhausted about all avenues that he knew to approach. And at this point was when Mr. Jacobsen had come into it and could have some additional input by going through Mr. Connally.

Mr. NICHOLAS. Now in order to get in proper perspective, you testified that Jake Jacobsen is a personal friend of Secretary John Connally; is that correct?

Mr. LILLY. True.

Mr. NICHOLAS. Or Governor Connally?

Mr. LILLY. Yes, true.

Mr. NICHOLAS. And is Harold Nelson a personal friend of John Connally's, if you know?

Mr. LILLY. Not on a close personal basis, to my knowledge.

Mr. NICHOLAS. If you know.

Mr. LILLY. I don't know.

Mr. NICHOLAS. Now, the trip that Dr. Mehren took to Europe, are you speaking from memory alone as to when he took that trip, or do you have anything——

Mr. LILLY. No, I don't have any notes or anything. The only thing that I do recall, we departed on March 18 to return to San Antonio. Dr. Mehren was en route to Europe, or was preparing to go to Europe. At least he was no longer in Washington; and he had left a briefcase with me, and I did carry it to San Antonio.

Mr. NICHOLAS. Well, is it possible that Dr. Mehren could have already gone to—taken his flight to make his connection to travel to Europe before the meeting?

Mr. LILLY. No, I don't think so. He was in town during the day. He didn't show up at the meeting on that particular night and at the hotel.

Mr. NICHOLAS. All right.

Well, Dr. Mehren not being an employee or an officer of AMPI at that time, or for TAPE——

Mr. LILLY. Yes.

Mr. NICHOLAS [continuing]. And being employed only in the capacity of some type of economic consultant in the milk industry, would it have been likely that he would have been at that meeting in that capacity since he didn't know——

Mr. LILLY. It's quite possible, but I think had he been at the hotel at that particular time, he would have probably been at the meeting.

Mr. NICHOLAS. Well, did he have any other employers besides AMPI at that time?

Mr. LILLY. Yes. He was employed with a—I'm not sure it's the World Import-Export Bank—but in some capacity that had to do with import and export of agricultural commodities in New York City. This was his main occupation.

Mr. NICHOLAS. Well, do you know whether or not he had any connection with the U.S. Government at that time?

Mr. LILLY. No, I don't. I'm not sure of the tie-in between the group.

Mr. NICHOLAS. All right.

That's all I have.

Mr. SANDERS. Just a couple of more questions.

Did you tell us on Wednesday that you had learned that after Jacobsen and Nelson finished their meeting with the Secretary and were leaving, Jacobsen was called back in?

Mr. LILLY. Dr. Mehren—I did not learn this until last week. And when you say the meetings on Wednesday, I'm not sure it was on—you're talking about March of 1971?

Mr. SANDERS. When I said Wednesday, I meant our meeting with you this past Wednesday.

Mr. LILLY. Oh, I'm sorry.

Mr. SANDERS. I say, did you tell us this last Wednesday——

Mr. LILLY. Yes. I told you at our last meeting that last week Dr. Mehren told me that he and Mr. Nelson and Mr. Jacobsen had met with the Secretary. They discussed the price support, and it had been strictly on this level; and as they were leaving the meeting, the Secretary said, "Jake, I would like to see you a minute." And there was a private discussion between Secretary Connally and Jake Jacobsen without Harold Nelson and George Mehren being present.

Mr. SANDERS. Before you learned this from Dr. Mehren last week, you had not known about those facts of Jacobsen being called back in?

Mr. LILLY. No, I had not.

Mr. SANDERS. So that if Mehren in fact did not meet with Secretary Connally in March 1971, then the circumstances of Jacobsen being called back in had to have occurred in March of 1972?

Mr. LILLY. Well, that would be true. I mean, the same people were at the same meeting in March of 1972 with the same gentlemen.

Mr. NICHOLAS. That's not the question he asked you.

Mr. LILLY. What did he ask?

Mr. NICHOLAS. He said if Dr. Mehren was not at the March 1971 meeting, if it is a proven fact that he is not there, that he wasn't there, then Dr. Mehren then would have had to be talking about the March 1972 meeting, correct?

Mr. LILLY. That's right.

Mr. SANDERS. Thank you.

Mr. WEITZ. Just one other question. Did I understand you correctly, that to your recollection Dr. Mehren had left Washington on the 18th?

Is that your best recollection?

Mr. LILLY. I know he left about that time.

Mr. WEITZ. I see.

Mr. LILLY. I know that I was carrying a briefcase, and the reason I remember the briefcase is he said they had some stocks and bonds in it that were his, and he wanted me to take them to San Antonio. He wanted me to put them in the vault at the AMPI office, which I did. And he handed me the briefcase, and I did carry it back. I mean, I was responsible for getting it back. And he was leaving for Europe. I'm not sure at what date he left, but I know that he was not on the return trip with us to San Antonio on Friday night.

Mr. WEITZ. I understand. And again, to summarize, without regard to whether Dr. Mehren had attended the meeting with Mr. Connally in March of 1971, and without regard to whether or not Mr. Nelson had in fact attended that meeting or merely the meeting thereafter in the Madison Hotel in March of 1971 with you, is it your clear recollection and testimony that Mr. Jacobsen had in fact met with Mr. Connally shortly before that meeting in the Madison Hotel in March of 1971?

Mr. LILLY. Well, certainly yes, he would have been there.

Mr. WEITZ. All right.

Now I would like to turn back to the period of 1972. You have previously testified to your knowledge concerning a meeting between Mr. Kalmbach and Dr. Mehren and Mr. Nelson and Mr. Jacobsen in February of 1972.

Now, do you know of a meeting that took place in March of 1972 between Mr. Connally, Mr. Jacobsen, Mr. Nelson, and Dr. Mehren in Washington? And if so, could you tell us what you know about that meeting?

Mr. LILLY. I have notes indicating there was such a meeting held between Mr. Jacobsen, Mr. Nelson, Dr. George Mehren in Washington, D.C., the days of March 20, 21, 22, 1972, or March 27, 28, 29, 1972. And they did meet with Secretary Connally, and I would assume it would be in his office in this instance. I don't know where the meeting would have been, but apparently it would have been, because of my notes, the gentlemen mentioned above met with Secretary Connally. And Dr. Mehren told me of this meeting on April 4, 1972, according to my notes that I did write down.

And while present Dr. Mehren told me that Secretary Connally called John Mitchell in the presence of Jacobsen, Nelson, and Mehren; and he discussed, first—and these are my words—delaying contributions, meaning contributions that the Committee for TAPE might make on behalf of the Republican Party, be delayed; second, reducing the AMPI antitrust suit; and, third, the promise to go slow on an IRS investigation, this being an IRS investigation carried over from an audit of AMPI in the year 1968.

Mr. WEITZ. Now, when did Dr. Mehren relate the information about that meeting to you?

Mr. LILLY. On April 4, 1972.

Mr. WEITZ. So you're fairly certain of that?

Mr. LILLY. At least this is what I have on my notes as to when the conversation was held.

Mr. WEITZ. Do you remember when those notes were prepared?

Mr. LILLY. These notes were prepared on or about the time of the conversation.

Mr. WEITZ. So they were essentially contemporaneous to the meeting?

Mr. LILLY. That's true.

Mr. WEITZ. Were they prepared during the meeting or shortly thereafter?

Mr. LILLY. Shortly thereafter.

Mr. WEITZ. I see.

Mr. LILLY. Some notes may have been made during the meeting and then broadened out following the meeting.

Mr. WEITZ. Now, when you say perhaps the 20th to the 22d of March as being the time frame when those gentlemen met with Mr. Connally, or perhaps the 27th to the 29th, is that your best recollection as indicated in your notes from what you had heard from Dr. Mehren?

Mr. LILLY. Yes. In my notes I have the 20th, 21st, 22d, and then this was discussed with my wife. She has the dates of the 27th, 28th, and 29th. And it's about the same meeting, the same people are involved, and so her notes were written and there is some small difference in—apparently a week's difference in the dates.

Mr. WEITZ. Now, you were told this on April 4.

Mr. NICHOLAS. Now, Alan, on that point I would really like for my client to read into the record what his notes reflect so that you can draw your own conclusions from his notes that he made, if it is all right.

Mr. WEITZ. Let's go off the record for a minute.

[Discussion off the record.]

Mr. WEITZ. Let's go back on the record.

Now, as I started to say, you were told about this meeting on April 4. The two time frames you have suggested are anywhere from 1 week to 2 weeks prior thereto.

Mr. LILLY. That is true.

Mr. WEITZ. Is it possible, or does it refresh your recollection in any way, for example, if Dr. Mehren had said it had been as much as 2½ weeks before that, perhaps around the 15th or 16th of March?

Does that refresh your recollection in any way?

Mr. LILLY. No; it does not.

Mr. WEITZ. Did he actually talk in terms of specific days or in terms of time frame of a week or 2 weeks ago?

Mr. LILLY. In terms of time frame.

Mr. WEITZ. The second alternative I gave you?

Mr. LILLY. Yes.

Mr. WEITZ. In other words, a week ago or 2 weeks ago?

Mr. LILLY. That's true.

Mr. WEITZ. So if he were speaking to you on April 4 and had said, according to your notes, 2 weeks ago, or according to your wife's notes, perhaps a week before I heard this from Dr. Mehren on April 4, had he said 2½ weeks before that or a little over 2 weeks ago to you, it might perhaps not have been clear as to the exact dates rather than—or as opposed to a time frame backward from April 4?

Mr. LILLY. That's right. I'm sure that in March of 1972 there was a meeting; he was reporting to me on a meeting that was held. And the dates I think could be easily constructed because calendars are made out as to activities, where we travel, and this is a matter of record, too.

Mr. WEITZ. This would be Dr. Mehren's calendar, for example?

Mr. LILLY. All of the people there within the home office.

Mr. WEITZ. That's right. But you are clear that sometime, perhaps in the last half of March of 1971—March of 1972, I'm sorry.

Mr. LILLY. Yes, 1972.

Mr. WEITZ. As Dr. Mehren related to you on April 4, he and Mr. Nelson and Mr. Jacobsen had met with Mr. Connally in his office.

Mr. LILLY. True.

Mr. WEITZ. All right.

Now, you have said that he had told you of the matters discussed, and you said one of your words was that the antitrust suit would be "delayed"; and you noted in your testimony that that was your word.

Do you recall what his word was?

Mr. LILLY. What I have in my notes instead of "delayed," I have "to slow down its antitrust suit against AMPI at a little later date to a wrist slap."

Mr. WEITZ. Now, is that your best recollection of his word?

Mr. LILLY. Yes.

Mr. WEITZ. Or his phrase?

Mr. LILLY. His phrase.

Mr. WEITZ. And what is your best recollection of his words about the discussion with regard to the IRS audits of AMPI presently at that time pending?

Mr. LILLY. On the IRS all I have in my notes "and promise to go slow on IRS." This is my wording, but it would indicate that Dr. Mehren said something comparable to this.

Mr. WEITZ. I see.

Well, could you tell me what else Dr. Mehren told you transpired either at that meeting or other meetings during their visit to Washington in March of 1972?

Mr. LILLY. Yes. Dr. Mehren indicated further while Mr. Nelson, Mr. Jacobsen, and himself were present with Secretary Connally, that he called Senator Dole, chairman of the Republican National Committee. And again, my notes indicate that Senator Dole called—I don't know if John Mitchell had been called again or not—but Senator Dole and John Mitchell both agreed to defer any obligations due the Republican Party, meaning contributions that might be due, but to delay them until near the general election time.

Mr. WEITZ. Do you know whether——

Mr. LILLY. When the heat was off.

Mr. WEITZ. That was their language as related to you?

Mr. LILLY. Yes. That was George Mehren's language.

Mr. WEITZ. I see.

Do you know whether—or did Dr. Mehren in any way indicate to you that the amount of the commitment, or the reason for the commitment was discussed with either Mr. Connally, Mr. Mitchel, or Mr. Dole?

Mr. LILLY. At that particular conversation? Is that what you're referring to?

[Mr. Weitz nods in the affirmative.]

Mr. LILLY. No. I have nothing in my notes, and he did not indicate it according to my notes.

Mr. WEITZ. So it was not discussed, and therefore, nothing significant, or at least Dr. Mehren related to you nothing significant concerning a discussion of commitments, but were only rather—or the rea-

son for any commitments or the amount of any commitments, but rather the timing to satisfy commitments that had been made?

Mr. LILLY. True.

Mr. WEITZ. Did he in any way indicate that either Mr. Connally or Mr. Mitchell or Mr. Dole were aware of the fact the commitments had been made or the amount of any such commitments?

Mr. LILLY. Not in this conversation to me.

Mr. WEITZ. Could you tell us what else was discussed between you and Dr. Mehren on April 4?

Mr. LILLY. Yes; at the same time Dr. Mehren discussed some Committee for TAPE checks in the amount of $5,000. There would be 30 such checks, and that these checks—at this time he called John Butterbrodt, B-u-t-t-e-r-b-r-o-d-t, AMPI president.

Mr. Butterbrodt was attending a meeting of Mid-America Dairymen in Wisconsin at this time, and he discussed the issuance of 30 TAPE, or Committee for TAPE checks in the amount of $5,000 each with Mr. Butterbrodt.

And at the same time—I only heard one end of that telephone conversation, and I would have to assume that Mr. Butterbrodt gave approval because in time the checks were actually written.

But Dr. Mehren also insisted in my presence—and I might say that Mr. Nelson was present at this conversation as well.

Mr. WEITZ. During the entire conversation?

Mr. LILLY. During the entire conversation on April 4. That he wanted to talk with Mr. Kalmbach. And Mr. Nelson attempted to discourage Dr. Mehren from placing a call, but Dr. Mehren did call Jake Jacobsen in Austin and told him that he did expect to talk to Kalmbach. And within a few minutes Mr. Jacobsen called back and told Dr. Mehren that Mr. Kalmbach would call him at this home that night. And this was to be the night of April 4.

Then Mr. Nelson—and I'm looking at my notes—asked Dr. Mehren what he expected to accomplish by talking with Mr. Kalmbach. Dr. Mehren stated that he wanted Mr. Kalmbach and all Republicans to know that AMPI was not welching on our commitment.

Further, Mehren stated he expected the Justice Department to slow down its antitrust suit against AMPI and later reduce it to a wrist slap.

Mr. WEITZ. Let me ask you something. To the best of your recollection, didn't you have a conversation before April 4 with Dr. Mehren at which time he discussed with you the results of the March meeting in Washington? And to tell you that instead of the substantial contributions that were going to be made, some relatively nominal contributions of $100,000 each to the Republican and Democratic Parties for their convention programs were going to be made?

Mr. LILLY. Yes; there was prior to that time.

Mr. WEITZ. Why don't we take a break for a minute?

[A brief recess was taken.]

Mr. WEITZ. Just to start again, is it true that you had met with Dr. Mehren before, on or before March 30, 1972, and at that time had discussed the conversation and meeting that he had had with Mr. Connally?

Mr. LILLY. On March 30, 1972, my notes indicate that there was a TAPE, a Committee for TAPE meeting held, at which time it was discussed contributing to the National Democratic Party and the Republican Party.

On March 30 when the meeting of the TAPE Committee members, and Dr. Mehren presented the thought and the idea of getting approval of contributing $100,000 to the Democrats and $100,000 to the Republicans to be used to help bear a portion of their expenses. And I might say that there is correspondence from both the Republican national headquarters and the Democratic national headquarters carrying out this conversation, that they anticipated such contributions and would certainly welcome them to help pay and be a portion of the national convention.

Mr. WEITZ. Yes. Well, in that connection would you look at what I will identify as exhibit No. 28, a memorandum from George Mehren to John Butterbrodt, W. R. Griffith, Melvin R. Besemer, and Robert Bonnecroy, of AMPI, with an attached letter dated March 16 to Dr. Mehren from Robert Strauss, chairman of the Democratic National Committee.

Would you identify that for us?

[Whereupon, the document referred to was marked Lilly exhibit No. 28 for identification.[1]]

Mr. LILLY. Yes; this was a letter dated March 20, 1972. These were members of the Committee for TAPE, with a cover letter from Dr. Mehren, a letter of transmittal of a letter dated March 16, that he had received from Robert Strauss, chairman of the Democratic National Committee, indicating some discussion about purchase of 100,000 convention books at $1 per book, which would amount to $100,000.

Mr. WEITZ. Now, I have what I shall mark as exhibit 29, which appears to be a cover memo, handwritten, from perhaps George Mehren, but you will identify that to Bob Lilly, dated March 29, saying "Info, please return to me with Demo letter for TAPE group here on 3–30" and the attached letter of March 27 from R. L. "Dick" Herman to Dr. Mehren. And it is on stationery from the Republican National Convention.

Would you identify that for us?

[Whereupon, the document referred to was marked Lilly exhibit No. 29 for identification.[2]]

Mr. LILLY. Yes; this is a memo from Dr. Mehren to me dated 3–29—no, 1972, but it would be in 1972. It's a cover letter, or the letter attached to it is dated 1972. And he was keeping me advised—we discussed the Democratic letter. This is the Republican letter, signed by R. L. "Dick" Herman, no title, dated March 27, 1972.

And it indicated that Mr. Herman or someone had talked with Mr. Strauss, treasurer of the Democratic National Committee and were aware of a purchase of a number of our convention program books.

Mr. WEITZ. "Our" meaning?

Mr. LILLY. "Our" meaning the Republican Party Convention books at their upcoming convention to be held in 1972, and copies of it did go to George Bristol, Don Kendall, Deke DeLoach, Josephine Good.

Mr. WEITZ. Who are those people?

Mr. LILLY. George Bristol I can identify. He was an employee of the National Democratic Party. The others I cannot identify.

Mr. WEITZ. So these are the correspondence. Would these be the correspondence that you referred to representing the request by both parties for contributions with regard to their convention booklets?

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[1] See p. 6186.
[2] See p. 6189.

Mr. LILLY. Right.

Mr. WEITZ. Now, when did you first learn that in lieu of contributions to the Republican Party that year for the previous commitment—in satisfaction of the previous commitment, that it was the intention of AMPI and TAPE to respond to these letters of solicitation, by contributing $100,000 each to the Republican National Convention and the Democratic National Convention?

Mr. LILLY. Well, on March 30 the Committee for TAPE meeting was held and approval was given for this particular action.

Mr. WEITZ. Did Dr. Mehren tell you before that time he was going to request such action as a result or as a followup to what had gone on in his meetings with Mr. Connally, Mr. Mitchell, Mr. Dole, in Washington several weeks beforehand?

Mr. LILLY. Yes.

Mr. WEITZ. So essentially, you had learned of the transactions, what had transpired in Washington in March 1972, and upon Dr. Mehren's return you also learned that in lieu of satisfying some commitments solely to the Republican Party, for the time being TAPE would contribute to each of the two parties toward the cost of their convention booklets?

Mr. LILLY. That is true. And I am secretary for the Committee for TAPE, and I think that he would have told me this information, that it was his intention to discuss it with the committee.

Mr. WEITZ. Now, getting back to April 4 when you had a discussion with Dr. Mehren and Mr. Nelson was present, was it at that time then, as you started to tell us before, that this $150,000 contribution to 30 different State committees of the Republican National Committee would be in lieu of the previous decision to contribute $100,000 to each party's convention?

Mr. LILLY. Yes. The idea, or the thought, or approval given to the thought of contributing the $100,000 to each party would be scrapped and be abandoned. And it did not happen in fact.

But in lieu of that, $150,000 in checks of $5,000 would be contributed to committees of the Republican Party.

Mr. WEITZ. Now, was it your understanding that that $150,000 would be toward or in satisfaction of the commitment made in the previous year for the milk price support decision?

Mr. LILLY. I would think so, because he had discussed this, and the commitments, the checks, were made out in a similar way that they had been in 1971. There had been discussions—to direct knowledge for Dr. Mehren to have said to me that this is a portion of our commitment; he did not. But this is an assumption on my part.

Mr. WEITZ. I see.

Now, did you see the checks that were drawn up?

Mr. LILLY. Yes.

Mr. WEITZ. Were those checks signed?

Mr. LILLY. Yes, they were signed.

Mr. WEITZ. Who signed them, to the best of your recollection?

Mr. LILLY. Dr. George Mehren and Lynn Elrod. E-l-r-o-d.

Mr. WEITZ. Now, what was Mr. Elrod's position?

Mr. LILLY. Mr. Elrod at this particular time was actually treasurer for TAPE, or Committee for TAPE. Both of them were in existence at this time, and he did have some official title. Certainly he was one

of the—there were three authorized to sign checks, and Mr. Elrod was one of the three.

Mr. WEITZ. Now, I have marked for exhibit 30 what appear to be copies of 30 checks drawn on Citizens' National Bank, each dated April 4, 1972, in the amount of $5,000, signed by Dr. Mehren and Mr. Elrod, with the payee left blank, with the word "Void" written across the face of each of the checks. And on the same page of each cneck, a Xeroxed copy of each check, there also appears to be a blank copy of a receipt to be used for each check.

Would you look at these and tell me whether those are in fact the checks that were drawn up and signed?

[Whereupon, the documents referred to were marked Lilly exhibit No. 30 for identification.*]

Mr. LILLY. Yes. They are the checks that were drawn up and signed that day.

Mr. WEITZ. Now, as I indicate the payee, the name of the payee is left blank. Can you tell us who the payees were to be, or at least who was to provide the names of the payees to TAPE?

Mr. LILLY. On April 4, 1972, during the conversation with Dr. Mehren, Harold Nelson, and myself in the San Antonio office, I have notes here that the $5,000, 30 $5,000 checks, the names to be furnished via Kalmbach, via Connally, question mark. One of the two were to provide the names. And this was the information that I had.

Further, I might state that Mr. Nelson—in this conversation it was discussed that he was to deliver these checks on April 6. Where, I don't know—after the payees had been provided.

And in addition, my notes also indicate there was discussion that $100,000 from Mid-America was to be delivered by Mr. Nelson, and that Dairymen's Inc. would contribute $50,000. My notes indicating to me that $50,000 would be contributed and delivered by Dairymen's Inc. Mid-America has a political arm, as well as does Dairymen's Inc.

Mr. WEITZ. Now, when you say the names were to be provided by either Mr. Kalmbach or Mr. Connally, question mark, do you know whether anyone contacted Mr. Connally after the meetings in Washington in March 1972?

Mr. LILLY. No, I do not.

Mr. WEITZ. But you do know, or you have told us that at that meeting with Mr. Nelson and Dr. Mehren the request was made through Mr. Jacobsen that Kalmbach be contacted. And in fact, Mr. Jacobsen called back and said that Kalmbach would be calling Dr. Mehren that evening.

Mr. LILLY. That is true.

Mr. WEITZ. Do you know whether in fact Dr. Mehren did talk to Mr. Kalmbach?

Mr. LILLY. No. I do not know.

Mr. WEITZ. But in fact, these checks which were drawn and dated April 4 were voided and the contributions never made?

Mr. LILLY. Yes. And that resulted, according to Dr. Mehren having told me Mr. Kalmbach called and told him he did not want the checks.

Mr. WEITZ. Who told you that? I'm sorry.

Mr. LILLY. Dr. Mehren told me.

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*See p. 6191.

Mr. WEITZ. When did he tell you that?

Mr. LILLY. At along about the same time. I don't have it in my notes. But the checks—this is why they were voided, because Mr. Kalmbach called and said he didn't want it.

Mr. WEITZ. If Mr. Kalmbach called and said he didn't want the checks, do you have any idea how the idea to contribute the $150,000 possibly in this manner originated in April, March, or April of 1972?

Mr. LILLY. Of course, there had been a conversation between Mr. Jacobsen, Mr. Nelson, Dr. Mehren with Mr. Kalmbach earlier, either February or early March 1972—I'm not sure of the date—in California. And I have no notes, but I don't know if Mr. Kalmbach did call Dr. Mehren here or not. I would think—also there was a meeting in the meantime shortly thereafter with Secretary Connally; so to me, the request for the checks could have come from either place.

Mr. WEITZ. When you say a meeting with Secretary Connally, are you referring then to the meeting in March of 1972?

Mr. LILLY. That's true. So the time frame, the meeting with Mr. Kalmbach, a meeting with Mr. Connally, within a month of each other.

Mr. WEITZ. What I don't understand is this, though. After the meeting with Mr. Kalmbach and the meeting with Secretary Connally, both of which would have been finished by the end of March 1972, at that time you were told by Dr. Mehren that contributions—they were going to go slow or delay contributions until the end of 1972 just before the election; and that instead, they would make contributions to each convention, each party's convention. Yet, just several days later they were again talking about $150,000 plus other moneys for the other co-ops, and no contributions to the two conventions as such.

Mr. LILLY. That's true.

Mr. WEITZ. Now, can you account for that change or possible change in decision in that short a time?

Mr. LILLY. No. I don't know.

Mr. WEITZ. All right.

Now, one further question with regard to these checks. I notice the last four checks appear to be smaller in size and a somewhat different type of printed check than the first 26 checks. I wonder if you could look at those, which will be checks numbered 51 through 54 of exhibit 30, and tell us if you remember why those checks are different, why those check forms are different.

Mr. LILLY. Yes, the checks are different. On April 4 Dr. Mehren told me that they had run out of checks, the size check that this particular one, the 35—checks Nos. 35 through 50, and they needed some additional checks. I mean, I'm sorry, check 25 on exhibit 30. And he asked me to call Mr. Jacobsen and to deliver some additional checks from Austin, Tex. to San Antonio.

I did call Mr. Jacobsen and at about 4 p.m., at about 4:30 a Mr. John Parker, an officer at the Citizens' National Bank, Austin, Tex. called me and told me that a Mr. Dan Wallace from the bank would be in San Antonio as soon as he could and deliver the checks. At about 6 p.m. the same day Mr. Wallace did arrive in San Antonio, delivered the four checks that you see on the back, that are smaller in size and that are different from the other checks. However, they are made out in the same amount of $5,000.

Mr. WEITZ. All right.

And you don't recall—or did Dr. Mehren ever tell you of any other face-to-face meetings with Mr. Kalmbach that he might have had after the meeting in Los Angeles in February of 1972?

Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. LILLY. My notes do not indicate a meeting, but I am of the impression, and it seems that I had a conversation with Dr. Mehren. That at the March 1972 meeting in Washington, D.C., where Dr. Mehren and others met with Secretary Connally, that he did in fact meet with Mr. Kalmbach in Washington, D.C. But I have no notes to verify this.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. SANDERS. If I am going over something we have covered before, I apologize, but I don't have a clear understanding of what Mehren told you at any point in time about his February 1972 meeting with Kalmbach.

Mr. LILLY. What he told me in 1972?

Mr. SANDERS. Yes.

Mr. LILLY. In February of 1972 I am aware, and Dr. Mehren did tell me he met with Mr. Kalmbach. I have also read a deposition that has been taken by Dr. Mehren——

Mr. NICHOLAS. From Dr. Mehren?

Mr. LILLY. From Dr. Mehren, in the Nader lawsuit versus the Secretary of Agriculture. And there was discussion, and I have had the privilege and opportunity to have read that deposition, as to their discussion in California in February.

Mr. SANDERS. Now, I would like you to ignore what you learned from the deposition and tell me what Dr. Mehren himself at any point in time told you about his meeting with Kalmbach in February of 1972?

Mr. LILLY. Dr. Mehren told me that he had met with Kalmbach—he, Mr. Jacobsen, Mr. Nelson, and—can I go off the record for a minute?

Mr. WEITZ. Yes.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. LILLY. Following his meeting with Mr. Kalmbach—and I'm not sure of the date, but it was after the meeting—Dr. Mehren told me that they had met Mr. Nelson, Mr. Jacobsen, and himself, and upon meeting, Mr. Kalmbach asked him when in the hell they were going to give them the money that they owed them.

Mr. WEITZ. Who said that?

Mr. LILLY. Mr. Kalmbach.

Mr. NICHOLAS. In order that the record be clear, and this is on the record, are you talking about a conversation that George said that he had, that Dr. Mehren said that he had with Kalmbach later after the——

Mr. LILLY. No. This was the one in February where they had gone to California and met with him; and this was upon his return prior to having gone to Washington.

Mr. SANDERS. Did Mehren tell you this shortly after the February 1972 meeting?

Mr. LILLY. Yes, very shortly.

Mr. SANDERS. Approximately how long after?

Mr. LILLY. I don't know the date of the meeting, but it would have been within the next day or the next day or two. Had it been on Friday, he would have told me on Monday. Had he gotten back on Tuesday, he would have told me Wednesday. I mean, it would have been immediately following.

Mr. SANDERS. Did he tell you this in the presence of anyone else?

Mr. LILLY. Not to my knowledge.

Mr. SANDERS. And he indicated to you that Nelson and Jacobsen were present at that meeting with Kalmbach?

Mr. LILLY. Yes, they were present at the meeting.

Mr. SANDERS. And it happened in Los Angeles?

Mr. LILLY. I would assume in California.

Mr. SANDERS. In California. You don't know whether it was in Los Angeles or not?

Mr. LILLY. No. I don't know where the meeting was.

Mr. SANDERS. A few days after Mehren met with Kalmbach, then Mehren told you that when they saw Kalmbach, Kalmbach asked where in the hell was the money they owed him.

Did they use the term "owed"? Is that to the best of your recollection?

Mr. LILLY. To the best of my recollection, yes.

Mr. NICHOLAS. His statement was "When in the hell are you going to give us the money that you owe us." Is that correct?

Mr. LILLY. Right.

Mr. SANDERS. Now, in this conversation with Mehren, when you are being told that fact, tell us anything else he said in elaboration of that.

Mr. LILLY. There were possibly other conversations following this. I know that Dr. Mehren told me that——

Mr. SANDERS. I'm sorry. Let me interrupt you.

Mr. LILLY. OK.

Mr. SANDERS. On that day when you first learned from Mehren of his meeting with Kalmbach a day or two earlier, on that day did he give you any elaboration of this statement by Kalmbach?

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. LILLY. The answer—there was another statement made. Dr. Mehren told me that he told Mr. Kalmbach that he didn't owe him any damn money, and he wasn't going to pay him any.

Mr. SANDERS. Now, I would like you to continue and tell me to the best of your recollection all that Mehren told you on that day about this conversation with Kalmbach.

Did Kalmbach then come back and respond to this declaration of Mehren's?

Mr. LILLY. Truthfully, I can recall that—no doubt there were other conversations—but all I can remember that Dr. Mehren told me on their departure that Mr. Kalmbach was rather unhappy with him, and he was rather unhappy with Mr. Kalmbach. This is about as far as I can elaborate on the conversation, even though I know that there were other words spoken between the two of us on his report about this meeting.

Mr. SANDERS. Do you have any notes that would provide an elaboration on this conversation between Mehren and Kalmbach?

Mr. LILLY. No, I do not have.

Mr. SANDERS. Did Mehren on that occasion or at any later time give you a better understanding of what Kalmbach might have meant by the use of the term "owed"?

Mr. LILLY. I am not sure that he elaborated further on what Mr. Kalmbach indicated by the word "owed." Later there were meetings. Mr. Kalmbach seemed to have moved out of contact insofar as Dr. Mehren was concerned, and Mr. Nunn, along with Mr. Jacobsen, came into it, and at that time I have some notes that would indicate what he meant at the time.

Mr. SANDERS. Am I covering something, Alan, that you have covered?

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. I do have one or two more questions. They're about this conversation.

Do you know Mr. Kalmbach?

Mr. LILLY. I have never met him.

Mr. WEITZ. You know Dr. Mehren fairly well, I take it?

Mr. LILLY. Yes.

Mr. WEITZ. You have worked with him at least several years?

Mr. LILLY. Yes.

Mr. WEITZ. Is he prone to, when he gets excited, to use profanity, mild profanity?

Mr. LILLY. Either excited or unexcited he is prone to.

Mr. WEITZ. So his response of, "I don't owe you any damn money, and I'm not going to give it to you," would that be in keeping with perhaps an excited response on his part to the type of language he would use in that type of situation?

Mr. LILLY. I think it would be in keeping with the response that he would give—not an excited response but a typical response.

Mr. WEITZ. Now, to your knowledge, after the checks which we have identified as exhibit 30 were drawn up and then voided, before October of 1972, between April 4 and October of 1972, were there any other contributions made by the Committee for TAPE — let me limit it at this point, and we will get to the others later—but at this point to the Republican National Committee or any committee on behalf of the Presidents' reelection?

Mr. LILLY. No. There were no Committee for TAPE checks made to the best of my recollection. And I'm without the advantage of my Committee for TAPE's notes in front of me. But to the best of my recollection, from that time there were no contributions made.

Mr. WEITZ. Now, did there come a time in October 1972 or some time late in 1972 just before the election when you were told of further solicitations by representatives of committees on behalf of the President's reelection to Dr. Mehren and other representatives of AMPI?

Mr. LILLY. Yes, there was. I was told by Dr. Mehren of a——

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. LILLY. On the 23d of October Dr. Mehren had a conversation with me, and he was reporting to me about a visit on Saturday, Octo-

ber 21 by Mr. Nunn. I don't have his first name; and I have him as treasurer of the Republicans To Re-Elect President Nixon. And he had visited Dr. Mehren in San Antonio on October 21, 1972.

And at this meeting on the 23d when Dr. Mehren was relating this conversation to me—I have some notes on this conversation, and it indicates that Mr. Robert Isham and A. L. McWilliams were present. They may or may not have been. I have their names on a note to the side. And I don't know whether they were or were not present.

But according to the notes that I have, Mr. Nunn's visit to Dr. Mehren was to solicit contributions to reelect the President, and Nunn suggested alternatives for the Committee for TAPE to contribute on a $750,000 obligation for the price support, indicating this would go back to 1971 price support. It was an obligation created at that time.

And these were words that were used by Mr. Nunn, and again, related to me by Dr. Mehren of a meeting 2 or 3 days before.

So Mr. Nunn had in his mind a $750,000 obligation, and he suggested ways the Committee for TAPE could fulfill this commitment or obligation. And by contributing to the Democrats for Nixon, one; two, contribute to the Committee To Re-Elect the President; three, contribute $325,000 to the Republican Congressional Campaign Committee, and $325,000 to the Republican Senate Campaign Committee.

Those two figures do not add up to $750,000 but this was from the notes that I did take. And further, my notes indicate that the decision was that $150,000 was contributed to the House Republican Campaign Committee, and $150,000 to the Senate Republican Campaign Committee, which did in effect happen.

Mr. WEITZ. Now, are you aware—you say it did, in fact, happen. Do you know when those contributions were made?

Mr. LILLY. On or about this time. I could get my Committee for TAPE records and verify the date.

Mr. WEITZ. Well, I happen to have the Committee for TAPE records here, the report filed with the GAO, dated November 2, 1972, as received by them. Actually, it was filled out and signed by you on October 31, 1972.

And on page 10 of schedule D of that report, it indicates that on October 27, 1972, there were a number of contributions made, including $150,000 to the National Republican Senatorial Campaign, with the recipient indicated to be U.S. Senators; $150,000 to the National Republican Congressional Campaign, and the recipient is indicated to be U.S. Congressmen; and, in addition, $62,500 to the Democratic Congressional Campaign Committee, with the recipient designated as U.S. Congressmen; $25,000 to the National Republican Campaign Committee, with the recipient indicated to be U.S. Congressmen; $27,500 to the National Republican Senatorial Campaign Committee, with the recipient indicated to be U.S. Senators; and $47,000 to the Democratic Senatorial Campaign Committee, with the recipient indicated to be U.S. Senators.

Now, would you look at that report, which is signed by you, and tell me whether that is correct, to the best of your recollection?

Mr. LILLY. Yes, it is correct, to the best of my recollection.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Now, with regard to these contributions, obviously we are not interested in exploring, since it is outside the mandate of the committee, contributions that were strictly to non-Presidential candidates in the 1972 election.

However, this report and the particular contributions I have mentioned indicate that there were contributions to Democratic Congressmen, or Democratic congressional committees and a Democratic senatorial committee, and there were separate contributions to a Republican senatorial committee, and a Republican congressional committee, but then two other contributions on the same date to Republican senatorial and to Republican congressional committees.

Now, you have indicated, I take it from your testimony, that the $150,000 contributions, each to the Republican Senatorial and Republican Congressional Campaign Committees, were the result of the meeting between Dr. Mehren and Mr. Nunn in October of 1972, as an alternative to Presidential contributions as a satisfaction of the commitment for the price support.

Now, let me ask you simply this: In addition to the facts you have already related, do you know anything about the $150,000 to the Republican Senatorial Campaign Committee and the $150,000 contribution to the Republican Congressional Campaign Committee that is not otherwise indicated on the face of this report?

Mr. NICHOLAS. One second off the record.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. LILLY. Yes; there was some significance. The original termination of my discussion with Dr. Mehren, there had been some discussion with the Committee for TAPE members. I don't remember if it was a telephone meeting, or if it was a meeting in person, but it was determined that $25,000 each would be given to the Democrats and the Republicans, both on the Senate side and the House side, making a total of $100,000.

There were some of the moneys obligated over and above that to particular candidates, either Republicans or Democrats, and some of those checks would be an increased amount over and above that to cover some of those commitments to individuals that we said we would contribute to, and we did contribute.

On the check in the amount of—what? $62,000 to——

Mr. WEITZ. $500.

Mr. LILLY. $62,500. I had a conversation with Senator Dole on that myself.

Mr. WEITZ. That was to the Democratic congressional campaign?

Mr. LILLY. All right.

What was the one to the Republican——

Mr. WEITZ. Senatorial or congressional?

Mr. LILLY. Senatorial.

Mr. WEITZ. Well, there are two. There is one for $150,000 and one for $47,000—no, $27,500.

Mr. LILLY. $27,500. There was to have been $25,000, and then it was increased $2,500 over and above that. I am not sure who the money was earmarked for, but I can get the information for you.

Mr. WEITZ. Well, I don't think that is germane to our inquiry.

Mr. LILLY. Well, I'm getting into the other—the $150,000 checks to the Republicans, House and Senate, Senator Dole, in my conversation with him—and this was at about the time he learned the checks had arrived in Washington—was most unhappy, because he had no knowledge of this particular thing happening at all, and we had rather a heated discussion between the two of us.

I first started off talking with his administrative assistant, Mr. Taggart. And the moneys, I believe, if this were pursued far enough, it would be found and determined that these moneys, in effect, actually went into the Re-Elect Nixon Campaign Committee from both the House and the Senate from the Republicans from the two $150,000 checks, but we reported it as a contribution as we made it.

A cover letter went along with it. Normally, I would write a cover letter. In this instance, Dr. Mehren wrote the cover letter that did accompany the checks to the committee. It clearly states there is no commitment, you can do what you want to with the checks.

This is an unusual procedure, because 99 percent of the letters of transmittals are over my signature.

Mr. WEITZ. Well, had you not, in fact, refused to be associated with this contribution?

Mr. LILLY. I certainly had withdrawn and refused to have any part to do with it. That is the truth.

Mr. WEITZ. When Mr. Dole called, you said he was upset?

Mr. LILLY. Yes.

Mr. WEITZ. Would he normally have been upset if he learned that the committee for TAPE had just made a $300,000 contribution to the Republican Senate and congressional committees?

Mr. LILLY. He was upset—that was one of the reasons he was upset. And he was upset, too——

Mr. WEITZ. I'm sorry. What was one of the reasons he was upset? He had just received $300,000?

Mr. LILLY. He was upset that he had no knowledge of it coming in.

Mr. WEITZ. So he was surprised?

Mr. LILLY. As the chairman of the Republican campaign committee, here was $300,000 coming in, and he had been in conversation with Dr. Mehren, he had been in conversation with me; he had no knowledge of it, and he was rather irritated that he had not been informed that it would come in. And he was happy to receive it.

But I think what he was really upset about was because we had—he, too, at about the same time the report went in, he had an opportunity to look at the report, and we contributed some money to some Democrats and some money had been contributed, and we got off on a discussion about Kansas politics, between the two of us.

But his real upset—he was really upset because he felt the money would not be of any benefit to come in that late, him not knowing about it, where would it go, what Senators would be the recipients of it, and how would it really help them to get them reelected. And this was rather late in the campaign, and this was—I think he had some inkling in his mind, even though this was not said, that the money might not be available for senatorial candidates.

Mr. WEITZ. Did he say that?

Mr. LILLY. No; he did not. I said I think that he might have had an inkling in his mind. He did not say it.

Mr. WEITZ. Let me ask you in general, when TAPE or committee for TAPE within your experience had made contributions to Republican or Democratic senatorial or congressional committees, was the money usually earmarked for particular recipients, particular candidates?

Mr. LILLY. Some of it would be, yes. I think you will find one made to the senatorial, Democratic senatorial campaign committee in the amount of $25,000, and I believe you will find that was earmarked for Ed Edmondson from Oklahoma. And, of course, at that time or at a time earlier, I am not sure, it might not be in that particular report; it might be in another report, some of the moneys, generally—you have one there for $27,500; that—$2,500 of that was earmarked. The balance of it was not earmarked. Usually, there might be some portion of it, but only a small portion of it.

Mr. WEITZ. All right.

So that, to the best of your knowledge, the transmittal letter said there were no strings attached and the money was not earmarked?

Mr. LILLY. True.

Mr. WEITZ. Mr. Dole did not expressly say that he knew he wasn't going to have the benefit of that, or no particular Republican senatorial, congressional candidates were not going to have the benefit of it?

Mr. LILLY. That's true.

Mr. WEITZ. And, in fact, the only basis you have is the conversation as related to you between Dr. Mehren and Mr. Nunn?

Mr. LILLY. Right.

Mr. WEITZ. About the reason why $300,000 would be contributed?

Mr. LILLY. That's true.

Mr. WEITZ. Do you have any idea how, if, in fact, that money was to go to the President, it would have been taken out of those committees or somehow transferred to the Committee To Re-Elect or some other committee on behalf of the President?

Mr. LILLY. I have no idea beyond that.

Mr. NICHOLAS. May I ask a question off the record before we leave that point now?

Mr. WEITZ. Certainly.

[Discussion off the record.]

Mr. WEITZ. Let's go back on the record.

I have just several more questions about these contributions.

First, let's take those two contributions to the National Republican Senatorial Campaign Committee.

Now, one was of $150,000 on that day, and one was for $27,500. Similarly, there were, as I indicated, two contributions on the same date to the National Republican Congressional Campaign Committee, one of $150,000, one of $25,000.

Is there any reason you can recall, or any explanation you can give, why a total contribution was apparently broken down into two checks each to the Republican Senatorial Campaign Committee and the Republican Congressional Campaign Committee?

Mr. LILLY. Well, part of the reasons for the breaking down of the contributions, some of the—in totaling the contributions that we had made during the year of 1972 to Democratic candidates and Republican candidates, this would pretty well balance out, total contributions, equal contributions, to the two parties.

Mr. WEITZ. Would that include the $150,000 contributions?

Mr. LILLY. That would include those two contributions of $150,000 each.

I think, if you would total the figures for the year of 1972, you would find Republicans, total contribution to Republicans, would total slightly more than those to the Democrats, but it was equal—I mean, fairly well equal.

Mr. WEITZ. But is there any significance to having two checks to the same committee on the same day?

Mr. LILLY. Yes, because—maybe I've testified to this—but one of the checks, the smaller of the two checks to the senatorial committee, was as a result of a discussion with Senator Dole, who then was the chairman of the Republican Party. The other had been a discussion outside and away from Senator Dole, evidently, and Dr. Mehren had had discussions with someone outside of my knowledge to make those two contributions of $150,000. So he originated that, insofar as I am concerned.

Mr. WEITZ. He meaning Dr. Mehren?

Mr. LILLY. Dr. Mehren. The two for $150,000.

Mr. WEITZ. Well, when you say someone outside of your knowledge, would this be Mr. Nunn, or are you suggesting in addition to Mr. Nunn?

Mr. LILLY. I am suggesting possibly Mr. Nunn, because he had been—had recently contacted Dr. Mehren, and I would say it would have been as a result of his visit.

Mr. Jacobsen also knew Mr. Nunn and had contacted him about the same time.

Mr. WEITZ. Are you saying the only reason for two checks to each of the two committees on the same day was that one $150,000 contribution had been arrived at as a result of negotiations with one person, and the other $27,500 was the result of negotiations with a second person?

Mr. LILLY. That's true.

Mr. WEITZ. I have no further questions on this matter.

Mr. Sanders?

Mr. SANDERS. Yes, please.

Off the record.

[Discussion off the record.]

Mr. SANDERS. The GAO report of October 31, that we have been making reference to, indicates contributions to various Republican committees in the total of about $352,000, and to the Democratic committees in the total of about $109,000.

There is, then, a considerable disparity between those two totals.

Mr. LILLY. True.

Mr. SANDERS. Are you saying, nevertheless, that other contributions made at other times of the year would tend to make the Republican and Democratic contributions more equal, so that the Republican contributions only slightly exceed those that were made to the Democrats?

Mr. LILLY. Yes, for the entire calendar year of 1972, that would be true.

Mr. SANDERS. And are you referring to contributions made by TAPE only?

Mr. LILLY. By committee for—well, TAPE in the earlier part of 1972, for January, February, and March. And then committee for TAPE, the successor of TAPE; the two combined would total that.

Mr. SANDERS. In making such a remark, you are not contemplating any funds that would have been made available by AMPI, as opposed to TAPE or CTAPE?

In talking about the comparability of funds given the Republicans and Democrats, you are not, then, taking into consideration any funds which might have been made available from AMPI resources, separate and apart from TAPE or CTAPE?

Mr. LILLY. To my knowledge, in 1972, if this is the year you are referring to——

Mr. SANDERS. I am.

Mr. LILLY [continuing]. I am not aware of any AMPI funds from my knowledge that went in, corporate funds, so to speak, that went into either the Republican or the Democrats.

Mr. SANDERS. All right.

Are you also not taking into consideration any contributions that were made by Dairymen's, Inc., or Mid-America in talking about comparability of contributions?

Mr. LILLY. I have no idea of what moneys—I know of some contributions they have made, but totals, what they had to contribute—they might have contributed the balance between Democrats and Republicans, I don't have that information or knowledge.

Mr. SANDERS. You have made mention on a couple of occasions of a $750,000 commitment.

Is it your understanding that this much, or approximately this much, was, in fact, paid to the Republicans in 1972, or are you speaking of that as a total paid to Republicans and Democrats in 1972?

Mr. LILLY. No; I am speaking to the commitment, I think, is a carryover from 1971, the year in which the price support was increased. And when I refer to commitment of $750,000—and I have mentioned several figures, because I truthfully don't know the amount of the commitment—but the $750,000 that I referred to in 1972 was a carryover from 1971 commitments that was to have been made either in 1971 or 1972, either to complete the total commitment, whatever it was, or because in 1971, we did contribute $187,500 in a series of $2,500 checks.

And if you add that $200,000, and if you add $750,000, when we talk about commitments you get close to $1 million again.

Mr. SANDERS. Off the record.

[Discussion off the record.]

Mr. SANDERS. Back on the record.

The October 31 GAO report mentions a $62,500 contribution to the Democratic Congressional Campaign Committee.

Do you have knowledge of any earmarking of those funds?

Mr. LILLY. There was some earmarking in those particular amounts of funds. I do not have those records with me, but I could get them.

Mr. SANDERS. Do you have knowledge that any of the persons, to whom those funds might have been earmarked, had any involvement in the AMPI effort to generate legislation for milk supports?

Mr. LILLY. That question I can answer if you will give me time to get my notes, and I don't have those notes. I do have the information to answer your question. I don't know if it did or would have included

people that supported us in our efforts in 1971 to introduce legislation on the price support or not, without referring back to the notes.

Mr. SANDERS. Without referring to your notes, can you state whether any of that earmarking was to fulfill any obligation to any persons in the House for their assistance in the milk legislation?

Mr. LILLY. The commitments, or the earmarking that I made and that I was responsible for and caused to be committed within a lump-sum contribution, had no relation. I did not make all the decisions about the earmarking, and so there might have been—this would have been someone else within—Dr. Mehren, it could have been the influence of Harold Nelson relating it through to Dr. Mehren. It could have been someone else in our organization making the commitment.

But the portions that I had any involvement in were—no commitments made from carryover from 1971, either to the Republicans or the Democrats.

Mr. SANDERS. And, then, as to whether any persons who, for whom these funds were, indeed, earmarked might have had some—might have been involved in the milk legislation, you would have to refer to your notes?

Mr. LILLY. Yes; I would.

Mr. SANDERS. And can you do that and so advise us?

Mr. LILLY. Yes; I can. I sure will.

Mr. NICHOLAS. May we send them, or could we call Alan and arrange to mail those to you so that you could have the accurate figures that he has in his notes—that Bob has in his notes?

Mr. WEITZ. That would be fine.

Mr. NICHOLAS. Now, that's for the——

Mr. WEITZ. Contributions on the 27th.

Mr. SANDERS. $62,500 to the Democratic Congressional Campaign Committee.

And the question is whether any of those were earmarked to Members of the House who had provided any support for milk legislation.

Mr. LILLY. You're only interested in the one?

Mr. SANDERS. No. Now I am going to the $47,000 to the Democratic Senatorial Campaign Committee. I would ask the same series of questions as I have just asked you for the House.

Is your answer the same, that you need to refer to your notes on that also?

Mr. LILLY. Yes; it is, on all of those.

Mr. SANDERS. So then I would ask also for you to advise us, after checking your notes on that.

Mr. NICHOLAS. Well, you want to know, actually, then, what his notes reflect as to whether or not any of those moneys were earmarked, any of the contributions were earmarked, to any individual for any assistance they may have given in the price support increase?

Mr. SANDERS. True. Except he is saying that he has no knowledge that it was given for any such assistance.

So then what we are reduced to is providing the names of any persons that were, in fact, instrumental in the milk legislation, whether it resulted from a commitment to them or not.

Mr. LILLY. Yes. It would be a matter of earmarking any moneys that might have been earmarked, to point those out, and at the same time point out if that particular individual might have introduced legislation in 1971 in regard to the price support.

Mr. SANDERS. Yes. Not only introduced legislation, but took any active support, any active support toward the enactment of that legislation. He might not have cosponsored a bill, but he might have had some other activity on your behalf, such as making a speech on the floor of the House, speaking out publicly in favor of the legislation. Presumably, he would have also cosponsored the legislation, but not necessarily.

Mr. LILLY. All right.

Mr. SANDERS. Could you explain to me in a little more detail this letter you mentioned which went as a cover letter in relationship to the two $150,000 contributions?

Was that a letter signed by Dr. Mehren?

Mr. LILLY. Yes, it is.

Mr. SANDERS. Who was it addressed to?

Mr. LILLY. Oh, it would be addressed to the—I don't know the name. It would be the—what would it be? The chairman of that particular committee within the Republican ranks, both in the House and the Senate, and they do have such a committee. It would probably be addressed to the chairman of that particular committee.

Mr. SANDERS. Do you think that these funds were sent by mail, as opposed to personal delivery?

Mr. LILLY. Yes; because I have seen the letter of transmittal, and—I would have to—I know that I did not deliver them. I would assume that they were sent by mail; they were not picked up.

Mr. SANDERS. Have you furnished us a copy of that letter?

Mr. LILLY. No.

Mr. SANDERS. You don't have a copy of it?

Mr. LILLY. Yes; I do have, in the TAPE files; I don't have it with me, but in the committee for TAPE files, yes, I can produce the letter.

Mr. SANDERS. Alan, don't you think we need that?

Mr. WEITZ. Well, I have a general comment about all of this, but I think you are certainly welcome to ask for it.

You are talking about this as a transmittal letter for all of these?

Mr. SANDERS. For the $150,000.

Mr. WEITZ. Yes.

Mr. SANDERS. Don't you think we should have that?

Mr. WEITZ. Yes.

Mr. SANDERS. I would like a little better understanding of why you did not want anything to do with the payment of the two $150,000 increments to the Senate and congressional campaign committees?

What thinking was in your mind at the time?

Mr. LILLY. Well, this goes back to—and I will have to go back to 1971. March of 1971. Of course, what limited experience I have had in the field of, working in the field of legislation, I opposed at the time the direction and the effort that Mr. Nelson was going in, an effort to try to go through the administration to get a price-support increase—meaning the Department of Agriculture or any other administration.

A great deal of effort had been spent up on the Hill, contacting Senators and Congressmen, a lot of them that are friends, acquaintances, that I worked with, that I got to introduce legislation. We had other people come in from the far reaches of the United States to contact their Congressmen and Senators. We had in the neighborhood of 150 Congressmen and Senators; we were well on the way to—

in my projection—we would have had at least 50 percent of the House and 50 percent of the Senate that would have introduced it.

To have cut across this whole path and find some other avenue to get price-support increases when you have had a Congressman or a Senator to have introduced a bill and be on record to the possibility of increasing the price of milk to the consumer back home, but nonetheless he was convinced enough of the merits of our case that he did introduce legislation, and I think that we should have continued the legislative route.

I am convinced—and I told Mr. Nelson, I told Mr. Parr, I told Dr. Mehren, I told Marion Harrison, I told Jake Jacobsen, during this conversation that we could pass it. Possibly it would be vetoed. I doubt if we had the votes to override a veto, but in future years we would have more friends in Congress through having gone this route and forgetting this other route than we ever would have.

And this is why, from the year of 1971, that I removed myself as much as I could from this entire operation, because I had a great deal of falling out with Mr. Nelson over it. Dr. Mehren picked it up and discussed it; I agreed no further with Dr. Mehren than I did with Mr. Nelson on it, even though I worked for him and worked in this particular capacity.

I don't know if I have been responsive to your question or not, but it is a feeling that I have in what limited experience that I have had.

Mr. SANDERS. Well, I have gained the impression that you must have felt there was something more seriously wrong, besides a mistake in strategy.

And surely, through the years, you have had differences of opinions with persons whom you worked over strategy, but which did not result in your disassociation with their activities?

Mr. LILLY. That's true.

Mr. SANDERS. Did you have a feeling, or did you have facts within your knowledge that there was something unlawful or seriously improper about this contribution, and what was that knowledge?

Mr. LILLY. Well, I think I would back up a little bit farther on something that is not a matter of record here, but to 1968, to be responsive to your question, when $100,000 contribution was made, that I had a considerable argument and discussion about and was bitterly opposed to, I had the privilege of having that information in 1971.

In an effort to try, after the Secretary of Agriculture—and I know this much about the legislative process—he made an announcement. I realized he can easily change that announcement if new information were to come to light, whatever new information might come to light. But he had made a determination that he would not increase it.

He had made it unusually early, because he had until April 1, and he made it along about when—March 10, 11, somewhere in that vicinity. I think it was earlier than they would normally make it.

This price support at the time that he did make it was below 75 percent and was not in keeping with what the law actually said, because it was not up even to the minimum of 75 percent. And even in spite of that, he said he would not increase it. So I think we had as good a case as we would have ever had, be it Republicans or be it Democrats, to go the legislative route without anything being evil or bad or anything else.

I think we betrayed some of the Congressmen and Senators with whom we worked and asked them to put it on. This is a feeling, and it is not anything illegal or immoral that I am thinking about. I mean, this is just a matter of the way I feel.

In the legislative process, if you go to work on the Hill, and you are going to pass something, it may be vetoed, but you have got friends from now on on the Hill. And I am not talking about any contributions anybody has made, because you tried and you lost. But the next year—and there is always another year—that you have got these same problems coming up, you are in a much better light to go back to the same people, and they are going to make a much harder effort, and in 1972 we would have easily passed the price-support increase, and it could have been easily overridden, any veto that the President might have given to it.

But consequently, we were in no position in 1972 and 1973 to go back to Congress, because we pulled off in 1971.

And maybe I am not being responsive to the question, but I am trying to—this is the philosophy. This was the thought; this is my own feelings about the thing, and I feel rather deeply about it.

Mr. SANDERS. Did you have any conversation with any Congressmen concerning the $150,000 contribution comparable to that which you had with Senator Dole?

Mr. LILLY. No.

Mr. SANDERS. Now, you have mentioned a $100,000 contribution in 1968.

Was that to the Republican Party?

Mr. LILLY. The $100,000 in 1968 went to Herbert Kalmbach.

Mr. WEITZ. In 1968?

Mr. LILLY. 1969. I'm sorry. I'm sorry; on my dates it should have been 1969 and was.

Mr. NICHOLAS. So that the record will be clear, he is talking about August 1, 1969.

Now, on that point, Mr. Lilly, did you have any discussion with your people—and when I say your people, I'm talking about Harold Nelson and Jake Jacobsen, he was representing AMPI as lead counsel at the time—as to your feelings about this, giving this, whatever it was, this $100,000 gift, donation——

Mr. LILLY. Contribution.

Mr. NICHOLAS [continuing]. Contribution, what was your feeling about this, to Harold Nelson and to Jake Jacobsen?

Mr. LILLY. Well, I won't express my exact language here, but I was bitterly, bitterly opposed and almost was relieved of my job at this time because I was so bitterly opposed to doing this particular thing and not going through political committees which could be done.

And if my information had been given to me in 1968, the reason it couldn't go through committees was because Republicans——

Mr. NICHOLAS. 1969.

Mr. LILLY. In 1969. Because the Republicans couldn't trust committees so it would get to the ultimate source. And I said don't contribute anything to them if this is really the way that they operate, and I still feel the same way.

And I made this rather strong pitch to Mr. Nelson, and to the extent that I almost severed relationships with the company at that time.

Mr. NICHOLAS. Well, was there any discussion at the time when this $100,000, August 1, 1969—credit, debit—I mean that you signed to procure this $100,000 to deliver it to Semer who allegedly delivered it to Kalmbach as to the legality or illegality of it?

As far as committee for TAPE or AMPI was concerned, how were they going to explain this?

Mr. LILLY. Well, of course, this was what later proved to be a problem, because the statutes at that particular time limited the amount of contribution you could make to any one individual or any one committee in any one year, and limited it to $5,000. And this would have violated that particular thing.

Too, at the end of the year, it would have had to have been reported one way or the other as inadequate as the reporting system was at the time. But prior to the report, it was replaced into TAPE.

Mr. WEITZ. Counsel, I don't want to interrupt or impede your questioning. However, I think the record on Wednesday did elicit and does have all of these facts—now, if you think you want to proceed, that is fine, but otherwise it might be preferable to let Mr. Sanders at least complete questioning with regard to these 1972 transactions. And if there is something else you want to elicit or question the witness about, you would be welcome to do so after that.

Is that all right, Mr. Sanders?

Mr. SANDERS. Yes.

Just a couple more questions.

Do you have any knowledge that the funds which were transmitted on October 27, 1972, to the Democratic congressional and Senate campaign committees found their way to any Democratic Presidential candidates?

Mr. LILLY. In 1972, when some of the moneys, some portion of the moneys, might have been earmarked for a particular individual, the moneys would not have been earmarked for a Presidential candidate. If I am correct in the statement that none of the Presidential candidates for the Democratic Party were up for reelection at the same time for Senator, I am assuming that they were not.

Is that right?

Mr. SANDERS. I think that's correct.

Mr. LILLY. OK.

If that be correct, then, the moneys were—what moneys were out of those funds earmarked, would have been earmarked for Senators that were up for reelection within the Democratic Party or in the House.

Mr. SANDERS. And to your knowledge, you never learned of any of those funds being subsequently routed to any Democratic Presidential candidates?

Mr. LILLY. No.

Mr. SANDERS. Do you have a recollection that Senator Gaylord Nelson was the chief sponsor and spokesman of the legislation in the Senate concerning milk supports?

Mr. LILLY. Are you referring back to 1971?

Mr. SANDERS. 1971, yes.

Mr. LILLY. Well, he was one of them, certainly.

Mr. SANDERS. To your recollection, were any of these funds earmarked for him?

Mr. LILLY. No, I don't. I would say this, we have made contributions to Senator Nelson. They would reflect in the GAO audit, or in the records prior to that time.

I could get the records and educe how much and when we did contribute to Senator Nelson.

Mr. SANDERS. Do you have any recollection that any of the funds contributed to him were as a result of any commitment for his support of the milk legislation?

Mr. LILLY. No.

Mr. SANDERS. OK.

That's all I've got.

Mr. WEITZ. I just have a comment.

We discussed this matter off the record on Wednesday, and I think it is perhaps useful for at least me just to—and you may want to, undoubtedly, respond, Mr. Sanders, to note for the record that while it is certainly not my purpose nor my intention to in any way impede any of your questioning or the scope of this inquiry today—I just, as I say, for the record, do want to note that, while contributions to non-Presidential candidates in 1971 and 1972 may relate in some way to the milk price support decision, which is one of the subjects for inquiry in this investigation, the predicate, the scope of the committee's mandate and the predicate for its investigation of the milk decision, to use a shorthand, is the fact the independent evidence indicates, or at least there is some suggestion, that that decision was procured in exchange, perhaps, or at least contemporaneous with, contemporaneous to, commitments and subsequent contributions to a Presidential candidate in 1972 election.

Now, as I say, it is moot today, because it is not for us to pass on it, but at least I just want to note for the record that it is not clear to me that, for example, the earmarking of funds in October of 1972 to certain candidates, certain congressional candidates, who were not then Presidential candidates, is within the scope of the committee's work, even if they were in some way related—and as yet we have no indication of that—some way related to their support for milk price support legislation in March of 1971.

Now, you are welcome to respond, as I know you will, but it is not by way of objection to close you off. I just want the objection noted for the record.

Mr. SANDERS. I appreciate your remark, and I fully understand your position. And I want the record to show that our position is that, if there is evidence that there were factors influencing the eventual administration decision to increase the milk price support other than the allegations of political contributions, by way of justification for—not justification, but by way of reason for those supports, then these other influencing factors become extremely relevant to the investigation, and I think we are entitled to elicit facts in that respect.

In other words, if the administration received heavy pressures from Democratic Congressmen to enact statutory supports and to deprive the administration of any future flexibility in those supports, then any political contributions which were made or promised to any legislators for their support of such legislation becomes extremely relevant. And that is the basis for my inquiries in this regard.

Mr. WEITZ. All right.

I have one other question, and then we can either take a break or you can move to some other matters.

My question is this, and this takes us back a little bit, but this concerns Mr. Connally.

I believe on Wednesday you were questioned concerning the extent of your acquaintance and contacts with him over the period of time preceding March of 1971.

Mr. LILLY. Yes.

Mr. WEITZ. And I believe also—well, let me ask you this.

Is it your testimony that while he was Governor of Texas and while you were engaged as a lobbyist in Texas for, first, the State Farm Bureau, and then associated with AMPI, that for those several years during the 1960's, up to as recently as the beginning of 1969, you had frequent contact with him—and by frequent, perhaps as much as three or four times a week—in small meetings, sometimes alone with him, sometimes with one or two assistants, over various matters that were then pending before the State government, and that he, perhaps, would have had reason to discuss these matters at length with you at those various meetings?

Mr. LILLY. Well, that, basically, is what I did state.

Our legislature meets only every 2 years, limited to a 120-day term, unless a special session is called, which can be called for 30 days at a time. This would limit it. And he served—his tenure of Governor was 6 years, or three legislative periods. So it would put me in contact—and when I say I was in contact, it would be during this 120-day period that our legislature was meeting during these particular years that he was Governor insofar as legislative matters were concerned.

So, when you say daily—I mean, that is not a true term in that sense, or frequently during the legislative sessions, it is certainly true, yes.

Mr. WEITZ. And these contacts, as I recall your testimony, were not in a large crowd, but rather in a meeting of perhaps no more than several individuals, including yourself and former Governor Connally?

Mr. LILLY. Yes. There would be maybe 2 or 3 other legislators or 2 or 3 other lobbyists, maybe 8 or 10 people, but not large assembly-type meetings.

Mr. WEITZ. And you would speak on many of these occasions directly with him, and he would speak directly to you?

Mr. LILLY. Yes. I have spoken to him on many occasions about problems that we had, a certain piece of legislation we were trying to pass, trying to gain his support as to whether he would sign the legislation or whether he would veto it, or if there was something in the legislation that he did not, he indicated he didn't like, to try to amend it or change it in the committee system so it would meet his approval.

We discussed appropriations for some of the agricultural agencies that we were vitally interested and increased appropriations as well.

Mr. WEITZ. Did he ever curse in your presence?

Was he prone to curse from time to time?

Mr. LILLY. Not in my presence.

Mr. WEITZ. Did he ever get excited in your presence?

Mr. LILLY. No. No more than—by nature, I mean, he appears to be excited to me at times, but I mean, he is—this is his normal nature to me.

Mr. WEITZ. Would you say that the meetings that you had with him, or at least many of the meetings which you had with him, were very formal affairs with people that he was unfamiliar with or fairly informal meetings in which there was a lot of give and take between those present?

Mr. LILLY. Well, some of the meetings would be with farmers that I happened to be representing, and he did not know them. I mean, in the same light that he might know a legislator and probably the conversation would be a little more formal, but not a great deal more, because he isn't that type person. I mean, he is a rather informal person to talk with, and rather easy to talk with.

I don't know if I'm being responsive to your question.

Mr. WEITZ. You are.

But when these other individuals that he was not familiar with were not present, it was you and some other lobbyists or assistants who he was familiar with, the conversation was fairly freewheeling and informal, as you put it?

Mr. LILLY. Rather outspoken in what—he would do this or he wouldn't do that, and you had no misunderstanding about what he intended to do, and he usually would do it.

Mr. WEITZ. Is it your recollection that the Governor has a good memory for names of people that he met?

Mr. LILLY. I don't know whether he does or not, on memories of names.

Mr. WEITZ. Is there anything outstanding or particularly unusual about his memory for names that you can recall?

Mr. LILLY. Not to me.

Mr. WEITZ. Did he ever, during this period of time, have to be reintroduced to you or reminded of your name by anyone present?

Mr. LILLY. Not that I recall.

Mr. WEITZ. So, to the best of your recollection, whenever you met the Governor after the first or second meeting with him——

Mr. LILLY. Well, several meetings.

Mr. WEITZ. Well, after several meetings, perhaps, he knew you on sight and would address you as Mr. Lilly?

Mr. LILLY. Yes. And on occasions, he has addressed me as Bob, I mean by first names.

Mr. WEITZ. Does he usually address people by their first names?

Mr. LILLY. Normally.

Mr. WEITZ. People that he—would he, for example, when you brought these farmers along with you who you represented, whom perhaps the Governor at that time had not met previously, would he address them by their first names?

Mr. LILLY. I don't know.

Mr. WEITZ. I have no further questions at this time.

If you would like to take a break, or if you would like to move to some other areas that we haven't covered——

[Discussion off the record.]

Mr. SANDERS. Since we have talked with you 2 days ago, have you had any different or clearer recollection concerning a meeting you told us about with Governor Connally at Page Airways at National Airport in Washington on March 19?

Mr. LILLY. If March 19—is that on Friday or on Saturday?

Mr. SANDERS. March 19 was a Friday. And as you recall, we searched the airline logs for that day, and——

Mr. LILLY. OK. I have no—I have gone back over it; I have had an opportunity to have reviewed it again, and I have no changes to make in what I have testified to or what I stated earlier this week.

Mr. SANDERS. Now, the record, of course, will reflect exactly what you told us, but it was something to the effect that while you were in a group there, Governor Connally came into the vicinity. He saw you and spoke to you, somewhat aside from the others.

Mr. LILLY. He nodded hello to the group and then called me aside.

Mr. SANDERS. And then he said to you words to the effect that he thought things looked good and it was in the bag, apparently referring to a new, favorable decision on milk supports?

Mr. LILLY. Yes.

Mr. SANDERS. Now, what I wanted to do is just question you a little further about his conversation with you on that occasion.

Mr. LILLY. All right.

Mr. SANDERS. Do you recall that he actually keyed his conversation to a milk price decision when saying it looks good, or it's in the bag?

Mr. LILLY. Well, to me, having had a meeting a day or two before with some people that had had a conversation with him, and knowing that he was aware of it, en route to the airport, I know that Dave Parr was in the taxi that I was in, Mr. Nelson, and I believe we were in two taxis, and we saw the Governor—or Secretary Connally—passed him several times. He passed us in the traffic in getting to the airport, and this was mentioned at the time, the fact that, there he goes. And I believe that we waved at him at one time; the traffic was slowed. And then when we got to the airport, I mean, we did beat him to the airport, and he did walk in, and this was a very brief meeting. Apparently his plane was ready to leave.

He was alone. He walked into the airport. We were all in a group, and he called me aside and briefly discussed this, and there is no doubt in my mind that he was referring to the price support problem that we had pending at that time.

Mr. SANDERS. It may be that what he said to you on that occasion will become a very crucial point, and I would like to establish, to the best of your recollection, what he actually said, as opposed to what you inferred from your activity of the past week or two.

Mr. LILLY. Well, it would be most difficult for me to recall the exact words. And to the best of my ability, I have tried to sum up what I thought that he said, or words to the effect of what he said. I mean, I hope I have related that conversation as near as I could.

And, of course, this was in March of 1971. It was some time ago. But even if I were to pursue it further, I would still come up with basically the same thing. I have nothing to change in what I have said in relation to that conversation.

Mr. SANDERS. Could he not as well—strike that.

Could Governor Connally have meant that the possibility of legislation looks good?

Mr. LILLY. Well, probably—I would assume anything would be possible. But, again, I would go back and state that he was not talking about legislation. I think he would have been—if he is as astute as I am

convinced he is, he would have been well aware of our legislative status as to how many sponsors or cosponsors we might have had on the legislation. And I think that that effort was being handled totally separate and apart. We had no reason to have gone to him—anyone did—to have talked with him about how we should proceed legislative-wise.

I think we had the expertise in that field. It's a matter of knocking on doors and convincing people that you have got a problem and you need their help.

And any way that I might or could rationalize or rehash or rethink about it again, he could only refer to the help that could come from an administrative standpoint, and not from a legislative standpoint.

Mr. SANDERS. Could his remarks to you have been as consistent with general information he had learned concerning the trend of the White House to make some favorable decision for milk producers, as well as it was consistent with any inside information he may have had concerning a specific decision soon to be made by the White House?

Mr. LILLY. I don't think it could have been a trend. Until the time he came along, we were convinced that insofar as the White House or the administration decision, that they were not going to grant an increase at that time. So we had nothing going in our favor, insofar as a favorable trend from the White House was concerned.

And I had put in a rather long day on Friday getting legislators to introduce bills to do that. I was certainly planning to be back in Washington on Monday, hitting the same trail again, doing the same thing, along with many, many other cooperatives across the country. And we had no favorable information. So any favorable trend that might have been coming out of the White House I would have been totally unaware of. Mr. Nelson would—we were rather discouraged.

Mr. SANDERS. Well, inasmuch as he was a Cabinet officer, that type of information might have been available to him.

Mr. LILLY. It's possible, but I think that that type of information would have come more from the Secretary of Agriculture rather than from the Secretary of the Treasury in such discussion. At least, it would have appeared to me to have gone that route, not through the Secretary of Treasury. It is a little out of the field.

Mr. SANDERS. Now, the decision of the White House was not announced until March 25, which was 6 days after you saw Secretary Connally at the airport on the 19th.

Mr. LILLY. Right.

Mr. SANDERS. And was it on March 23 that the President met with milk producers?

Mr. LILLY. Yes.

Mr. SANDERS. Do you know of any indications from events which transpired between March 19 and March 25 that a decision had already been made by March 19, other than what was said to you by Governor Connally?

Mr. LILLY. Not that I can recall. I do know that the next week I was not back in Washington contacting legislators. The other groups for the most part had left Washington and departed.

The effort to contact legislators—I would have to go back and look, but few bills if any, I am sure, were introduced after the 19th. Apparently the effort did slow and stop along that time. And Monday,

when Congress had gone back in session, there was little effort being made, some little effort was still being made, in regards to it, but very, very little effort on the part of AMPI; we had practically no one.

Mr. SANDERS. Did you not return to Washington on the following Monday, solely on the strength of what Governor Connally said to you?

Mr. LILLY. If I could look at my calendar. Do you have it?

Mr. WEITZ. I would have to get it from downstairs. I will get it, if you want it.

Mr. SANDERS. You mean just to get a date, or do you need notes?

Mr. LILLY. Well, I would like to see notes when I did return to Washington. I'm not sure I was in Washington on Monday following that conversation. I was in Washington the next week.

Mr. SANDERS. Well, let me couch it differently.

Are you saying that you suspended or drastically curtailed your legislative efforts solely on the basis of what was said to you by Governor Connally?

Mr. LILLY. Yes.

Mr. SANDERS. Did you do so in consultation with Nelson?

Mr. LILLY. This conversation that I had with Connally was related to Nelson, to Dave Parr, to others who were on the flight, all AMPI employees, on Friday night following our return to Little Rock, to San Antonio, and we were most elated about what the Secretary had said.

I am not sure of their actions the next week, but it was generally agreed that we did not have to push any harder on this particular problem, and we more or less curtailed our activities. I don't know that anyone gave an order on this, but we felt that we had won the battle, I mean that it was over, that we weren't going to push on it any more.

Mr. SANDERS. Any curtailment of your legislative effort in the following week would have been a key item of strategy; would it not have been something—would it not have meant a decision which you would have made in consultation with Nelson?

Mr. LILLY. He was aware of what Connally had told me. I made him aware of it, and I truthfully can't recall if he said, "We are not going to work any more," or "That's it," or what might have happened.

I would say that in a determination of deciding that we still needed to contact legislators on the Hill to get them to introduce legislation as to who we needed, how many, I probably would have made that decision more than Mr. Nelson would have—with his approval, but I would have told him we needed 5 people, we needed 10 people up there to make contacts; we needed people from certain States because we didn't have legislators from certain States supporting us that should be supporting us.

Dave Parr would have some input into the particular same suggestion. So Mr. Nelson would be aware of it, but he would not want to issue an order on this particular thing in the sense that you pointed out. Had he said, "Go back to Washington and start getting people to introduce legislation," I would have been back in Washington and have people introduce legislation, but—so I don't know that any order went out or anything to that effect, that we're all through, we're OK.

Mr. SANDERS. Now, in the 6 days after your conversation with Gov-

ernor Connally at the airport, did it ever appear to you that Nelson had received any independent intelligence information that a more favorable decision in the administration was imminent?

Mr. LILLY. I am not sure of Mr. Nelson's itinerary, where he might have gone the following week. Had I in front of me his itinerary and who he contacted, this would indicate to me a great deal as to who he would have been working with.

For one, I think he would have been in contact and working with Mr. Jake Jacobsen. I think he would have been in contact and working with Marion Harrison, who was a portion and had been a portion of this all the time. I think Mr. Parr would have been here. I think some of the leaders from the other cooperatives, particularly Mid-America and Dairymen's, Inc., would have probably been involved in conversations.

If I had the advantage of having his diary in front of me or knowing his itinerary or where he went or who he contacted, I could be really more responsive.

Mr. SANDERS. Did you convey the information from Connally to any counterparts of yours in Dairymen's Inc. or Mid-America?

Mr. LILLY. I did not. All of the people in our group were on the plane, and this was my conversation. If it had been conveyed—and I'm sure it was conveyed—I think that Mr. Nelson or Mr. Parr would have conveyed it to Mid-America and Dairymen's, Inc.

Mr. SANDERS. Who did you consider to be your counterpart in Dairymen's Inc.?

Mr. LILLY. You're talking about my particular counterpart?

Mr. SANDERS. Yes, sir.

Mr. LILLY. At the time, they truthfully didn't have someone in the true capacity that I was supposed to have been serving in. Currently, they do have a gentleman by the name of Joe Westwater. He was working for them at that time; he still is working for them. He is in this capacity. This has been 2 or 3 years ago, but he had not had the experience at that time. So I think he would be the counterpart, as near as they had a counterpart at that time.

Mr. SANDERS. Who did you consider to be your counterpart in Mid-America?

Mr. LILLY. Gary Hanman; that's H-a-n-m-a-n.

Mr. SANDERS. And that would be true with respect to March 1971?

Mr. LILLY. Yes.

Mr. SANDERS. That's all, Alan.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. NICHOLAS. Mr. Weitz has been asking some questions, prior to this time, as to Mr. Lilly's personal acquaintance with Mr. Connally.

Mr. Lilly, in that connection, I want to ask you this. For how many years have you known Mr. Connally?

Mr. LILLY. I have known him for at least 12 to 15 years. I knew him prior to the time that he was Governor of Texas, and he was Governor for 6 years. And then we have had a Governor 4 or 5 years. Some 12 to 15 years.

Mr. NICHOLAS. All right.

Was your acquaintance with Mr. Connally of a professional lobbyist basis, or was it a personal basis?

Mr. LILLY. It was a professional lobbyist basis and certainly not on a personal basis.

Mr. NICHOLAS. And in most instances would you call him Mr. Connally, or would you call him Governor, or would you call him John, or what would you call him?

Mr. LILLY. I called him Governor Connally.

Mr. NICHOLAS. In other words, you would always address him formally?

Mr. LILLY. Formally.

Mr. NICHOLAS. That's all.

Mr. WEITZ. All right.

We'll take a recess now.

[Whereupon, at 1:05 p.m., the hearing in the above entitled matter was recessed to reconvene at 2 p.m.]

AFTERNOON SESSION

Mr. SANDERS. Mr. Lilly, I want to ask you a series of questions concerning an arrangement or agreement between AMPI and Valentine, Sherman and Associates. Now, I have read your 3 page statement captioned "VI. Valentine and Associates" concerning this matter, and it will not be necessary for you to cover this again.

Mr. LILLY. All right.

Mr. SANDERS. I will just ask you some questions designed to amplify this. You begin by mentioning "July 19(?), 1971."

Mr. LILLY. That is true.

Mr. SANDERS. Was that date—did that date mark your first knowledge concerning any arrangement between AMPI and Valentine?

Mr. LILLY. Yes, it did. That was my first knowledge of them.

Mr. SANDERS. Did you have any knowledge that AMPI had previously any agreement with Valentine for still other work?

Mr. LILLY. No, I have no—prior to this July 1971 date, no, I have no knowledge.

Mr. SANDERS. What is your general understanding as to the primary business endeavor of Valentine?

Mr. LILLY. Having visited Valentine, Sherman and Associates at their office, my impression would be that you might, in a loose sense, refer to it as a public relations firm oriented in the field, the political field. When I say PR firm, one that would send out solicitations, mailings, send out letters, bulk mailing-type things, one that might have to use a computer to compile mailing lists to feed other data into it, but certainly oriented in the political media field.

Mr. SANDERS. Did you come to understand that Valentine had an internal capability to perform these services, the type of service you have just described?

Or did they in turn contract it out to other firms or persons?

Mr. LILLY. Truthfully, I do not know. I visited Mr. Valentine at his office. It was located—I do not have the address here—but it was located in a building in which a computer and all the equipment that goes with the computer was located. It could have been other equipment that he could have had time leased on it. It could have been equipment that he had himself with his partner leased.

But it was quite apparent that he had access to this particular computer equipment.

Mr. SANDERS. Do you know whether Valentine—and when I use that term I mean the firm——

Mr. LILLY. Right.

Mr. SANDERS. Whether Valentine had just recently come into being?

Mr. LILLY. I have no idea of how long he had been in existence, or operating in this particular work, because this was my first encounter with him.

Mr. SANDERS. Is it your understanding that they are now defunct?

Mr. LILLY. This I have heard. I don't know it to be true. But I do understand that they are defunct.

Mr. SANDERS. Was it your understanding that the firm was incorporated?

Mr. LILLY. It would indicate it by the way and the manner in which the checks were made out to Valentine, Sherman and Associates. Maybe not incorporated. Certainly, a company. Let me put it in that way. I really don't know whether they were incorporated or not.

Mr. SANDERS. Did it appear to you that Mr. Valentine was the owner or principal owner of the firm?

Mr. LILLY. Yes.

Mr. SANDERS. What is his full name?

Mr. LILLY. I don't know. I have some letters signed by him.

Jack; Jack Valentine is at least the way he signs his letters.

Mr. SANDERS. And you have had personal conversations with Mr. Valentine?

Mr. LILLY. Yes; on two or three occasions.

Mr. SANDERS. Have you had direct contact—or, well, is there a Mr. Sherman?

Mr. LILLY. If there is, I didn't meet Mr. Sherman.

Mr. SANDERS. Did Mr. Valentine ever mention a Mr. Sherman to you?

Mr. LILLY. Possibly. I don't recall it. I only dealt with Mr. Valentine. And I know some checks, some correspondence referred to Valentine, Sherman and Associates.

Mr. SANDERS. Your statement indicates that a file was subsequently prepared after the fact concerning the business transactions between AMPI and Valentine.

Mr. LILLY. That is true.

Mr. SANDERS. Is it your understanding that no contract existed before Valentine undertook to do this work?

Mr. LILLY. If a contract existed I am not aware of it. It would probably have been a verbal contract between Valentine and someone else. Certainly not me.

Eventually, a contract did come into being at a time when Mr. Valentine—that I referred to in my notes—but to my knowledge, that is the only contract that we had.

Mr. SANDERS. Did it appear to you that Valentine and Associates did in fact perform some work, did render some goods or services pursuant to some agreement with AMPI.

Now, aside from who might have had the benefit of them, that they did in fact produce some goods or services?

Mr. LILLY. The only knowledge of what services were performed by Valentine and Associates, at a time—and I have it—they did send me six tapes, IBM tapes, apparently with names of farmers, including

names, addresses, located in several States. And at a later date, one single roll of IBM tape reel was sent, making a total of seven tapes that were received long after the first conference with Mr. Valentine in regard to this.

Mr. SANDERS. Aside from your receipt of these reels, what other information do you have which would indicate that Valentine did in fact perform some services pursuant to the arrangement with AMPI?

Mr. LILLY. Actually, I have nothing else to do—outside of a series of correspondence that, I'm not sure if it's been made available or not. But there is available the correspondence which outlines the procedure, the contract, the various things. And outside of that I have nothing else from Valentine and Associates.

Mr. SANDERS. The correspondence to which you are now referring, would that have been prepared genuinely as it occurred, or was that prepared after the fact?

Mr. LILLY. This was prepared after the fact. It was prepared after December 1971, and before March 23, 1972, as a matter of fact in March of 1972—March 23, I did visit with Mr. Valentine in the airport in Minneapolis, and he signed and executed all of the correspondence in the Valentine, Sherman and Associates file. It is in the AMPI files now. I signed copies at the same meeting at the same time, and the entire file was drafted at that particular time and signed and executed, including the contract.

Mr. SANDERS. Alan, do we have copies of all of this now?

Mr. WEITZ. Well, I believe so. This is what I think the witness is referring to, and you ought to make sure that that is a complete file.

Mr. SANDERS. Did they just now give you this?

Mr. WEITZ. No; we have had this before.

If you're going to provide something else——

Mr. NICHOLAS. No; I just want to see if it's the same files.

Mr. SANDERS. Why don't I just let you look at it?

Mr. NICHOLAS. Yes.

[Discussion off the record.]

Mr. NICHOLAS. You've got one more letter than we do.

Mr. WEITZ. Was that supposed to be in there?

Mr. NICHOLAS. Yes, it's supposed to be in here.

Mr. LILLY. This has been shuffled through a lot of times. But we have the original in our file.

Mr. SANDERS. Well, Mr. Lilly just handed me a series of documents which Mr. Weitz had previously received. Mr. Lilly has now examined these with his counsel.

Can you state now, Mr. Lilly, whether these are the documents which were executed by you in the airport when you met with Mr. Valentine?

Mr. LILLY. Yes; they had been prepared by Mr. Valentine prior to March 23, 1972. I had delivered to Mr. Valentine some blank AMPI letterhead paper, and on March 23, 1972, when I met in the airport with Mr. Valentine, all of the documents that you have there were executed at that time by me and by Mr. Valentine.

Mr. WEITZ. May we go off the record for a moment?

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. SANDERS. None of these documents, then, were prepared contemporaneously with the date which they bear?

Mr. LILLY. No; they were not.

They may have been prepared, but they were not executed—with the exception of one date, I am not sure when Mr. Valentine prepared the documents.

Mr. SANDERS. You have a duplicate set in front of you?

Mr. LILLY. Yes.

Mr. SANDERS. I just want to identify them very quickly and briefly for the record, so we're sure we're talking about the same spurious documents.

Why don't I mark these all with the next exhibit number?

Mr. WEITZ. That would be 31.

Mr. SANDERS. Exhibit No. 31 as follows. A letter of agreement, dated April 29, 1971.

Mr. LILLY. Right.

Mr. SANDERS. A letter from Valentine to Lilly, dated February 1, 1971.

Mr. LILLY. Right.

Mr. SANDERS. Let me just continue through them, and interrupt me only if one is not correct.

Mr. LILLY. OK, sir, all right.

Mr. SANDERS. A letter from Lilly to Valentine, dated February 23, 1971; from Valentine to Lilly, dated March 1, 1971; from Lilly to Valentine, April 10, 1971; Valentine to Lilly, April 17, 1971; Valentine to Lilly, April 28, 1972.

Mr. LILLY. I don't have that one in my file.

Mr. NICHOLAS. That's the one we're missing.

Mr. SANDERS. Can you state that that was one that was executed at the airport?

Mr. LILLY. Yes; I can.

Mr. SANDERS. With attachment?

Mr. LILLY. The attachment—can we go off the record?

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. SANDERS. All right, back on the record.

I have shown you the Valentine to Lilly letter of April 28, 1972. All these others that we have been going through have been dated 1971.

Should that be 1971?

You said you met with him on March 23, 1972, most likely not preparing a document to come into being thereafter.

Mr. LILLY. The one of April 28, 1972, is a cover letter for the attachment, and it states in there that this is the type layout for your computer programers. And this is the key to the programs that he did send to me.

Mr. SANDERS. This letter of April 28, then, is most likely prepared genuinely on the date it bears?

Mr. LILLY. True. I would say it would be prepared genuinely.

Mr. SANDERS. All right, we will lay that aside.

Lilly to Valentine, April 29, 1971; Valentine to Lilly, June 25, 1971; Lilly to Valentine, July 15, 1971; Valentine to Lilly, October 4, 1971 Lilly to Valentine, October 13, 1971; Valentine to Lilly, December 1, 1971; Lilly to Valentine, December 8, 1971; a sheet bearing only the words "that must still be resolved."

Mr. NICHOLAS. What was the last letter you read before that last statement?

Mr. SANDERS. Dated December 8.

Mr. LILLY. I believe it has no significance. I am not sure it is tied with this particular correspondence. I have seen the document before, but I don't tie any significance to it.

Mr. SANDERS. All right, then a series of Valentine, Sherman invoices. I will read only their dates.

Mr. LILLY. All right.

Mr. SANDERS. May 10, 1971; May 31, 1971; June 10, 1971; August 9, 1971; September 1, 1971; September 24, 1971; November 12, 1971; December 1, 1971.

Mr. LILLY. Right.

Mr. SANDERS. You confirm that all of these were executed by you and Valentine in the airport March 23, 1971. Not prepared there, but finalized there?

Mr. LILLY. Yes, the invoices that you referred to probably were sent in at about the time that they indicate on there—separate and apart, and were not a part of this correspondence, because some checks had been issued and they had been paid. So I feel that they had been sent separate and apart.

[Whereupon, the documents referred to were marked Lilly exhibit No. 31 for identification.*]

Mr. SANDERS. To your knowledge, has anyone within AMPI run or made use of the IBM reels which were sent to you by Valentine?

Mr. LILLY. To my knowledge, no one has made use of them, nor have they been put on the computer to see if any information is contained on them.

Mr. WEITZ. Counsel, if I may interrupt for a moment.

May I refresh your recollection?

Might it have been possible that several weeks ago, when members of the staff of the committee were at AMPI, that those reels were in fact put on the computer?

Mr. LILLY. The reels, at least six of the reels that were in my office—I don't know if the seventh reel that was in the safe in the office—were put on the computer or not.

Mr. Alan Weitz and Andy Chinni were there, and with some of the AMPI personnel who work in data processing, they did take the tape to the data processing machine, and I assume used them. But I have not heard the results of that. I don't know.

Mr. WEITZ. Let's go off the record.

[Discussion off the record.]

Mr. SANDERS. OK, back on the record.

Until the time when this committee's staff visited your offices recently, did you have knowledge of the content of the tape?

Mr. LILLY. No, other than by correspondence that indicated some information that names and addresses would be contained on them. But I had no knowledge that the information was actually there.

Mr. SANDERS. As a result of the visit of the staff, have you learned of the content of the tape?

Mr. LILLY. Yes. Apparently there are names, addresses, and ZIP codes on those tapes, and by States in which they are indicated.

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*See p. 6193.

Mr. SANDERS. Do you know what the lists represent?

Mr. LILLY. No. I think in the correspondence it refers to lists of names.

Mr. SANDERS. Well now, what you are about to tell me is what maybe was intended. But what I am asking is what they in fact do represent.

Mr. LILLY. I do not know what they represent.

Mr. NICHOLAS. I don't think he understands the import of your question. I don't think he understands your question, really, as to what——

Mr. LILLY. Would you enlarge on your question?

Mr. SANDERS. Is it your understanding that the lists are the names of dairy farmers?

Mr. LILLY. No. I talked with Mr. Nelson at one time. I asked him what the lists were supposed to be for, and he said a list of farmers and not necessarily——

Mr. SANDERS. Not limited to dairy farmers?

Mr. LILLY. Not limited to dairy farmers, in a series of States—was being put together. And this was for the purpose of—we were going to have a mail solicitation on soliciting these farmers in an insurance program.

Mr. SANDERS. Mr. Nelson told you this?

Mr. LILLY. That's right.

Mr. SANDERS. At what point in time?

Mr. LILLY. That was sometime during 1971 when I became involved with Mr. Valentine and met him, and was talking to him at that time.

Mr. SANDERS. Would that be after July 19, 1971?

Mr. LILLY. It would be after July 19, 1971, and it would be prior to mid-January of 1972. So somewhere in the time of July to January he would have told me that.

Mr. SANDERS. Do you know whether the contact with farmers for insurance purposes on behalf of AMPI did occur?

Mr. LILLY. It did not occur. We did not—we had insurance, but we went to insurance companies. We did not have our own insurance company. And the contacts did not occur. The names on the tapes that were to be contacted, if they were to be for insurance contacts, were never utilized.

Mr. SANDERS. Can you state any reason whatsoever—let me rephrase that.

To your knowledge, did AMPI for any reason whatsoever at any time send out a bulk mailing to categories of persons other than dairy farmers?

Mr. LILLY. Not to my knowledge. And I believe that I would have had some knowledge of it had bulk mailings gone out, because it would no doubt have originated in the home office in San Antonio, and we had no solicitation of members outside of our own. I mean of potential members or of potential insurance customers outside of our own members did we have any bulk mailing.

Mr. SANDERS. Any solicitation of farmers for insurance purposes, would any solicitation of farmers for insurance purposes have had to be limited to dairy farmers?

Mr. LILLY. No. Well, in our instance I would say that it would have had to, because we were organized as a dairy cooperative. And we would have to be limited, not only to dairy farmers, but to dairy farmer members that belonged, that were members of AMPI.

Mr. SANDERS. Who within AMPI had overall responsibility for your computer services?

Mr. LILLY. Mr. Bob Isham had overall responsibility for the computers, not the day-to-day operation, the technical part of the computer, but the supervisory people who were responsible for the computers was the responsibility of Mr. Isham's.

Mr. SANDERS. When you received these reels from Valentine, why didn't you give them to Isham?

Mr. LILLY. I had had a conversation with Mr. Isham in July of 1971, at a time when Mr. Nelson had requested a $25,000 check, AMPI check for Valentine, Sherman & Associates. And Mr. Isham at that time, after issuing the check, asked me what knowledge I had of Valentine, Sherman & Associates, who they might be, why a check for $25,000 would have been made out and delivered to them apparently by Mr. Nelson.

And I told him I didn't know. And he was aware of the billings that did come in from Valentine & Associates. I know that he contacted Mr. Nelson to get approval for payment of those invoices that would come in from Valentine, Sherman & Associates. And I personally had no reason to—maybe I made Mr. Isham aware that the computer tapes were there in my office, and maybe I didn't. I truthfully don't remember.

One of them was actually sent to the computer room, received. I was called by Mr. Bob Semer who works—he's a programer—and he asked me what I wanted to do with the tape. And I told him he could put it in the file.

Now, this was a later, after the six had come in, this was a later receipt—until we received the seventh one that came in.

Mr. SANDERS. It would appear, then, that you felt that these seven or it may be six reels of tape had no genuine value to AMPI then?

Mr. LILLY. No, and it was based on some other conversations that I had had with Mr. Nelson and Mr. Parr at various times.

Mr. SANDERS. Now, you in your immediate response to my question said, "No." Let me get a clear understanding here.

I will state the question again.

Mr. LILLY. All right.

Mr. SANDERS. It appears to me now, from all you have said, that you felt upon receipt of these reels that they had no genuine value to AMPI. Is that true?

Mr. LILLY. That is true, and I would like to enlarge on that answer.

Mr. SANDERS. All right.

Mr. LILLY. I had had conversations during this time of July 1971 until January of 1972 at various times with Mr. Nelson and Mr. Dave Parr, and I had been given information as to what the total amounts of money that would go to Valentine, Sherman & Associates in the amount of $137,000 would be for. Conflicting stories, but my notes—and I did make notes at or about the time I was given this information.

In one of them I was informed that Congressman Culver of Iowa would receive $50,000 of this money; and that No. 2, Governor Hall of Oklahoma would be the recipient of $30,000 of this money; No. 3, Governor Docking of Kansas would receive $25,000 of this money; No. 4, Congressman James Abourezk, who was elected Senator in

South Dakota, $7,000; H. H. H., indicating Hubert Humphrey, $25,000, totaling $137,000.

Mr. SANDERS. Who told you this?

Mr. LILLY. Mr. Nelson, Mr. Parr, and at one time Mr. Tom Townsend also indicated a portion of this conversation. Mr. Townsend called—I will have to look up the date. I don't have the date, and I don't have the note in front of me. But I received a telephone call from Mr. Tom Townsend. He was still working with AMPI. He apparently was in Wichita, Kans., and it was after Mr. Valentine had been paid.

Mr. Townsend asked for me. He talked with Gary Wood. Mr. Wood is now the comptroller who replaced Mr. Isham. And Mr. Gary Wood later told me that Mr. Townsend tried to reach me, and so I called Tom Townsend. I'm not sure if I called him in Wichita, but I did talk to him.

He asked me if the commitment—or he had asked Gary Wood, and again he asked me if the commitment to Governor Docking had been fulfilled. And I told him, insofar as I knew, any commitment we might have to Governor Docking had been fulfilled. Because we have contributed, the committee—and I say this in the word of Committee for TAPE funds, or TAPE funds, because we have contributed to Governor Docking.

But he pressed a little further. He said, I'm not really talking about—he has a Century Club membership that we contribute to. This is a Kansas Docking club, an effort for him to raise money. We had members of that. We contributed to his reelection. But this was, he said, "This is an obligation, a commitment we have to him in the amount of $25,000."

And I told Tom, "Insofar as I know, we've fulfilled all commitments we have to Docking."

Since that time—I mean, for some reason nothing that Mr.—well, certainly what Mr. Townsend said, but not in any other light, because when we were going back to these notes that were made at that time, I see $25,000 commitment to Governor Docking of Kansas. And possibly he was referring to the same $25,000 commitment. But I don't know.

Then too, in talking with Mr. Parr and Mr. Nelson, I have some notes and I have States listed. They total $140,000. But it indicates, Iowa, $50,000 of this money would be spent in the State of Iowa. I've got H. S. N., indicating Harold S. Nelson, that was his statement. Kansas, $25,000, I have D. P., indicating Dave Parr made that statement. Oklahoma, $15,000, Dave Parr, D. P. indicating Dave Parr made that statement. Minnesota, $45,000; H. S. N., meaning Harold S. Nelson. Minnesota, $45,000, H. S. N., this totaled $145,000.

At another place, on the—I have checked. And Senator Humphrey was contributed $5,000 through committee for TAPE. But again, these notes—I mean the figures may not add. But I mean—so, I really don't know what obligations might have been obligated for these moneys, what role that Valentine, Sherman & Associates had to play in it. What the purpose of their having sent the bills to me might have been for.

Mr. SANDERS. Your listing of various funds for these States with the initials of Nelson and Parr opposite, would you explain to me how your notes in that respect were compiled?

Mr. LILLY. My notes, I'm not sure I have the original notes. They were written on a——

Mr. SANDERS. Would it have been one at a time, and then you put it all together?

Mr. LILLY. No; these were at the same time, at the same meeting.

Mr. SANDERS. You learned this information all at the same time?

Mr. LILLY. Mr. Parr and Mr. Nelson were at a meeting together, and again, I tried to zero in on the Valentine, Sherman & Associates, what is this. And well, we're getting names together, $50,000 would be spent in the State of Iowa, and this was what they gave to me at the time.

Mr. SANDERS. Would this have been after July 19, 1971?

Mr. LILLY. Yes, it would have been after July and sometime before January 1972.

Mr. SANDERS. And it would have been a meeting between you, Parr and Nelson?

Mr. LILLY. Yes. It could have been in San Antonio. It could have been at a board meeting. I don't know if my original notes, but I do have the original notes, and they would reflect approximately what you see here, excepting it is in my handwriting.

Mr. SANDERS. Do you think anyone else besides Parr and Nelson would have been present?

Mr. LILLY. Tom Townsend, I did mention, "had a telephone call." He possibly could have been present at this meeting.

Mr. SANDERS. At that meeting Parr and Nelson made known to you that the Valentine—that the funds going to Valentine would be allocated to the various States according to the list that you have now given us?

Mr. LILLY. That was what they indicated at the time.

Mr. SANDERS. Was that the first indication that you had of any breakdown of the funds to Valentine?

Mr. LILLY. Well, in my notes I think, which you have, I have a statement in the prepared statement, "July 19(?), 1971," I stated about this time a meeting was held. Harold Nelson, Dave Parr, Jack Chestnut, possibly Tom Townsend, and others met at the Hubert Humphrey—met at the home of Hubert Humphrey in New Waverly, Minn.

And then I state shortly after this Harold Nelson, Dave Parr, and Tom Townsend told me—I have in San Antonio, and that leaves a question mark in my mind. I wouldn't be sure about that being the place that we were committed. And you can see what my notes state.

Mr. SANDERS. Now, is what you have just a few minutes ago been telling me about a meeting between you and Nelson and how you compiled the list of State allocations, is that the meeting that is referred to in the second paragraph of your statement?

Mr. LILLY. I believe that would be. I believe it would be, it would correspond. I have Iowa, and I have Kansas, I have Oklahoma, and Minnesota.

Mr. SANDERS. You think that would be the same thing?

Mr. LILLY. I think that would be the same.

Mr. SANDERS. So you indicate there that this is occurring shortly after July 19?

Mr. LILLY. The meeting between them?

Mr. SANDERS. Yes.

Mr. LILLY. Well, I'm not—when I say shortly after, this could have been 2 weeks. It could have been a month. It could have been 2 months.

Mr. SANDERS. OK.

Was it made known to you what would happen to those funds after they were received in those States?

I mean at that meeting, now.

Mr. LILLY. I truthfully can't remember at what point Mr. Nelson informed me that Valentine and Associates were putting together a list of people for mailing for insurance solicitations. My notes are not that complete, and I didn't make note of it. I didn't refer to it in my notes. I don't believe I have any notes on it. And I would not rule out the possibility of it being stated here.

But on the other hand, I would not say that he told me at this particular time.

Mr. SANDERS. Later on in your statement, you say that the breakdown according to individuals, which totals $137,000, was given to you by someone at AMPI.

Do you know who it is?

Mr. LILLY. I have several notes, and at one place I have, I mention the Tom Townsend telephone call. At another time, I have some notes, and part of these are in my handwriting, and part of them would be in Dave Parr's, and part of them would be in the handwriting of Tom Townsend—figures. And I believe it is on a small piece of paper. It is somewhere in my files. I mean, I could get it.

And again, when I say, this is at least who I tie to having met again, Dave Parr and Tom Townsend at some time during this period of time. So when I say someone at the office, I would tie it down to those two people.

Mr. SANDERS. Did you learn the means by which these funds would ultimately be received by these individuals?

Mr. LILLY. No, I don't know that. I know that the invoices were sent in. The checks, AMPI checks were sent to Valentine and Associates. But I didn't pursue it any further.

Mr. SANDERS. Did it appear to you that Valentine was in fact doing some work for the money being received from AMPI, even though the results were not for the benefit of AMPI?

Or did it appear that it was a total conduit for funds to be paid out to these various persons in several States?

Off the record.

[Discussion off the record.]

Mr. LILLY. In answer to your question, I have an opinion that there is a good possibility that the tapes that were mailed to AMPI office by Valentine and Associates at a later date, could well have been prepared at another time. I am not sure that the money spent here went to prepare those particular tapes. I have no way of knowing that.

But I don't know how long it takes to accumulate names. But I looked the other day when Mr. Weitz was there, and I noticed, Iowa, 20,000 names. And I may be wrong, but to compile and, if most of these tapes—I do know that the reels can contain up to 20,000 names. One of the computer people told me that—if six reels or seven reels of tapes, and for each one of them to be near full, to compile 100,000 names, or 140,000 names and addresses and zip codes in that short a

time, from July until 1972, it would take a lot of computer work and a lot of people working. And Valentine and Associates didn't appear to be this large a type of operation to me. So I am not sure that the tapes had not already been prepared, and were just merely sent down as a completion of the contract. I really don't know.

Mr. SANDERS. You say between July 1971 and February 1972, you say you think that's not enough time for them to have done this work?

Mr. LILLY. I don't know where they started from. I mean, if they had the names and all they had to do was to put them together. But if you're going to get ZIP codes, you're going to get names, you're going to get addresses, and be accurate about it, and assume that they are accurate and they are meaningfully representative of the State, it would take a great deal of time and a great many people to do this. So the time factor alone, to me—I mean, it would not be impossible, certainly. But it would rule out a lot.

Mr. SANDERS. There are various possibilities here that I see, and I realize that your answer may be No. 1, totally speculative, or No. 2, an educated opinion based on a number of bits of circumstances that you have learned, or No. 3, it could be based on substantial facts.

But I would like you to give me an answer to one of these possibilities. That is, that funds, the payments which AMPI made to Valentine, were to pay for work which Valentine did of that equivalent value. That is one possibility. And that those, that the work done then went for the benefit of various political candidates or committees in the States.

The second possibility would be that Valentine did no work whatsoever, and merely channeled the funds received to various individuals in the various States.

And the third possibility might be that they did in fact some work, but not of the total value of $140,000, and thus their billings were somewhat inflated, and they were able to channel some funds to the persons in the various States.

Mr. NICHOLAS. May I interject one thing so the record will be clear on this?

I think that Mr. Lilly's answer should be predicated upon what he personally knows about Valentine, Sherman Associates, what was done with the computer tapes by AMPI or committee for TAPE, and what, if anything, anyone in the organization told him about this Valentine, Sherman Associates file, because he only knows what was told to him. Now, if you want just his opinion we could give you that real easy.

Mr. SANDERS. First, I want to know if he has learned along the way of any circumstances which would tend to show which of these alternatives were correct.

Did you learn of any circumstances bearing upon any one of those circumstances?

Mr. LILLY. No. Truthfully I don't know, and any one of them could have been a possibility.

Mr. SANDERS. Did anyone ever tell you anything that would be relevant to indicate that some one of those alternatives was correct?

Mr. LILLY. No. Possibly the reason—I would have pursued it further at a later time. Mr. Nelson—of course, we changed management—Mr. Parr left our employment. Tom Townsend left our employment. This

transaction of the signing of the documents and whatnot actually transpired after they had left, and this may have been the reason. Maybe I'd have had an opportunity to gain more information, but this is as far as I have ever gotten on it. And it really is. And after receiving the reels——

Mr. SANDERS. I'd like to go off the record.

[Discussion off the record.]

Mr. SANDERS. All right, let's go back on the record.

The second paragraph of your statement makes mention of a meeting between several AMPI officials and Jack Chestnut at the home of Senator Humphrey.

Mr. LILLY. Yes.

Mr. SANDERS. Who conveyed this information to you?

Mr. LILLY. Mr. Nelson, Mr. Parr, and Mr. Townsend. I mean, I think they conveyed it. I believe it says, at about the same time Harold Nelson, Bob Parr, Jack Chestnut—oh, I mean in the second sentence of that—shortly after this meeting, Harold Nelson, Dave Parr, and Tom Townsend told me that we were committed.

In other words, the three of them told me about it. I say in San Antonio, and I put a question mark by that. Probably it was in San Antonio, but the three people informed me about it.

Mr. SANDERS. Now, that sentence is a little bit hard to understand in the context of everything else. In other words, it infers that the commitment is for the total amount to go to Humphrey and Mills?

Mr. LILLY. True.

Mr. SANDERS. And yet, later it is broken down to individual political figures in the various States?

Mr. LILLY. That is true.

Mr. SANDERS. Can you reconcile that?

Mr. LILLY. No. I'm reporting here what was given to me at different times during this short interval of time from July 1971 until January. So then, given by the same people, two or three different versions of what actually happened and what the purpose of this Valentine, Sherman and Associates money was for.

Mr. SANDERS. Although Humphrey appears again in your subsequent breakdown, Mills does not?

Mr. LILLY. That is true.

Mr. SANDERS. Do you have any further explanation for that?

Mr. LILLY. No. Again, I am not—well, I might have some explanation to this extent. I don't know at what time in the Presidential campaign that Mr. Mills might have stopped pursuing the possibility of being the nominee. I know that Senator Humphrey stayed in a rather long time. This might indicate that the notes, the latter notes that I have on here, given at a later date, you understand, than those that were written on the first page of the statement. There might have been some change in plans. I really don't know.

Mr. SANDERS. The second paragraph indicates $50,000 for Minnesota, the last $5,000 to go to Humphrey from TAPE. And yet, on the second page breakdown by State figures, $25,000 appears opposite H. H. H.

Can you reconcile those two differences?

Mr. LILLY. No. On the second page, these are another set of original notes. Maybe I could identify who gave them to me. And this was at a later meeting, past this one. Again, another set of notes that I took

down on the same—even though it does not—well, this one actually totaled out to $137,000. The other one was $140,000. And if it is meant that H. H. H., that the money was spent in the State of Minnesota, I don't know. But this is the way that I did write my notes down at the time. And I will get my original notes, and there might be an indication as to either Tom Townsend and Dave Parr, Harold Nelson, who I might have been talking to at this particular time when this set of notes were made.

Mr. SANDERS. Does it appear to you that all payments were made by AMPI?

Mr. LILLY. All payments were made by AMPI?

Mr. SANDERS. Does it appear to you that Humphrey did receive an additional $5,000 from TAPE in this connection?

Mr. LILLY. I believe that—not having the TAPE records in front of me—but I believe we did make a contribution out of Committee for TAPE, and it would reflect at the time—I mean, in the Committee for TAPE report that we make. But if my memory serves me right, I believe we did make a $5,000 contribution.

Mr. SANDERS. How many meetings did you have altogether with Valentine?

Mr. LILLY. I went to—well, I had a number of telephone conversations, but actual meetings—I went to Minneapolis to see Mr. Valentine. I believe Mr. Valentine was in San Antonio at one time during this interim. His billings had been coming in. He had not been paid quite as frequently as he thought he should be paid, and he was down to possibly see me, possibly Mr. Bob Isham, the comptroller, or maybe Mr. Harold Nelson. And then I went to Minneapolis at another time to sign these documents. That means I was in Minneapolis two times and he was in San Antonio one time, to the best of my recollection, during this period of time.

Mr. SANDERS. Have you had any conversation with him, either in person or by phone, since—oh, I'm sorry.

What was the time of your last meeting with him?

Mr. LILLY. My last meeting, actually, was March 23, 1972.

Mr. SANDERS. You've had no contact with him since that time?

Mr. LILLY. Well, there was another letter where he sent me a key to the IBM reels. I have forgotten the date of it.

Mr. O'HANLON. April sometime.

Mr. LILLY. July 1972, is that it?

Mr. O'HANLON. April 23?

Mr. LILLY. April 28, 1972, and that was the correspondence. I don't know if it was, if there was a telephone call in connection with that or not. But that is about—cited from correspondence, or possibly a telephone call. I have had no further contact with him.

Mr. SANDERS. The letter from Valentine to you dated April 28, 1972, states that you will be receiving listings for North Dakota and Iowa. Did you subsequently receive them?

Mr. LILLY. I have seven reels in all. One of them may lap over in two States. I believe I received six of them in one mailing and one of them separate in another mailing. Maybe I received five and two, I'm not sure of that. But I do believe I have seven reels.

Mr. SANDERS. Then he says he is anxious to complete the project and proceed with the direct mail program for life insurance and Cheese House.

Do you know of any further action by AMPI with respect to that statement?

Mr. LILLY. No.

Mr. SANDERS. Did you take, upon receiving this letter from Valentine, did you take any action on the basis of this mention of life insurance and Cheese House?

Mr. LILLY. No; I did not.

Mr. SANDERS. Did you have any conversation with Mehren about it?

Mr. LILLY. No; it would have been Dr. Mehren at the time and I had no conversation with him. As a matter of fact, it was placed in the file and——

Mr. SANDERS. You're saying that it was perfectly obvious to you that the tapes did not have as a purpose the life insurance program or Cheese House?

Mr. LILLY. Well, there's every indication of that, because no one within AMPI had made any effort to get concerned about the tapes and the names that Valentine was to get together. They had been there for some time. And so it is evident to me, yes.

Mr. SANDERS. You must have thought, then, that he was stating this so as to complete the documentary record?

Mr. LILLY. I think, in some of the documents, it might tie back into—if you read them closely—to some of the information that he had prepared, and it would be in keeping with the entire correspondence file that he prepared about this list of names.

Mr. SANDERS. Would you have thought that he was making a statement like that in order to make the file look legitimate?

Mr. LILLY. To close it out, yes.

Mr. SANDERS. When in fact this was not true to the best of your knowledge?

Mr. LILLY. Well, he closed out the file, but——

Mr. SANDERS. When in fact the intention for the programs was not true?

[Discussion off the record.]

Mr. SANDERS. Back on the record.

As each Valentine invoice was received, did it come to you?

Mr. LILLY. Yes. Well, no. I believe the invoices were mailed to Mr. Isham.

Mr. SANDERS. They say, "Attention Bob Lilly."

Were they routed through you before payment?

Mr. LILLY. That's quite possible. I don't remember.

Mr. SANDERS. Now, the copies we have bear no handwritten markings whatsoever.

Would these copies have been made before processing?

Mr. LILLY. They must have been, because I have——

Mr. SANDERS. Or maybe they are copies of the Valentine file?

Mr. LILLY. I have copies of invoices. My copies of the invoice 459—Do you have a copy of invoice 459?—up at the top of that I have "OK, B. A. L.", indicating I approved that for payment.

Mr. SANDERS. I see that.

Mr. LILLY. Invoice 460, dated September 24, "OK," up at the top; invoice 415, August 9, it says, "Attention Bob Lilly." I see no signature on it, no approval mark, nor do I on invoice 168, directed to me, nor is there any approval mark of mine or anyone else's on invoice 163. Invoice 157 has no markings or approval of mine. Invoice 474 has

the approval of H. S. N. on it, indicating Mr. Nelson approved that one. The same is true on invoice 473, November 12. Mr. H. S. N. approved that one.

I believe, if you were to pull out the actual invoices that are in the file, you would find stamps and signatures—I mean, we have other identification as to the account it's charged to, and other notations marked on it. So I am not sure when these particular copies—possibly they were made at the time they came in to me, I put the OK on them, I sent them on to Bob Isham for payment. But I believe the actual invoices that were actually paid that were sent in by Valentine, Sherman & Associates, and not the xeroxed copies, would give you more information as to who handled them and how they were handled there within the office. I think they would still show, those that I have my signature on or my initials on, would still have the same initials on them. Then the ones with Mr. Nelson—I am not saying I did not approve those that did not have any initials on them. I possibly could have.

Mr. SANDERS. Your statement indicates in the second paragraph that there were still possibly others in attendance at the meeting in the home of Senator Humphrey?

Mr. LILLY. Yes.

Mr. SANDERS. Can you now add any other possible names to that?

Mr. LILLY. There is one person that possibly could have attended, an employee of AMPI, Mr. Joe Johnson.

Mr. SANDERS. Was it ever indicated to you that Senator Humphrey was present?

Mr. LILLY. From the statement of Mr. Nelson and Parr and Townsend it certainly indicated to me that Mr. Humphrey was present, because——

Mr. SANDERS. Now, your statement does not so indicate.

Mr. LILLY. Well, my statement indicates in the second paragraph that there was a meeting at the home of Hubert Humphrey in New Waverly.

Mr. SANDERS. Are you saying that you meant to say by that that he was himself also present?

Mr. LILLY. Yes; I did.

Mr. WEITZ. I have a few questions.

When Dr. Mehren replaced Mr. Nelson, January 1972, even though, by the records which we have, although the invoices were apparently paid, did you have occasion to discuss this matter with him at any time?

Mr. LILLY. With Dr. Mehren?

Mr. WEITZ. Yes.

Mr. LILLY. It has only been of recent times, within the last month or 6 weeks, that I have mentioned Valentine, Sherman & Associates.

Mr. WEITZ. And he never asked you what their billings represented?

Mr. LILLY. No, I am not sure, after the change in management, that he actually saw the billings that did come in after he became general manager, and I am not sure—unless there are other billings than what I have, all the billings would have been paid prior to the time he became general manager.

Mr. WEITZ. Well, besides billings, the accounting year for AMPI, as I understand it, is July 1 to June 30.

Mr. LILLY. True.

Mr. WEITZ. So, for example, the 1971–72 fiscal year for AMPI would include, for example, the financial statements for those periods would include a breakdown. I have seen those breakdowns, and they include, for example, moneys paid to Valentine, Sherman and Associates. Do you know whether Dr. Mehren ever asked you or anyone else in the organization what those expenses represented?

Mr. LILLY. I do not remember them having asked me. They could have asked Bob, or I assume someone else, but I did not have any conversation about it.

Mr. WEITZ. All right.

Now, do you know of any connection between these transactions involving Valentine, Sherman and Associates and either Bill Connell C-o-n-n-e-l-l, or Ted van Dyk?

Mr. LILLY. No. Bill Connell—and it would be hard for me to put a date on it, did, or was, employed, and I have very little information about it, to produce a film of some kind. I have even forgotten what the film was to have been on. I think the total cost of that project was to have been in the neighborhood of $100,000.

I do know, at one of the AMPI board meetings, that Mr. Connell was present, and—oh, possibly 10 minutes of the board's time was taken by Mr. Connell projecting a few slides on a screen, as to some ideas that he might have been developing for the dairy industry, and I do not even remember what those slides—possibly it was a movie. What I do remember is having made a board meeting, and taking a few minutes of time, and that has been some time ago. I believe it was after the change in managers from Mr. Nelson to Dr. Mehren. If anything ever materialized out of that, I am not aware of it, so I do not know a great deal more about it.

Mr. WEITZ. Was Mr. Connell in fact hired and paid any moneys in connection with that presentation?

Mr. LILLY. I do not know that—oh, you mean at that particular instance? I do not know that either.

Mr. WEITZ. Or subsequent to that?

Mr. LILLY. I do not know. I do not have the records on it. I had no connection with it, and I am not——

Mr. WEITZ. But you do not connect Bill Connell in any way with these transactions that we talked about of Valentine, Sherman?

Mr. LILLY. I know Bill Connell quite well. I know him to be—I have worked in political campaigns quite frequently, and quite effectively, and it is certainly not too hard for me to think that it might have been some tie-in but I have no way—no one discussed it with me, and I have no firsthand knowledge, and it is hard for me to go much further than that on that.

Mr. WEITZ. What about Ted van Dyk? Do you connect him in any way with this? In other words, was his name ever mentioned in connection with this transaction? Did you ever discuss the matter with him? Did any of the others, either Mr. Valentine or anyone else, discuss his name or his firm in any way in connection with these Valentine transactions?

Mr. LILLY. No. I certainly do not recall it, and I think that either Tom Townsend or Dave Parr would be the individuals that were with AMPI that could give you an answer closer than I could on it. I mean,

I have had an association, too, with Ted van Dyk in other things in past years. But I do not remember it in connection with the 1971 or 1972 election, with the film that Connell was to produce.

Mr. WEITZ. Now, we have gone through your statement; Mr. Sanders has, certainly, at length with you; and, as he has pointed out, initially, you raised, or you reflected early discussions which mention Mr. Humphrey and Mr. Mills' commitments to them in this regard, and then later Mr. Mills' name does not appear, and Mr. Humphrey's does, as well as other parties.

Now, do you know to what extent, if any, any of these moneys either were expended on behalf of, or actually were contributed to, Presidential candidates in the 1972 Presidential election?

Mr. LILLY. No; I do not.

Mr. O'HANLON. Do you know when Senator Humphrey last ran for election as Senator?

Mr. LILLY. 1970.

Mr. O'HANLON. 1970?

Mr. LILLY. Yes, sir.

Mr. O'HANLON. You had indicated in that list that $25,000 of that $137,000 went to HHH.

Am I correct in that?

Mr. LILLY. Yes. That is what my note indicates.

Mr. O'HANLON. Would you know whether that would be for his Presidential effort, or whether that would have related to something else?

Mr. LILLY. Here is a copy of my—this is a xeroxed copy of my notes, and on this, I have just HH, 25, leaving off three zeros on that. I have several others; these are invoices and check numbers, what they were paid. The States that were paid. On this particular page, I have some other notes that you have seen, you see Minnesota, $45,000, and I believe on the other one it was less, Minnesota $5,000. I do not know what it said on the other. But anyway, that is a total of $140,000. This is where I have HSN or DP's, Dave Parr's initials beside this. So it is quite easy, if I said Minnesota, I could have put HHH in the same context. It is pretty hard.

I have another page of notes here. I knew that I had them and a xeroxed copy. In a portion of this, I have "Dave Parr, notes," and the reason I did is because he gave me this. I have November 10, 1971 as the date on it, and I have, over to the left, "Dave Parr, notes," meaning that this is actually his writing. A portion of it is mine; and he put on $15,000, Oklahoma—I put the Oklahoma in—I mean he put the figures down, and I wrote in the amounts 25, and then I wrote Kansas over to the side of it; 10, and he has—looks like SD, and that is scratched out, and a question mark by it. And then I put Tom over at the edge, meaning Tom Townsend. Apparently, he and Dave had some disagreement.

Under that, where I scratched out SD, I put 25 under that, and then there is 50 over on the side, and I have the initials HHH, indicating this was what they would have told me at the time, and this is actually their writing. And these figures only amount to $100,000, and this is as late as November 10, 1971.

And then, on down a little further, in this same column, I have 50, and I would assume $50,000, Iowa to Hughes per HSN. Well, over in

my other notes I have $50,000 to John Culver, and then I have a 25 here, and these are in my writing again, and I do not know what that was to be for.

And then I get into Deloss Walker, West Memphis—it has nothing to do with this. See, these were some notes again, and my effort to—any time I get an opportunity to talk with anyone or get some information on this Valentine thing, I would jot down some notes, and it is quite apparent, because I never got the same story twice, and——

Mr. O'HANLON. Well, then, the only item that could have been related to the Presidential campaign as such would have been the one relating to Humphrey. The others, like Docking—of course, that is a Governor's campaign. Is that correct?

Mr. LILLY. Well, unless—I do not know how much credence you want to lend to a portion of my statement where I mention that we are obligated—but Mr. Nelson, Parr, and Townsend told me we were committed $140,000 to Hubert Humphrey and Wilbur Mills.

Mr. O'HANLON. How it was allocated, State by State, or for whose benefit, you do not know, is that it?

Mr. LILLY. I have all sorts of little scribbled notes again, and I have attempted to—now here are some notes, and this is Tom Townsend's note; it is actually in his writing: "$50,000 Iowa, $25,000 Kansas, $10,000 SD"—South Dakota—"$15,000 Okla"—Oklahoma—that is $100,000. And then a line, and then "50 HHH." And this was in Tom Townsend's writing. And again, that was a conversation, and so I think this is just a duplication of those same notes, and my notes, unfortunately, are rather barren, rather thin. Except, I believe, that this is a conversation the week of—here is a note; the week of June 20, 1972. Tom Townsend repeatedly called me, but I was out of pocket. Townsend talked with Gary Wood, AMPI comptroller, in desperation, and asked Gary if we had fulfilled our commitment to Docking. I was told this by Gary, meaning Gary Wood.

On June 22, 1972, I called. I talked with Tom Townsend. He was in Topeka, Kans., and just before visiting Governor Docking; Townsend asked me if we had completed our commitment to Docking, at the time. I said I assumed so, and on Saturday, June 24, 1972, I realized he was referring to the commitment of $25,000 paid through Valentine Associates and referred to above. This may have been an assumption on my part, because I did check, we had no commitment to him. So, again I——

Mr. O'HANLON. What was—you mentioned Mr. Johnson. Was it $55,000 or $50,000 of the $137,000 that you allocated to——

Mr. LILLY. You mean in these notes I was reading from?

Mr. O'HANLON. Yes; I was wondering what office he was interested in. Is there not a $55,000 figure, or was it $35,000? I guess not.

That is all of Oklahoma?

Mr. LILLY. Oh? Uh-huh.

Mr. WEITZ. Mr. Lilly, I have one other question—you talked about the contact by Tom Townsend. Do you recall an earlier contact in 1972, or a conversation which Mr. Isham might have asked you about any commitments with regard to some other State, or as part of this earlier transaction?

Mr. LILLY. I cannot recall at the moment.

Mr. WEITZ. Do you remember a contact that you either heard about or received from someone on behalf of Bob Barker, requesting at an earlier time whether the commitment to Kansas had been fulfilled?

Do you recall anything in connection with that request?

Mr. LILLY. You mean Norman Barker?

Mr. WEITZ. Norman Barker, I am sorry.

Mr. LILLY. It is quite possible. Norman Barker is a dairy farmer and an AMPI director, and rather active politically. And I have talked to Norman Barker many times about political contributions within the State of Kansas, and without—I mean, it is hard for me to be more responsive to your question. If you could give me a time and a place——

Mr. WEITZ. It would be sometime in—let's see—February or March of 1972, when he, or perhaps someone at his direction, contacting Mr. Isham with regard to having fulfilled a commitment, requesting whether a commitment to Kansas had been fulfilled.

Mr. LILLY. I believe that I—I think so, and I believe I have a note somewhere that Norman Barker did question about this commitment, and I would assume that Mr. Barker was referring to the same commitment that Mr. Townsend was talking about to Governor Docking. And I do not have those notes with me, but I believe I do have, and I think Mr. Barker would have been concerned, No. 1, and he would have contacted me, No. 2.

Mr. WEITZ. How do you suppose he came to know this commitment? This was not a TAPE commitment, I take it? This was an expenditure of AMPI funds.

Mr. LILLY. It certainly was AMPI funds. He and Mr. Townsend—Mr. Townsend originally was from the State of Kansas, and was working with one of the cooperatives. It became a part of AMPI at a later date, so he and Mr. Barker were rather close friends, and if Mr. Barker became aware of it, I am sure this is how he was informed about it.

Mr. WEITZ. Mr. Lilly, you said that, in one portion of your notes, the moneys are—certain moneys are designated, certain amounts are designated for Minnesota. In another portion of your notes, similar amounts or other amounts are designated for HHH or HH. Would you take it that the moneys from Minnesota were intended, in fact, for Hubert Humphrey, or the moneys from Minnesota, or that are designated as HH, were intended for other candidates in Minnesota at Mr. Humphrey's direction, or are you able to tell us one way or another?

Mr. LILLY. I am not able to tell you one way or another. My notes are so confusing, and I have so many different ways of going on this, that it is hard for me to, without—it is rather limited. It is all the information I really have on it.

Mr. SANDERS. Just a few moments ago, you made reference to some handwritten notes you have before you, and you indicated that one of the sheets was in the handwriting of Townsend. How did you come into possession of that?

Mr. LILLY. Mr. Townsend—this is an effort from me, again to try to find out what happened, where these moneys went, and what the Sherman Associates happened to be, and again, he wrote down, as at an earlier time where he had written part of them, and he and Dave

Parr—Dave Parr had written them before. And this is at another time, and again I got him to reduce them to writing, and came up with a totally different figure this time than I had before. So, I am not a lot better.

Mr. SANDERS. Can you give me an approximate time when he would have made those writings?

Mr. LILLY. No. I have the originals, but there is no date on this, and as near as I could time it, it would be between July 1971 and January 1972.

Mr. SANDERS. All right.

Are you delivering those to the committee?

Mr. LILLY. These? I would like to get a copy from you, if I may.

[Discussion off the record.]

Mr. SANDERS. Let's go back on the record.

Mr. NICHOLAS. Mr. Lilly, let me ask you this. In connection with the file that you have on the Valentine, Sherman Associates, No. 1 is, who actually made up that file?

Mr. LILLY. Mr. Valentine made up the entire file, telling me that they used different typewriters, different girls within his office to do it.

Mr. NICHOLAS. In order to be quite clear in the record for any future reference, for instance, this—outside of signing this letter of agreement that is on the—that is attached to the front part of the files, and by Jack Valentine, partner, April 17, 1971, and then by Bob A. Lilly, April 29, 1971, Associated Milk Producers, Inc.—outside of signing that, did you ever know anything about any letter of agreement?

Mr. LILLY. This was my first knowledge, and it was signed—what day it was signed on, it was signed on the same day. It was not separate days.

Mr. NICHOLAS. In other words, these two dates were suggested, then, by Mr. Valentine?

Mr. LILLY. That is right.

Mr. NICHOLAS. All right.

Now, for instance, a letter addressed to Mr. Jack Valentine, dated February 23, 1971: "Best personal regards, Bob Lilly."

Did you write that letter?

Mr. LILLY. No.

Mr. NICHOLAS. Did Jack Valentine write that letter, or someone in his——

Mr. LILLY. Or someone in his office.

Mr. NICHOLAS. All right.

Do you have the original of that letter?

Mr. LILLY. I have the copy of this, a carbon copy. The original, that happens to be a yellow copy in my file.

Mr. NICHOLAS. Does Jack Valentine have the original of the letter?

Mr. LILLY. He has the original.

Mr. NICHOLAS. Well, would the original of that letter be with an envelope with a stamp on it, and postmarked, or were they all taken up at one time, as you suggested?

Mr. LILLY. They were all signed at one time.

Mr. NICHOLAS. Well, let me make this simpler.

Mr. WEITZ. Counselor, I think there is absolutely no question on the record that Mr. Lilly has stated that all these were fabricated by Mr.

Valentine. They were all signed by Mr. Valentine and Mr. Lilly at once, after the fact—as a phony file. Is that not clear?

Mr. SANDERS. I agree. The record is clear in that.

Mr. WEITZ. I do not think there is any question——

Mr. O'HANLON. That was at the airport, was it not?

Mr. LILLY. At the airport.

Mr. SANDERS. And what you were referring to is what we have marked as exhibit 31?

Mr. WEITZ. I do not think there is any question in the record that that is the case, or, at least, that is Mr. Lilly's testimony.

Mr. NICHOLAS. OK.

A couple of more questions. Did you personally have any—were you any part of composing this file, or were you just following instructions?

Mr. LILLY. I was following instructions.

Mr. NICHOLAS. That is all I have.

Mr. WEITZ. I have one other question.

Mr. Lilly, I have a contract here. Well, it is actually a two-page document dated with the heading of agreement. On the second page, it says, "Valentine, Sherman & Associates," and it is signed by John Valentine, dated June 10, 1971. Below that, it is signed by Associated Milk Producers, Inc., Harold S. Nelson, with no date written in.

Have you ever seen this document?

Mr. LILLY. No; I was not aware that this existed.

Mr. WEITZ. Did Mr. Nelson ever talk to you about it?

Mr. LILLY. No. I remember no conversation.

Mr. WEITZ. And the first time you came to hear, as I understand, about the Valentine, Sherman arrangement was approximately a month later, when you were asked by Mr. Isham about the $25,000 invoice and the check?

Mr. LILLY. That Mr. Nelson picked up for Valentine, Sherman?

Mr. WEITZ. For Valentine, Sherman.

Mr. LILLY. That is true.

Mr. WEITZ. Why do we not mark this as—off the record.

[Discussion off the record.]

Mr. WEITZ. For the record, let's mark this as exhibit 32.

[Whereupon, the document referred to was marked Lilly exhibit 32 for identification*.]

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. SANDERS. When you went to meet Valentine at the airport to complete the preparation of the file, did you do so on the instruction of anyone within AMPI?

Mr. LILLY. I had had instructions from Mr. Nelson in AMPI to complete this entire transaction, to see that the invoices were properly paid, and that Mr. Valentine had gotten his money.

Mr. SANDERS. Did Mr. Nelson indicate to you in conversation that he was aware correspondence had not been generated contemporaneously with events as they developed in the Valentine project?

Mr. LILLY. No. In conversation, he did not. Mr. Valentine was the one that became concerned, and contacted me in regard to this that

*See p. 6216.

nothing existed in writing, and I am quite surprised to see this other instrument that Mr. Nelson had signed——

Mr. NICHOLAS. Exhibit 32?

Mr. LILLY. Exhibit 32.

Mr. SANDERS. Before you completed the file with Valentine, before you did it, was Nelson aware that you were going to do it?

Mr. LILLY. You mean the actual signings, the actual documents, on March 23?

Mr. SANDERS. Yes.

Mr. LILLY. No, I do not think so.

Mr. SANDERS. You did not discuss with him that Valentine was preparing them, and that you were going to Minneapolis to execute them?

Mr. LILLY. No, not on that particular date, because at that time, Mr. Nelson was no longer the general manager of AMPI at that particular time. This had been a prior discussion. There is no doubt in my mind that it was to have been completed, and I carried it through.

Mr. SANDERS. Was Dr. Mehren contemporaneously aware that you were going to complete the file?

Mr. LILLY. No.

Mr. SANDERS. So, actually, you were doing it on your own initiative?

Mr. LILLY. In the light that the day that I went to Minneapolis to sign it, and did not so inform Dr. Mehren, yes, in that sense. But in the sense of having received instructions from Mr. Nelson much earlier, and his having initialed, even as late as December of 1971, some of the invoices, and following that instruction, and then my having delivered that letterhead paper to him at an earlier time, I think I was only completing something. At least, I did not feel that I was acting solely on my own without having been given instructions.

Mr. SANDERS. When did Dr. Mehren become specifically aware that correspondence was prepared to complete the Valentine-AMPI file, which was not genuine?

Mr. LILLY. Truthfully, I do not know.

Mr. SANDERS. Do you think he is aware today?

Mr. LILLY. Yes, he is aware of it. I know I have mentioned it to him, and he is aware of it.

Mr. SANDERS. Is it only within the last few weeks that he became aware?

Mr. LILLY. I have mentioned it to him in the last few weeks. That I know. Possibly I had mentioned it earlier to him at some time, some place. To go into the total context of it, I am not sure that I ever have. I do not think he has ever seen the correspondence relating thereto. He is aware that the correspondence is there, but, to my knowledge, he has never actually looked at the correspondence. He might have, but the reason I do not think so is, because it has been in my file, and he has not asked to see the file.

Mr. SANDERS. All right.

No further questions.

Mr. WEITZ. Off the record.

[Discussion off the record.]

[A brief recess was taken.]

Mr. WEITZ. Mr. Lilly, are you aware of any contributions or expenditures on behalf of Mr. Wilbur Mills, Congressman Mills' Presidential campaign, either during the years 1971 or 1972?

Mr. LILLY. In 1971, about August 17, 1971, Mr. Nelson did instruct me to—and Mr. Robert Isham was present—instructed me to deliver to Mr. Dave Parr and to Mr. Parr personally, the amount of $5,000 to be used for Mr. Mills. And on this same date I did go to Austin, Tex. I borrowed $10,000, $5,000 of which was delivered to Little Rock. It was not delivered to Mr. Parr personally, but it was delivered to one or two of his secretaries, Norma Kirk, K-i-r-k, or Mrs. Hunt.

The company jet was used for me to fly from San Antonio to Austin to Little Rock. And I met one of the two ladies at the central flying service in Little Rock, and delivered the $5,000 cash in an envelope. And on the way back to San Antonio shortly thereafter—and this money was borrowed from the Citizens' National Bank in Austin, Tex., and it was paid off on October 8, 1971.

The extra $5,000 that had been borrowed at that time, I might say that it was kept by me. It was put in my safety box. If something like this came up again, and this was not an unusual thing from past experience, and it was paid on this particular note, and I think the record would so indicate that. So that's the reason.

There were other contributions made from Committee for TAPE. I do not have the records in front of me, but I believe that they would reflect contributions to Mills for President, or whatever name that he used in his campaign. But I do know that some Committee for TAPE contributions were made to him.

Mr. WEITZ. Well, let's finish with this August 1971 transaction, then we can move to the others.

With regard to the August 1971 transaction, do you know how the request was made to Harold Nelson or the transaction was arranged by Mr. Nelson?

Mr. LILLY. You mean the transaction? You mean the——

Mr. WEITZ. He requested you to do something. How he came to know about the transaction, whether he was contacted directly by Mr. Parr or Congressman Mills, or someone else?

Mr. LILLY. I would assume he was contacted by Mr. Parr, but I don't know that.

Also, I would say that other moneys——

Mr. WEITZ. Well, before we get to those—I understand that. I want to understand this transaction, and then you will certainly have an opportunity to explain anything else you know about.

Did Mr. Nelson tell you how you would recoup this $10,000, or repay it?

Mr. LILLY. Yes, he told me that it would be, I would contact a number of attorneys which we dealt with on retainer fees and what-not, to send me a check or cash, and this money would be used to pay off this Citizens' National Bank note. And the attorney in turn would bill AMPI double out of what would have been contributed and be paid in that manner.

Mr. WEITZ. So in other words, you would have been repaid in the same way that you were repaid for other loans for similar transactions?

Mr. LILLY. That's correct.

Mr. WEITZ. Did you say several attorneys, or did he in fact mention one specific attorney?

Mr. LILLY. Well, at this particular time it was one attorney, and that was Mr. Stuart Russell from Oklahoma City.

Mr. WEITZ. Did Mr. Nelson say that, or is that who you took it to mean?

Is that the only person you contacted?

Mr. LILLY. That's the only person I contacted, and Mr. Nelson did not direct me to go to him. But at that particular time I did contact Mr. Stuart Russell, and he was the only attorney that I had contacted for some time on similar transactions.

Mr. WEITZ. Now, in making this loan did you have to contact anyone?

Who did you contact at the bank?

Mr. LILLY. I'm sure the bank record would show, but I would say it would be Mr. Ken Odil, O-d-i-l. I believe he is vice president at the bank.

Mr. WEITZ. Did you have to confer with Mr. Jacobsen at all, or Mr. Long in connection with this loan, or did you——

Mr. LILLY. No, I didn't.

Mr. WEITZ. Now, when you delivered the money to one of two people who worked for Mr. Parr, either Norma Kirk or Mrs. Hunt, did you tell them what you were delivering to them, or did they seem to know that it was $5,000 in cash?

Mr. LILLY. When I left Austin the Little Rock office was called that we were leaving, and the pilot had given me the estimated time at which we would arrive at Central Flying Service. And she was waiting. It was quite evident that she knew that she was there to pick up an envelope.

If she was aware of what she was picking up, I don't know.

Mr. WEITZ. When you say Central Flying Service, is that the private airport or private——

Mr. LILLY. That's right. That caters to private aircraft.

Mr. WEITZ. And in fact you did later obtain funds to repay this note from Stuart Russell?

Mr. LILLY. Yes.

Mr. WEITZ. And to the best of your knowledge, did you—when you contacted Mr. Russell, did you discuss the purpose of the loan?

Mr. LILLY. No. I feel that—I say that and—I called Mr. Russell's office. I don't know if I talked with Mr. Russell or Jane Hart, Mr. Russell's secretary, and said that I needed $10,000 to—or $5,000 to pay off a note.

I don't know what it would have been in this instance, but I could go back.

Mr. NICHOLAS. Could we go off the record just a minute?

[Discussion off the record.]

Mr. WEITZ. Did you ever deliver any other moneys in this way in cash to either Dave Parr or one of his secretaries?

Mr. LILLY. Not to one of his secretaries, nor do I remember directly delivering any to Mr. Parr myself.

I do know that at the different time Mr. Jake Jacobsen delivered some money.

Mr. WEITZ. But you yourself didn't?

Mr. LILLY. No; I did not.

Mr. WEITZ. While you raise that, let's move to that. Well, before we do, counsel, would you like to question as to each individual transaction, or question all at once?

Mr. SANDERS. You're still talking about Mills?

Mr. WEITZ. Yes.

Mr. SANDERS. No; you go ahead.

Mr. WEITZ. All right.

Did there come a time when you became aware of a cash transaction involving Mr. Jacobsen and Mr. Parr, also on behalf of Congressman Mills?

Mr. LILLY. Yes. In October of 1971, Mr. Jacobsen had requested some money—cash money for Mr. Connally. And this eventually—the $5,000 requested on October 13 was eventually delivered to Mr. Jacobsen in Austin on November 10, 1971. When I arrived at the airport at Austin, and as I went into the airport, I ran into Mr. Jacobsen—this is about 9 a.m., November 10, 1971—and Mr. Tom Townsend and Mr. Dave Parr. Joe Long, a partner of Mr. Jake Jacobsen's, came in a short time later, and in my presence Mr. Jacobsen handed an envelope. And he said, here is the $5,000 for Wilbur that you wanted, or the $5,000 for Mr. Mills, or—there was no money counted, but Mr. Jacobsen handed the envelope to Mr. Parr. And later the same day I went on to the bank and completed my transaction.

But again, evidently $5,000 did change hands between Mr. Jacobsen and Mr. Parr for the benefit of Mr. Mills.

Mr. WEITZ. Let's go off the record.

[Discussion of the record.]

Mr. WEITZ. I show you exhibit No. 23, a check dated November 3, 1971, in the amount of $5,000, paid to the order of cash, signed "Stuart H. Russell," and it is endorsed on the back, "Stuart H. Russell".

Is this the check that was sent to you by Mr. Russell which you cashed to provide the $5,000 to give to Mr. Jacobsen?

Mr. LILLY. Yes; it is. Handling of the check was handled at the Citizens' National Bank at Austin, Tex.

And while my records don't indicate it, I believe I would have dealt with Mr. Ken Odil, and the reason I would say that, on the edge of the check I notice "OK! Ken," and it looks—that is comparable to Mr. Odil's initials that he puts on.

Mr. WEITZ. Now, before giving this money to Mr. Jacobsen, had you arranged ahead of time to deliver it to him on that day?

Mr. LILLY. Yes; I had called him and told him I would be in Austin on that particular date.

Mr. WEITZ. So he knew you were to deliver it on that particular day?

Mr. LILLY. Right.

Mr. WEITZ. Either at the time you delivered it to him, later on the day of the 10th, or earlier in the day when you ran into him and saw the transfer of moneys to Dave Parr at the airport in Austin, did anyone suggest in any way that the two transactions were related?

Mr. LILLY. No one suggested—I was quite surprised to see Mr. Parr and Mr. Townsend that worked with AMPI and Mr. Jacobsen delivering cash to them. And I did not reveal my reason for being in Austin to Mr. Townsend or Mr. Parr.

And too, it was in the lobby of the airport or in the coffeeshop at the airport, and I visited for a short time, possibly had a cup of coffee with them, and then went on to the bank and cashed the check. But there was no exchange of words in regard to this.

Mr. WEITZ. But since, in sequence of time, the transaction with Mr. Jacobsen was later in the day, did you raise it with him then?

Mr. LILLY. No; I didn't raise it with him then.

Mr. WEITZ. Did it raise a question in your mind as to whether in fact Mr. Jacobsen had told you the actual purpose to which he was going to apply the moneys you gave him?

Mr. LILLY. Well, certainly it raised a question in my mind, because in my notes that I did keep I made a note of it, and when I was not involved in this transaction, the fact that I do have a note of the transaction would indicate that it raised a flag, I mean, in my mind.

Mr. WEITZ. Now, correct me if I'm wrong, but at least two ways that Mr. Jacobsen could have obtained moneys that were not—that related to AMPI but were not of his personal moneys, would have been on the one hand to ask you for money, or on the other hand to extend his own personal funds. And in either case, to bill AMPI to reimburse him.

Those are two possibilities?

Mr. LILLY. True.

Mr. WEITZ. Now, do you know whether Mr. Jacobsen in fact extended any of his own moneys and was reimbursed by AMPI in transactions that did not involve you?

In other words, rather than get money, have you extend funds and then perhaps pay you back, rather than do it directly?

Mr. LILLY. No. I add too, this particular instance where I delivered money to Mr. Jacobsen that he was not involved in one other instance in the amount of $10,000 that he had requested in April of 1971. That was the proceeds of a note from the Citizens' National Bank. And to my knowledge, this is the only—otherwise, the moneys would have been, I would have been getting checks or cash from Mr. Jacobsen and Mr. Long.

Mr. WEITZ. At the same time, however, I think I showed you the other day, and you were unable to identify with any certainty whether a number of bills of Mr. Jacobsen's, I believe, indicated services rendered above the retainer, whether or not those were legitimate or not.

Mr. LILLY. That is true.

Mr. WEITZ. That's true.

Mr. LILLY. Some of them I would be able to, I think, trace down.

Mr. WEITZ. In round figures—but there were a series—I think I showed you as many as 10 or 15 bills of his, that had an additional $1,500 or more of—billed as services rendered above retainer.

Mr. LILLY. Over and above retainer.

Mr. WEITZ. And you weren't able to identify any of those particular payments?

Mr. LILLY. That's true. No, I was not.

Mr. WEITZ. So, it's conceivable that if those were not legitimate billings, Mr. Jacobsen may have been providing funds directly to other parties and recouping funds from AMPI without your knowledge?

Mr. LILLY. That is quite possible.

Mr. WEITZ. And this $5,000 payment may or may not have been related to the earlier, the later transfer on the same day of November 10, and you would have no knowledge of the connection?

Mr. LILLY. That is true.

Mr. NICHOLAS. You say may or may not.

Mr. WEITZ. May or may not. Well, I take it there is an implication in your mind they may have been connected, but you do not know for a fact?

Mr. LILLY. I do not know that.

Mr. WEITZ. Whether it was that $5,000, or whether Mr. Jacobsen actually had access to other moneys through AMPI that you had no knowledge of?

Mr. LILLY. That is true.

Mr. WEITZ. Now, were there any other transactions that you know of in which moneys were either expended, AMPI funds were either expended on behalf of or as contributions to Congressman Mills in his Presidential campaign effort?

Mr. LILLY. I do know that Mr. Joe Johnson, an employee during that particular period of time, I believe—while an employee of AMPI, was spending a considerable amount of time in behalf of Mr. Mills, working full time, as well as a Mr. Terry Shea—S-h-e-a, I believe, is the way you spell Mr. Shea's name.

That would be one form of assistance. If moneys were generated from that, I mean outside of their own fiscal efforts, I am not aware of it. And that is all I can recall that did go in to Mr. Mills.

Mr. WEITZ. What about the—could you tell us what you know about the Ames, Iowa, rally sometime in 1971?

Do you know anything about that?

Mr. LILLY. I know that there was—I had forgotten it until you mentioned it, and I doubt if I could recall the year. But there was an Ames, Iowa, rally, and I believe Mr. Mills was the primary individual there. And I believe that Mr. Joe Johnson had a considerable part of the work in putting that together.

If moneys were involved or expended, I am not aware of it—AMPI corporate funds outside of Mr. Johnson's own efforts.

Mr. WEITZ. And finally, are you aware of any political contributions to Congressman Mills' Presidential election effort that were made, as I say, through TAPE or CTAPE, and were duly reported?

Mr. LILLY. Yes; there were some political contributions. I believe it would only be in CTAPE, and they were duly reported.

Mr. WEITZ. Now, CTAPE was not formed, as I understand it, until April 1972.

Is that correct?

Mr. LILLY. That is correct.

Mr. WEITZ. Would that mean that these contributions to Congressman Mills' 1972 Presidential election effort were still in existence and active after April of 1972?

Mr. LILLY. I suppose I'd have to stand corrected. I suppose it would have been TAPE funds that went into—I know that either TAPE or Committee for TAPE did make some contribution to the Mills for President campaign.

Mr. WEITZ. As contrasted with the Mills congressional reelection effort sometime in late 1972?

Mr. LILLY. Yes; true.

Mr. WEITZ. Do you recall how much?

Mr. LILLY. No, I don't. It has been reported, and if I had access to the reports, I could tell you. But I don't have them with me. I am talking about the report filed with the Clerk of the House and the Secretary of the Senate.

Mr. WEITZ. I have no further questions at this time.

Mr. SANDERS. When you arrived in Austin on November 10, was it—did you say it was actually in the airport that Jacobsen handed an envelope to Parr, saying that it was money for Mills?

Mr. LILLY. Yes.

Mr. SANDERS. And this was in the presence of Townsend and who—was Long already there?

Mr. LILLY. Long joined the group, and if I recall the series of incidents as it happened, I think the envelope actually changed hands after Mr. Long arrived, indicating to me that probably Mr. Long had brought it to Mr. Jacobsen to transfer to Dave Parr.

Mr. SANDERS. Now, you went to Austin on that date in order to give money to Jacobsen?

Mr. LILLY. Right.

Mr. SANDERS. You had $10,000 in cash with you?

Mr. LILLY. No, I had a check.

Mr. SANDERS. A check?

Mr. LILLY. Yes.

Mr. SANDERS. For how much?

Mr. LILLY. $5,000.

Mr. SANDERS. You had still not cashed it at the time that Jacobsen gave the cash to Parr?

Mr. LILLY. No, I had not cashed it.

Mr. SANDERS. Why was this group assembled at the airport?

Mr. LILLY. Mr. Parr and Mr. Townsend, I believe, had chartered a plane. They had one chartered at about that time, and I believe that they flew to Austin in the charter plane, and I didn't expect to see them there. I flew up—we had a small private plane, a twin engine plane, Cessna I believe is what it was—and I had flown to Austin in it, and went through the municipal airport to rent a car to go to the bank. And so—and Austin, not being a large airport, you can pull up near the hangar. And I don't think, even though Mr. Jacobsen expected me that particular day to see him—I don't think that they expected to see me in the airport at that time of day.

Mr. SANDERS. It was pure coincidence that you encountered them at that time?

Mr. LILLY. True.

Mr. SANDERS. So it would appear to you that Jacobsen was there to meet Townsend and Parr coming in?

Mr. LILLY. He wasn't there to meet me.

Mr. SANDERS. It appeared to you that Townsend and Parr had arrived just shortly before that?

Mr. LILLY. Yes. In fact, something was said about their just having arrived.

Mr. SANDERS. Well, when Jacobson handed the envelope to Parr, did he indicate how much was in it?

Mr. LILLY. He indicated $5,000.

Mr. SANDERS. Did Parr make any response?

Mr. LILLY. No. He stuck it into his coat pocket, and possibly he said thank you, or I appreciate it, or something. There was no response.

Mr. SANDERS. Explain the means of dissembling of the group.

Did you leave first?

Mr. LILLY. When I arrived at the airport I saw Mr. Jacobsen, Mr. Parr, and Mr. Townsend in the coffeeshop—I mean, as you walk into

the airport in Austin—the lobby itself is not too large, and the coffeeshop is—well, from the door I came into, it was on my right, and it is glass fronted, and you can see in the entire coffeeshop.

At that particular time of day there were few people in the airport. It is not a busy airport. And they were sitting next to the glass—I mean, the one nearest me, the aisle I walked by, because there's a stairway in the center of the lobby itself. And so, when I saw the three of them gathered I went in to say hello to them. And I believe they were having coffee or milk, or whatever they might have been drinking. And so I ordered a cup of coffee, and at about that time Mr. Long came in, and I really believe that Mr. Long handed the envelope to Mr. Jacobsen. And there in my presence Mr. Jacobsen gave the envelope to Mr. Parr and said, here's the $5,000 for Mr. Mills.

Mr. SANDERS. In what sequence did the group separate?

Mr. LILLY. I left alone because I had to go to the bank, and I mean, it opened at 9, and this was shortly after 9 by that time. And I know that something to the effect was said—I told Mr. Jacobsen, "I will see you later," and Mr. Long, because I was going to their office.

And at the time I left, the four of them were still at the airport, and I left first and then went to get a rent-a-car. And this was all at one end of the airport, and possibly they could have broken up and left while I was getting the rent-a-car. I mean, I don't know when they left.

Mr. SANDERS. At any time after that date did you learn of any facts bearing upon Parr's handling of that money?

Mr. LILLY. No.

Mr. SANDERS. On this three-page schedule, prepared by your accountants, concerning the note transactions at Citizens National Bank, on the third page, under the "Stuart H. Russell" column, there is a $5,000 entry for what I believe is November 12, 1970—I can't be sure.

Mr. LILLY. It appears that that is right.

Mr. SANDERS. That has no relationship to the November 3 check?

Mr. LILLY. No; that is in 1970 and I'm talking about 1971.

Mr. SANDERS. Oh, yes, all right. Would you say, Mr. Lilly, that every delivery of funds that you received from any one of the firms which were originally established as conduits, is listed in some manner or other on this three-page accountant's schedule you have provided for us? Or on the five-page chronology you have given us, prepared from your own notes?

Mr. LILLY. Yes.

Mr. NICHOLAS. I just want to add that in answer to your question—for any client to answer your question—could you restrict it—in other words, what he has put down, as I understand on his—his accountant has put down—on that exhibit, whatever number it is, and on the four- or five-page outline, everything that Mr. Lilly can trace——

Mr. WEITZ. Or remember.

Mr. NICHOLAS. Or remember, because if we find something else that we—that isn't on here, well we are going to call you.

Mr. SANDERS. Good, at the present time, everything that you can remember to the best of your knowledge, everything is contained in these two documents?

Mr. LILLY. Yes. That is true.

Mr. NICHOLAS. We are still—for the record, we are still looking for anything else we can find because——

Mr. LILLY. Well, on this, there are some unidentified—of course the moneys were paid back, and it's unidentified as to what the source of those moneys are.

Mr. SANDERS. But there's some indication on here——

Mr. LILLY. There's some indication on here of some deposits, which is unidentified as to where it came from so there are still some unanswered questions in this.

Mr. NICHOLAS. Also, while we're on this subject, before I forget about it, and I don't think we brought this out the day before yesterday, well—we may have, I just want to make sure—maybe you remember Alan—Mr. Russell had indicated, is this correct, Mr. Lilly, in his conversation with you a month ago or 6 weeks ago, different figures than what these checks reflect? Is that correct?

Mr. LILLY. That is correct.

Mr. NICHOLAS. Now would you please give those figures to the committee so that they can have them, because we don't know this is what we're looking for.

Mr. LILLY. Do you want me to answer?

Mr. SANDERS. [Nods affirmatively.]

Mr. LILLY. About—well, I believe it was in September; the original of what I am going to read to you has been given to the grand jury, but this is an exact copy of that. It was a note put on, originally in my handwriting, on the corner of a Wall Street Journal, dated—September 17, 1973, I believe, was the date. Mr. Russell, in the office of Mr. Nicholas, with Mr. Roy Barrera present, myself——

Mr. NICHOLAS. Harold Nelson.

Mr. LILLY. Harry Nelson and Mr. Nicholas, five people, stated that moneys that he had contributed—the day before or a couple of days before, he had been to Little Rock, Ark., and I believe the day he had been to Little Rock he said was on Saturday and he spent 6 or 7 hours with Mr. Ed Wright, an attorney in Little Rock. Mr. Ed Wright had been employed by AMPI for its own in-house investigation of the same thing we are discussing, along with a national auditing firm, and Mr. Russell stated these were the figures that he gave to Mr. Wright, that he had spent through these various schemes that we have been discussing in the year of 1968, $8,500; in 1969, $10,000; in 1970, $73,400; in 1971, $61,642. With another further note, he made at this same time in 1971, he failed—Mr. Russell—to get sufficient moneys from AMPI to pay income tax. And, in March or April of 1972, he got one check and he stated, from Mr. Isham, for $66,000 to pay these taxes that he had not collected enough money on. So, I don't know if the check was in the exact amount of $66,000, but I rounded it off, and I believe there was some odd figures there.

Mr. WEITZ. For clarification, do these figures represent his billings or his payments to others?

Mr. LILLY. I would say, in the way he made his statement, he indicated that this was expenditures that he had made.

Mr. WEITZ. Transfers he had made to you or others?

Mr. LILLY. True, and not collections or billings.

Mr. NICHOLAS. Let's go off the record a minute so I can explain that.

[Discussion off the record.]

Mr. WEITZ. Is there any explanation you have for a possible discrepancy between the figures he has provided to you and the checks,

for example, that you provided in the records you provided to the committee?

Mr. LILLY. No, I have no answer for the discrepancy.

Mr. WEITZ. Where did you obtain the checks and records that you now have, and provided to us?

Mr. LILLY. The checks that were provided to the committee came from Mr. Russell, at the request of Mr. Nicholas, and he had been asked to send those checks that did involve Bob Lilly, that might have been made payable to me, or cash checks that came to me.

Mr. WEITZ. So the checks that you are providing to us are all the checks that you were able to obtain from Mr. Russell that related to any of these transactions?

Mr. LILLY. That is true, and I might state further that those checks do tie up into what my accountant has put into here, deposit slips and others—outside of two of his checks that were reduced to cash—and without going through the bank.

Mr. WEITZ. Well, at the same time, of course, as was the case on November 10, 1971, any check which did not either go to a curtailment of any of your loans, or it was not in some way deposited in your account, would not show up. You would not miss it unless you had an independent recollection from your notes?

Mr. LILLY. True. The two checks I can remember—well there's one for $10,000 that was reduced to cash, he did send it. It was made out to Bob Lilly, one for $5,000 made out to cash, that was reduced to cash with only his endorsement on it that we talked about, cashed on November 10, 1971, and he sent—one of the checks dated in December 1971—I'm not sure if it's in the amount of $5,000 or $10,000—it is made out to cash, and I have no knowledge of having received it—what it could have been used for, because the bank account of the Citizens National Bank had been paid out, we owed no moneys there. I have no notes of anyone that contributions might have been made to, and so far as I was concerned, so there is a——

Mr. WEITZ. Let me understand this. Are there two checks or three checks at least, that you know about, that did not go through your accountant? We have talked about one for $5,000 that you cashed and delivered—the $5,000 that you cashed and that was delivered to Mr. Jacobsen?

Mr. LILLY. Right.

Mr. WEITZ. All right, the second one for $10,000 in December 1971, of which he sent a copy to you, but of which you have no records, either bank records or independent notes?

Mr. LILLY. That's right, and——

Mr. WEITZ. Are there any other checks that he sent you that you have no other independent records or recollection of?

Mr. LILLY. There are two other checks that came from Mr. Russell that will not be reflected in this reconstructed bank transaction. One of those checks was received by me on or about August 31, 1970. I am not sure of the date of it, but it was from Mr. Stuart Russell; it was made out to Bob Lilly.

Mr. WEITZ. And the purpose of that is set forward on page 2 of exhibit No. 26?

Mr. LILLY. Right, and it was cashed—$10,000—and delivered to Atlanta, Ga., to Larry Sizemore and Terry McKenna.

Mr. WEITZ. That's the third transaction; what would be the fourth transaction?

Mr. LILLY. Well, all right, there's a fourth transaction on the—reflected in one way, and then another as far as deposit slip. On deposit in the bank, Mr. Stu Russell, on September 27, 1971, a deposit was made for $3,000 and that particular check shows under Mr. Stu Russell's name.

Mr. WEITZ. What is the date?

Mr. LILLY. September 27, 1971, on the third page of that deposit, and it's the last entry, look over to the left-hand column—find the 9th and the 27th and then look under Stuart Russell, you will find $3,000. That's $3,000—actually the deposit slip will be a deposit slip from Bob Lilly—Bob A. Lilly. That particular check, I believe, was dated about September 15, 1971; it was endorsed by me; it was deposited in the First National Bank at Evant, Tex., which is where I keep my personal account; and about this time, whenever it was discovered, then I wrote a check to the Citizens' National Bank and deposited that check—so that Stu Russell check—that is reflected, and that is one of the checks that has been given to you here. But it says, "Deposited in the First National Bank, Bob Lilly," and then I did not bring, but I have a check of my own personal check, that it went back to the Citizens' National Bank.

Mr. WEITZ. So that $3,000 is already included in this schedule?

Mr. LILLY. It is included, but the deposit slip wouldn't bear out a Stu Russell check.

Mr. WEITZ. So what you are saying is that in addition to what is showing on this schedule, you have—because of checks sent to you by Stu Russell—a record of an additional $25,000 in cash—from Stu Russell, checks that never went through either notes, or your checking account?

Mr. NICHOLAS. $28,000.

Mr. WEITZ. No, $25,000—the $3,000 is already in here, so it would be $25,000 plus the total you show here of $56,500—that would be the most that you can account for?

[Discussion off the record.]

Mr. WEITZ. As you have corrected me, Mr. Lilly, you have three checks. The December 1971 check is for $5,000; so therefore, in addition to the $56,500 shown on this schedule, which is exhibit No. 6, you have in addition three checks in the total amount of $20,000 that were reduced to cash and would not show up in your bank statements. And that would, therefore, result in a total of $76,500 which you can account for from the Stu Russell transactions?

Mr. LILLY. No, I would have an additional $15,000 that I can account for that actually cashed one $5,000 check and one $10,000. The $5,000 check made out to cash in December of 1971 I have no recollection of, and I have no indication of having cashed it.

Mr. WEITZ. Let's go off the record.

[Discussion off the record.]

Mr. WEITZ. To rephrase the question, all told, you have given us the record of the disposition of $76,500, even though in some instances you don't have a recollection of how it was ultimately disposed of?

Mr. LILLY. That is true.

Mr. WEITZ. Now are you sure that the figures that Mr. Russell provided in that meeting in September 1973, which totals nearly $150,000, are his expenditures as opposed to the billings which he—the amounts he billed to AMPI, to the best of your recollection?

Mr. LILLY. Well, it would total it, because it would be almost double, and I added it up and the same thing—the only thing I do recall on that particular date, he said he had his checks that he had made out, and if that be true, then that would indicate that he didn't have AMPI checks that he had received and it would indicate to me that——

Mr. WEITZ. That those were his expenditures?

Mr. LILLY. Actually his expenditures.

Mr. WEITZ. So what you're saying then is if his account is true, there were numerous other transactions in which Mr. Russell provided funds to someone for some purpose of which you are not aware?

Mr. LILLY. That is true.

Mr. WEITZ. To the best of your recollection?

Mr. LILLY. To the best of my knowledge and recollection.

Mr. WEITZ. OK. I have no further questions.

Mr. SANDERS. Presumably many of these funds that Russell would have been able to provide to some other persons unknown, would have resulted from the increase in the retainer which he began to show in his monthly billings to AMPI after——

Mr. ELDER. April 1971.

Mr. SANDERS. His retainer went up from $1,000 to $6,000.

Mr. LILLY. That's quite possible; however, on most of the checks that I have knowledge of, that I have produced here for the committee, I believe that you will see at a fairly close time in which the check was issued to me, a billing came in for that amount, and it would be almost double the amount of the check that I had received.

Mr. SANDERS. All right; now you are saying that for funds which Russell provided to you there was some kind of special billing to AMPI over and above his retainer?

Mr. WEITZ. Let's go off the record for a minute.

[Discussion off the record.]

Mr. SANDERS. Let's go back on the record.

You have also indicated that it appeared to you that Jacobsen may have been obtaining funds from AMPI by his billings?

Mr. LILLY. Yes.

Mr. SANDERS. For services not actually rendered, which funds did not, eventually, come through you? Which funds were not eventually made available to you? In other words, it appeared to you that Jacobsen may have generated extra funds from AMPI for payment to other persons—persons other than you?

Mr. LILLY. Well, that could be true—but the billings that I received from Jacobsen and Long of moneys that were advanced to me, normally would follow a pattern 3 weeks to a month after they would advance me $5,000 of billing for $10,000; there's pretty much of a parallel, and I can pretty well identify those particular billings from Jacobsen and Long. If Jacobsen were obtaining moneys, otherwise outside over and above, and if you would look at some of his billings, Jacobsen and Long had a retainer fee, and then it would say services rendered above and beyond the regular retainer, a trip to Washington, D.C., or mention some specific thing, and I am not familiar enough—I have seen some of the billings but I don't know

what they could have been for, they could have well been for some of the extra money.

Mr. SANDERS. Besides Russell and Jacobsen, have you seen any indication that other firms, attorneys or consultants billed AMPI for services not actually rendered, which funds were not then used for payments to you?

Mr. LILLY. Within what period of time are you referring?

Mr. SANDERS. I'm talking about 1969 through 1971, 1972.

Mr. LILLY. In 1969, late 1969, 1970, 1971, there were other attorneys that did bill, send in billings, to recoup moneys that had been used to pay off notes or make contributions with, in addition——

Mr. SANDERS. Through you?

Mr. LILLY. Through me.

Mr. SANDERS. Well, my question is: Do you know of any billings by firms—attorneys or consultants—for services not rendered, which they in turn did not use to make payments to you?

Mr. LILLY. No, I am not aware of——

Mr. SANDERS. Now, I'm using, for example, it has been indicated, we figured out that Russell was probably doing this.

Mr. LILLY. Yes.

Mr. SANDERS. Maybe Jacobsen was, do you know of any other firms?

Mr. LILLY. Well, we have touched on the—it was some question and at some length, the Valentine, Sherman and Associates, which would raise a question.

Mr. SANDERS. Right.

Mr. LILLY. Which I do have personal knowledge of. And I believe when I have been asked about one or two others, I only have passing knowledge of—I mean that Mr. Weitz or you have raised of nothing else, of any firm that billed in the manner in which you say.

Mr. NICHOLAS. Would you ask it the other way around? Let me ask you a question, Bob: Do you know of anyone else, other than yourself, that received moneys from attorneys to apply to political contributions or for any other purpose?

Mr. LILLY. Well, I mentioned—outside of Mr.——

Mr. NICHOLAS. Well, outside of Valentine, what I'm talking about is do you know of any other instances, yourself, personally, that anyone other than yourself, such as Isham, or Dave Parr, or Keiffer Howard, or any of the others, would have been given moneys for specific purposes, including Harold Nelson?

Mr. LILLY. Not during the year of 1969, 1970, or 1971–72, that I can recall.

Mr. SANDERS. Off the record.

[Discussion off the record.]

Mr. SANDERS. Back on the record.

In giving us itemized, annual figures, which Russell said were his—which Russell said represented his transfers to you or to others, and which you said was first noted by you in the corner of a Wall Street Journal, you did so by referring to a slip of paper?

Mr. LILLY. Yes.

Mr. SANDERS. Can we mark that as the next exhibit and copy it?

Mr. NICHOLAS. Yes, I would like to have the——

Mr. WEITZ. It would be identified as exhibit No. 33.

[Whereupon, the document referred to was marked Lilly exhibit No. 33 for identification.*]

Mr. SANDERS. When did you prepare this exhibit No. 33?

Mr. LILLY. Exhibit No. 33 was prepared—I gave the grand jury yesterday the original slip of paper—and I prepared that at that time, so I would have a record of what I had given them.

Mr. SANDERS. And you prepared exhibit No. 33 by copying from the document?

Mr. LILLY. I say yesterday, yesterday—it was probably 2 or 3 days ago—but anticipating I would give the original to them—and it's been a recent copy, I'll put it that way, and it is an exact copy of what I handed them.

Mr. SANDERS. We will duplicate this and return it to you today.

Mr. LILLY. All right.

Mr. NICHOLAS. Do you still have the Wall Street Journal?

Mr. LILLY. No. Just the corner of it.

Mr. SANDERS. Aside from what we've already discussed, now you know of no other AMPI funds being made available for Congressman Mills' Presidential race, either in 1971 or 1972?

Mr. LILLY. No, I don't; not any that I had anything to do with, and I'm not aware of any that anyone else had anything to do with, other than what we have discussed.

Mr. SANDERS. No further questions on that subject.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. SANDERS. We will move on to the L. B. J.-Mehren topic.

In section IX of your various statements, there is a page and a half concerning a 1972 meeting between President Johnson and Dr. Mehren, and I want to direct your attention to that now.

Mr. LILLY. All right.

Mr. SANDERS. It is indicated by you that the notes in this regard were made from a conversation you had with Dr. Mehren on October 23; is that correct?

Mr. LILLY. That is correct.

Mr. SANDERS. Did you make these notes during the meeting, or at a subsequent time?

Mr. LILLY. If possible, very near the time, and I am not sure at exactly what time I did make them, but I have the original notes and I say it could possibly have been at the time of the conversation.

Mr. SANDERS. And these were made by you on the basis of what Dr. Mehren told you?

Mr. LILLY. That's right.

Mr. SANDERS. It is also indicated that Isham and McWilliams were present?

Mr. LILLY. That was put over to the side and in my statement it indicates—I stated that it indicated, and that I am not totally sure of—and there is a good possibility that they were present at this meeting.

Mr. SANDERS. Do you recall whether your meeting with Dr. Mehren on this date had, as its primary purpose, his disclosure to you of his meeting with President Johnson?

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*See p. 6217.

Mr. LILLY. His meeting with President Johnson, as well as to discuss a meeting with Mr. Nunn that had been in San Antonio on Saturday, just prior, on October 21. So I don't know if the primary purpose was to report on the Mr. Johnson meeting or the Nunn meeting, or both of the meetings. I would assume both of them.

Mr. SANDERS. Did Dr. Mehren's meeting with Nunn occur on the same day as Dr. Mehren's meeting with President Johnson?

Mr. LILLY. I don't know what the date was. But I do know that the date that Mr. Nunn visited Dr. Mehren was on the 21st, the Johnson-Mehren meeting happened at very nearly the same time. If it had been the same day, there's a possibility—unlikely, because of the length of time that Dr. Mehren said he spent at the LBJ Ranch, which was 5 hours, and driving time—or flying time—to the ranch. Flying time would be 40 minutes out of San Antonio—45; and driving time would be an hour and a half. So apparently, they were close together but not on the same day, but I don't know.

Mr. SANDERS. Did anyone accompany Dr. Mehren at the meeting with President Johnson?

Mr. LILLY. At the ranch?

Mr. SANDERS. Yes.

Mr. LILLY. No; he was at the ranch with President Johnson and from what he indicated to me, only the two of them were there, possibly someone from the ranch could have been present, but no one from our office.

Mr. SANDERS. Did he indicate to you how he made the arrangement to see President Johnson?

Mr. LILLY. No; I would assume, though, that he called the President and talked with him.

Mr. SANDERS. His relationship with President Johnson was such that he could accomplish that by his own effort?

Mr. LILLY. Yes. Of course he had been out to the ranch before; I don't think he was that well acquainted with him. Mr. Nelson was much better acquainted with Mr. Johnson and made many more trips to visit at the ranch after Mr. Johnson had left the President's office. And Dr. Mehren—but during this period of time, and currently, we still have leased from LBJ Corporation—or anyway, a portion of it—an airplane of King Air, and we did have at this particular time; this, further through the—some relation together—and this plane is kept at the ranch and flies out of the ranch. The pilot lives out at that particular place and so it wouldn't be too uncommon to think that Dr. Mehren could call him directly and say I'd like to come over and talk with you and set up a date. And I have been to the ranch a time or two with a group of people and he is most gracious to come out and have you look at the ranch.

Mr. SANDERS. Did you have occasion to see Mr. Nunn when he was there to visit with Dr. Mehren?

Mr. LILLY. No, I did not.

Mr. SANDERS. Do you know of anyone else that was present during the meeting between Mehren and Nunn?

Mr. LILLY. There is a possibility that Mr. Jacobsen could have been present. On one visit to San Antonio—I don't know if it was at this particular meeting that Mr. Jacobsen did bring Mr. Nunn to San Antonio to visit with Dr. Mehren.

Mr. SANDERS. Did you see any indication that Dr. Mehren had prepared any written memorandum or communication as a result of his visit with President Johnson?

Mr. LILLY. Not on the visit. That was spontaneous, without notes, and there was no indication on it, any notes.

Mr. SANDERS. I would have to conclude from a review of your page-and-one-half statement that Dr. Mehren consulted with President Johnson as to whether he should honor some commitment to make political contributions to the Republican Party.

Mr. LILLY. My notes indicate, and Dr. Mehren stated that he wanted to discuss the commitment of $750,000, and this was the figure that he did use.

Mr. SANDERS. Which was a commitment to Republicans?

Mr. LILLY. To the Republican Party from a carryover from 1971.

And he wanted to get Mr. Johnson's reaction to what he thought about this commitment and Mr. Johnson's reaction was rather strong and open. If you made the commitment, well then, fulfill it and carry it out, regardless of how hard that it might hurt. And that's——

Mr. SANDERS. Did it appear to you that Dr. Mehren conveyed to President Johnson any basis for the commitment?

Mr. LILLY. Well, I have no way of knowing that. As to the basis for it, but I will say this. Mr. Johnson was pretty well versed on what went on in the milk field, and by some of the statements of my notes here—and I would think in my own mind that Mr. Johnson was well aware of what he was referring to.

Mr. SANDERS. But you didn't learn any facts from Dr. Mehren which would support that?

Mr. LILLY. No; I did not.

Mr. SANDERS. Now, at the time Dr. Mehren went to see President Johnson, presumably he knew Mr. Nunn was coming?

Mr. LILLY. This would indicate that Mr. Nunn was there on Saturday. But Mr. Nunn had also made another visit at another time. And Mr. Jacobsen and Mr. Nunn had talked, and my notes indicate in this particular instance that Mr. Nunn was alone in this and with Dr. Mehren. And I would be inclined to think, because Dr. Mehren did not discuss the first visit with me, with Mr. Nunn being there—I only knew that he was there. I knew that Mr. Jacobsen was with him.

I would say this would be the second meeting of Mr. Nunn having called on Dr. Mehren.

Mr. SANDERS. At the time that Dr. Mehren went to see President Johnson, presumably he knew that Nunn was coming again on October 21?

Mr. LILLY. That is quite apparent from my notes, or on—yes, October 21, on Saturday.

Mr. SANDERS. At any time since October 23, 1972, has Dr. Mehren provided you with further elaboration of his conversation with President Johnson?

Mr. LILLY. No.

Mr. SANDERS. Or has anyone else provided you with any further elaboration on the basis of what they were told by Dr. Mehren?

Mr. LILLY. They have not, no.

Mr. SANDERS. In the first full paragraph on page 2 of this statement, you have indicated that President Johnson told Dr. Mehren of a

quarter-million-dollar commitment to President Johnson which he wanted fulfilled.

Mr. LILLY. That's true.

Mr. SANDERS. This was also told to you by Dr. Mehren?

Mr. LILLY. That is correct. And I made a note of the $250,000 commitment on my notes——

Mr. SANDERS. I see the attachment there.

Mr. LILLY [continuing]. Of the request of the statement that Dr. Mehren made to me.

Mr. SANDERS. Do you know of any basis for this commitment?

Mr. LILLY. No, sir; I do not.

Mr. SANDERS. Had you ever heard from any other source that AMPI had a commitment to President Johnson?

Mr. LILLY. No.

Mr. SANDERS. Now, you have told us about payments on a book entitled "No Retreat From Tomorrow"?

Mr. LILLY. True.

Mr. SANDERS. From your knowledge of all the circumstances, does it appear that there might be any relationship between that and these remarks of Dr. Mehren?

Mr. LILLY. Well, of course, "No Retreat From Tomorrow" was in 1968. This was in 1972, some 3½, 4 years later. It wouldn't seem too likely.

There is one possibility, of course. At the time we had leased a King Air from the LBJ Corp. I'm not sure of what the corporation might be. I don't know what the cost of that particular contract may be, but it is leased, I believe, at 40 hours per month. At about this time, the change in management from Harold Nelson to George Mehren, the LBJ Corp. or President Johnson's company purchased a new King Air, and a King Air costs somewhere in the area of three-quarters of a million dollars. And at about the same time, the change in management, a contract had been executed. I don't know if it was for 1 year, 2 years, or 3 years, it's still in existence, to utilize the King Air——

Mr. SANDERS. When you use the term "King Air"——

Mr. LILLY. That's the type of airplane.

Mr. SANDERS. Oh, that's the type of airplane?

Mr. LILLY. Yes, I'm sorry. And the contract was showing 2 or 3 years at 40 hours per month. And the cost per hour—I don't know what the contract stipulates. This means if you use it 40 hours, you pay 40 hours. If you use it 10 hours, you still pay 40 hours. If you use it over 40 then you pay at a certain rate. I mean this is spelled out in the contract. This became somewhat of a bone of contention or argument between Dr. Mehren, the board of directors—Harold Nelson, Dr. Mehren, and the board of directors, at the time the management was changing. This is the only possible thing that I can think of that would tie in. I don't know what the cost of this total contract might be.

Mr. SANDERS. Now this would be an airplane purchased and continued to be owned by a Johnson corporation?

Mr. LILLY. And leased by AMPI.

Mr. SANDERS. And leased by AMPI?

Mr. LILLY. Right.

Mr. SANDERS. Do you know for a fact that AMPI did use the services of this Johnson King Air?

Mr. LILLY. We did and we still do use the services of this.

Mr. SANDERS. And there is some dispute over payments?

Mr. LILLY. The dispute was over the—at the time of relieving Mr. Nelson from his responsibilities as general manager, and a short time thereafter, they went into various contracts with employees, contracts that we might have with haulers of milk, various types of contracts that we might have in existence, Mr. Nelson being general manager and having executed those contracts, so Dr. Mehren would be aware of those.

The board was made aware of these various existing contracts, and one of them that they were not made aware of was the fact that the LBJ plane contract had been renewed, and they were under the impression—they knew a contract existed, but they were under the impression that it was at expiration date. But at about the time of relieving Mr. Nelson they found out some 2 or 3 months later, that this contract had been renewed, and I don't know what the cost of that contract might be, but I only say this—there's one source of possibility of this.

Supposing the contract was executed by Mr. Nelson just prior—a day or two prior to his having been dismissed as general manager, and I have never seen the contract and I don't know the actual signing date of it, but this has been quite a bone of contention; $250,000 for the leasing of the plane some 3 years, or something, I don't think would be—at 40 hours per month—would not be a figure out of line at all, I don't know what it costs to lease planes, but I'm sure this contract might reveal something.

Mr. SANDERS. To your knowledge, is there a contract in effect today with King Air?

Mr. LILLY. Yes, there is. The one I'm talking about is being honored and is in effect today.

Mr. SANDERS. So it is possible that the reference by President Johnson to a quarter-of-a-million-dollar commitment here may have been in reference to the lease of an airplane?

Mr. LILLY. It could well have been. I guess—I say it is a possibility, yes.

Mr. SANDERS. Did Dr. Mehren make any mention to you that the remark by President Johnson was in the context of a political commitment?

Mr. LILLY. No; he did not.

Mr. SANDERS. Nevertheless, the paragraph goes on to indicate a process of generating the funds by checkoff and if this quarter of a million dollar commitment to President Johnson did exist, and if in fact it was a legal obligation, I assume AMPI would have had the financial wherewithall to make the payment over a reasonable period of time and would not have had to engage in some additional checkoff of its members?

Mr. LILLY. Well, of course, the only way that AMPI has of generating money is from its members, taking it from their checks. The figures that are referred to here, as to the cost of AMPI, 13 cents per hundredweight, and we deal in hundred pounds in milk, goes for interest on moneys that we have borrowed from the bank of co-ops, primarily—I don't know how accurate that figure may or may not be—and the 3.6 cents per hundredweight for day-to-day operation costs of AMPI. I think it probably is more than that at the present time. That may have been an accurate figure at this particular time because this would

be over in the accounting field, but what it really indicates is that President Johnson had a good awareness of what it cost us to operate—that is somewhere in the vicinity of 20 cents per hundredweight that it takes, interest, operations, and various things. And I think what was trying to be pointed out here was that if you have a commitment to carry it out, I mean he's aware of how you generate money within a co-op.

Mr. SANDERS. What I'm saying is, if, within that period of time, your day-to-day operational costs were rated at about 3.6 percent per hundredweight——

Mr. LILLY. That's 3.6 cents.

Mr. SANDERS. 3.6 cents per hundredweight?

Presumably the costs of the leasing of an airplane over an extensive period of time would be accounted for in day-to-day operational costs?

Mr. LILLY. True.

Mr. SANDERS. And paid for in that manner?

Mr. LILLY. That's right.

Mr. SANDERS. And there wouldn't have to be a special checkoff to pay for the routine operational cost?

Mr. LILLY. That's right. The only reason I mentioned the airplane—this is a possibility. Because I think you asked me if I knew if there had been anything to tie it down. This is the only obligation or the only tie-in that I have any knowledge of with LBJ ranch.

Mr. NICHOLAS. Unless it was a prior commitment made to——

Mr. LILLY. Or a prior commitment made that I am not aware of.

Mr. NICHOLAS. If there was a prior commitment, it could have been when Lyndon Johnson was the President.

Mr. ELDER. Back in 1964?

Mr. NICHOLAS. That's right, that George Mehren wouldn't have known about.

Mr. LILLY. Well, I think that's evident, because I have "$250,000—LBJ," by "HSN" on my notes, which means that George Mehren said this was a Harold Nelson commitment.

Mr. SANDERS. No further questions on that subject.

Mr. WEITZ. I have just a few.

Let's look at the notes for a minute from which your recount came.

Mr. NICHOLAS. The LBJ notes?

Mr. WEITZ. Yes.

Can you tell me whether, looking at these notes, you see any indication that former President Johnson suggested that an additional checkoff be made to honor this $250,000 commitment to him by Harold Nelson?

Mr. LILLY. I would point out that——

Mr. WEITZ. I want to start with the notes, I will get to your independent recollection if that is the case.

Mr. LILLY. Well, the notes to me indicate that President Johnson did know how we generated our money—what it cost us to operate our operation. And it does indicate to me—I mean in my mind thinking that you could generate some more, if we have a commitment and we could pay it off.

Mr. WEITZ. If there weren't sufficient funds?

Mr. LILLY. If there weren't sufficient funds.

Mr. WEITZ. And if there were sufficient funds, there'd be no need for an additional checkoff?

Mr. LILLY. True.

Mr. WEITZ. Now when Dr. Mehren came in—came on in January 1972, he was very budget-minded, wasn't he?

Mr. LILLY. Yes.

Mr. WEITZ. He tried to eliminate, and did eliminate most of the expense of legal fees that had been—or at least retainers up to that time?

Mr. LILLY. Right.

How about—I believe two of them immediately, and then eventually those were eliminated.

Mr. WEITZ. And he tried to eliminate other—what he considered luxuries?

Mr. LILLY. Right.

Mr. WEITZ. Is it possible then, or is it—really, aren't we reduced to speculation as to whether in this discussion between Mr. Johnson and Dr. Mehren, whether Mr. Johnson was trying to convince him that they had funds because he knew they took money off the top no matter what farmers made? Or even if they didn't have funds, or Dr. Mehren said he hadn't budgeted for it, you could always increase this checkoff to cover it? Or for one reason or another trying to convince Dr. Mehren that he should, and was able, financially able, to meet the commitment?

Mr. LILLY. I think that's clearly indicated.

Mr. WEITZ. So it doesn't necessarily—I don't take it from what you say, that Mr. Johnson was saying that an additional checkoff had to be instituted in order to meet some type of commitment, perhaps to—for excess political contributions necessarily?

Mr. LILLY. No, I think my note reflects here that I would be and was quite surprised that President Johnson would know somewhere within the ballpark of what it actually costs us to run our operation—what moneys we actually took off the top, so to speak, of our producers' checks. Now this is the real significance to me, more than anything else.

And then, too, tying it back up, I looked at the $250,000 commitment up above, so I can certainly see a tie-in.

Mr. WEITZ. Is it likely that if there were a commitment stretching all the way back to 1968, that it would not of been fulfilled by Harold Nelson in the 4-year period, or 3½-year period?

Mr. LILLY. Knowing Mr. Nelson, I believe he——

Mr. WEITZ. And knowing Mr. Johnson?

Mr. LILLY. And knowing Mr. Johnson, I have reason to believe that it would have been fulfilled during that period of time because he had had the year of 1969, 1970, and 1971 to have accomplished that.

Mr. WEITZ. And, finally, to summarize then—or, first of all, do you have any independent recollection in addition to these notes, that would contradict what you have just discussed?

Mr. LILLY. No.

Mr. WEITZ. And finally, then, to summarize, is there any indication, either from these notes, from your independent recollection, or from

anything anyone has ever told you about that meeting, that this commitment to President Johnson from Mr. Nelson was in any way related to political contributions in general or, in particular, the 1972 Presidential campaign?

Mr. LILLY. No.

Mr. WEITZ. I have no further questions on this.

Mr. SANDERS. Besides the lease arrangement for the airplane, do you know of any other financial transactions between AMPI and President Johnson, or any of his corporations?

Mr. LILLY. No, I know of no other—and I'm not saying there couldn't be some—but I'm not aware of any.

Mr. SANDERS. What is meant by "Albert—HHH" on your notes?

Mr. LILLY. To me, that indicates in that same conversation, on that same day, that Dr. Mehren made some mention in particular of Carl Albert and Senator Humphrey, but outside of the mention there, I tie no significance to it. I don't know what it may mean.

Mr. SANDERS. It would indicate to you, then, that Dr. Mehren told you that in his meeting with President Johnson there is some mention of Albert and Humphrey?

Mr. LILLY. Possibly that, or possibly that he had had a conversation with House Speaker Carl Albert as well as Senator Humphrey. There could be a relation and there could not be. Right above that, and the reason I say it, I have "GLM" and "ALMC," meaning Al McWilliams. Then I have "GLM–BI," Bob Isham, that—this is what indicates to me that during a portion of that—this conversation, that they were present, or they were in the room. They might have come in for a short time and left, or something, and this is why I don't tie a great deal of significance to "Albert" to "HHH" on the note.

Mr. SANDERS. It doesn't necessarily indicate to you that their names came up during Mehren's conference with President Johnson?

Mr. LILLY. No. No it does not.

Mr. SANDERS. Then you know of no mention of financial contributions to or concerning them at the time their names were mentioned?

Mr. LILLY. Outside of any—there could have been some Committee for TAPE contributions made to them and the records, of course, would reflect that—which I don't have with me.

Mr. SANDERS. No further questions on that subject.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Mr. Lilly, we want to thank you for your indulgence and I think none of counsel have any further questions.

Mr. LILLY. Thank you.

[Whereupon, at 6 p.m., the hearing in the above-entitled matter adjourned.]

LILLY EXHIBIT NO. 28

ASSOCIATED MILK PRODUCERS, INC.
HOME OFFICE
PHONE: A/C 512 341-8651 TELEX 76-7446
P.O. BOX 32287 SAN ANTONIO, TEXAS 78284

March 20, 1972

PERSONAL AND CONFIDENTIAL

Mr. John Butterbrodt
Mr. W. R. Griffith
Mr. Melvin K. Besemer
Mr. Robert Bonnecroy

How do you react to the attached proposal? The other National Committee wants to do the same. Please call me.

George L. Mehren

GLM:lhj
Attch.

DEMOCRATIC
NATIONAL COMMITTEE 2600 Virginia Avenue, N.W. Washington, D.C. 20037 (202) 333-8750

ROBERT S. STRAUSS
Treasurer

March 16, 1972

Dr. George L. Mehren
General Manager
Associated Milk Producers, Inc.
P. O. Box 32287
San Antonio, Texas 78284

Dear Dr. Mehren:

This will confirm and record for you the subject we discussed in my office today.

It is my suggestion that your Association purchase 100,000 Convention Books from each of the National Committees -- the Democratic National Committee and the Republican National Committee -- at the cost of $1.00 per Book, which is the approximate cost to each of the Committees for the publishing thereof. The books would be mailed by you to your members and friends. I can assure you that each of our books are being exceedingly well done and will contain material of great interest, particularly, at Convention time. Our book, for example, has among other things a long, professionally written history of the Democratic Party, articles on foreign affairs, welfare, problem of crime and other critical issues of our American society by noted Americans such as Averell Harriman, Wilbur Cohen and Claude Pepper. In addition thereto a great deal of information is contained concerning the Convention process, the officials in the various States, Senators, Congressman and so forth. It not only will be a book to be used during the Convention itself, but, of course, will become a collector's item.

Each of our parties is anxious to get the widest possible distribution of our Convention Book and are purchasing several hundred thousand copies. This program would assist in such distribution. We further very desperately need the income to assist us in planning and execution of our Convention. I want you to know that I know of no better form of good citizenship than the support of the Convention process. After all, this process is the very bedrock of our American political system.

You, your associates on the Committee that make such decisions and, indeed, your entire Association could take great pride in your participation of this activity. I urge its favorable consideration and look forward to hearing from you at the earliest possible time.

Our counsel advises that this amount could be paid either from your political fund, dues, or any other funds which may be available.

It was good to be with you today and I hope we will have occasion to see each other from time to time in the future.

Very truly yours,

Robert S. Strauss

LILLY EXHIBIT NO. 29

From the desk of
DR. GEORGE L. MEHREN

To: Bob Lilly 3/29

Info - pls return to me with Demo ltr for Tape group here on 3/30

[illegible]

1972
Republican
National
Convention
Committee On
Arrangements

Please reply to:
R. L. "Dick" Herman
Post Office Box 189
Omaha, Nebraska 68101
(402) 346-8092

March 27, 1972

RECEIVED MAR 29 1972

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Bob Dole, Chairman
R. L. "Dick" Herman, Vice Chairman
Mrs. Mildred K. Perkins, Secretary
Mrs. J. Willard Marriott, Treasurer
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Republican National Committee

STAFF
Miss Josephine L. Good, Convention Director
Robert P. Knowles, Convention Coordinator
William S. Warner, Comptroller and
Administrative Assistant

Dr. George L. Mehren, General Manager
Associated Milk Producers, Inc.
Post Office Box 32287
San Antonio, Texas 78284

Dear Dr. Mehren:

Robert Strauss, Treasurer of the Democratic National Committee, has shared with me a copy of his letter to you concerning your organization's desire to purchase a number of our convention program books. We are in full accord and complete agreement that this would be a most meaningful way to support the two party system.

Should you have further questions concerning the details, please feel free to contact me at:

Republican National Committee or Post Office Box 189
310 First Street, S. E. Omaha, Nebraska 68101
Washington, D. C. 20003

On behalf of the Republican National Committee let me commend you and your organization for this gesture which to a large degree will insure the continuation of the two party system.

Sincerely,

Dick Herman

R. L. "Dick" Herman

RLH:be
cc: Mr. George Bristol
Mr. Don Kendall
Mr. Deke DeLoach
Miss Josephine Good

LILLY EXHIBIT NO. 30

CITIZENS NATIONAL BANK

NUMBER 25

88-2367
1141

AUSTIN, TEXAS April 4 1972

PAY TO THE ORDER OF $5,000.00

Five-thousand and no/100 ---------- DOLLARS

COMMITTEE FOR T.A.P.E.

Kerry L. McKeen

⑆1141⑈2367⑆ 020⑈ 788 8⑈ L. E. Elrod

Received of TAPE $5000.00 to _____

_____

(Date) _____

Check No. 25

#51

CITIZENS NATIONAL BANK OF AUSTIN AUSTIN, TEXAS

April 5 1972 88-2367 1141

PAY TO THE ORDER OF $5,000.00

Five-thousand and no/100 ---------- DOLLARS

THIS CHECK IS IN FULL PAYMENT OF FOLLOWING ITEMS

COMMITTEE FOR T.A.P.E.

⑆1141⑈2367⑆ 061⑈101 8⑈ L. E. Elrod

Received of TAPE $5000.00 to _____

_____

(Date) _____

Editor's note: Checks Nos. 26 through 50, each identical to check No. 25, have been omitted to save space of printing.

#52

CITIZENS NATIONAL BANK
OF AUSTIN AUSTIN, TEXAS

April 4 19 72 88-2367 1141

PAY TO THE ORDER OF $ 5,000.00

Five-thousand and no/100 DOLLARS

THIS CHECK IS IN FULL PAYMENT OF FOLLOWING ITEMS

COMMITTEE FOR T.A.P.E.

⑆1141⑈2367⑆ 061⑈101 8⑈ L. E. Elrod

STECK-AUSTIN 470VM

#53

CITIZENS NATIONAL BANK
OF AUSTIN AUSTIN, TEXAS

April 4 19 72 88-2367 1141

PAY TO THE ORDER OF $ 5,000.00

Five-thousand and no/100 DOLLARS

THIS CHECK IS IN FULL PAYMENT OF FOLLOWING ITEMS

COMMITTEE FOR T.A.P.E.

⑆1141⑈2367⑆ 061⑈101 8⑈ L. E. Elrod

STECK-AUSTIN 470VM

#54

CITIZENS NATIONAL BANK
OF AUSTIN AUSTIN, TEXAS

April 4 19 72 88-2367 1141

PAY TO THE ORDER OF $ 5,000.00

Five-thousand and no/100 DOLLARS

THIS CHECK IS IN FULL PAYMENT OF FOLLOWING ITEMS

COMMITTEE FOR T.A.P.E.

⑆1141⑈2367⑆ 061⑈101 8⑈ L. E. Elrod

USTIN 470VM

LILLY EXHIBIT NO. 31

LETTER OF AGREEMENT

VALENTINE, SHERMAN AND ASSOCIATES, hereinafter referred to as VSA, and ASSOCIATED MILK PRODUCERS, INC., hereinafter referred to as AMPI, mutually agree that VSA shall undertake the task of compiling a computerized master file of persons with rural addresses for AMPI. It is expected that a large percentage of such a list will be farmers or farm oriented families. These lists shall be prepared and processed by VSA in their Minneapolis office.

Moreover, it is understood that the list desired by AMPI for use in its direct mail and/or marketing services as they may pertain to its own internal commercial needs shall not be sold, rented or in any way given to any other vendor without the prior authorization of VSA which has exclusive ownership rights to the material. However, AMPI has no restriction, whatsoever, in using this list for its own internal needs.

It is further understood by both parties that VSA will not proceed in enlarging the list or materials unless it has prior written agreement from AMPI officials. It is expected by both parties that a list of the following states shall take at least 18 months to three years to complete: Minnesota, Wisconsin, North Dakota, Kansas, Oklahoma, Iowa, Nebraska, Arkansas, Texas, Illinois, Missouri and South Dakota. VSA will keep AMPI advised on the development and progress of the list. Furthermore, VSA will keep AMPI advised on all projected costs in development of the master file.

If AMPI desires any consultation from VSA on marketing, direct mail and survey application in usage of its master file, VSA will invoice AMPI for those services. However, such services will be arranged by prior mutual agreement.

VALENTINE, SHERMAN AND ASSOCIATES

By John [illegible]

Date: April 29, 1971

ASSOCIATED MILK PRODUCERS, INC.

By Bob O Lilly

Date: April 29, 1971

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

February 1, 1971

Mr. Bob Lilly
Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Dear Bob:

Some time ago I had a conversation with Dave Parr regarding the possibility of our company compiling a rural list of farmer and farm oriented families for the Associated Milk Producers.

Although our business heretofore has been primarily political - but not exclusively - we are especially interesting in pursuing more commercial work along the lines of list compilation and direct mail. Dave told me that you may be interested in such a program especially if such a list would include telephone numbers and other pertinent demographic information. In any event, he suggested I contact you regarding the possibility of such a project.

If you are at all interested in such a program, please contact me and we can pursue it in much more detail. I hope to hear from you in the very near future.

Sincerely,

Jack Valentine

Jack Valentine

February 23, 1971

Mr. Jack Valentine
Valentine, Sherman and Associates
3050 Metro Drive
Minneapolis, Minnesota

Dear Jack:

Thank you for your letter of February 1st. AMPI has not done much mail advertising up to now, but Dave was correct in assuming that we might be interested in such a program. Specifically I would like information as to how much it would cost to build a rural list - I'd be interested in rural names only, and most importantly those names that have telephone numbers with it. In addition, we would expect such a list to be all zip coded and have county codes on it as well.

We are interested in developing a life insurance program which we can sell to rural residents plus doing survey work in trying to determine marketing concepts for our business and perhaps doing some survey work which would be geared to the marketing concepts. All of these items would be enhanced by the telephone number which would allow us to do more direct contact work. At the present time I have been unable to locate any list that has telephone numbers with the name. If you have such a list, I am, indeed, very interested.

As our company grows and hopefully as some of these programs expand, we would hope to develop a national list but for the time being and over the course of the next year or two we would be primarily interested in our own main area. States in this area include Arkansas, Texas, Illinois and Missouri, Iowa and Kansas, Minnesota and Nebraska, North and South Dakota and Oklahoma and Wisconsin. Although the above states are our prime interest for the immediate time being, we would also be interested in names for the following states of New Mexico, Louisiana, Georgia, Mississippi, Florida, North and South Carolina, Tennessee, Kentucky, Indiana and Ohio but I emphasize again that the second tier of states is not as important as the above-mentioned prime states.

If you think you have a program that can supply this information in these particular states to us, please jot down ideas and cost figures.

Best personal regards,

Bob Lilly

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

March 1, 1971

Mr. Bob Lilly
Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Dear Bob:

It was nice to talk to you on the telephone the other evening and per your request I am enclosing cost estimates for the states which you consider to be of prime interest.

Iowa	$25,000	Minnesota	$27,500	Arkansas	$17,500
Kansas	20,000	No. Dakota	7,000	Texas	35,000
Oklahoma	25,000	So. Dakota	10,500	Illinois	35,000
Wisconsin	30,000	Nebraska	15,000	Missouri	27,500

As you know, Bob, we do have a small commercial business here in the Upper Midwest and consequently we have Iowa, North Dakota, South Dakota, Minnesota and Wisconsin already on computer. Therefore, it would not be much work for us to reformat and do some update work on supplying these lists. The other states we would have to compile from the very beginning including directory coding. This may work out for the better for both sides, because we can keep the list coming to you on a steady basis and not burden you with the great cost in the beginning by supplying all the states what we have already computerized. Finally, all these names will be fully zip coded, have county codes and most if not all names will contain telephone numbers for each resident. The only stipulation we make in selling you these lists is that you not in turn sell, rent or give them to anyone else and that you understand that they are for your exclusive internal use and not to be used by anybody else other than AMPI.

If you have any questions regarding the above prices or information, please let me know and we shall proceed from there.

Sincerely,

Jack Valentine

Jack Valentine

April 10, 1971

Mr. Jack Valentine
Valentine, Sherman and Associates
3050 Metro Drive
Minneapolis, Minnesota

Dear Jack:

I received your price quotes on the various states and although it is a large sum, it does not seem unreasonable for the type of program we are anticipating. It is our belief - and please correct me if we are wrong - that a rural list is not as easily outdated as an urban list would be; thus a list that you send us of the most current directories may be good for two, three and possibly four years before it would have to be recompiled.

We would expect you to send such list on a magnetic tape compatible with IBM 360 hardware. Nine (9) tract will suffice or so I'm told by my computer people.

The other evening you suggested we start in the Upper Midwest and work our way down South in the development of this list. I think that it is a good idea. Why don't you send some more specifics along with the proposed agreement we talked about on the phone.

Best wishes,

Bob Lilly

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

April 17, 1971

Mr. Bob Lilly
Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Dear Bob:

It was nice to talk to you again. Per your request I have enclosed a simple letter of agreement or contract - whatever the case may be. Mostly it reiterates my point about AMPI having exclusive rights to use the list for its own internal purposes. However, we want to make it perfectly clear that you cannot and will not in any way sell, rent or give the list to anybody else. As you understand, Bob, the selling of these lists is our stock and trade and if you compete with us, we are really giving away our business. In any event, please read the contract and if you have no objections, sign it and return one copy to me. Finally, as the contract calls for it, we need your written permission to commence. I suggest that we start with Iowa, Oklahoma and North Dakota and in order to do so, I need a letter to that effect.

Sincerely,

Jack Valentine

Jack Valentine

Encl.

April 29, 1971

Mr. Jack Valentine
Valentine, Sherman and Associates
3950 Metro Drive
Minneapolis, Minnesota

Dear Jack:

I received your contract. It looks fine to me and as you can see, I have enclosed a signed copy from our office. We fully understand your desire not to have us turn around and sell this list to anybody and we have no intention of doing so.

Also consider this letter a confirmation of the three states you mentioned, Iowa, Oklahoma and North Dakota. You can expect payment from us within 60 to 90 days upon receiving invoice from you. I strongly recommend, however, that you do the work at your end on a steady level and not invoice us too heavily for any particular month or two month period. As you know, we do not expect to proceed with our life insurance program or survey work until at least early 1972 and therefore we don't need all of the data now.

I hope this is the beginning of a long and prosperous relation between your company and AMPI.

Best wishes,

Bob Lilly

6200

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

June 25, 1971

Mr. Bob Lilly
Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Dear Bob:

We have now finished the first three states of our program, Iowa, Oklahoma and North Dakota, and all have been invoiced to you.

We would like confirmation from you to begin on Minnesota, Nebraska and South Dakota. The prices on these three states would be $27,500, $15,000 and $10,500 respectively for each state.

I hope to hear from you in the near future.

Sincerely,

Jack Valentine

Jack Valentine

6201

July 15, 1971

Mr. Jack Valentine
Valentine, Sherman and Associates
3050 Metro Drive
Minneapolis, Minnesota

Dear Jack:

Sorry that I have not given you a written confirmation before now regarding the next three states. You may proceed with Minnesota, Nebraska and South Dakota.

You will be receiving a check for the state of Iowa some time this month. The tapes look fine. I appreciate your good work.

Best wishes,

Bob Lilly

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

October 4, 1971

Mr. Bob Lilly
Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Dear Bob:

Just to remind you that the invoice for June 10 for North Dakota for $7,000 is well past the originally agreed upon payment schedule of 90 days. Could you please give your special attention to this matter.

In addition, we have now completed and invoiced the second three states of Minnesota, Nebraska and South Dakota. Do we have your permission to proceed with Kansas and Wisconsin at a cost of $20,000 and $30,000 respectively? I await your word on this matter.

Sincerely,

Jack Valentine

Jack Valentine

6203

October 13, 1971

Mr. Jack Valentine
Valentine, Sherwand and Associates
3050 Metro Drive
Minneapolis, Minnesota

Dear Jack:

I am very sorry about the delay of the South Dakota payment. You will receive it next week.

You may begin on Kansas and Wisconsin at the cost mentioned in your letter of October 4.

Sincerely,

Bob Lilly

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

December 1, 1971

Mr. Bob Lilly
Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Dear Bob:

We have done some work on Wisconsin. However, the press of our political business is such now that I am going to ask you if we can delay doing any more work on it for at least 30 days. With your permission I have taken the unusual procedure of invoicing you for part of Wisconsin, namely $7,000.

As I talked to you on the phone the other evening, I would deeply appreciate if you could clear up all invoices for 1971 by the end of the calendar year. We would appreciate this for our tax purposes. If you cannot do this I understand, but, again, if you can I would deeply appreciate it.

Sincerely,

Jack Valentine

Jack Valentine

Encl.

December 8, 1971

Mr. Jack Valentine
Valentine, Sherman and Associates
3050 Metro Drive
Minneapolis, Minnesota

Dear Jack:

I have taken your letter under advisement and talked it over with our people here in San Antonio. We agree that it is OK to hold off Wisconsin for the time being and we will make every effort to clean up all of your invoices for 1971 by the end of this year. Hope to see you in the near future.

Best wishes,

Bob Killy

30-337 O - 74 - 23

FILE LAYOUT FOR RURAL ROUTE AMPI EXTRACT

Record size = 87
Block Size = 83x 87
Tape Label = '(4 pos state name) AMPI extract', 99/365

Position	Description	Format
1-3	County	
4	Title Code (Name)	0 = Ms 1 = Mr 2 = Mrs 3 = Miss 4 = Mr & Mrs 5 = Dr & Mrs 6 = Dr 7 = Reverand 8 = Honorable
5-29	Name	Last, first MI
30-54	Address	Space or rural route
55-70	City	
71-72	State	
73-77	Zip Code	
78-87	Telephone	Area, Exch, Number

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

April 28, 1972

Mr. Bob Lilly
Associated Milk Producers Inc.
GPM Building
San Antonio, Texas 78126

Dear Bob:

Under separate cover I have sent you the full rural route listings for the states of Nebraska, South Dakota, Kansas, Oklahoma, Minnesota and partial listings--per our contractural agreement--of Wisconsin. Very shortly, you will be receiving the states of North Dakota and Iowa. Enclosed please find a Xerox copy of the tape layout for your computer programmers.

I am most anxious to complete this project and proceed with the direct mail program for the life insurance and cheese house. I am looking forward to hearing from you in the near future.

Sincerely,

Jack Valentine

JV/jk
Enclosure

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

Invoice #157

May 10, 1971

Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Attention: Bob Lilly

RE: Iowa

Per April contract and letter of confirmation
of April 29, 1971. $25,000

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

Invoice #163

May 31, 1971

Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Attention: Bob Lilly

RE: Oklahoma

Per April contract and letter of confirmation of April 29, 1971.	$25,000

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

Invoice #168

June 10, 1971

Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Attention: Bob Lilly

RE: North Dakota

Per April contract and letter of confirmation of April 29, 1971. $7,000

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

Invoice #415

August 9, 1971

Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Attention: Bob Lilly

RE: Minnesota

Per April contract and letter of confirmation of July 15, 1971. $27,500

OK
BM-L

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

Invoice #459

September 1, 1971

Associated Milk Producers, Inc.
CPM Building
San Antonio, Texas 78216

Attention: Bob Lilly

RE: Nebraska

Per April contract and letter of confirmation
of July 15, 1971. $15,000

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

OK BHL

Invoice #460

September 24, 1971

Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Attention: Bob Lilly

Re: South Dakota

Per April contract and letter of confirmation of July 15, 1971. $10,500

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

Invoice #473

November 12, 1971

Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Attention: Bob Lilly

Re: Kansas

Per April contract and letter of confirmation
of October 13, 1971. . . . . $20,000

VALENTINE, SHERMAN
AND ASSOCIATES
3050 METRO DRIVE, MINNEAPOLIS, MINN. 55420
PHONE (612) 727-1570

Invoice #474

December 1, 1971

Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

Attention: Bob Lilly

Re: Wisconsin

Per April contract and letter of confirmation
of October 13, 1971. $7,000

LILLY EXHIBIT NO. 32

AGREEMENT

Valentine, Sherman and Associates, hereinafter referred to as VSA, and Associated Milk Producers, Inc., hereinafter referred to as AMPI, mutually agree that VSA shall undertake the task of compiling a computerized master file of persons with rural addresses for AMPI. It is expected that a large percentage of such a list will be farmers or farm-oriented families. These lists shall be prepared, processed, and maintained by VSA in their Minneapolis office. Moreover, it is understood that this list is desired by AMPI for use in direct mail and/or marketing services as they may pertain to its commercial needs. The materials shall not be used for any other purpose without the prior authorization of VSA, which has exclusive ownership rights to the material.

It is further understood by both parties that VSA will not proceed on enlarging the lists or materials unless it has at least verbal agreement from AMPI officials. At any time, AMPI can terminate the contract upon written notice to VSA.

It is expected, however, that this agreement shall continue for at least two years, through June of 1973. Now therefore, in consideration of this agreement, AMPI agrees to pay the sum of Twenty-Five Thousand Dollars ($25,000.00) forthwith to VSA for its consulting services over the two-year period. Upon receipt of same, VSA shall commence work on the rural route directory list and keep AMPI advised on the status of said list. It is expected that within six to eight weeks of the date of this agreement, VSA will invoice AMPI for an additional $25,000.00 based on the computer work performed during that interim.

A TRUE COPY

VALENTINE, SHERMAN AND ASSOCIATES

By _____

Date _____

ASSOCIATED MILK PRODUCERS, INC.

By Harold A. Nelson

Date _____

LILLY EXHIBIT NO. 33

1968 — 8500
1969 10+000
1970 73400
1971 61642

In 1971 failed to get sufficient monies from A.N.Pl to pay Inc. tax — In mar. or april 1972 got one chk from Isham for $66000 to pay tax

SENATE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

AFFIDAVIT

1. My name is Bob A. Lilly, and I reside at 130 Paloma, San Antonio, Texas.

2. I have been employed by Associated Milk Producers, Inc. ("AMPI") from the time of its formation until the present. I am, also, Secretary to the Committee for Thorough Agricultural Political Education (C.T.A.P.E.). I was relieved of this responsibility on March 14, 1974, due to ill health. I am still an employee of AMPI at this time. In addition, I have a claim for total disability pending action before the Retirement Commission of AMPI.

3. The Senate Select Committee on Presidential Campaign Activities voted to confer use immunity and compel me to testify before it in connection with its investigation. Judge John J. Sirica, Chief Judge, United States District Court for the District of Columbia, entered the Order Conferring Immunity Upon and Compelling Testimony and Production of Information from Bob A. Lilly on November 14, 1973. Pursuant to that Order, I did testify before the Select Committee in Executive Session on November 14 and 16, 1973. I am also submitting this Affidavit to the Committee in pursuance of that Order.

4. I testified before the Committee with respect to a meeting between John Conally and me in the Page Airways Terminal at National Airport. At the time of my testimony, my best recollection was that that meeting took place on March 19, 1971, just before I flew by AMPI jet to Little Rock and San Antonio, and I so testified. Since that time, the Committee staff has informed me there is no entry in the AMPI jet log for that flight, but that there is such an entry for March 5, 1971. Furthermore, the staff has informed me that Mr. Connally's logs reflect a departure from Page Airways on March 5, 1971, but not on March 19. Although my best recollection is that my meeting with Mr. Connally took place later in March than the 5th, the meeting might have taken place on or about the 5th. Whatever the exact date, I reaffirm all other aspects of my testimony before the Committee with respect to the meeting, including my previous contacts with Mr. Connally, when he was Governor of Texas, and what was said at our meeting and what was ensued. In that connection, I am attaching, as Exhibit A, a newspaper photograph of Mr. Connally and myself, concerning one of our frequent contacts while he was Governor of Texas. Exhibit A appeared both in a

news publication entitled "The Valley Farm Bureau News" dated June 1, 1963, on Page 8, and in the October 1963 publication "Texas Agriculture", Page 11; said Exhibit A depicting a picture of Governor John Connally affixing a signature to House Bill No. 567, and in the photograph with me and Mr. Connally are left to right, Charles Huff, Texas Farm Bureau, Legislative Director; Representative "Kika" de la Garza of Mission, and Representative Bill Rapp of Raymondville.

5. I also remember that late on the evening of March 23, 1971, Harold Nelson and Dave Parr, both of AMPI, Garry Hanman of Mid-America Dairymen, Inc. ("Mid-America") and I, flew by the company jet to Louisville to meet Paul Alagia, of Dairymen, Inc., when he returned home. The purpose of our flight was to ask Mr. Alagia to commit a substantial sum of money of his coop's political trust for President Nixon's re-election campaign and in fact to contribute some amount of money that day (the 24th), with the purpose in mind of securing an increase in milk price supports. Mr. Alagia arrived around 4 o'clock in the morning of the 24th. We made our request to him, hoping to pressure him into making such a commitment. In order to show the import and seriousness of our cause, we told him that we had talked to then-Secretary Connally about this matter. In fact Mr. Nelson asked me to accompany them to Louisville because I had spoken to Connally face to face at the airport and Mr. Alagia trusted me, and Nelson felt that my presence would convince Mr. Alagia to contribute. My best recollection is that we asked for a commitment of $300,000. When he refused, we asked that his trust, SPACE, make a $100,000 loan to Mid-America's trust, ADEPT. This, too, he refused. Finally, he agreed to have SPACE contribute $25,000 that day. We then returned to Washington and, that day, a representative of SPACE delivered the $25,000 contribution. This meeting on the night of the 23rd constituted the first effort, of which I am aware, by AMPI to obtain and coordinate commitments from the other two dairy trusts for substantial contributions to the President's re-election campaign. Since I was not asked about nor reminded of this matter during my transcribed testimony, I did not testify to it at that time. I did, however, testify to the Louisville-Alagia flight in an informal session of the Senate Select Committee.

6. In my testimony before the Committee, I testified concerning contributions in October, 1972, by C. TAPE of $150,000 each to the National Republican Senatorial and Congressional Campaign Committees. As Secretary for C. TAPE, I normally would have sent those contributions to the committees. However, I refused to transmit those contributions. My reasons were as follows: on October 11, 1972, the Committee for TAPE voted not to make any further contributions to any 1972 Presidential candidates. On October 21, Dr. George Mehren, General Manager of AMPI and Treasurer of C. TAPE, met with Lee Nunn, a fundraiser for the Finance Committee to Re-elect the President. Some time after that meeting, I think on October 23, Dr. Mehren told me that C. TAPE was to contribute $150,000 each to the Republican

Committees and that all or a substantial portion of those contributions would go to the President's re-election campaign. Because of the C. TAPE resolution, I declined to participate in the transmittal of those $150,000 contributions, although I did transmit separate contributions of $25,000 each to those same two committees in late October, 1972, Instead, Dr. Mehren transmitted the $150,000 contributions.

Bob A. Lilly

THE STATE OF TEXAS ()

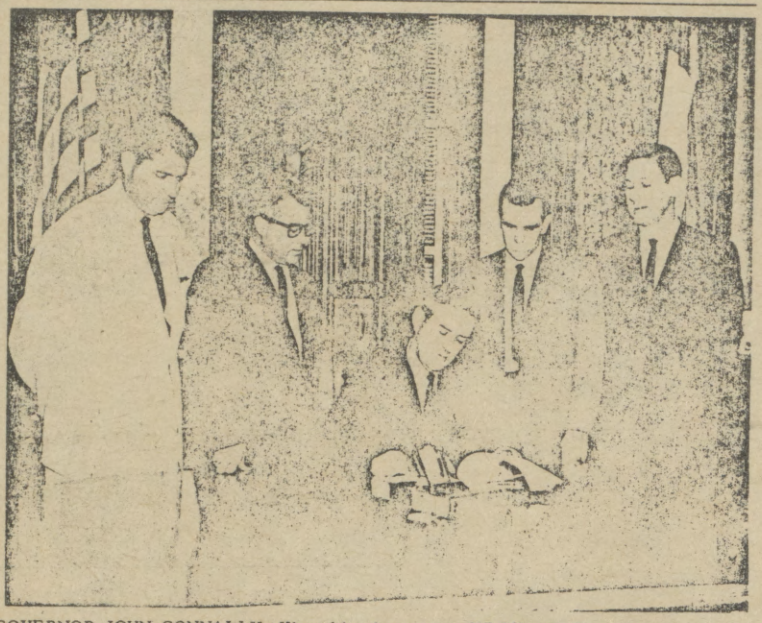
COUNTY OF BEXAR ()

SUBSCRIBED AND SWORN TO BEFORE ME this 23rd day of April, 1974.

Notary Public in and for
Bexar County, Texas

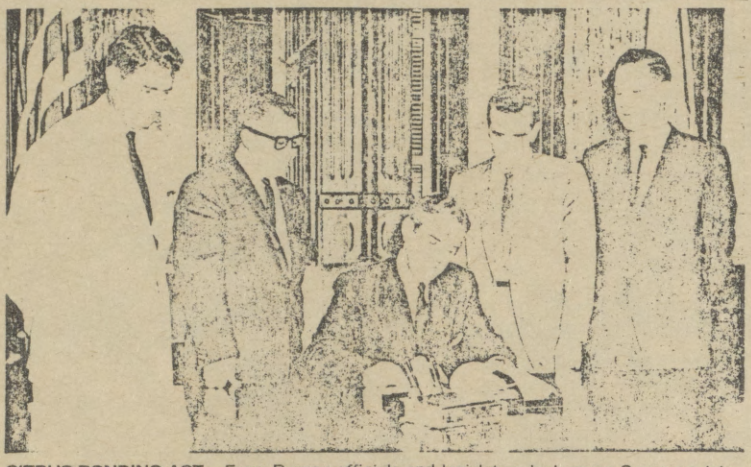
EXHIBIT A

THE VALLEY FARM BUREAU NEWS JUNE 1, 1963



GOVERNOR JOHN CONNALLY affixes his signature to HB 567, the Citrus Bonding Bill, as interested parties look on. Shown left to right, are C. H. Huff, Texas Farm Bureau Legislative Director; Representative "Kika" de la Garza of Mission; the Governor, Bob Lilly, executive manager of Valley Farm Bureau; and Representative Bill Rapp of Raymondville. Senator Jim Bates of Edinburg was sponsor of the bill in the Texas Senate but could not be present for the official signing. (Bill Malone Photo)

OCTOBER, 1963 TEXAS AGRICULTURE



CITRUS BONDING ACT—Farm Bureau officials and legislators look on as Governor John Connally signs H.B. 567 by Rep. "Kika" de la Garza. The new law, which had the support of Farm Bureau, raises the amount of bond a citrus dealer must have in Texas. Others pictured above (left to right): Charles Huff, TFB legislative director; Rep. de la Garza, McAllen, author; Bob Lilly, Mercedes, Valley Farm Bureau manager; and Rep. Bill Rapp of Raymondville. The bill was signed into law during the 58th session.

30-337 O - 74 - 24

SENATE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

AFFIDAVIT

District of Columbia
City of Washington

I, Alan S. Weitz, a resident of Washington, D.C., being duly sworn, hereby depose and say as follows:

1. I have been Assistant Counsel to the Senate Select Committee on Presidential Campaign Activities from September 24, 1973 to the present.

2. In the course of the Committee's investigation, I have received the documents listed below from Bob A. Lilly who has informed me that they are accounts written by him either as his contemporaneous notes (Exhibits A and B) at or about the time of the events referred to therein or as summaries he prepared in connection with his testimony before the Committee in November, 1973 (Exhibits C, D, E, F and G):

Exhibit A:	Two pages of handwritten notes to which is attached a typed restatement of those notes.
Exhibit B:	Eleven pages of handwritten notes.
Exhibit C:	A document entitled "I. No Retreat from Tomorrow"
Exhibit D:	A document entitled "IV. Other Notes"
Exhibit E:	A document entitled "VI. Valentine and Associates"
Exhibit F:	A document entitled "IX. 1972 LBJ-Mehren Meeting"
Exhibit G:	A document entitled "X. Gleason-Harrison-Colson"

Alan S. Weitz
Alan S. Weitz

Subscribed and sworn to before me this 30th day of May, 1974.

Marie Geneau
Notary Public

My Commission Expires 10/31/78

EXHIBIT "A"

250,000 LBJ
by HSN - He wants

750,000 to Rep. Party
for Price Support

GLM - al Mc

GLM - B I

albert - HHH

LBJ
(1) Honor Commitments
(2) Com LBJ — 250 000
Knows interest 13¢
rpr of AMPI 3.6¢
(3) Sanders Cent
Edmundson

MR BOB LOULY
130 PALOMA
SAN ANTONIO TX 78212

DEMOCRATIC
NATIONAL COMMITTEE
1600 Virginia Avenue, N.W.
Washington, D. C. 20037

SKINNY CATS FOR DEMOCRATS

© Copyright 1972 by Democratic National Committee

Sat

Nunn - Treas
Rep. to Re-elect Pres
Nixon
SA on Sat - Talked
to Mahrsen

1. Contri to Dems for Nixon
2. 750,000 obligation
for price support

dshan
McWilliams
10/23/72

3. Contri to Com to
Reelect Nixon
4. 325,000 to
Rep House Com
325 000 to Senate
Rep. Com
(Johnson said make Com
regardless of how it hurt
5 hrs GLM at Ranch
Plus 250,000 Com. to LBJ.
5. Decision 150,000
Sen + 150 to House
6 Com. list on GLM
Desk

250,000 LBJ
by HSN - He wants int
750,000 to Rep. party for price support

GLM - al Mc

GLM - BI

Albert - HHH

LBJ

(1) Honor Commitment
(2) Com LBJ - 250,000 13¢ 36¢ amt.
Know intimate oper. of AMPI
(3) Sanders Edmundson

Sat.

Nunn- Treas ob
Rep. to Re-elect Pres. Nixon
SA and SAT - talked to Mehren

1. Contri. to Demo. for Nixon
2. 750,000 obligation for price support
3. Contri to Com. to re-elect Nixon
4. 325,000 to Rep. House Com.
325,000 to Senate Rep. Com.

(Johnson said make com. regardless of how it hurt, 5 hrs. GLM at Ranch plus 250,000 com. to LBJ.
5. Pension 150,000
Sen + 150 to House
6. Com. list on GLM Desk

EXHIBIT "B"

Written 6/7/72 by BAL

In ~~May~~ July 1971 HSN requested B Lehan for a chk for Valentine & Assoc which was issued and hand carried by HSN to Minn. and I assume delivered to Valentine. (At about this time HSN, D. Parr, HHH, W. Mills, Jack Chestnut and also Tom Townsend? meet at home of HHH New Waverly Minn.).

Shortly after this HSN, D. Parr, Tom Townsend in SA told me we were committed to 140,000 to Valentine for HHH & Mills but thru Valentine to print names of ~~[illegible]~~ rural farmers in Iowa 50,000 Kansas 25,000, Okla 15,000, Minn 45,000 and Minn 5,000

Rec'd from Lilly 11/16.

The last 5000 going to HHH from TAPE.

During 1971 I went to Minneapolis in private jet to see Valentine & ret. to SA same day. While in office of Valentine began to call people in his off together to get invoice numbers, checks and to go over entire transaction.

In Dec. (?) Valentine prepared a total file, invoices, letters to BAL from him, from BAL to Valentine Colo my trip to Minneapolis Valentine wanted me to bring AMPI stationery.

He informed me in Dec that he had typed letters on different typewriters by different girls Che made the yellow carbon copies

AMPI chk # 2353 27,000

137,000

Plus a 5k00 TAPE chk HHH 5000

142,600

June 2, 1972 Geo. Mehren in a discussion with BAL in office of Mehren stated he knew of the Valentine contribution and he also knew no such form existed now nor ever did. (I did not tell Mehren I had actually been in Valentine & Assoc office at 3050 Metro Drive, Minneapolis Minn

June 24, 1972

In Feb. 1972 Valentine & Assoc (apparently shook) sent via air express to BAL several IBM reels that are labeled Iowa, Minn & other states. I have the Tapes but have never checked them out on IBM to see if they are phony or real.

I think they are partially real because Valentine does political work for others and he had to put some names together to show services rendered for AMPI monies received. Valentine told me & referred in his letters the names are to solicit farmers in establishing and insurance Company

The week of June 20, 1972 Tom Townsend repeatedly called me but I was out of packet. Mr Townsend talked with Gary Wood, AMPI comptroller, in Separation and asked Gary if we had fullfilled our Commitment to Dockings. I was told this by Gary.

On June 23, 1972 I talked with Tom Townsend - he was in Topeka Kan & just before visiting with Gov. Dockings

Townsend asked me if we had completed our ~~commitment~~ Commitment to Dockings. At the time I said I assume so and on Sat June 24, 1972 I realized he was referring to the commitment of 25,000 pd thru

Valentine & assoc & referred to above.

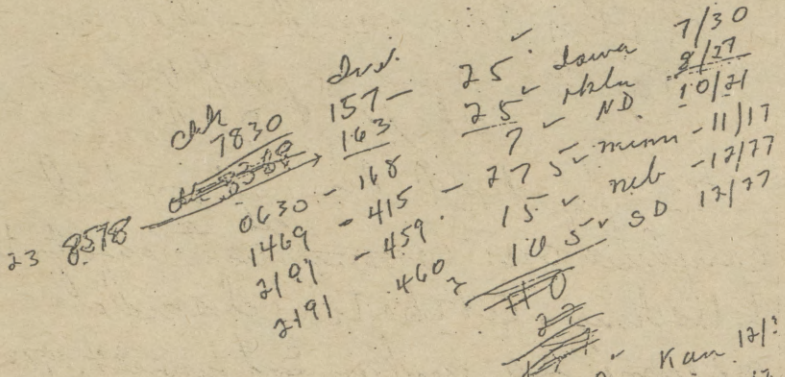
6/24/72 BHL

THAT MUST STILL BE RESOLVED.

Chase Pro.
Ins.
Thermal Mayo

50 Culver Iowa
30 Hall Okla
25 Barkings
7 Aborigh SD.
25 HH

Ins.
157 — 25 Iowa 7/30
163 25 Okla 8/27
7 ND 10/21
Ck 7830
~~[illegible]~~
0630 - 168 — 275 Minn - 11/17
1469 - 415 15 Neb - 12/27
2191 - 459 105 SD 12/27
2191 460
~~110~~
~~22~~
~~[illegible]~~
20 Kan 12/
7 Wisc 17
137
2353 473
2353 474



23 8578

Recd from Lilly 11/16.

Agreement

~~Iowa 25,000~~
~~Okla 25,000~~
~~N. D. 7,000~~

Iowa	~~50~~,000 ✓	H.	HS ✓
Kansas	25,000 ✓		DP
Okla.	15,000 ✓		DP
Minn	~~45~~,000 ✓		HS ✓
Minn	5,000 ✓		HS ✓
	140,000		

Pd.

Inv. 157	25,000	July 30	Chk 7830
Inv. 163	25,000	Aug 7	Chk 8578
Inv 169	7,000	Oct 21	" 0630
Inv. 415	27,500	Mar 15	" 1469
Inv 459	15,000	Dec 6	
Inv 460	10,500	Dec 6	
	110,000		

Due.

Inv. 473	20,000	140
Inv 474	7,000	27
	27,000	167,000

Valentine
(Lilly)

11/10/71

Dave Parr Trotter

15 Okla
25 Kan
~~10~~ ~~[illegible]~~ 25 (Tom)
50 H H LL
100

Bud Valentine

50 =
45 5

(50 Iowa to Hughes per H.S.N.)

25

50
25
25

Delos Walker
west memphis

501 376 3465
901 527 7342 — 1st
501 735 7092



Quik Print
309 Soledad
227-7561
San Antonio,
Texas

25 HSN
15 - DP
25 - DP
4.5 - HSN
110

110
84500
25500

5 TAPE HSN

Iowa 25
Okla 25
N.D. 7
minn. 275
84,500

Pd in

~~Minn~~ - July 15
~~N.D.~~ June 10

50 Iowa
25 Kansas
10 S.D.
15 Okla.
100
~~105~~
50 HHH

Tom Townsend's
writing

75

Sales chap 7621 B

wisc/NO		25,000	
wisc	12/29	7,000	
Kan	12/29	20,000	35,000.00
	"	15,000	
Neb	12/19	15,000	
		121,500	
Iowa		25,000	
S. Dak		10,500	
" "		4,000	
		137,000	

50 Iowa
25 Kansas
10 S.D.
15 Okla.
100
~~105~~
50 HHH

Iowa 25
Okla 25
N.D. 7
Minn. 275
84,500

Pd in

~~Minn~~ - July 15
~~N.D.~~ June 10

11/10/71

25 HSN
15 - DP
25 - DP
45 - HSN
110

110
84500
25500

Dare Pass Motor
5 Okla
25 - Kan
~~10~~ ~~50~~ 25 (Tan)
50 HHH
100

Dual Veteran

50
45
5

5 TAPE HSN

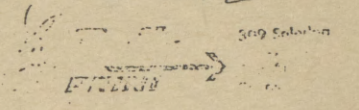
(50 Iowa to Hughes per H.S.N.)

25.

50
25
25

Deloss Walker
went memphis

501 376 3465
901 527 7342 — 1st
501 735 7092



309 Solution

EXHIBIT "C"

I - No Retreat from Tomorrow

In 1971, the Internal Revenue Service audited MPI's 1968 fiscal year. The IRS Agent, Doyle Bond, questioned several transactions.

Robert Isham, AMPI's Comptroller, discussed some of the issues raised by Mr. Bond with me to see what knowledge I had, or if I had no knowledge, to make every effort to get answers. This was about Aug. of 1971.

Four items being questioned by the IRS Agent Bond were on checks as follows: Central Arkansas Milk Producers Association, Little Rock, Ark., an Arkansas dairy cooperative that was and still is a part of MPI and AMPI, issued a check payable to McGregor & Werner, Inc., a Washington D.C. printing firm, in amount of $31,961.07; North Texas Producers Association, a dairy cooperative that was and is a part of MPI and AMPI headquartered in Arlington, Texas, issued a check #18853 dated June 17, 1968, payable to McGregor & Werner, Inc., in amount of $30,250.00 and a Milk Producers, Inc. check in the amount of $28,500.00 payable to McGregor & Werner, Inc., check #586, dated May 31, 1968.

In addition, Milk Producers, Inc. check #479, dated May 8, 1968, payable to Harlowe Typography, Inc., 35 K Street, N.E., Washington D.C. 20002, in the amount of $7910.55.

At about this same time, Mr. Bob Strauss of National Democratic Party telephoned me that the IRS was checking his office about the McGregor & Werner, Inc. checks issued by MPI and North Texas Producers Assoc. as they were endorsed by "McGregor and Werner, Inc., Duplicate Payment, Pay to Order of the Salute to the President Committee, E. J. _____, Controller" and

a stamped "Salute To The President Committee." Mr. Strauss informed me the National Democratic Party had no such Committee nor had there ever existed such a Committee.

I am not informed of the Central Arkansas Milk Producers Association check endorsement.

The MPI check #479 was endorsed by Harlowe Typography, Inc., with a signature mark. This was for photographic work.

The McGregor and Werner, Inc. billings are for printing, binding and mailing of 26,104 copies of "No Retreat From Tomorrow," a book about President Johnson and family in the White House. A portion of billing was addressed to Milk Producers, Inc., c/o Mr. John Criswell, Treasurer.

The total amount paid on this project amounted to $98,621.62 as reflected in the year 1968 on MPI's books.

On August 26, 1971, I wrote Mr. Jake Jacobsen, an Austin, Texas attorney, about this problem, to see if he could help resolve it. While there is no correspondence the problem apparently was resolved by Mr. Jacobsen. Insofar as I know, the issue was not pursued by IRS.

IV Other Notes EXHIBIT "D"

During the years of 1970 and 1971 other funds in addition to the $100,000 were spent by me in cash and checks as directed by Harold Nelson or Dave Parr. These monies were all borrowed by me from the Citizens National Bank, Austin, Texas and paid back by AMPI attorneys advancing monies, cash and checks to me and billing AMPI for reimbursement.

The first of these notes was signed on May 5, 1970, when I was instructed by Harold Nelson to contribute $10,000 to Hubert Humphrey's senatorial campaign My instructions were to borrow the money and get it repaid by the AMPI attorneys scheme. The $10,000 was borrowed and a check drawn on my Citizens National Bank account XXXX payable to Minnesota Democratic Campaign Committee and was mailed or delivered to Mr. Jack Chestnut, Campaign Manager for Sen. Humphrey in Minneapolis, Minn. This 60-day note was renewed on June 30, 1970 as only $2000 had been paid on principle. The $8000 principle was paid off and the note retired on Aug. 6, 1970. A total of $232.50 interest was paid.

On Oct. 12, 1970, I was instructed by Mr. Nelson and Parr to borrow and deliver $12,500 to Mr. Jack Chestnut for Mr. Humphrey's campaign. The $12,500 was borrowed in cash and the cash delivered on 10/13/70 in Minneapolis to Jack Chestnut by me. No receipt was obtained by me. A payment of $5000 plus 161.46 interest was paid on this note on Dec. 10, 1970, and the note was renewed for $7500. On Jan. 26, 1971, an amount of $7500 plus $68.54 interest was paid off. A total of $230 interest was paid on this note.

On August 27, 1970, a note in the amount of $13,800 was signed by me and check #116 on this account was made payable to AMPI for reimbursement of accounts receivable from Bob Lilly for the 1968 political contributions previously mentioned.

This note was paid off on Sept. 9, 1970, interest totaled $40 on this note.

On October 22, 1970, Mr. Dave Parr instructed me to deliver $5000 cash to Pelcher-Fulton Public Utilities Republican Commission, candidates from Georgia. I borrowed $5000 on Oct. 22, 1970, for 60 days, picked up the cash and later in day delivered to Pelcher-Fulton at airport in Atlanta, Ga. while traveling with Mr. Nelson. (Mr. Parr informed me Mr. Phil Campbell, Under Secretary of Agriculture requested this help.) The note was paid off on December 18, 1970, and $60.42 interest was paid.

Marion Harrison, Washington D.C. attorney for AMPI, asked Harold Nelson and Dave Parr for $1200 cash for J Glenn Beall, newly elected Senator of Maryland. On Nov. 16, 1970, I cashed check #124 at Citizens National Bank, Austin, Texas, and delivered cash to Marion Harrison on Nov. 17 or 18, 1970, at his office. No receipt was obtained.

On September 10, 1971, $1000 on a 30-day note was borrowed from Citizens National Bank, Austin, Texas, by me and cash was contributed to Larry Teaver, Austin, Texas, an assistant to Gov. Smith. Note paid on 9/17/71. Interest totaled $7.50.

The Citizens National Bank account reflects 5 checks in amounts of $200 each for cash drawn on this account in 1970. $600 of this $1000 was given to Gus Mutscher, Speaker of House of Representatives. I don't have a record of who the other $400 went to.

In January 1971 there is a check #128 drawn for $1000 cash that was contributed to Speaker of House Gus Mutecher's travel.

There are two (2) $300 checks drawn for cash in 1971. One of these is endorsed by State Representative Bill Heatly for a dinner. The other $300 check I cannot account for.

There is one $150 check for cash that was contributed to Lt. Gov. Ben Barnes for a dinner.

There is a $100 cash check for a luncheon for 19 members of the House Livestock Committee at Villa Capri Restaurant.

On June 11, 1970, check #106, in amount of $1450 was made payable to Minnesota Democratic Campaign Committee and was a contribution to Hubert Humphrey Campaign thru Jack Chestnut, his campaign manager.

On March 17, 1970, I deposited $6648.37 into this account which was proceeds from monies borrowed on life insurance policies belonging to Bob and/or Ruth Lilly. This money was deposited into this political account.

Of the 6648.37 personal money, checks totaling $5523.76 were withdrawn from the account during 1970 and 1971. They were checks #107 for $500; #117 for $640.77; #121 for $2244.00; #122 for $2078.99; and #135 for $60. Of the $6648.37 personal funds deposited, $5523.76 were withdrawn leaving a balance of $1124.61 not repaid. However, on closing out account a residual of $1096.06 was withdrawn which almost balances out personal funds of $6648.37. I have no recollection of what happened to the $1096.06 -- whether I kept it or whether it was given as a political donation.

EXHIBIT "E"

VI Valentine and Associates

In July (19?) 1971, Harold Nelson requested Bob Isham to issue a check to Valentine and Associates for $25,000. Isham complied and Harold Nelson took the check with him and, I assume, delivered it to Valentine. On the day he issued the check, Isham asked me if I knew who Valentine was. I told him I had no idea.

At about the same time, Harold Nelson, Dave Parr, Jack Chestnut, and possibly Tom Townsend and others, met at the home of Hubert Humphrey in New Waverly, Minnesota. Shortly after this meeting Harold Nelson, Dave Parr and Tom Townsend told me (in San Antonio) that we were committed to $140,000 to Hubert Humphrey and Wilbur Mills, through Valentine & Associates who were to print names and addresses of farmers in Iowa ($50,000), Kansas ($25,000), Oklahoma ($15,000), Minnesota ($45,000) and Minnesota ($5,000). The last $5000 to go to Hubert Humphrey from TAPE.

During 1971, I went to Minneapolis, in the AMPI jet, to see Valentine, returning to San Antonio the same day. Mr. Valentine was obviously worried by the fact that he had no contract, no invoices, etc., and yet had been billing AMPI for various amounts. Mr. Valentine decided he would prepare a total file for himself and for AMPI. I had brought AMPI letterhead stationery with me and left it with Mr. Valentine. By March 23, 1972, Mr. Valentine had prepared the files, including invoices, letters from me to him and from him to me. He told me on March 23, that he had had letters typed by different girls on different typewriters. However, the carbon copies in the AMPI file are yellow and AMPI never used yellow second sheets.

At a later time I was given the following information by someone at AMPI concerning the $137,000 actually paid to Valentine & Associates:

(1)	Congressman Culver of Iowa	$50,000
	(He, at that time, planned to run against Sen. Jack Miller but later backed out and Dick Clark (A.A. to Culver) ran and beat Jack Miller. I don't know whether Clark received any of this money.	
(2)	Governor Hall of Oklahoma	$30,000
(3)	Governor Docking of Kansas	$25,000
(4)	Congressman James Abourezk, who was elected Senator in South Dakota	$ 7,000
(5)	HHH	$25,000
		$137,000

I don't know that the above information is true; however, AMPI actually paid Valentine and Associates the following:

AMPI check #7830	$25,000
#8578	25,000
#0630	7,000
#1469	27,500
#2191	25,500
#2353	27,000
	$137,000

In February of 1972, Mr. Valentine sent, air express to me, several IBM reels which are labeled Iowa, Minnesota, and other states. The tapes are in the AMPI office, but I have never checked them on IBM to see what is on them.

The correspondence file is also in the AMPI office.

A copy of pages of notes on this matter, which I wrote at sometime during the Valentine affair, follows:

Agreement

Iowa	50,000	HSN
Kansas	25,000	DP
Okla.	15,000	DP
Minn.	45,000	HSN
Minn.	5,000	HSN
	140,000	

Paid			
Inv. 157	25,000	July 30	ck 7830
Inv. 163	25,000	Aug 7	ck 8578
Inv. 168	7,000	Oct 21	ck 0630
Inv. 415	27,500	Nov 15	ck 1469
Inv. 459	15,000	Dec 6	
Inv. 460	10,500	Dec 6	
	110,000		
Due			
Inv. 473	20,000	110	
Inv. 474	7,000	27	
	27,000	137,000	

EXHIBIT "F"

IX 1972 LBJ - Mehren Meeting

I have notes of a conversation that were written by me apparently on Oct. 23, 1972. My notes indicate that Dr. George Mehren, AMPI General Manager, was discussing a visit at Pres. Johnson's ranch and a visit by _____ Nunn, Treasurer, Republican to Re-Elect President Nixon, to San Antonio on Oct. 21, 1972. My notes indicate Robert (Bob) Isham and A.L. McWilliams were present at the conversation but it is possible they only dropped by during Dr. Mehren's and my visit.

The Nunn visit was an effort by Mr. Nunn to get Committee for TAPE contributions to help re-elect the President. According to my notes, Dr. Mehren stated Mr. Nunn suggested alternatives for Committee for TAPE to contribute on the $750,000 obligation for price support. The ways as follows: (1) contribute to the Democrats for Nixon, (2) contribute to Committee to Re-Elect the President, (3) contribute $325,000 to Republican Congressional Campaign Committee and $325,000 to Republican Senate Campaign Committee.

My notes indicate the decision was to contribute $150,000 to House Republican Committee and $150,000 to Senate Republican Committee. This did happen.

My notes indicate a Committee list was on Dr. Mehren's desk but I cannot remember what list, possibly one left by Mr. Nunn.

Dr. Mehren also discussed portions of the 5 hour visit that he had at Pres. Johnson's ranch, apparently just prior to Mr. Nunn's Saturday visit Oct. 21, 1972.

Dr. Mehren stated LBJ said to live up to commitment regardless of how it hurt. My notes indicate LBJ was discussing the same $750,000 commitment

Mr. Nunn was referring to on Saturday, October 21, 1972.

LBJ also pointed out to Dr. Mehren that AMPI had a $250,000 commitment to him and stated he wanted it fulfilled. LBJ stated, as per my notes, that AMPI was checking off its members milk checks, 13¢ per cwt., for interest on monies borrowed and 3.6¢ per cwt for day to day operation costs of AMPI. This indicates LBJ had knowledge of our operations and obligations, and that we could fulfill his commitment by deducting his $250,000 commitment off producers checks as well.

LBJ also encouraged Dr. Mehren to use Committee for TAPE to support Barefoot Sanders (D) of Texas and Ed Edmondson (D) of Oklahoma, both U.S. Senatorial candidates in 1972.

EXHIBIT "G"

X Gleason - Harrison - Colson

At one time, I delivered cash to a Mr. Gleason, Executive Office Bldg., Room 111, tele. #202/456-2777. At the time of delivery I talked with Marion Harrison, and asked him why he would not deliver money as I did not know Gleason. Harrison stated Gleason worked under Colson and that he (Harrison) was too well known to go into the Executive Office Bldg. I went to Mr. Gleason's office, introduced myself and handed him an envelope with cash. He very rudely told me I was late and to sit down and wait while he counted the money. The proper amount was there as he made no comment.

The amount could have been $4100 as I cashed a check in that amount on March 31, 1971, and I cannot account for its delivery to any other place.

TUESDAY, DECEMBER 4, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to notice, at 3:05 p.m., in room G-334, Dirksen Senate Office Building.

Present: Senator Joseph M. Montoya.

Also present: Alan Weitz, Barry Schochet, assistant majority counsels; Donald Sanders, deputy minority counsel, and Michael Kopetski, research assistant.

Senator MONTOYA. Would you state your full name?

Mr. HARRISON. Marion Edwyn Harrison.

Senator MONTOYA. Would you raise your right hand?

Do you solemnly swear that the testimony that you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HARRISON. I do.

Mr. WEITZ. Mr. Chairman, before we proceed, I believe that the witness wanted to make certain comments or objections on the record before proceeding. If that is true, I think it would be appropriate to do so at this point.

Mr. HARRISON. Senator Montoya, I do not feel that I make this motion with the greatest of optimism. At any rate, I would like to move that the hearing be open, pursuant to the provisions of 2 USC, section 190a-1(b), on the ground that the statute as I read it requires an open hearing unless certain conditions are fulfilled. And the one that seems to be the paramount condition is that I am going to testify in a way that is going to reflect on somebody else.

Inasmuch as I do not know of anything except what I read in the newspapers that reflects on anyone else, I cannot testify in a fashion that would reflect on anyone else.

Senator MONTOYA. May I hear from counsel?

Mr. WEITZ. Yes, Senator.

As Mr. Harrison notes, there is a clear exception in the provision in the event—there are actually several exceptions. Two I would like to address.

First, that the committee determines that the testimony may adversely reflect on the character and reputation of the witness or some other party, some other individual. With regard to that, this type of objection and matter has come up under other circumstances.

The committee is investigating matters that relate to possible criminal activity—whether or not on the part of the witness, certainly in regard to third parties. As a regular course, the committee has conducted numerous executive sessions in the interest of protecting such third parties, who of necessity may arise, I of course cannot comment

ahead of time as to what Mr. Harrison may or may not testify to—it is in all likelihood that matters may come up that would come within the exceptions. And this is the way the committee has handled the matter in the past.

Second, another exception refers to divulging matters that are deemed confidential. Here again, the committee, pursuant to its rules, rule 27 in particular, has found that executive sessions are to be held for the very purpose of assuring that matters that are raised are held in confidentiality until such time that the committee determines either that those witnesses or such matters should be made public. Here again, we do not know what matters will be testified to.

On both counts, we believe that it is part of the proper course of the committee to proceed with its witnesses in executive session, and only to make public that testimony, or to present in public those witnesses, that it deems is necessary pursuant to the resolution.

Senator MONTOYA. May I also state, Mr. Harrison, that it has been the policy of the committee to try to protect the names and reputations of people who are not directly involved and whose names may become involved in testimony and undue reflection cast upon them by virtue of putting them within that context. It is not our desire to embarrass anyone, but to try to elicit the facts for legislative objectives and purposes as stated in the charter creating this committee.

Having heard counsel and knowing the policy of this committee, and its desire to try to be fair with respect to innocent persons, as well as those persons who may be proven guilty, I am constrained to deny your motion.

Mr. HARRISON. I will note my exception, but I will cooperate.

Senator MONTOYA. Yes.

Mr. WEITZ. Mr. Harrison, would you state your address, please?

TESTIMONY OF MARION EDWYN HARRISON

Mr. HARRISON. Suite 500, 1701 Pennsylvania Avenue NW., Washington, D.C. 20006.

Mr. WEITZ. That is your business address?

Mr. HARRISON. Yes.

Mr. WEITZ. Your home address?

Mr. HARRISON. 4526 North 41st Street, Arlington, Va. 22007.

Mr. WEITZ. Could you state the name of your firm if you are a member of a law firm, please?

Mr. HARRISON. Harrison, Lucey, Sagle, & Solter.

Mr. WEITZ. For the record, I would like to have you indicate, please, the brief history, say, the last several years, in terms of the previous name of the firm going gack to 1969?

Mr. HARRISON. January 1969, when the partner who is now on the bench withdrew, until May of this year, it was called Reeves & Harrison, and consequently the period to which this committee is addressing itself, we find the name of the firm to be Reeves & Harrison.

Mr. WEITZ. In response to the committee's subpena, do you have any documents which should be produced pursuant to that?

Mr. HARRISON. Yes. First I hand you, Mr. Weitz, a collection of documents that meet the description of the subpena, paragraph 6. I would sum up by saying paragraph 6 in fact asks for pieces of paper pertaining to fees for the period January 1969 to December 31, 1972.

Then I have another collection of documents which turns out, Mr. Weitz, to be more than I thought it was going to be, which collection meets the requirements of paragraph 5 of the subpena, as limited pursuant to our oral discussion to matters involving the dairy industry.

The bulk of our law practice is what is somewhat loosely termed "administrative law"; therefore, there are all kinds of things in the file that are communications either to or from a Government agency. But the dairy industry, to the extent that we do or have represented it, is just a small part of the total clientele.

That is what you asked for, and there it is.

There is nothing in any of the other categories. The subpena actually speaks of six different categories.

Mr. WEITZ. There is nothing relating to political contributions to the Presidential campaign of 1972, either by you or correspondence relating thereto?

Mr. HARRISON. No, I made none. The answer to your question without editorial comment is "No."

Mr. WEITZ. I think we will mark these as they become relevant and enter them as exhibits to the testimony.

Could you tell me when your firm first became associated with or retained by Associated Milk Producers, Inc.—AMPI?

Mr. HARRISON. As of January 1, 1970.

Mr. WEITZ. Who contacted you to retain your services?

Mr. HARRISON. Who contacted me personally?

Mr. WEITZ. You, yes, you, or any member of your firm.

Mr. HARRISON. The initial contact with me was Mr. David L. Parr, which was in either December of 1969 or January 1970.

Mr. WEITZ. Had he contacted any other member of your firm prior to that time?

Mr. HARRISON. He simultaneously met with Mr. Patrick J. Hillings and myself.

Mr. WEITZ. That was your first contact with him?

Mr. HARRISON. Yes.

That was a meeting in our office, which was either soon before or soon after Christmas of 1969. It was probably 1970, notwithstanding the fact that for billing purposes the retainer was effective January 1, 1970.

Mr. WEITZ. Were you retained at that time or at any time shortly thereafter either by Mid-America Dairymen or Dairymen, Inc.?

Mr. HARRISON. Yes.

Mr. WEITZ. Could you tell us when you were either retained by either or both of them?

Mr. HARRISON. Associated Milk Producers, Inc., AMPI, was January 1, 1970 to June 30, 1972. Central America Cooperative Federation, which in spite of its name has nothing to do with Central America—namely, it is a federation, a kind of loose paper organization consisting of AMPI, Mid-America Dairymen, Inc., and Dairymen, Inc.—retained us for several months in 1972 retroactive to July 1—in other words, when we ceased to be retained by AMPI, and continuing I believe until November 1. Those statements in evidence will tell the exact story. It may have been December 1. That in fact is the date we ceased to be retained by Central America Cooperative Federation, CACF. We commenced to be retained by Dairymen, Inc. and by Mid-

America Dairymen, Inc., and to this day we are still retained by Dairymen, Inc. and Mid-America Dairymen, Inc.

Sometimes Dairymen, Inc. is just called DI, and Mid-America, Inc. is called Mid-Am.

Senator MONTOYA. Let me ask this question. I noticed in your letterhead of August 7, 1972, you have of counsel Murray M. Chotiner and Patrick J. Hillings. Then on August 31, 1972, 2 days later, you have on your letterhead of counsel, Murray M. Chotiner, and you have dropped Patrick J. Hillings.

Can you explain that?

Mr. HARRISON. Patrick J. Hillings started out in the context in which we are speaking—I do not mean he started off his life this way—as an attorney in Los Angeles. Prior to that he had been a Congressman. That was a good time before.

Senator MONTOYA. I knew him.

Mr. HARRISON. Did you, Senator?

Senator MONTOYA. Yes.

Mr. HARRISON. From time to time he would drop into our office in the 1960's, and he would either have a matter or he would just borrow a desk or whatever it may be. In due course, for what we thought would be mutually advantageous business reasons, we somewhat formalized the arrangement. He then became counsel to the firm, and for a while actually had an office in the law firm. He did not physically have an office with us the entire time he was counsel to the firm.

For a while the arrangement was somewhat formal. Then, in 1971, we had discussions concerning terminating the formal arrangement, and as a practical matter, regardless of what stationery may have been used on a billing, it was terminated about September or October of 1971. It was officially terminated on December 31, 1971. If we used any stationery with his name on it in 1972 someone was being parsimonious.

Mr. WEITZ. Mr. Chotiner joined your firm?

Mr. HARRISON. March of 1971, and is still there. There was a time, as you said, when both were counsel to the firm.

Senator MONTOYA. If you terminated him in December or thereabouts of 1971, how come you have some stationery where he does not appear in August of 1972, and also some stationery where he does appear?

Mr. HARRISON. I think the short answer is, we should not have by August of 1972, the stationery with his name on it. It long since should have been discarded or used up.

Mr. WEITZ. What was your original retainer arrangement?

Mr. HARRISON. These things do happen. Today I noticed coming up in the car—I happen to be a male without a secretary at the moment because mine resigned. I do not have a new one yet. I reached into the piles of envelopes in two different sizes in her desk. I noticed after I had gotten in the car, one of them has the old name, one of them has the new name of the firm. So God only knows how many envelopes and sheets of stationery are floating around saying Reeves and Harrison. Here it is December, and the change was made back in May.

Mr. WEITZ. What was the original fee arrangement with AMPI?

Mr. HARRISON. A flat retainer. It seems to me that it was $3,000 and some odd dollars a month. There was no contract. There is not now and there never has been any contract with any dairy co-op. I could almost say with any other client, that is not literally true, but it is

almost true. It was just an indefinite arrangement of $3,000 and some dollars a month. Then it has gone up and down from time to time.

Mr. WEITZ. Did there come a time when it was increased to approximately $108,000 a year, which would be $9,000 a month?

Mr. HARRISON. Roughly, yes.

Mr. WEITZ. When was that?

Mr. HARRISON. I cannot tell you without looking at those bills. I think it was increased once before that, also.

Mr. WEITZ. Would it be in March of 1971?

Would that refresh your recollection?

Mr. HARRISON. Probably March 1 or April 1, because it was about the time that Mr. Chotiner came with us. Whether it was a little before or a little after he came, I cannot tell you without looking at the bill.

Mr. WEITZ. Was there also an arrangement whereby a portion or all of the furnishings for Mr. Chotiner's office were paid by AMPI?

Mr. HARRISON. A portion of them were, not all of them.

Mr. SCHOCHET. Was there an arrangement also where a portion of his rent was paid for by the Finance Committee To Re-Elect the President?

Mr. HARRISON. No, the law firm as well as I personally has never received any money from the Committee To Re-Elect the President, or any of those other various campaign committees.

Mr. SCHOCHET. Have you seen the report filed with the Clerk of House of Representatives by the Finance Committee To Re-Elect the President, where they say they did pay a portion of the rent in his office in your firm?

Mr. HARRISON. No, I have not. I can tell you they did not. I am the managing partner. I am the one that signs the rent checks to the International Bank of Washington, which is the holding company that owns the building.

Mr. WEITZ. Did Mr. Chotiner provide some money to you either as a rebate on his draw to pay a portion of the rent?

Mr. HARRISON. No. We paid a portion of the rent, if you want to call it that, out of the fee paid by that client.

Mr. WEITZ. AMPI?

Mr. HARRISON. Yes.

Mr. WEITZ. To your knowledge Mr. Chotiner has not received any funds, either personally or on behalf of your firm, in order to cover his portion of the rent for your firm?

Mr. HARRISON. Are you asking that as a matter of tax incidence, or a matter as to how the books are handled?

Mr. WEITZ. I suppose I am asking it more as a matter of fact, whether in fact you know he has received some remuneration or funds, directly or indirectly, from the finance committee for some purpose or any purpose that you know of, and in particular to cover portions of your rent for your law firm. I really cannot tell you whether I mean in terms of strictly tax consequences or otherwise.

Mr. HARRISON. I do not really know. I suppose the finance committee, unknown to me, could have paid him x dollars, and then, depending on how he showed it on his books, a portion of the x dollars—no, that is not possible.

I was going to say a portion of the x dollars could have ended up paying some of the law firm's rent, but that is not possible because the law firm's rent is x thousand dollars a month. Each month I have

somebody, usually myself, will sign the check to the International Bank for the rent for that month, and as a bookkeeping entry we would take a portion of that retainer from AMPI, which was attributable to the value of the space he occupied, and use that as rent.

That has nothing to do with any of these reelect committees, or with the campaign at all.

Mr. WEITZ. Did this arrangement with AMPI cease upon the termination of your retainer with AMPI?

Mr. HARRISON. We got no money from AMPI at all after that.

Mr. WEITZ. Do you have a similar arrangement with either of the two co-ops at this point?

Mr. HARRISON. We never had it with AMPI at all. I probably—I do not want to say probably I told them what I was doing. I may have told them what I was doing. It is likely I did not. It was not an arrangement with them. It was an internal arrangement with us.

Mr. WEITZ. To your knowledge they had no arrangement with the finance committee or any of the Republican committees, where some moneys they gave to the finance committee would be turned over to you or Mr. Chotiner?

Mr. HARRISON. To my knowledge, they did not. That would certainly be most difficult if not impossible for them to have done that without me knowing about it.

Mr. WEITZ. Do you have any knowledge of any cash contributions or payments by Associated Milk Producers to any representatives of the President in 1969?

Mr. HARRISON. No. You are asking for my knowledge, not what I have read in the paper?

Mr. WEITZ. Other than what you have read in the paper, either contemporaneous knowledge or knowledge from any other source other than what you have read in the paper?

Mr. HARRISON. Then the answer is no.

Mr. SCHOCHET. Specifically no knowledge of any funds coming from TAPE?

Mr. HARRISON. To a representative of the President, no. All I know about——

Senator MONTOYA. Or the Committee to Re-Elect the President?

Mr. HARRISON. Not just TAPE, but all three of the trusts, TAPE, ADEPT, SPACE. I have knowledge of some that they made by virtue of having seen them. I have knowledge of some by being told contemporaneously. I have knowledge of some of them of having read the reports with the Clerk of the House. My knowledge extends up to an including some, apparently not all, contributions made by these three trust funds to various committees and reported to the Clerk of the House.

Also, I might mention that a great number of Congressmen and Senators are also publicly reported.

Mr. WEITZ. Other than those contributions that were publicly reported, you have no other knowledge, other than what you read in the newspaper, of any payments or contributions by either of any of the three political trusts or any of the three cooperatives to the President or any representatives of the President from 1969 to the present time?

Mr. HARRISON. No. To a very limited extent—one of the people who has been written up in the newspapers has mentioned to me that he

did in fact hand over some cash to somebody else. But his mentioning it to me was within the last month or two, and after I had read about it in the newspapers.

Mr. WEITZ. Who was that individual?

Mr. HARRISON. Stuart Russell.

Mr. WEITZ. What did he tell you?

Mr. HARRISON. He said he had in fact handed over some money to Mr. Robert Lilly, which is what the newspapers said he had done.

Mr. WEITZ. Did he indicate for what purpose he handed that money over?

Mr. HARRISON. He told me he did not know, because I asked him specifically for what purpose.

Mr. SCHOCHET. Did he tell you the amount of the money?

Mr. HARRISON. No.

Mr. WEITZ. Could I ask you why you asked him about that transaction?

Mr. HARRISON. It was abounding curiosity. I never knew a lawyer handing over in excess of $100,000 to an employee of the corporation who is retaining the lawyer.

Mr. WEITZ. Have you ever handled or arranged for any contribution—political contributions to be made in cash during the last 4 years?

Mr. HARRISON. No, not in cash.

Mr. WEITZ. Have you ever suggested that such contributions be made, political contributions be made?

Mr. HARRISON. Once, somewhat obliquely. One day—I cannot tell you when it was—I read a newspaper article which rather alarmed me. This was in the early days of the representation. A part of it that alarmed me said one of the trusts—I think it was the AMPI trust, which is called TAPE—had contributed an amount, it seemed to me like it was somewhere around $15,000, I do not remember, to a Congressman who was unopposed for reelection.

The same article also said that they had contributed on both sides of a couple of races. And I wrote a letter to Harold Nelson, who at that time was general manager of AMPI. It was a Saturday, I recall, when I wrote it. Anyway, I wrote it, in which I objected to both practices. He did not ask for my advice; I just volunteered it. The law does not reward the volunteer.

At any rate, the jist of the letter, which I have long since forgotten about—6 months or so ago someone showed me a copy of it. The jist of the letter was that you should not contribute to somebody that is unopposed. You should not contribute to both sides of one race. If you have to contribute to both sides of one race, do not use TAPE money. Go get some individual to make that contribution.

You can read that if you want to as saying, make an individual make a contribution in cash. I do not think I had any thought about whether it should be cash or not. I did have a thought that this did not seem to make any sense. If you like the job a fellow is doing, if he is an incumbent, contribute to him. If you do not like it, contribute to the opponent, but do not contribute to both in the same race.

Mr. WEITZ. Who showed you a copy of the letter?

Mr. HARRISON. I do not remember who did. You are quite familiar with the civil antitrust lawsuit in Kansas City.

Mr. WEITZ. Involving AMPI and others?

Mr. HARRISON. AMPI and the National Farmers Organization.

I know you are familiar with it because I heard you about 2:30 in the Monocle Restaurant telling Gerry Landauer of the Wall Street Journal in detail how you and Scott Rowley traded information back and forth, and so on. You probably know more about the suit than I do.

Apparently this letter was one of the items that came out in the deposition. I cannot remember who showed it to me. It could have been most anybody.

Mr. WEITZ. Is this a copy of the letter?

I would like you to identify the letter.

Mr. HARRISON. I think maybe it was John Gage, now that I think about it, general counsel for the Mid-America Dairymen, Inc.

Yes, Saturday afternoon—this is the letter.

Mr. WEITZ. That is the letter you wrote to Mr. Nelson?

Mr. HARRISON. Yes.

Mr. WEITZ. I would like to turn your attention to page 2 of the letter.

Why don't we mark this as exhibit No. 1?

[Whereupon, the document referred to was marked Harrison exhibit No. 1 for identification.*]

Mr. WEITZ. On page 2 of this letter, in paragraph 4, you go into the topic. You say—

> It seems to me that a contribution to a candidate who is unopposed inherently is risky.

The last sentence reads as follows:

> Consequently, it would be my strong recommendation that TAPE and our other like organizations contribute only to candidates who are opposed, unless sources which can contribute in cash and without the risk of publicity do the contributing to those candidates who are unopposed.

Does that refresh your recollection as to your suggestion that in fact these other type of contributions be made in cash, as opposed to check?

Mr. HARRISON. I do not think it has to be read as cash. I'll tell you exactly what that was. The article said—

> Congressman W. Robert Poage, of Texas, chairman of the Agriculture Committee, got $15,000 or a rather large sum of money, from TAPE. He was unopposed.

I just reacted very negatively to that. I did not think and I do not think anybody—not just a client of our law firm, but anybody—ought to be contributing to somebody who is unopposed. Somebody who is unopposed ought not to need a contribution.

Then I got to thinking, maybe they have their own reasons for it. Except in a most, most formal sort of way, I do not know Chairman Poage. There are a number of dairy farmers that belong to AMPI that live in Texas, a number living right in his district. So if they feel so compelled that they are disposed to contribute to Congressman Poage even when he is not opposed in the reelection, why don't they get one of those dairy farmers individually to do it?

Mr. WEITZ. What other sources were you talking about?

What source—who can contribute in cash?

Mr. HARRISON. They are the sources.

Mr. WEITZ. Why would any dairy farmer be predisposed to contribute in cash?

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*See p. 6282.

Mr. HARRISON. Any dairy farmer in America could contribute.

Mr. WEITZ. TAPE could contribute in cash?

Mr. HARRISON. It wouldn't do any good to TAPE, first they have to report to the Clerk of the House. Second, its books have to balance because it is audited.

So it would be foolish, it would seem to me, for TAPE to contribute in cash, because the end result is going to be just the same, except less orderly, as if TAPE had contributed by check.

Mr. WEITZ. Did you ever counsel after the time of this letter either AMPI or the other two co-ops, or their political arms to make contributions in cash in whatever form?

Mr. HARRISON. No. If there is an implication that that is what I was counseling them—it is not. All I ever knew in regard to that letter, Nelson either called me or said to me—I don't know which—"The situation down there involving the chairman—maybe it doesn't look very good." I said "You are right, it certainly does not. Get some farmers down there to contribute something, but do not get TAPE to do it."

Mr. WEITZ. Do you have any knowledge of any cash contributions which were in fact made with or without your counsel, either by AMPI, DI, or their political trusts?

Mr. HARRISON. No, other than having read it in a paper that $100,000 that Stuart Russell is alleged to have paid to Robert Lilly, who is alleged to have spent it someplace.

I am a little curious as to where.

Mr. WEITZ. Your answer would still be "No" if I included any of their employees or representatives or attorneys on their behalf?

Mr. HARRISON. No, I know of nobody contributing any cash other than what I have read in the newspaper on and off for the past several months.

Mr. WEITZ. Let's mark this as exhibit No. 2.

[Whereupon, the document referred to was marked Harrison exhibit No. 2 for identification.*]

Mr. WEITZ. Have you ever seen this letter from Patrick J. Hillings to the President, dated December 16, 1970?

Mr. HARRISON. Yes, sir, I have.

Mr. WEITZ. Do you know who composed the letter?

Mr. HARRISON. Yes.

Mr. WEITZ. Who was that?

Mr. HARRISON. Basically, he composed it.

He and I were not in accord about the letter, and I made some strong suggestions for changes, some of which were adopted and some of which were not.

I have seen the letter twice. in answer to your question. Once, the date that it was written; and the other was about a month or two ago.

A chap named Horrock of Newsweek magazine brought me a copy of it. Actually he called me a few days before; he asked me what I know about it, and I said, well, not much other than the very limited extent involving the day it was written. Get me a copy of the letter and let me see if I can recall by refreshing my recollection.

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*See p. 6285.

He came to the office a few days later and brought me a copy of it.

Mr. WEITZ. In the third paragraph of the letter, it reads as follows:

AMPI has followed our advice explicitly and will do so in the future. AMPI contributed about $135,000 to the Republican candidates in the 1970 election. We are now working with Tom Evans and Herb Kalmbach to set up appropriate channels for AMPI to contribute $2 million for your reelection. AMPI is also funding a special project.

I would like to ask you special questions with regard to that paragraph and the letter in general.

What advice, to your knowledge, did either Mr. Hillings or your firm give to AMPI that they have followed explicitly?

Was it in connection with political contributions?

Mr. HARRISON. As distinguished between the strict practice of law, you mean.

Mr. WEITZ. Yes.

Mr. HARRISON. I suppose there was a lot of advice I gave them that they did or did not follow explicitly under the subject of various aspects of administrative law. I presume what you are talking about are political contributions.

Mr. WEITZ. Or political contacts with the White House and the Republican Party, also.

Mr. HARRISON. I do not know about the contacts business.

I can tell you some specific advice which I gave which was followed specifically. Namely, one or more persons in the client organization brought up the idea to me of making some contributions to Republican senatorial candidates in the 1970 election.

I am trying to phrase this in such a way as not to violate an attorney-client privilege, as far as disclosing my advice.

These groups contributed very heavily, I was told, to the Democrats in 1968. It struck me, inasmuch as there are two political parties in Washington, that an individual can vote a legislative record which is just as helpful to an industry if he is in one party or another, that they ought to look around and be a little more realistic about how they contribute.

It also struck me, in view of the fact that in 1969 and 1970, that the incumbent administration, which after all was the only administration that could do anything to help the dairy industry at that point since it was the administration at that point, had been helpful to the dairy industry, the farmers generally, that they ought to make some effort to even up the contributions, not get pegged as a group that supports only one side and not the other; but rather, get pegged as a group that supports those people in public office, be he the President, Senator, or Congressman, who votes a legislative record which is helpful to the dairly industry. Conversely, you do not support those who vote one that is not.

I hope I am reading loud and clear, without precisely divulging advice which somebody might contend would violate the attorney-client privilege.

In 1970, TAPE contributed, to my knowledge, $110,000 to Republican Senators seeking reelection, or Republican candidates for the Senate.

And, although it is rare as to that particular instance, I can specifically prove that they followed my advice, because a decision was made on the spot immediately following my giving the advice.

Mr. WEITZ. Did you speak to anyone in the White House about the advice that you were giving to AMPI's or TAPE's intended contributions?

Mr. HARRISON. In the particular instance of the 11 Senate candidates, yes.

Mr. WEITZ. Who was that; what person?

Mr. HARRISON. Charles W. Colson, and a person by the name of Gleason, who may or may not, at that point, have been on the Government payroll. If he was not, then he had been earlier.

I remember it very, very explicitly, partly because it is the only time it happened and partly because it was unusual.

Among other things, Mr. Colson recommended the contribution of $10,000 to an opponent of yours, Senator Montoya.

Senator MONTOYA. I remember that.

Mr. HARRISON. I said:

> I am just your lawyer; I am not sure of all the reasons why I am being retained. I'd like to think that I am being retained because of a lifetime of experience and expertise in administrative law. I have also been around this town a long time.

On the one hand, you have a Senator that is going to be reelected; on the other hand, you have a Senator whose—by and large—whose voting record has been helpful to the dairy industry. I do not think it makes any sense to contribute to the opponent.

They followed my advice.

They also refused, I remember, another one—or, did not refuse; they yielded.

Mr. Colson did not want a contribution to Senator Hugh Scott, and I said, here again, I am just your lawyer. You don't have to follow my advice. They were physically present in the room.

I might mention, that was the first I ever met Mr. Kalmbach.

Mr. WEITZ. Who was at this meeting?

Mr. HARRISON. It was Mr. Colson, Mr. Gleason and Mr. Nelson and Mr. Parr and me.

Mr. WEITZ. Where did this take place?

Mr. HARRISON. In Mr. Colson's office.

Mr. WEITZ. Was the sole purpose of the meeting to discuss contributions for the 1970 campaign, or were there other matters that were discussed?

Mr. HARRISON. The sole purpose, I was told by whoever set up the meeting, set it up, was to come over and receive some recommendations—I think I was probably told this by Mr. Gleason, because I had met him before, although I hardly knew him—someone told me the purpose was to come over and receive some recommendations on whom the dairy industry could contribute to in the Senate races.

Mr. SCHOCHET. You thought it was a normal function and purpose for the White House staff persons to give recommendations to AMPI and others that you were representing as to whom they should contribute money?

Mr. HARRISON. I would not phrase it that way.

First of all, we were only representing AMPI; in the second place—although I have heard through the years—I started off as a page boy at 15 around here——

Mr. SCHOCHET. I did, too.

Mr. HARRISON. I have heard of all manner of things that go on; not too much surprises me.

It did not surprise me that a very political type of fellow, as Mr. Colson has always struck me as being, would want to get his oar deep into the water if he thought somebody were disposed to make a lot of political contributions, and wanted to make some suggestions as to where those ought to go.

That did not strike me as unusual; it never happened to me before, it has not happened since. It did not strike me as unusual, though.

Mr. SCHOCHET. Was he a special assistant to the President?

Mr. HARRISON. I think his title was special counsel to the President. If it was not, then it became that in due course.

Senator MONTOYA. Gleason was part of the White House then, I think.

Mr. HARRISON. He either was or had; then he kind of disappeared. Then I read in the newspaper that he was operating out of an office in the basement someplace. That struck me as rather peculiar.

I remember running into him one day on the street and asking him how he was doing and getting what struck me as kind of a vague answer. I also asked him where his office was, and getting a vaguer answer.

Senator MONTOYA. How come you were called to the White House?

Did you have any money to deliver for distribution to the candidates?

What brought this about?

Mr. HARRISON. I cannot tell you in fact why we were called. I did not do the calling.

I can guess that Mr. Colson and Mr. Gleason must have concluded that the dairy industry would be willing to make some contributions to Republican Senate candidates or Republican Senators seeking reelection, and that Mr. Colson wanted to get his very strong advice in as to whom it ought to be.

Senator MONTOYA. Was the money available already for contribution?

Mr. HARRISON. I do not know whether it was or not.

The way that these trust funds operated, and as far as I know still do operate, a dairy farmer signs an agreement that out of his milk check so much money per annum may be paid into the fund. And the sum is a figure under $100. The purpose of that was so the individual dairy farmer does not have to report the contribution.

On any given day, I would have no idea. I had no idea then, whether the fund was $100,000 or it was not. If it was not, presumably sooner or later this money would come in from the withholds on the check. One could audit the books as of that date to figure out——

Senator MONTOYA. We have some information on that, do we not?

Mr. WEITZ. Yes.

Senator MONTOYA. The point I wanted to develop with you, if you know, was Colson suggesting to you that you pass on this information and this state of mind for the specific candidates to be a contribution to that extent?

Mr. HARRISON. More than that, what he did was suggest to the clients who were physically present—I was just there, so to speak, as their lawyer to help keep them out of trouble. The beginning and end

of my contribution was to object affirmatively to two suggestions; one being yours, the other being Senator Mansfield's opponent. My reasoning was somewhat the same, it does not have much to do with law, but it is practical reasoning. In addition, he was majority leader.

Senator MONTOYA. Were those contributions made to the opponent?

Mr. HARRISON. The opponents of——

Senator MONTOYA. Senator Mansfield and myself.

Mr. HARRISON. I am sure they were not. The clients agreed on the spot that they would accept my advice. I do know it as a fact they accepted it. I hope they did.

I objected—mind you, these are not my words; this is my memory of my words. I said this does not make sense. We were all in one room. If the client wants to contribute $100,000 to Republican Senators, that is fine with me; there is no legal problem as long as they do it through TAPE, report it, do it the way they have always done it. There is no legal problem at all, except I do not want them contributing more than $5,000 to any one committee in any 1-year, because as I interpret the Federal Practices Act that was then effective, there is a prohibition against any sum in excess of that.

I might say not everybody agrees with me, but I always stuck with that view.

Anyway, I said, "As a pragmatic matter of practical politics, I see no point why you are leaving off Senator Hugh Scott and I do not know why you want money given to the opponents of Senator Mansfield and Senator Montoya." The clients agreed with me.

They finally came up with a list of 11 names, adding to it Hugh Scott, out of 11 names, which was 10 other people; minus your opponent and minus Senator Mansfield's opponent; plus Senator Hugh Scott.

That was the one and only discussion I ever had about specific sums of money for contributions to Senate candidates with an official of the Government. The official of the Government was Mr. Colson.

Senator MONTOYA. Did you in 1972 have a meeting with Mr. Colson at the White House?

Mr. HARRISON. 1972; no, sir.

Senator MONTOYA. Anyone else at the White House?

Mr. HARRISON. No.

Senator MONTOYA. With respect to political contributions or allocations of campaign funds?

Mr. HARRISON. No, sir.

I think I know what you are getting at. If I may, let me anticipate your question and just tell you.

On the subject of contributions for the 1972 race, the only meeting that I ever had at which Mr. Colson was present was a peculiar sort of a meeting. It was in November of 1970. But after the 1970 election, I was either in Oregon in connection with matters for a nondairy client, or if I was not in Oregon, I was here but was going to be in Oregon on the day that I was requested to schedule the meeting.

The word I got in the office, somebody in the client organization called and said Mr. Colson wanted to schedule a meeting and that it was very important, on such-and-such a date; would I be there.

As I say, I cannot remember whether I was in Oregon or Washington. At any rate, I could not be there on that date. I said, if you want me there, I cannot be there on that date.

What it was about, I never did find out until the meeting—what the subject matter of the meeting was to be.

In due course, the meeting came to pass. It was in November of 1970; it was in the Madison Hotel, in somebody's suite, I do not remember whose.

And as I arrived, Mr. Colson was leaving. He had his hat and coat on. He may have hung around 5 or 10 minutes with his hat and coat on. He did not stay very long.

Senator MONTOYA. Who was at that meeting?

Was Secretary Connally there?

Mr. HARRISON. I never met Mr. Connally.

For 5 or 10 minutes or less, Charles Colson was there; of course I was there; Pat Hillings was there; Harold Nelson; David Parr; Herbert Kalmbach; and a lawyer from New York who at that time was a partner, probably still is, in the Mudge law firm, the law firm from which the President and former Attorney General came.

Mr. WEITZ. Was that Tom Evans?

Mr. HARRISON. Yes.

There are two Tom Evans'; one from Delaware and one from New York. This is the New York Tom Evans.

The purpose of the meeting, I learned—and I actually learned it earlier that morning. Because I had never met Evans—Hillings had—I was a little unhappy about going into a meeting where there was some lawyer I had never met before, and I am taking clients in there. Why are we meeting? This is not the way things normally are done. And Hillings said, "Oh, he is a great guy, I have known him for years" and so forth.

As I recall we had breakfast that morning before the meeting.

Anyway, the purpose of the meeting was stated to be to set up mechanics whereby the dairy industry could contribute money to the Presidential campaign.

I guess I would be indulging in a little hyperbole if I said it was an ineffective meeting. But it was not effective because it struck me that was not very complicated. It still does not strike me as being very complicated as to how a trust fund which is a reporting body and which publicly discloses not only to the Clerk of the House, but to its Members what it is doing, how it contributes—that is, somebody gives us a name of the committee and the address and the name of a real live treasurer—who contributes not to exceed $5,000 to that committee per calendar year. And it seemed to me that there was no mechanical problem, legal problem as far as the client was concerned.

If there was a mechanical problem, the mechanical problem was on the part of the donees. They either had committees or they did not. They had their internal structure so organized that they could funnel money where they wanted to or they could not.

We spent what seemed to me, in terms of the time, an hour or so discussing what then, as now, does not seem to me to need much discussion.

It was left that Tom Evans, who was going to set up some committees and find what committees already existed, and then he would brush them by me for approval. Of course there was not really much approval for me to give or not to give.

Be that as it may, in due course over a period, presumably over a couple of years—these things were all kind of vague as to what the period of time was—anyhow, the contributions were to be made by these committees.

The long and short of it was, Tom Evans never set up any committees. I never heard about them; I never heard anything until 4 or 5 months later when Lee Nunn, who at that point had just left the Hill and come to the Finance Committee To Re-Elect the President, came up with a couple of listings of committees.

Mr. WEITZ. At that meeting?

Mr. HARRISON. I do not know what became of Tom Evans; nobody ever brushed them by me for my legal approval.

Mr. WEITZ. Were there specific amounts that were discussed or magnitudes of amounts that were discussed in terms of contributions to the President's reelection?

Mr. HARRISON. I do not think so, other than no committee, as to which my advice, if it were sought—and mind you, I could not anticipate the law was going to be changed so you could give more than $5,000; I had to take the law as it was, not as it might be—no committee on which my advice was sought was going to give more than $5,000 in 1 year.

Mr. WEITZ. How about the aggregate?

Mr. HARRISON. No aggregate sum was discussed.

Mr. WEITZ. Do you know the origin of the $2 million figure in the Hillings letter?

Mr. HARRISON. The only place I heard it, I cannot say as a fact that that is the place that Pat Hillings heard it or that he did not hear it someplace else; the only place I heard it was from David Parr, several times, in August, September, October—possibly earlier than August; let us say summer and fall of 1970. By several times, I mean two or three times.

Senator MONTOYA. Who is David Parr?

Mr. HARRISON. David Parr at that time was an employee of AMPI.

As a practical matter, insofar as I was concerned, he was more or less, if not the No. 2 employee, then the kind of right-hand man to the No. 1 employee.

Senator MONTOYA. When he spoke of $2 million, he spoke with a little authority, did he not?

Mr. HARRISON. Have you had him as a witness?

Senator MONTOYA. No.

Mr. HARRISON. He is capable of being a very expansive, very salesman-type of personality. I have heard him—as I said, the two or three conversations in which I heard him use that figure, I heard him use the figure of $1 million; I have heard him use "bigger than the Seafarers' Union"; I have heard him use "as big as the CIO."

I remember once he asked me, "How big is the CIO?" I said, "How in the world do I know how much they give or are going to give or are capable of giving. You will probably never find out, either, because they have different type of State committees and so on."

He told me somewhere—July, August, September, October, somewhere in that period of 1970—that he and Harold Nelson had had a meeting with Charles Colson.

I do not think he ever said when it was; obviously it was prior to the time that he was mentioning it; at which he had told them—you have to kind of understand his personality when he is saying this—he had told them that the dairy industry was going to make a show, was going to contribute a lot of money, was going to be a good friend of the President.

Probably—I do not mean Dave Parr and I were sitting here privately. These are things he would have said whether there had been 100 people. A couple of times I have heard him use the $2 million figure, a $1 million figure, the "bigger than" figures.

To answer your question, that is the place I heard the $2 million figure. Where Mr. Hillings heard it, I do not know. I would kind of guess he was in one of those meetings when he heard it from Mr. Parr.

Mr. WEITZ. You refer to the $2 million figure as one of Mr. Parr's expansive boasts or promises——

Mr. HARRISON. I would not call it a promise.

I do not know what he promised Mr. Colson. I was not there; he did not tell me if he promised him anything.

In the context of my being present, there was no promise. You could be kind and say it was a boast, but you could be kinder and say it was Dave Parr's manner of expression.

Mr. WEITZ. Why do you think, or why was that $2 million figure taken and put into the letter, which was not David Parr's letter, but a letter signed by Hillings from your firm?

Mr. HARRISON. The precise thought going on in his mind at that moment you would have to ask him. Maybe because it is the highest figure that he ever heard. It is the highest one I ever heard until I heard the President the other night on television mention $10 million.

Mr. WEITZ. This was a letter to the President, a letter that you said you reviewed at the time before it was sent.

Mr. HARRISON. I tell you——

Mr. WEITZ. What I want to find out is, besides Mr. Parr's comments, why it was taken over by members of your law firm; why a member of your law firm would represent it to the President?

Mr. HARRISON. You would have to ask Mr. Hillings.

I do not know to this day what he did with it. Mr. Horrock brought me a copy not too long ago, I subsequently asked Mr. Hillings what he did with it. He either does not remember or did not want to tell me.

Mr. WEITZ. Would you disagree with Mr. Hillings—if Mr. Hillings would make a characterization that you drafted the letter, would you disagree with that?

Mr. HARRISON. Yes. If it were phrased that sweepingly, yes.

Mr. WEITZ. This was essentially his work.

Do you know who was the intended recipient?

Was it intended that the President would receive the letter?

Mr. HARRISON. I do not know.

Let me tell you what the genesis of the letter was.

Long before our meeting, I guess the summer of 1970, the Department of Agriculture had recommended to the White House and the White House had recommended to the Tariff Commission certain studies concerning areas of imports.

As you probably know, the problems of imports, at least in my judgment, are the most difficult and the most distressing, the most ubiqui-

tous long-range problem affecting the dairy industry. Other things, including parity, in my opinion are quite secondary.

That is one man's opinion.

At any rate, in due course after the usual hearings—as I recall this was a section 22 of the Agricultural Marketing Act—after a series of hearings and studies, the Tariff Commission came up with recommendations concerning four areas of import quotas.

I think they are referred to in that letter, at least a couple of them are.

In the normal course of things, the action of the President, when the President—meaning the White House, meaning the people in it that handle these sorts of things—when they are a part of the chain which comes up with a recommendation—and the Agriculture Department goes to the White House, goes to the Tariff Commission, they have all these studies, all these hearings, many volumes of transcripts, expert testimony, then you have the recommendation. Normally you have some change, some dramatic change in the relevant portions of the economy.

You get a Presidential proclamation implementing the recommendations under section 22 of the Tariff Commission. Those sat around for months.

I was of the view, perhaps not with too many facts to base it on, so was Pat Hillings of the view that Chuck Colson could have moved it along had he been more disposed to do so.

I do not know whether I would go so far as to say that I was of the view he was holding it up. It did not seem to me that he was helping as in my opinion he should have, there being no change in the economy, there being no legal impediment, nothing legal having happended.

And as Pat first wrote that letter, it contained what I regarded as a very rough personal attack on Chuck Colson. I seriously questioned the wisdom of any kind of communication, much less one in that context, which makes a very obvious and very, very strong attack upon a third party, a party who is not the addressee of the letter; and at a time when we were really kind of uncertain what had gone wrong, to say nothing of the realistic aspect that it did not seem to me that Chuck Colson was about to go away. So, I was quite unhappy with that portion of the letter, and it got very materially toned down.

I do not know reading it now if you would know who Mr. Hillings was talking about or not. Believe me, you could the first draft. I forget whether it mentioned his name directly; it was obvious as the day was long.

I understood the purpose of the letter to be to try to get Mr. Colson off the dime, to use the vernacular. Or alternatively, if he could not be gotten off the dime, to try to get the liaison, such as it was, with the dairy industry assigned to somebody else.

I suppose I wondered how someone would read the paragraph of the $2 million. It was not my concern at the time.

Mr. WEITZ. Did you ever talk to Mr. Colson about this letter at the time?

Mr. HARRISON. No.

Senator MONTOYA. May I interrupt here?

We have a vote over in the Senate. Would you require my presence beyond this, or could you excuse me from being present?

Mr. HARRISON. I really want you here.

Senator MONTOYA. You want me to come back, then?

Mr. HARRISON. I realize it is a terrible inconvenience for your schedule.

Senator MONTOYA. I have some other matters to attend to. If you insist, I will come back.

Mr. HARRISON. Mind you, I insist, in a legal, not a personal sense of the word.

Senator MONTOYA. All right.

I have to go and vote, and I have to come back. If you want to continue while I am gone——

Mr. HARRISON. I will wait.

[A brief recess was held.]

Mr. WEITZ. Back on the record. I hope we can move with greater dispatch and perhaps try to keep both the questions and the answers strictly to the point if possible.

Do you know anything about the special project which is referred to in the Hillings letter? What that refers to?

Mr. HARRISON. I do not know specifically what that refers to.

Mr. WEITZ. Do you know of any special projects besides reported campaign contributions that AMPI or TAPE had agreed to make or in fact made at any time after this letter?

Mr. HARRISON. No; other than what I have read the last couple of months in the newspapers.

Mr. WEITZ. Do you know anything of any moneys that Mr. Colson was raising to certain committees that he had organized or had organized for him, for projects that did not involve, directly involve moneys to the reelection of certain candidates either in 1970 or 1972?

Mr. HARRISON. I know of one, but my source of information is totally hearsay; namely, Mr. Jon Sale, who was one of the assistants, special prosecutors.

Mr. WEITZ. Besides from what you have heard from either the prosecutor or what you have read in the paper, you know of nothing of any committees organized in behalf of Mr. Colson to receive contributions?

Mr. HARRISON. No.

Mr. WEITZ. On that point, did there not come a time in either August or September of 1971 when Mr. Colson requested a $5,000 contribution from the dairy people? Asked of you to obtain a $5,000 contribution from the dairy people?

Mr. HARRISON. Well, the precise way you phrased it does not lend to a "yes" answer.

If I can rephrase it slightly, the answer will be "yes." That is the one Mr. Sale told me about.

Yes, there came a time, sometime in 1971, about August, when Mr. Colson wanted to know if a dairy client, one of the trusts, would make a contribution to a committee, and he named the committee.

Mr. SCHOCHET. Which committee?

Mr. HARRISON. I do not know; it was one of those nameless ones.

Mr. SCHOCHET. Would you recall if you were refreshed?

Mr. HARRISON. I do not think I would.

Mr. SCHOCHET. People United for Good Government?

Mr. HARRISON. It could be; I am sure that it is one and the same committee I am going to testify to but I do not recall the precise name.

The committee had as its treasurer, had an address—had as its treasurer George D. Webster, a very prominent Washington lawyer.

Mr. Colson either asked if that could be added to the list of committees or asked whether it could be contributed to, whatever way he phrased it. The net result was the same as asking me if I would recommend to the client that they make a contribution to that committee.

So I said, "sure," and passed on the request to somebody in the client organization.

In due course, TAPE made a contribution of $5,000 to that committee. I remember it very, very distinctly because George Webster has one of those little converted townhouse offices on Jefferson Place NW. Our law firm had thought of buying a building and converting it; I had the idea that I would take the check over to him and have him show me his office, which he did.

Except for that, I would not remember so distinctly.

Mr. WEITZ. You delivered the check to Mr. Webster?

Mr. HARRISON. Personally, I did.

Mr. WEITZ. How did you receive the check?

Mr. HARRISON. Independently.

I do not remember. Mr. Sale of the prosecutor's office thinks he has it established that at the AMPI annual meeting in 1971, at which I was in attendance, along with 40,000 people and the President and everybody else, a great number of Senators and Congressmen, somebody handed it to me there.

Mr. WEITZ. You do not remember that?

Mr. HARRISON. I do not remember having it handed to me. It could have been handed me; someone could have brought it to the office; it could have been mailed to the office.

Mr. WEITZ. Do you know to what purpose the money was put?

Mr. HARRISON. I know what Mr. Sale told me.

Mr. WEITZ. Did you know other than that?

Mr. HARRISON. No.

I was pleased to get the name of a committee—I thought Mr. Colson was doing us a favor—which had a prominent lawyer as the treasurer and not some bank clerk at Union Trust.

I have nothing against bank clerks. I was very suspicious at the names of some of those committees that Mr. Lee Nunn had come up with, with bank clerks as treasurers. They were not organized as knowingly and thoroughly as they ought to have been.

Mr. WEITZ. We will get to those committees in a minute.

Did you talk to Mr. Webster about the purpose to which their money would be put?

Mr. HARRISON. No.

Mr. WEITZ. Did he indicate that he would organize any other committees for Mr. Colson, or had provided names of any committees to Mr. Colson?

Mr. HARRISON. No.

Mr. WEITZ. Is it likely, coming back to this letter from Mr. Hillings that AMPI would have been "funding a special project" without your knowledge?

Mr. HARRISON. Up until a couple of months ago, I would have said no. In view of some of the things I have read in the papers the last couple of months, I would say yes; I suppose anything is possible without my knowledge.

Mr. WEITZ. Did you ever talk to Mr. Hillings about such a project?

Mr. HARRISON. A special project?

Mr. WEITZ. Yes.

Mr. HARRISON. No.

I do not know what that word is referring to. He asked me and I had a discussion, after Mr. Horrock brought it to me, if I could remember what it was referring to when he referred to the special project, and I could not then; I cannot now.

I do remember that Mr. Colson, or Mr. Cashen, his deputy assistant, whatever he was, on a couple of occasions asked whether I would recommend contributions to defeated candidates. I was rather unhappy about that. I was a little concerned that this was going to become an ongoing operation, whereby the dairy trusts bailed out defeated candidates; that did not much appeal to me for several reasons.

Mr. WEITZ. To your knowledge, that had nothing to do with the special project?

Mr. HARRISON. I do not know whether it did or not.

I asked Pat; he could not remember anything on the day we discussed the letter on what the special project was. The only thing I could think of was maybe the special project was what we thought was going to be the ongoing series of bailing out defeated candidates, to which I was opposed.

I am not sure.

Mr. SCHOCHET. There is a letter here signed by you which you wrote on June 16, 1971; on the last part of the third paragraph——

Mr. WEITZ. Addressed to Mr. Harold Nelson.

Mr. SCHOCHET. Right.

I will read the third paragraph:

> Let's not wait for the other 75 names. If Bob Isham or someone would bring me these checks, each payable to the named committee, in the sum of $2,500, showing for your records the address (but not the name) of the chairman as the address for the committee, and showing nothing about the treasurer or the bank, I will deliver them and we will be started on our project.

What was this project?

Mr. HARRISON. The project in that letter—let me look at that letter.

Mr. WEITZ. Let's mark it as exhibit 3.

[Whereupon, the document referred to was marked Harrison exhibit No. 3 for identification.*]

Mr. HARRISON. I do not know whether it will make any difference in my recollection, but let me look at it anyway. [Pause.] Yes; these are the committees that Lee Nunn came up with, and he came up with them in several dribbles. He told me he was going to come up with 100. I guess eventually he may have come up with more than 100, but he came up with them in several dribbles. Those numbers probably refer to certain numbers of the committees and contributions were made, oh, perhaps not to all of them, but to most of them, oh $2,500 each.

Mr. WEITZ. So, when was this project prepared, organized, or begun?

Mr. HARRISON. This is the one that had its genesis the day I went to the somewhat futile or abortive meeting with Tom Evans and the others at the Madison Hotel, at which Chuck Colson was leaving about the time I was arriving.

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*See p. 6287.

Mr. WEITZ. You are saying the project referred to here, the 100 committees, of which the committee names represent a portion, was begun or at least contemplated back in November of 1970.

Mr. HARRISON. I did not hear any talk way back in 1970 about how many committees. The talk at that meeting in 1970 was that Tom Evans was going to produce some names and addresses of committees and people, chairman and treasurer. Some of them would be extant committees. Some of them may be new committees. I was going to approve them thereafter. The client was going to contribute to them.

Mr. WEITZ. I do not want to belabor this.

Mr. HARRISON. It kind of fell apart and then it came to life again, I am thinking in perhaps May or June of 1971, in other words, 8, 9 months later, not in the person of Tom Evans, whom I do not think I ever saw again, but rather in the person of Lee Nunn.

Mr. WEITZ. Without belaboring this, one further question.

The letter of Pat Hillings to the President refers both to setting up approval channels for the $2 million contribution and to funding of special projects.

Do I understand your testimony to be that the arrangements with Tom Evans for a contribution up to $2 million was the same project, so to speak, as was finally carried out sometime later through Lee Nunn in the 100 committees that were provided to the dairy people?

Mr. HARRISON. What I said, the genesis of it was at the meeting. It fell apart. Nothing happened. Tom Evans never came up with any committees. I never saw the man again.

Mr. WEITZ. The multiple committees later provided were separate from whatever this special project was, to the best of your knowledge.

Mr. HARRISON. I would say so.

As I read the letter, it seems like it is talking about two different things.

Mr. WEITZ. You don't know what special project——

Mr. HARRISON. When Pat asked me what the devil is special project, all I can think of at the moment, the thing, and all I can think of now is I was unhappy, what seemed to me to be the likelihood of the clients getting in the position of being a perpetual bail-out operation for defeated candidates. At that point, I think they had given to some defeated candidates.

Mr. WEITZ. I would like to turn your attention to the milk price support decision by the Secretary of Agriculture in 1971.

Could you tell me, in March of 1971, with whom you met at the White House in connection with that matter?

Mr. HARRISON. Well, there is the much heralded big meeting to which I took a dozen or so board of directors of these three co-ops.

Mr. WEITZ. With the President?

Mr. HARRISON. With the President.

Mr. WEITZ. Before that, could you tell us who at the White House you met with?

Mr. HARRISON. For certain, John Whitaker and certainly Cashen and Colson, or Cashen or Colson.

Mr. SCHOCHET. Did you also meet with Harry Dent?

Mr. HARRISON. I was asked that question in my deposition in the Nader lawsuit. As I recall, I had myself meeting with both Bob Finch and Harry Dent on the subject. Thereafter, Harry Dent called

Murray Chotiner and said, "We have never met on the subject." Harry never mentioned it to me, but he mentioned it to Murray. I started thinking about it, and I guess he is right. I guess we did not meet in 1971 on this or any other subject.

Mr. WEITZ. Your testimony would now be contrary to what you recalled at the time of your deposition?

You did not meet with Mr. Dent at that time on milk price supports.

Mr. HARRISON. My phraseology on the deposition was not correct. I said, "included among whom I might have met with were"—so he is still included among those I might have met with. I do not think I met with him. I think the only time was 1970.

Mr. WEITZ. Did you ever discuss with any of the persons at the White House the matter of political contributions by the dairy people in March of 1971?

Mr. HARRISON. No.

Mr. WEITZ. Do you know whether anyone on behalf of AMPI, your law firm or otherwise, discussed political contributions with representatives of the White House?

Mr. HARRISON. I do not know of anyone who did. I will answer that way, although I have read allegations in the paper recently that some of the clients, did, allegedly with Mr. Connally.

Mr. WEITZ. Were you at a meeting with—did you ever meet with Mr. Jacobsen in March of 1971?

Mr. HARRISON. No. I met him twice in my life.

Mr. WEITZ. You never met with Mr. Jacobsen in March of 1971?

Mr. HARRISON. I met him twice in my life, once in 1970 I discovered that he was also an attorney retained by AMPI and no one had ever mentioned that to me before. I did not know what he did. I guess I could be vain and say, on the legal sides of things, that which was done I did.

Be that as it may, I also learned that he was also a very charming fellow and he had just opened an office in Washington, across the street from the Madison Hotel. So one day when I was in the Madison I stopped in his office. He had not too long ago opened it. It did not look like it. It was not completely furnished.

Mr. WEITZ. This was not about a dairy support pricing.

Mr. HARRISON. It was a 2-minute meeting. I introduced myself to chat. The second time I met him, I was on my way to the grand jury the other day. A whole lot of attorneys were in the hall. They subpenaed every attorney that ever represented AMPI. I introduced myself.

Mr. WEITZ. In March of 1971, did you learn from whatever source of discussions involving representatives of the White House, which involved the matter of political contributions by the dairy people?

Mr. HARRISON. No.

Mr. WEITZ. When did you first learn—did you know at the time, for example, March 22, about a $10,000 contribution by TAPE to four Republican committees?

Mr. HARRISON. I do not know. They made so many contributions, let me tell you. First there was the $1,000 dinner. Invitations went out in January.

Mr. WEITZ. I am asking about the contributions on March 22.

Mr. HARRISON. I could never answer you whether I know as to what date I learned, if I learned at all, about a specific contribution from a specific trust fund.

Mr. WEITZ. Did they ask your advice or inform you of contributions they were making to let's say the National Republican Party or to representatives of the President in 1971?

Mr. HARRISON. I do not know of any contributions. You use that phrase over and over again. I did not know any then, I do not know any now.

I only know of some allegations in the paper recently.

Mr. WEITZ. Who did you take to be the ultimate recipient of the funds donated to the 100 or a portion of the 100 committees to which TAPE donated money in 1971?

Mr. HARRISON. The finance committee of the reelect committee.

Mr. WEITZ. You were aware of the fact that those committees were acting on behalf of or receiving funds on behalf of the President?

Mr. HARRISON. Sure. That does not make it representative of the President. It was the campaign, they were going to the campaign. That was the name of the game in these political contributions, contributing to the campaign.

Mr. WEITZ. In March of 1971, were you aware of contributions to Republican committees, national Republican committees by TAPE and/or the other dairy co-ops that we mentioned?

Mr. HARRISON. In March of 1971 there was a $1,000 dinner. The dairy people bought five or six or more tables. There were great numbers of people there. They invited my wife and me to go. We went. That is how I know there were great numbers there. It was a $1,000 dinner. A great many of tickets, 50, 60, 80, something.

Mr. WEITZ. By the dairy co-ops.

Mr. HARRISON. By the dairy co-ops. Great numbers of dairy people showed up at that dinner. I was aware of that; yes.

Mr. WEITZ. Before or after the contributions were made?

Mr. HARRISON. I got my invitation to the thing before, during, or after, depending.

Mr. WEITZ. Your advice was never asked in regard to those contributions?

Mr. HARRISON. With regard to going to the dinner?

Mr. WEITZ. No. with regard to the purchase of 70 or 80 tickets to the dinner, a contribution of $70,000 or $80,000.

Mr. HARRISON. My advice as to what?

Be specific.

Mr. WEITZ. As to what amount should be given in what form.

Mr. HARRISON. The form was a check to half a dozen or 8 or 10 of the dinner committees that were running the dinner. I do not understand your question.

I was in favor of them going to the dinner. I went. I ate. I had a good time. I thought it was a good idea. I do not understand the question.

Mr. WEITZ. Did they ever ask your advice as to how many tickets should be bought, what size of a contribution they should make?

Mr. HARRISON. Aggregate sum?

Mr. WEITZ. Yes.

Mr. HARRISON. No.

Mr. SCHOCHET. In other words, the check that you are talking about, was it dated March 22 from TAPE to the dinner committees, to the several dinner committees?

Were there several checks on March 22?

What was the transaction?

Mr. HARRISON. I am not speaking about any particular checks. Evidently Mr. Weitz is.

I cannot distinguish one check from another 2½, 3 years later.

Mr. SCHOCHET. Do you know 3 years later that TAPE had given an aggregate of approximatley $10,000 to dinner committees?

Mr. HARRISON. What was the date of the dinner?

Mr. SCHOCHET. I do not know.

Mr. WEITZ. Do you recall?

Mr. HARRISON. No. Whatever the date of the dinner was, on or before the date of the dinner, that the trust funds—I cannot tell you which trust funds—the trust funds were buying five, six, or some such numbers of tables. I knew that, yes. As a matter of fact, I had gone down to Lee Nunn, who was in charge of the dinner. He had not gone to work for the finance committee yet, and told him it looked like it was going to be five or six. At one point I hesitated, and then I cut it back a couple of tables. I was not sure how many they were going to buy or how many bodies were going to show up.

Mr. WEITZ. Did you ever talk to Colson about the contributions they were making, the tickets they were buying?

Mr. HARRISON. About the dinner?

Mr. WEITZ. Yes.

Mr. HARRISON. No.

Mr. SCHOCHET. The dinner occurred before the March 23d meeting with the President.

Mr. HARRISON. Yes. I do not know the date.

Mr. SCHOCHET. It did occur beforehand. You knew before that meeting that the money had been given, tickets had been bought.

Mr. HARRISON. Yes. Not only that, I was there.

Mr. WEITZ. Did there come a time when you sent names of committees to any of the co-ops for them for their political contributions to the President?

Mr. HARRISON. Certainly the very committees we were testifying about, Lee Nunn came up with the names of the committees, which I am estimating were 100 or more.

Mr. WEITZ. Did you have anything to do with sending out names for the committees to receive contributions for the dinner we are talking about in March of 1971?

Mr. HARRISON. Yes. I got them from Lee Nunn.

Mr. WEITZ. Did you arrange—were you also the one who forwarded or informed Mr. Nunn of the total amounts that would be given, the total number of tickets that would be purchased?

Mr. HARRISON. Yes. I think I said I had to revise it a couple of times. It changed a couple of times as to how many bodies, if you will, actually were going to occupy the tables.

I did not want him, for example, reserving six tables, then there were only five tables worth of people. Worse yet, the other alternative.

Mr. WEITZ. When is your best recollection that you forwarded the names of the 100 committees to the various clients?

Mr. HARRISON. I have no best recollection as to when it was.

Mr. WEITZ. Would it have been soon after the dinner?

Mr. HARRISON. I have no best recollection as to whether it was before, during, or after the dinner. It was about that period of time.

Mr. WEITZ. That you sent the names of the 100 committtees?

Mr. HARRISON. The 100 committees.

Mr. WEITZ. I am talking about the 100 committees.

Mr. HARRISON. The 100 committees, that would have been several months after that.

You are talking about two different things, the dinner committees——

Mr. WEITZ. With regard to the 100 committees, within several months after the dinner, you said.

What about these lists of committee names? Have you ever seen that list before?

If so, could you identify it for us?

Mr. HARRISON. I definitely have seen a list of the names of these committees because, as I tried to make clear, Lee Nunn gave them to me and I forwarded it on to the client. Whether I have seen this particular piece of paper or the original of this in this order, I cannot tell you.

Mr. WEITZ. Let me ask you this: The memo to which this is attached, which is from Jane Wright, from the desk of Jane Wright. She has typed on it from Marion Harrison, dated April 1, 1971.

Does that refresh your recollection as to the time period in which you would have forwarded the names of the 100 committees to the dairy people?

Mr. HARRISON. No; not really. I would have still have thought it was May or June. Logically, I would have to say yes, it refreshes my recollection, it was April 1. The fact of the matter is, it does not.

Mr. WEITZ. Do you recall whether some of the names of the original number of committees had to be changed or reconstituted before the final list went out?

Mr. HARRISON. I remember I objected to half a dozen, maybe 2 dozen of them because I thought the names were misleading. I saw nothing wrong as a matter of law or as a matter of politics to a meaningless name, but as a matter of law, I saw trouble with a misleading name.

Mr. WEITZ. With regard to that, however, this is a letter which you addressed to Mr. Robert Isham, trustee for TAPE in 1971?

Mr. HARRISON. Yes.

Mr. WEITZ. Is it not true that that is an opinion letter in which you stated that the letters are regular and are legal and may receive contributions for the President's reelection?

Mr. HARRISON. I think under the best evidence rule, it speaks for itself. I do not think I would disagree with your characterization of it.

Mr. WEITZ. We are turning to exhibit No. 3 which you have identified. The last paragraph reads as follows—the letter from you to Mr. Nelson, dated June 16, forwarding the list of the 25 committee names:

> The fact this all took so long and is yet incomplete frustrates me, believe me, even more than it frustratees you. Sometimes it is difficult to honor a commitment!

Can you tell us what commitment you were talking about?

Mr. HARRISON. Yes. Lee Nunn said he was going to produce, or I guess he did produce 100, and it turned out to be a little over 100 names. The dairy clients had made it clear, I thought, insistently clear that if they got names of committees, bona fide committees, over a period of time they would make contributions to those committees.

Somehow, beginning with the meeting in November of 1970, the Evans-Kalmbach-Colson meeting at the Madison Hotel, the ability, if I may be uncharitable, of the donees to produce names of committees with addresses and treasurers and whatnot seemed unduly limited.

Mr. WEITZ. Did you ever talk to Mr. Colson about this commitment in 1971?

Mr. HARRISON. No.

Mr. WEITZ. Do you know whether anyone, on behalf of AMPI, discussed this matter with Mr. Colson?

Mr. HARRISON. Not to my knowledge, other than the conversation I alluded to before the Senator had to go vote; namely, Dave Parr's saying on a couple of occasions that he and Harold Nelson had had a conversation. That could not have been later than late summer or fall of 1970, it might have been earlier than that, with Chuck Colson which he, Dave Parr, had said, and then you have the several different versions at different times of what David Parr had said.

The long and short of it is, if I do what a witness should never do, is volunteer, the dairy clients intended to make contributions over a period of time to the reelection of the President. You can call it a commitment, an understanding or a statement of intention. You can call it anything you want. They intended to do it.

Mr. WEITZ. Was that ever communicated to any representative of the White House?

Mr. HARRISON. I would suppose it was, but I do not know it as a fact.

Mr. WEITZ. Do you know whether it was ever told to Mr. Colson, for example?

Mr. HARRISON. Remember that he was leaving the meeting at the Madison as I was arriving.

Mr. WEITZ. I was talking about subsequent.

Mr. HARRISON. 1971, back in 1970, I think it was.

Mr. WEITZ. Do you know whether the matter of political contributions or this commitment or intention was ever discussed with any representatives in relation to the milk support?

Mr. HARRISON. Not to my knowledge.

Mr. WEITZ. No one ever told you about any conversation?

Mr. HARRISON. No.

Mr. WEITZ. Do you know whether there ever took place any meetings with the representatives of the dairy with John Connally in 1971?

Mr. HARRISON. I subsequently read about them in the newspaper.

Mr. WEITZ. Has anyone ever talked to you, other than what you read in the newspaper?

Mr. HARRISON. No.

Mr. WEITZ. Do you know of any additional commitments of money above and beyond this $2 million?

Mr. HARRISON. You are jumping beyond my testimony. I know of no commitment of $2 million. All I know of was a conversation—I must

say Harold Nelson has never said word one about it, but Dave Parr on several occasions did, a conversation between the two of them in 1970 and which Dave Parr said that what he was going to do, the dairy industry was going to do A, B, C, D, whatever version Dave Parr was enunciating at that time.

Mr. WEITZ. Did you ever meet with Bob Lilly or ever present at a meeting with Bob Lilly in March of 1971?

Mr. HARRISON. No.

Mr. WEITZ. Do you know Bob Lilly?

Mr. HARRISON. Yes

Mr. WEITZ. Did you ever discuss this matter with Mr. Lilly, the dairy price support increase question?

Mr. HARRISON. No.

Mr. WEITZ. Did you ever discuss political contributions with Mr. Lilly?

Mr. HARRISON. I probably did.

Mr. WEITZ. To the President's reelection.

Mr. HARRISON. No. Vis-a-vis some Congressmen and Senators.

Mr. WEITZ. In the context of contributions to the Committee To Re-Elect the President.

Mr. HARRISON. Bob Lilly has very extensive knowledge as to the workings and financial needs of Congressmen and Senators from the Southwest, and parts of—South and parts of the Midwest.

Mr. WEITZ. You never discussed political contributions in the context of the Presidential campaign in 1972?

Mr. HARRISON. No.

Senator MONTOYA. I will have to go and vote.

[A brief recess was taken.]

Mr. WEITZ. To clear the record, when you met with Mr. Whitaker in March of 1971 and Mr. Colson and/or Mr. Cashen, did you discuss with them the milk price support question?

Mr. HARRISON. Yes.

Mr. WEITZ. Did you discuss with them at the same time anything to do with political contributions by the dairy people?

Mr. HARRISON. No.

Mr. SCHOCHET. At any time in March of 1971?

Mr. HARRISON. No; politics in the sense that you have an industry which literally is 100 percent in favor of keeping parity at 85 percent, and you have it strewn all over the country. Every State in the Union has some, even Rhode Island.

Mr. WEITZ. But not political contributions?

Mr. HARRISON. No; I do not know whether John Whitaker knew that any contributions had been made or not.

Mr. WEITZ. That is my next question. Do you know whether anybody, the President or anyone at the White House, was aware of any contributions that had been made on the 22d?

Mr. HARRISON. No; I do not know.

Mr. WEITZ. You were never told or aware of any discussion that anyone else—I mean, of the dairy people—had about contributions, any of those people or anyone else representing the President or the President himself?

Mr. HARRISON. That is a fair statement, yes.

Mr. WEITZ. Did you meet with Mr. Lilly concerning milk price supports for the 1971–72 year at any time other than March 1971?

Mr. HARRISON. No; I never had any discussion with Mr. Lilly about milk price supports at all.

Mr. WEITZ. Were he and you ever present in the same room at the same meeting, whether you were conversing with him or not, March of 1971 or at any other time, where discussions of political contributions took place?

Mr. HARRISON. It is possible, if it were a meeting of people from the client organization and he is one of them. That is possible. As far as having been in the same meeting with anybody from the Government, no.

Mr. WEITZ. Talking about the possibility of him being present in a meeting with you as the representative of the client, is it possible that a meeting took place in March of 1971?

Mr. HARRISON. Not March of 1971. Somewhere in 1970, 1971, there might have been a meeting where contributions were discussed with client people. He may have been there. I have no recollection of his having been there. He could have been.

Mr. WEITZ. You were never at any meeting, February, March, April, of 1971 at which, with representatives of the client, client people, in which commitments, as requested by Mr. Connally, were discussed, commitments of contributions?

Mr. HARRISON. No; not only that, I think I can say, even though it is a rash statement, I do not believe I ever heard the name Connally in connection with anything during this period.

Mr. WEITZ. Did you meet with Mr. Jacobsen during this period?

Mr. HARRISON. I met him twice in my life, the other day and way back in 1970.

Mr. WEITZ. Besides meeting with the gentlemen, were you ever present or ever become aware, other than what you read in the paper, of any discussions which Mr. Jacobsen had with Mr. Connally or members of the—or the client of contributions to the President as a result of a meeting with Mr. Connally?

That is kind of convoluted.

Mr. HARRISON. I get your point.

Sometime in 1972, somebody told me that one or more of these trust funds had contributed to the Democrats for Nixon, or Democrats to reelect the President, whatever it was, the Connally operation. To that extent the answer to the question is "Yes."

Mr. WEITZ. Do you know who that person was?

Mr. HARRISON. No; it was somebody from one of these co-ops.

Mr. WEITZ. Did that contribution have anything to do with the milk price support decision in 1971 to your knowledge?

Mr. HARRISON. No.

Mr. WEITZ. With regard to the contributions made by the political trust funds in 1971 to the multiple committees, the 100 committees——

Mr. HARRISON. Yes.

Mr. WEITZ. Who provided the names of the committees to the trust funds?

Mr. HARRISON. Within the client organization?

Mr. WEITZ. To the client.

Mr. HARRISON. I sent them the names I got from Nunn.

Mr. WEITZ. Did you send them to all three of the trust funds or just representatives of AMPI?

Mr. HARRISON. I rather think that I just sent the list on to Harold Nelson, general manager of AMPI. I do not want to say—I think—I do not believe I sent them to the leadership in Mid-Am and DI. I might have, or if I did, I sent them with a transmittal letter with carbons, the whole works.

Mr. WEITZ. Was Mr. Chotiner involved at all?

Mr. HARRISON. In doing what?

Mr. WEITZ. In sending names of committees or helping to organize or assist in the contributions?

Mr. HARRISON. After the fact he was, to this extent. I went to Europe. I delivered a paper at the American Bar Association meeting in London. I took my wife and children and stayed in Europe quite a while, about 6 weeks. Before I left, I advised the girls in the office that if anything came up concerning the dairy clients, be it legal or be it anything pertaining to contributions, that he should handle it. And just before I left, as I recall, there was some discussion about some more contributions that had been made or mailed or were going to be mailed or something, and I specifically wanted him to be sure, if we ended up getting them, that they got delivered to Lee Nunn.

Mr. WEITZ. Do you know Gary Hanman?

Mr. HARRISON. Yes.

Mr. WEITZ. What is his position?

What was his position in 1971?

Mr. HARRISON. Approximately what it is now. He is the senior employee of Mid-America.

Mr. WEITZ. Was it your understanding that Mr. Chotiner may have actually sent the names of committees to the other two co-ops, or may have received contributions from them as part of the contributions to the 100 committees?

Mr. HARRISON. As I recall, he did. There was some discussion about this in the deposition that I have rather forgotten at the moment. But as I recall, the client sent some checks to our office—something to do about the checks—while I was gone.

Mr. WEITZ. Did your office or you receive the checks made out to the 100 committees made out of the trust?

Mr. HARRISON. It was an erratic proposition. Sometimes somebody in the form of an employee of one of the co-ops, being in Washington anyway—they are in and out all the time—would bring a check or checks and leave it in our office. We are on the fifth floor. Lee Nunn and the finance operation was on the second floor. Just so somebody—it would usually be the receptionist, my secretary, or me—would take the check downstairs and leave it, either get a receipt or remind them that we want receipts because we report all of these contributions. That is to say, the trusts report them. Sometimes they would mail them in to us, and then sometimes they would contribute them directly. I was aware of no particular pattern.

Mr. WEITZ. Did you ever deliver any of those checks to Robert Bennett?

Mr. HARRISON. I never met Robert Bennett.

Mr. WEITZ. All the checks that your firm received were received by the finance committee on the second floor at 1701?

Mr. HARRISON. To the 100 give-or-take committees, yes, if you count the Colson recommended Webster committee as not being one of the 100. In other words, I took that check over to George Webster.

Mr. WEITZ. Were there any other moneys—in connection with the moneys that you delivered to Mr. Webster, were there any other contributions that Mr. Colson ever asked of you, asked of the dairy people through you, other than this one $5,000 contribution?

Mr. HARRISON. Oh, yes. The two I referred to a while ago, in what I feared would be a commencement of a syndrome of contributions to assist in paying off debts of defeated candidates.

Mr. WEITZ. Other than that, in connection with the 1970 campaign, other than those two requests, were there any other requests in 1971 and 1972 that Mr. Colson made of you for contributions, either in cash or check, for either the President, the reelection of the President, or any other special committees that he had organized?

Mr. HARRISON. No.

Mr. SCHOCHET. Do you not think it was unusual for him to come to you in the circumstances and ask for you to get a check, to get this money together, if he had never done it before?

Mr. HARRISON. What check? What money?

Senator MONTOYA. The $5,000.

Mr. HARRISON. George Webster's committee?

Mr. SCHOCHET. Yes. Was that not unusual?

Mr. HARRISON. I did not think it was unusual.

Mr. SCHOCHET. Why not?

Mr. HARRISON. Why would I think it unusual?

He gave me a name of another committee. The client was in the process of contributing to committees. It was more or less an ongoing source of contributions to committees, and he produced the name of a committee with a respectable lawyer's address for the committee and asked if we would also contribute to that one.

Mr. SCHOCHET. He had not done that before, had he?

Mr. HARRISON. Other than the two previous times.

Mr. WEITZ. Wasn't it natural that the other contributions to the 100 committees, give or take, were in the amounts of $2,500 each?

Mr. HARRISON. I think it is. I could not swear to it.

Mr. WEITZ. Did you not think it unusual that this request was for $5,000 rather than for $2,500?

Mr. HARRISON. I am not sure it was for $5,000.

Mr. WEITZ. If it were for $5,000.

You do not recall the amount?

Mr. HARRISON. No. Jon Sale and I discussed that very point. He was quite interested in trying to find out, if Mr. Colson gave me the name of another committee and ask if we would add it to the list of committees or ask if we would contribute to it. However he may have phrased it, or did he ask for $5,000 for that committee.

I cannot remember whether he asked for $5,000, or whether I recommended $5,000, or someone in the client organization decided on $5,000. If it were an odd figure, it would solve it. If the figure had been $47 I would know that he would have had to ask for that figure, because my approach worked in terms of $2,500 and $5,000.

Mr. SCHOCHET. Could it have been $2,000?

Mr. HARRISON. I would have recalled it if he had asked for $2,000. My approach was $2,500 and $5,000. This was very simple. I warned them several times of the risk of contributing more than $5,000 in one calendar year to one committee. The way you can avoid that is don't ever contribute to a committee other than $2,500 or $5,000. That

is one contribution, and one case, too, and you are not going to get mixed up.

Mr. WEITZ. Do you know why, in fact, they chose $2,500, if in fact, they did contribute $2,500 to each of the more or less 100 committees, rather than $5,000?

Mr. HARRISON. For a fact, no. With 100 committees, my God.

Mr. WEITZ. Were there other arrangements providing for $2,500 per committee in 1971 or later?

Mr. HARRISON. No arrangement.

Mr. WEITZ. Was there any understanding or discussion of that possibility?

Mr. HARRISON. Not that I participated in.

Mr. WEITZ. Did you ever hear of such a discussion?

Mr. HARRISON. No.

Mr. WEITZ. To your knowledge there was no such discussion or proposal or arrangement?

Mr. HARRISON. To my knowledge that is right.

Mr. WEITZ. No one has ever told you of any such arrangement?

Mr. HARRISON. No, I never heard other than the Parr conversations of which I have alluded to probably too many times of any aggregate figure or any specific period of time.

Mr. WEITZ. Did there come a time in late 1971 when you discussed the possibility of delaying contributions to these 100 committees or to other committees provided by the Republicans with Mr. Sloan—Hugh Sloan?

Mr. HARRISON. No.

Mr. WEITZ. Herb Kalmbach?

Mr. HARRISON. No, I had no discussions with Herb Kalmbach at all, other than the Evans-Kalmbach-Colson meeting at the Madison.

Mr. WEITZ. In 1970?

Mr. HARRISON. In 1970. Prior to that, this business of $110,000 to the 11 Senators, other than going to lunch with him once.

Mr. WEITZ. Did you discuss the question of delaying these contributions to the committees in 1971 or 1972 with Lee Nunn?

Mr. HARRISON. Not that I can recall.

You must be trying to get at something. Can you give me something to refresh my recollection, whether it be a reason why I would have discussed delaying with him or with anybody?

Mr. WEITZ. Let me ask you this, Was there ever any discussion, either by you with a client or by you with representatives of the reelection effort as to whether additional contributions other than those that were actually made by TAPE and the other two trusts in 1971, about delaying those contributions either until 1972, prior to April 7, or to delaying them after April 7?

Mr. HARRISON. No discussion about April 7 at all in which I participated.

Mr. WEITZ. Was there any discussion about the timing of subsequent contributions, a discussion in general terms of delaying, holding off, or postponing? Anything of that nature?

Mr. HARRISON. To this limited extent, yes. I cannot say to a certainty that it was ever articulated in so many words, but I got the impression in late 1971 that the management of AMPI was not as enthusiastic with the Nixon administration at that time as it had been

at an earlier time. I know of no conscious effort either to turn on or turn off contributions. The public position as well as the private position at any time I was present continued to be that the three dairy trusts were supporting the reelection of the President.

Mr. WEITZ. There was never any discussion that either you were aware of or participated in, in which the actual timing or amounts of further contributions were discussed, subsequent to those that were actually made through the summer and early fall of 1971?

Mr. HARRISON. I had some discussions with George Mehren when he took over in 1972 about whether they were or were not.

Mr. WEITZ. Where did those discussions take place?

Mr. HARRISON. Where?

Mr. WEITZ. Yes.

Mr. HARRISON. I do not recall. Either on the telephone, his office, my office.

Mr. WEITZ. Do you recall flying out to San Antonio in late January 1972, and meeting with him?

Mr. HARRISON. Yes. Right after the change in command—the revolution, one might term it—within Associated Milk Producers, Inc.

Mr. WEITZ. When you met with him, what did you discuss with him in relation to contributions to the President's reelection effort?

Mr. HARRISON. As I recall, he was not very enthusiastic about making more contributions. In the first place, he did not have and still does not have as much influence in the organization as his predecessors had, as I read it. Be that as it may, I got the impression he was not as enthusiastic as his predecessors had been about making contributions.

Mr. WEITZ. Did he indicate that in fact he would recommend contributions to honor any previous commitments?

Mr. HARRISON. No. I do not think any previous commitment was discussed.

Mr. WEITZ. Did he ask you whether a previous commitment had been made to the Republicans?

Mr. HARRISON. Yes.

Mr. WEITZ. What did you tell him?

Mr. HARRISON. I told him about the Dave Parr conversation. He knows Dave Parr far better than I do. They worked together from various vantage points for years and years, so it was not necessary for me to educate him on Mr. Parr's personality. Anyhow, I discussed the fact that Dave Parr had referred to the meeting of Colson, what we discussed earlier here today. Depending upon one's interpretation of it, the intent was either $1 million or $2 million, or the intent was to equal or exceed other major contributors in order to get the dairy industry on the map.

I cannot remember for sure. We probably discussed the extent to which others might know of that. I think we probably both concluded great numbers of people would have been told.

Mr. WEITZ. Including representatives of the reelection effort for the President?

Mr. HARRISON. I do not think we have any way of knowing whether Dave Parr had specifically told them. I do not; I am not even sure whether he knows any of them.

Mr. WEITZ. Herb Kalmbach?

Mr. HARRISON. He is a talker.

Mr. WEITZ. He had met with Herb Kalmbach and Charles Colson for two.

Mr. HARRISON. Of course, for all I know he could have met with either of those at times I do not know about.

Mr. WEITZ. After this meeting—did Dr. Mehren at this time with you in January of 1972 indicate as to what he intended to do as far as contributions to the President's reelection?

Mr. HARRISON. No, if it was not at that meeting down in San Antonio. I spent the night with him and his wife. We had discussions, you know, over a scotch at his house all evening on all manners of subjects, including the rather impressive cellar in their home.

Mr. WEITZ. With regard to contributions?

Mr. HARRISON. Somewhere along the line, or in a subsequent conversation, he might have expressed some concern as to the wisdom or lack of wisdom in making more contributions. In other words, was it helping or hurting the dairy industry.

Mr. WEITZ. Did you make a recommendation to him?

Mr. HARRISON. I do not think I made a recommendation.

Mr. WEITZ. Did you offer your own opinion?

Mr. HARRISON. I offered my opinion, yes.

Mr. WEITZ. What was the opinion you offered to him?

Mr. HARRISON. My opinion was, I would go on and make a few more. I am not sure just how many or for what time sequence, and, of course, a lot would depend on who the Democratic nominee was going to be and what it looked like the Democratic nominee if successful might do or not do for the dairy industry, and the extent to which it looked like the Democrats would win. In other words, the practical consideration.

Mr. WEITZ. Did there come a time after this meeting with Dr. Mehren when you learned that, in fact, they intended or would be giving—they meaning TAPE—would be making no further contributions to the President's reelection?

Mr. HARRISON. No, I do not think so. George Mehren was ambivalent on it for a while. Somewhere along the line in 1972, a good bit later in 1972, he told me that Herbert Kalmbach had suggested to him that they not give any more, which rather surprised me because that was not the Herb Kalmbach I had heard about and read about, and it further surprised me because I was wondering what he was doing talking to Herb Kalmbach. But I let it pass.

Mr. WEITZ. Did you ever communicate what you learned to anyone in the finance committee or its predecessor?

Mr. HARRISON. Not that precisely. I probably had a few quick discussions with Lee Nunn on the overall dairy situation. He is a farmer from Kentucky.

Mr. WEITZ. When would these have been?

What time period in 1972?

Mr. HARRISON. I cannot tell you. There were probably two or three of them. Spring, summer, I cannot be sure.

Mr. WEITZ. Would they have been prior to April 7, do you recall?

Mr. HARRISON. I cannot recall, but April 7 would have had no significance one way or the other as far as I'm concerned. There is nothing involving the dairy industry on April 7.

Mr. WEITZ. There is with that particular campaign.

Mr. HARRISON. It makes no difference to these trusts. They report the contributions publicly. The only difference is, under the old law you had to have, if you're going to get $10,000 and you're going to give it in 1972, you had to have two committees. Under the new law, one committee is all you need.

Mr. WEITZ. Did you ever tell Lee Nunn or Hugh Sloan—did you tell Mr. Nunn in any of these conversations whether or not you related the exact content of your discussion with Dr. Mehren that TAPE would not be making any further contributions to the reelection effort?

Mr. HARRISON. No. I never knew that as a fact.

Mr. WEITZ. You never communicated that to Hugh Sloan either?

Mr. HARRISON. I communicated nothing to Hugh Sloan. Hugh Sloan had a desk in a cubbyhole next to Lee Nunn's, and Bill Dobrovir showed me what he, Sloan, said in his deposition. I would say he slightly exaggerated the number of conversations we had.

Mr. SCHOCHET. Are you referring to Mr. Sloan's statement that you were disturbed that the committees were not available to reserve contributions on the deadline which was indicated to you?

Mr. HARRISON. There was not any deadline.

Yes, that statement is inaccurate. I was not concerned about any deadline. There wasn't any deadline we were talking about back in 1971, not in 1972.

Mr. WEITZ. I just have a few more questions.

Do you know who else in the White House was aware, in 1971, besides perhaps Mr. Colson, of contributions that were contemplated or were in fact made by the dairy trusts to the President's reelection?

Mr. HARRISON. No, nor do I know as a fact that Mr. Colson was aware. I was rather surmising that he was. I do not know it as a fact.

Mr. WEITZ. Do you know a Mr. Baroody, Joe Baroody?

Mr. HARRISON. There are several Baroody brothers. There is one of them that used to be some kind of an assistant to Melvin Laird when Melvin Laird was at the Pentagon, and now is assistant to him at the White House. I met him 1 day at the White House 3 or 4 or 5 months ago.

Mr. WEITZ. Do you know a Baroody who, I believe, is in private business in Washington, the consulting business in the name of the firm of Wagner and Baroody?

Mr. HARRISON. I do not think I know that one. Conceivably, I could have met him at a cocktail party. I do not even think I have done that.

Mr. WEITZ. Do you have any questions?

Mr. SCHOCHET. I have a few questions.

The March 23 meeting of the President, at that meeting——

Senator MONTOYA. May I go into something else?

Mr. SCHOCHET. Yes.

Senator MONTOYA. Did you hear about a meeting which was held at the Madison Hotel between Jacobsen and Connally and some of your people in March, on or about March 21 or 22, 1972?

Mr. HARRISON. No, sir.

Senator MONTOYA. Did you hear of any meeting at which Connally was present with respect to campaign contributions, with respect to the dairy industry?

Mr. HARRISON. No, sir. I never heard other than reading it in the newspaper of any of these people having a meeting at any time with

Mr. Connally. Mind you, I'm not suggesting they did not. I never heard about it.

Senator MONTOYA. All right.

Mr. SCHOCHET. On the March 23 meeting with the President in which you were present and executives from AMPI and your other clients were present, and Secretary Hardin and Under Secretary Campbell were present, did Secretary Hardin indicate at that meeting that they were still opposed to changing the price support level, or indicate something to that effect, that they were still questioning, they still stood on their decision?

What was their viewpoint expressed at that meeting?

Mr. HARRISON. You have two questions there. The answer to the first question is yes, they both indicated that they were still opposed to keeping parity at 85 percent, which would have involved raising it from $4.66 to $4.96 a hundredweight. As to the degree of expression, I don't know if you know these two gentlemen at all. They are different sorts of personalities. Secretary Hardin is a professional type, bright, scholarly, well-informed. I would sum it up in one sentence by saying he made a statement which on balance was in favor of $4.66, but which acknowledged arguments on both sides, as somewhat of an academician's statement.

I would say Mr. Campbell, who is an absolutely delightful and charming fellow and a different personality, former commissioner of agriculture for the State of Georgia. He's used to being out talking to farmers, presenting issues on stumps. He made a stronger presentation in support of $4.66.

Mr. SCHOCHET. Were there any discussions of campaign contributions or a quid pro quo type of relationship at all?

Any indications?

Mr. HARRISON. No, no discussion of politics at all. I rather thought, considering the fact that these groups represented some substantial voters around the country, that somebody sooner or later would say something about politics. But nobody did.

Mr. SCHOCHET. Did Mr. Nelson tell the President that his group was the most aggressive political organization in agriculture?

Mr. HARRISON. I do not think the word "political" in any part of the speech was used at all. It could have been. I was not taking notes.

Mr. SCHOCHET. Something to that effect was being said by Mr. Nelson?

Mr. HARRISON. I kind of doubt it. The picture that he was painting was that the dairy co-ops had come to life and were growing rapidly and expanding rapidly and doing great things for the farmers, and I think that was in the context of the President's concern, the President obviously having been well briefed, if I may say so, on the question of overproduction, because individual farmers cannot effectively control production. If it were going to be controlled at all, apart from any antitrust law implications, it has to be controlled by the mass processes of large co-ops or co-ops working together.

Mr. SCHOCHET. Did you see any notes that Mr. Nelson took at that meeting?

Did he show you any or mention to you that he had taken any notes at that meeting?

Mr. HARRISON. No, he did not show me any and he did not mention that he was taking any or had taken any.

Mr. SCHOCHET. That afternoon the President met with Mr. Ehrlichman and Secretary Hardin.

Did Secretary Hardin or anyone else tell you what went on during that meeting?

Mr. HARRISON. No. In fact, I did not learn about the meeting until long thereafter.

Mr. WEITZ. Mr. Sanders.

Mr. SANDERS. Do you know of any facts that would prove or tend to prove that the March 25, 1971, decision to raise the support level for milk was based on any promise, agreement, understanding, or commitment that the dairy trusts or any of their affiliates would provide funds to a certain level for the reelection of President Nixon?

Mr. HARRISON. I know of no such fact. I hear a lot of allegations, including cartoons; but I do not know of any facts.

Mr. SANDERS. Did you have any reason to think that TAPE would contribute to each of the 100 committees, the names of which you provided to them?

Mr. HARRISON. Oh, no. In fact, if I had any thoughts on the matter, I would rather doubt that it would, because that would be $250,000 in 1 year from one trust. I am not sure I had any particular thoughts on the matter.

Mr. SANDERS. That is all I have, Alan. Since I was out of the room for a few minutes, I do want to cover that meeting again with Evans. Maybe you can brief me on that afterward.

Mr. WEITZ. Or you can just read the record. We are fairly complete on that.

Mr. SANDERS. That's all I have.

Mr. SCHOCHET. I have one further question.

On April 5, 1971, the ADEPT Committee contributed $45,000 to several committees. Were these funds borrowed from TAPE?

Mr. HARRISON. I do not know. Somebody—I believe it was Mr. Dobrovir—told me they were. Thereafter I inquired—somebody in the client organization or one of the client organizations—there appeared to be some kind of debating back and forth. I do not know. I did not know at the time. I do not know now.

Mr. SCHOCHET. All right. That is all I have.

Mr. WEITZ. You say it was not your understanding that TAPE would contribute $2,500 in 1971 to each of the 100 committees?

Mr. HARRISON. No.

Mr. WEITZ. Was it your understanding that the three trusts taken together in the aggregate would contribute $2,500 to each of the 100 committees; the 100 committees would be used by the three trusts taken together?

Mr. HARRISON. It was never spelled out. I guess maybe I probably had the notion that they would. I got no direct, clear impression from anybody.

Mr. WEITZ. I have here a letter dated August 9 from David Parr to Gary Hanman, Mid-America Dairymen, "Dear Gary, please mail checks for each committee number in the amount of $2,500 each to Reeves and Harrison, attention Murray Chotiner." And I believe there are 12 committees.

Looking at these names of committees, do you recall whether those committees were to be provided by Mr. Chotiner to Mid-America?

Mr. HARRISON. I don't need to look at it. I do not remember one name of a committee from another name of a committee. They are rather meaningless, euphemistic-type names.

Mr. WEITZ. Were you aware at the same time 12 committee names were sent out to Dairymen, Inc., for contributions from SPACE?

Mr. HARRISON. No. What one co-op was going to do in relation to another, or whether there was to be any relationship is a matter about which I have no knowledge, and the ultimate results rather grew like topsy rather than by mutual planning.

Mr. WEITZ. You say you had knowledge about what they would do. Did you have knowledge of any advice that was given to them either by you or anyone else, or direction, or suggestion as to how they should do what they were being requested to do in terms of coordinating the contributions to the reelection effort?

Mr. HARRISON. The only advice I gave, "Don't give more than $5,000."

Mr. WEITZ. Why did Mr. Chotiner send them?

Mr. HARRISON. I was in Europe at that time.

Mr. WEITZ. Did you give any instructions to that effect?

Mr. HARRISON. Yes. I testified earlier. I thought some more contributions might come in, and they might come in to us.

Mr. WEITZ. In advance of that, what about the list of names being sent out?

Mr. HARRISON. I already told you. I sent out the names that I got from them, and minus some names to which I objected because several of the names were totally misleading. I may have sent those out, too, with a notation on them that I opposed these, and I'm going to see if they will forget about them.

Mr. WEITZ. You have no knowledge of the division of the committees between the three trusts?

Mr. HARRISON. No, and still do not. I suppose I could go to the Clerk of the House and figure it out, which one reported which, which I have not done.

Mr. WEITZ. Do you know, or were you ever told how that division was ever made?

Mr. HARRISON. No.

Mr. WEITZ. Do you know whether it was made from Mr. Parr or Mr. Nelson?

Mr. HARRISON. I have no idea.

Mr. WEITZ. To your knowledge all of the committee names were sent to representatives of AMPI?

Mr. HARRISON. You asked that question before. I will give the same answer—"No"—as I did then. My recollection is that I sent the names to the management of AMPI. I may also have sent them to the other two managements, or I may have sent carbons to the other two.

Mr. WEITZ. Do you have any further questions, Senator?

Senator MONTOYA. No.

Mr. WEITZ. I have no further questions.

Senator MONTOYA. That terminates the hearing.

[Whereupon, at 5:55 p.m., the hearing in the above-entitled matter adjourned.]

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HARRISON EXHIBIT NO. 1

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November 2, 1970

Mr. Harold S. Nelson
General Manager
Associated Milk Producers, Inc.
GPM Building, 4th Floor
San Antonio, Texas 78216

Re: TAPE - Contributions

Dear Harold:

The enclosed article appeared in the WASHINGTON POST on Saturday, October 31. I am dictating this letter Saturday afternoon so truthfully I can say nobody has called me to complain about the article. However, I have little doubt that sooner or later I will get complaints. Fortunately most political types are out of town and will not see the October 31 issue of the POST.

You have not solicited my opinion concerning all the activities of TAPE but in the spirit of attempting to be of some value to AMPI, let me offer some comments which I hope will be helpful.

1. Publicity in general is undesirable. If a newshound gets on Mr. Isham's back or on the back of somebody else knowledgeable, some publicity is unavoidable. However, the less said, the better. A statement like the last one in the article - the very last paragraph - is realistic to the sophisticated but does not look good in print.

2. The contributions to the two incumbents mentioned in the penultimate paragraph strike me as unwise because I believe the general practice of hedging a bet is unwise. Maybe one reason I always louse up on the stock market is because I do not understand the basic principle that there are two ways to sell and make a profit - either long or short, depending upon whether the market is going up or down. Nevertheless, in politics, I think the safer thing to do is determine in one particular race which of the two

candidates for various reasons is the preferred and then contribute only to that one candidate. It may be that the wiser decision will be to contribute to the candidate more likely to lose but at any rate to contribute to both just undermines the value of both contributions if the fact of hedging gets known to the wrong people. In particular, I am afraid the contribution on one side of the fence in Indiana will cause some trouble even if that gentleman is reelected. There are some considerations with regard to that which we can discuss some time when we are together.

3. The biggest problem of all I see stemming from this article is disclosure of the fact - which I certainly did not know - that there was a sizable contribution to Page's opponent. No single person was of more help to us concerning certain events last March than Page. It is possible that the decision that was made would have been made without his help. We never can know. However, he was a great help and never once when I asked him to do something in connection with that matter did he fail to do it. He also spoke on one occasion directly and personally to the President. I really don't think that conversation was what effected the final outcome but it was marvelous offensive running for us. Page is getting old and he might just be very upset if ever he learns about a hedging contribution.

4. It seems to me a contribution to a candidate who is unopposed inherently is risky. Anybody who knows anything about the practicalities of politics knows that an incumbent must get out newsletters and otherwise spend money for which there is no federal appropriation. Every time my own Congressman sends out a newsletter - and he has to send out two or three each year - it costs him in excess of $3,000.00. Unfortunately he always is very vigorously opposed. Even if he weren't, he would need to send out the newsletters and would need some contributions. However, it is hard as the devil to explain to people unsophisticated in matters political why it is that a fellow who is unopposed needs a campaign contribution. Consequently, it would be my strong recommendation that TAPE and our other like organizations contribute only to candidates who are opposed and let sources which can contribute in cash and without the risk of publicity do the contributing to those candidates who are unopposed.

We all are going to be meeting here on November 19, if not sooner. May I suggest at that time, or sooner, we get together and discuss this whole subject of who gets what con-

tribution. Pat and I probably should know who has gotten what in case somebody jumps us. We also want to know what our strategy will be if Page jumps us. We must remember, allowing for some difference in age, he has been a very good friend of mine and of Pat's for 19 years. During all those years, I have never asked him to do anything for me or for a client, until Pat and I were retained by AMPI. Since then, to the limit of his ability, he has done what I have asked.

There is much more we could discuss on this general subject but it would not be the best to try to do it by correspondence.

Sincerely,

MARION EDWYN HARRISON

cc: Mr. David L. Parr

Enclosure
MEH:ek

HARRISON EXHIBIT NO. 2

LAW OFFICES
REEVES & HARRISON
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1701 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006
TELEPHONE 202 298-9030
TELEX 440376 CRDK
CABLE "REEVLAW"

MARION EDWYN HARRISON
ERNEST GENE REEVES
ROBERT F. SAGLE
MYRON SOLTER
JUDY R. POTTER

OF COUNSEL
PATRICK J. HILLINGS
WM. MONTGOMERY SMITH

December 16, 1970

The Honorable Richard Nixon
The White House
Washington, D. C.

Re: §22 Tariff Commission (Milk) Recommendations
Presidential Proclamation

Dear Mr. President:

This letter discusses a matter of some delicacy and of significant political impact.

Since January 1 my Washington partner Marion Harrison (one of your 1968 Virginia Co-Chairmen) and I have represented Associated Milk Producers, Inc. ("AMPI"). At the White House in September you privately met AMPI's two key leaders, Harold Nelson and Dave Parr. You spoke by telephone from the beach at San Clemente to Secretary Hardin and to Harold Nelson during AMPI's annual convention in Chicago Labor Day weekend. You told Harold of your intent personally to address AMPI's next annual convention (a gathering of almost 30,000 dairy farmers and their families).

AMPI has followed our advice explicitly and will do so in the future. AMPI contributed about $135,000.00 to Republican candidates in the 1970 election. We are now working with Tom Evans and Herb Kalmbach in setting up appropriate channels for AMPI to contribute $2 million for your re-election. AMPI also is funding a special project.

On September 21 the Tariff Commission recommended to you, after it did a study you requested in May, four specific quotas for four specific dairy products. These recommendations are well documented and by now are well known in the dairy and related industries. No Presidential Proclamation has been issued.

The problem is this. The dairy industry cannot understand why these recommendations were not implemented

very quickly. The longest the Democrats ever took to implement a Tariff Commission dairy recommendation was 16 days. On one occasion, President Johnson even imposed quotas before he received the Tariff Commission's recommendations!

The overall parity ratio is at its lowest since December 1933. Farmers generally are unhappy with the economy. You know our farmbelt losses in the election.

The Government saves money (by saving price support payments) and the farmer makes money when the recommended quotas are imposed. The products are all "evasion" products - that is, products which historically were not imported but which started to be imported only after quotas were imposed on other products.

The dairy and related industries have great faith in your personal leadership. At the same time, they are shaken by the economy. The right kind of Proclamation issued quickly would dramatize your personal interest in a large segment of agriculture.

This problem is bogged down within the White House. It is a victim of the bureaucracy - the Trade Bill people, the National Security Council people, the domestic people. It has been studied and restudied. It is not moving.

We write you both as advocates and as supporters. The time is ripe politically and economically to impose the recommended quotas. Secretary Hardin, the Tariff Commission and the dairy industry all support this. All that is necessary is a simple Proclamation implementing the four specific Tariff Commission recommendations.

(We attach a more detailed Memorandum. The subject is quite interesting if you have time for it.)

Respectfully,

PATRICK J. HILLINGS

PJH:ek

Enclosure

HARRISON EXHIBIT NO. 3

LAW OFFICES
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MYRON SOLTER
JUDY R. POTTER

OF COUNSEL
MURRAY M. CHOTINER
PATRICK J. HILLINGS

June 16, 1971

Harold S. Nelson, Esq.
General Manager
Associated Milk Producers, Inc.
GPM Building, Fourth Floor
San Antonio, Texas 78216

Re: Contributions

Dear Harold:

We enclose a list showing 25 committees, each with a chairman and a treasurer. As to each, the address of the committee is the address of the chairman.

Twenty-three of the 25 committees are from the list I already gave you. In sequence, beginning with unnumbered page one, the committees as they correspond to that list are ##15, 17, 18, 21, 22, 24, 25, 27, 30, 31, 32, 33, the Citizens for More Effective Community Involvement (not on the list), Americans Dedicated to Support Democracy (also not on the list), 1, 2, 5, 8, 9, 10, 11, 12, 13, 14 and 16.

Let's not wait for the other 75 names. If Bob Isham or somebody would bring me these checks, each payable to the named committee in the sum of $2,500.00 showing for your records the address (but not the name) of the chairman as the address for the committee, and showing nothing about the treasurer or the bank, I would deliver them and we would be started on our project.

The fact all this took so long and is yet incomplete frustrates me, believe me, even more than it frustrates you. Sometimes it is difficult to honor a commitment!

Sincerely,

MARION EDWYN HARRISON

MEH:ek

RECEIVED JUN 21 1971

491

Americans Dedicated to Better Public Administrati

Chairman: Robert [illegible]
1000 Connecticut Avenue, N.W.
Washington, D.C.

Treasurer: Vera Iden
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

492

Association of Americans for Good Government:

Chairman: Leonard J. Bonner
1420 New York Avenue
Washington, D.C. 20005

Treasurer: Rosemary Hutchinson
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

493

League for Concerted Action:

Chairman: Maurice S. Williams
2104 Orchard Place
Landover, Maryland 20795

Treasurer: J. D. Bowersock
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

494

League of Dedicated Voters:

Chairman: Mrs. Inga Tarr
2148 Georgian Woods Place
Silver Spring, Maryland

Treasurer: Kenneth A. Williams
Union Trust Building
Washington, D.C.

495

Association of Political Volunteers:

Chairman: Harold Smith
1420 New York Avenue
Washington, D.C. 20005

Treasurer: August Zinsser
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Organization of Community Volunteers: 496

Chairman: Mrs. Fredric Tower
8033 Herb Farm Drive
Bethesda, Maryland 20030

Treasurer: Paul M. Carden
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Americans Dedicated to Greater Public Awareness: 497

Chairman: John M. Quick
10134 Little Pond Drive
Gaithersburg, Maryland 20760

Treasurer: Wilbur Biggs
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Americans United for Better Federal Administration: 498

Chairman: Mrs. John M. Quick
10134 Little Pond Drive
Gaithersburg, Maryland 20760

Treasurer: Richard Barrett
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

Association for Sensible Disarmament: 499

Chairman: Katheryn Beck
6609 Hillendale Road
Chevy Chase, Maryland 20015

Treasurer: James Shank
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Organization of Moderate Americans: 500

Chairman: Mr. John Packard
1840 14th Street, N.W.
Washington, D.C.

Treasurer: Stephen D. Kozma
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Americans Organized for Political Stability:
Chairman: W. Carter Bowles
10100 Bentcross Drive
Potomac, Maryland 20854

Treasurer: Gordon Silcox
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Association of Neighborhood Volunteers:
Chairman: Maston M. Jacks
1451 Aldenham Lane
Reston, Virginia 22070

Treasurer: Jackson Ritchie
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Citizens for More Effective Community Involvement:
Chairman: John L. Kilcullen
1250 Connecticut Avenue, NW
Washington, D.C.

Treasurer: J. G. Addison
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Americans Dedicated to Support of Democracy:
Chairman: Jerome Powell
1250 Connecticut Avenue
Washington, D.C.

Treasurer: Susan Kuhn
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Organization of Dedicated Americans:
Chairman: David L. [illegible]
1420 New [illegible] Avenue
Washingto[illegible].C.

Treasurer: Harriet Ann Pals
Union Trust Building
15th and H Streets, NW
Washington, D.C.

League of Involved Citizens:
Chairman: Jordan S. Himelfarb
1420 New York Avenue
Washington, D.C.

Treasurer: Clifford C. Caslow
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Committee for a Better Nation:
Chairman: Sampson P. Holland
1809 Varnum Street, N.W.
Washington, D.C.

Treasurer: Brainard H. Warner III
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Citizens for Sound Policies at Home and Abroad:
Chairman: Harold Loure
Woodward Building
Washington, D.C.

Treasurer: Beedy T. Ritchie
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Americans United for Sensible Agricultural Policy:
Chairman: Calvin D. Johnson
2121 Wisconsin Avenue, NW
Washington, D.C. 20007

Treasurer: Mildred J. Warner
Union Trust Building
15th and H Streets, NW
Washington, D.C.

Citizens for a Better Environment: 510

Chairman: Edward [illegible] Feggans
2504 South Dakota Avenue, N.E.
Washington, D.C.

Treasurer: James M. Haynes, Jr.
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

Americans for Sound Ecological Policy: 511

Chairman: Walter C. Barber
1000 Connecticut Avenue, N.W.
Washington, D.C.

Treasurer: Thomas L. Anglin
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

Committee for Better Government: 512

Chairman: Peter R. Taylor
108 Mimosa Lane
Silver Spring, Maryland 20904

Treasurer: James M. Johnston, III
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

Association of Political Activists: 513

Chairman: Charles G. Botsford
1730 M Street, N.W.
Washington, D.C. 20036

Treasurer: Irma M. Orpin
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

Americans Dedicated to Peace: 514

Chairman: Rose M. Botsford
1730 M Street, N.W.
Washington, D.C.

Treasurer: Julian Gillespie
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

Americans United for Better Leader[illegible]: 515

Chairman: Ozra Y. Feggans
128 Kennedy Stre[illegible] N.W.
Washington, D.C. 20011

Treasurer: John W. Maxwell
Union Trust Building
15th and H Streets, N.W.
Washington, D.C.

TUESDAY, DECEMBER 11, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to notice, at 1:30 p.m., in room G–334, Dirksen Senate Office Building.

Present: Senator Joseph M. Montoya.

Also present: Alan Weitz, assistant majority counsel; Bob Costa, investigator.

Senator MONTOYA. I will swear you in.

Will you state your full name for the record, first?

Mr. TOWNSEND. Tom Townsend.

Senator MONTOYA. Raise your right hand.

Do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TOWNSEND. I do.

Mr. WEITZ. OK, we will proceed.

Senator MONTOYA. OK, good luck.

TESTIMONY OF TOM TOWNSEND, ACCOMPANIED BY M. RANDALL VANET, COUNSEL

Mr. VANET. Prior to any interrogation, I want to make for the record, a formal request or demand that this be a public hearing pursuant to title 2, section 190a–1(b) of the United States Code, and I understand it is not going to be and he is going to be testifying irrespective of whether it is public or nonpublic. I want to make for the record, a formal demand that it be public.

Also for the record, so I don't forget, I want to make a formal demand pursuant to rules of the Senate Select Committee on Presidential Campaign Activities, under which this interrogation is conducted, that the witness be provided a transcript of his testimony today prior to any divulgence of it formally on the record, to give him an opportunity to read it and see if there are in fact any errors to be corrected, and he will promptly read it, make corrections, if any are necessary, and return it with his approval.

Mr. WEITZ. Counsel, let me just say I appreciate those requests. With regard to the first request, that has been made a number of times before and it is being tested in litigation, though I think the outcome is fairly certain. For the record, it should be noted that the exceptions, Senators have ruled a number of times with regard to exceptions in the statute which you cited. Both for matters which may be deemed by the committee to be confidential and which may reflect adversely on either the witness or some third party, for both of those reasons the committee has decided in every case either informal or executive ses-

sion, their testimony will be taken prior to decision whether someone will be asked to testify in public, and that will be followed here, although, of course, your objection should be noted for the record.

With regard to your second request, the rules provide, before any executive session testimony is put on the record, the witness is given an opportunity to review his testimony.

Mr. VANET. I would like to ask you, since you raised the reasons, why it is not a public session; obviously, that decision has been made prior to his interrogation; and what are the third persons or parties who are endangered by his testimony?

Mr. WEITZ. I think it will come out; it may vary from witness to witness. In general, when we're investigating possible criminal activities on the part of corporations or various individuals or entities, even the nature of the questioning may raise an implication or a possibility of impropriety on the part of some third person, and while in this case it is not yet known until the witness testifies as to who exactly may be subject to it, I think this very same investigation in the areas covered has been ruled on because of the sensitive nature and the implications they do cast on both Associated Milk Producers and current and past employees.

Mr. VANET. Is that a full explanation?

Mr. WEITZ. I am not a member of the committee, but the reasons that have been stated with regard to this as well as other executive sessions is that—that is consistent with the statute that there is a possibility in this type of sensitive area where criminal activities have either been shown or indicated, that such matters may come up in any executive session that may tend to indicate criminal activity on the part of third persons, that is really the problem, and we have a fairly ample record of such activities, at least so far on the part of some persons or entities, and in order to protect them and others who may be involved, however tangentially, in those matters, we're trying to keep the investigation in executive session until such time as we decide who and under what proper circumstances it should be made public.

Now, if we may proceed, we should have done this at the outset, will counsel identify himself, counsel for the witness?

Mr. VANET. M. Randall Vanet, Kansas City, Mo., attorney for Mr. Townsend.

Mr. WEITZ. And Mr. Townsend, for the record, will you state your full address and telephone?

Mr. TOWNSEND. 2135 South Rosebrier Place, Springfield, Mo. 65804. Telephone number is [redacted].

Mr. WEITZ. Mr. Townsend, I take it you are appearing today pursuant to a subpena served on you by the committee?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. And in response to that subpoena have you any documents in your possession that you wish to produce at this time?

Mr. TOWNSEND. Yes, I do.

Mr. WEITZ. Off the record for a moment.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

The witness has produced the following category of documents which we will not formally mark at this point but only describe for the record and then as documents which are relevant, come up, we can mark them for the record.

No. 1 is his calendars for the years 1970, 1971, and 1972.

The second category is several documents indicating minor expenditures and other financial transactions between Mr. Townsend and AMPI plus a sheet indicating his employee contributions to ADEPT for the year 1972.

No. 3 is a large group of technical documents relating to import quotas and milk price supports for the years 1969, or perhaps even earlier, through 1972.

Mr. TOWNSEND. I think it is 1967 through 1973. That is everything I had in my file.

Mr. WEITZ. All right, and finally a document entitled "The Goals of Organized Milk Producers," a statement by the Associated Dairymen, dated May 1969.

Mr. Townsend, could you tell us what your employment has been since 1967, and I am speaking in terms of MPI and then AMPI?

Mr. TOWNSEND. In MPI, which started in the fall of 1967, I was assistant division manager of the Kansas division of MPI. Up until about the beginning of 1970, I guess, and for a period starting in about 1970, I started as assistant regional manager of the southern region of AMPI. Then from that period until February of 1972, approximately, I was special assistant to the general manager of AMPI.

Mr. WEITZ. Mr. Nelson.

Mr. TOWNSEND. Mr. Nelson.

Mr. WEITZ. And in that position you were located in San Antonio, Tex.?

Mr. TOWNSEND. In that position I was located in Little Rock, Ark.

Mr. WEITZ. Although your title was special assistant to the general manager, did you, as a practical matter, report or work primarily with Mr. Parr?

Mr. TOWNSEND. Primarily with Mr. Parr.

Mr. WEITZ. All right.

Mr. TOWNSEND. Some things I would do specifically for Mr. Nelson, but primarily for Mr. Parr.

Mr. WEITZ. And in 1972, did you leave the employ of AMPI?

Mr. TOWNSEND. Yes, I did.

Mr. WEITZ. And did you then take on your current employment?

Mr. TOWNSEND. No, for a period of 2 months I was a consultant on my own and I believe I was hired by Mid-America Dairymen, I believe it was April 17, 1972.

Mr. WEITZ. And that is your current employment?

Mr. TOWNSEND. That is my current employment. I am currently the director of special projects.

Mr. WEITZ. I see. What type of responsibilities did you have, let's say, for AMPI?

Mr. TOWNSEND. Well, generally I functioned as an agricultural economist, probably the single largest responsibility I had was in the area of national milk production, national sales, imports and exports. Generally I felt that I was in charge of the development of price support papers that were used in Washington with the Department of Agriculture and congressional people, the same would be true with imports and exports also. Then I also did some organizational work for AMPI and MPI. I worked with the base plan quite a bit. I worked with establishing price relationships between various markets in the MPI area but that is clear back in 1960.

Mr. WEITZ. We ought to limit ourselves to about 1967 and thereafter, the area particularly relevant to 1969 and forward.

Who did you work with in developing these economic data and these agricultural papers?

Mr. TOWNSEND. Within the organization I worked with Lynn Elrod, Joe Murphy, let's see——

Mr. WEITZ. Did you work with Mr. Kieffer Howard?

Mr. TOWNSEND. Not very much in terms of these papers, no. We had a group that we called the Dairy Marketing Advisory Committee which is a group of professors from land grant colleges and institutions, we used them to a considerable degree in the development of these price support papers. They were—some of them were Dr. J. Robert Strain of Iowa State University, Dr. U. Cook of the University of Wisconsin, Dr. Steve Whitted of the University of Missouri, Dr. Paul Kelly, Kansas State University.

Mr. WEITZ. Were there any people in the other co-ops that you particularly worked closely with in developing common papers or papers for Associated Dairymen?

Mr. TOWNSEND. Yes, I might mention Dr. Leo Blakely of the Oklahoma State University, Dr. Emerson Bab of Purdue University, and sometimes Dr. W. H. Alexander of Louisiana State University. In addition to that we worked with some people of Mid-America Dairymen, primarily Gary Hanman.

Mr. WEITZ. Hanman?

Mr. TOWNSEND. Yes, Hanman.

Dr. Lonie Spurgion, Sam McCroskey, Walt Wosje and sometimes Lyn Stahlbaum, also helping in the development of these papers at least for two of these years was W. DeVier Pearson. I think that is most of the people that worked on it.

Mr. WEITZ. I would like to turn your attention to the questions of import quotas in late 1970. I take it from the documents you produced for us, you worked on that matter.

Mr. TOWNSEND. Yes, I did.

Mr. WEITZ. You prepared certain papers and so forth. Did you have anything to do with the preparation of this memorandum which ultimately was typed which you produced for us, addressed to the Special Counsel of the President, dated October 16, 1970, from Marion Harrison. Is this either your work or based on data which you would have prepared?

Mr. TOWNSEND. I didn't write this. Mr. Harrison, I would assume, wrote it. It is based on information that I provided to Mr. Harrison.

Mr. WEITZ. Did you work with Harrison on that?

Mr. TOWNSEND. Yes, I did.

Mr. WEITZ. Did you work with anyone else in his law office?

Mr. TOWNSEND. Not that I can recall.

Mr. WEITZ. All right. Now, let's mark this, as I have identified it, as exhibit 1.

[The document referred to was marked as Townsend exhibit No. 1, for identification.*]

Mr. WEITZ. In the upper left-hand corner, it says to: Galbraith, Chotiner, Colson. Do you know who Mr. Galbraith is?

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*See p. 6328.

Mr. TOWNSEND. Yes; I believe he was Deputy Under Secretary, U.S. Department of Agriculture at that time.

Mr. WEITZ. And Mr. Chotiner, what was his position at that time?

Mr. TOWNSEND. I believe he was special counsel to the President.

Mr. WEITZ. And Mr. Colson?

Mr. TOWNSEND. He was on the White House staff. I do not know what his position was at the time.

Mr. WEITZ. Do you know if each of the gentlemen received copies of this memorandum, exhibit No. 1?

Mr. TOWNSEND. No.

Mr. WEITZ. Did you ever hear whether Mr. Harrison or anyone else discussed talking to these gentlemen about the import question?

Mr. TOWNSEND. I am not sure that I can say that, you know, that he did talk to them. It is my impression that the people that are listed there did receive it.

Mr. WEITZ. Did I receive copies of the memo?

Mr. TOWNSEND. I just don't—I can't remember any specific comment from Mr. Harrison saying that they did in fact receive them.

Mr. WEITZ. All right. Now, I will mark as exhibit No. 2 and show you a memorandum for identification from Tom Townsend to Harold Nelson, to Dave Parr, dated October 19, 1970.

Mr. TOWNSEND. Was this your copy?

Mr. WEITZ. No, it is not.

[The document referred to was marked Townsend exhibit No. 2 for identification.*]

Mr. WEITZ. Is this a memorandum from you?

Mr. TOWNSEND. Yes: it is.

Mr. WEITZ. Have you seen it before?

Mr. TOWNSEND. Yes: I have.

Mr. WEITZ. Now, the first paragraph says: "Attached are the memo and working papers which are currently being circulated to Mr. Galbraith, Deputy Assistant Secretary, USDA, Mr. Chotiner, Mr. Colson and two assistants to Mr. Colson, Mr. George Bell and Mr. Henry Cashen." Then you go on to describe a visit that you had with Mr. Harrison and Mr. Galbraith.

Does that refresh your recollection as to either this memorandum or other similar documents being circulated to Mr. Chotiner on the import quota question?

You say that was your impression, did you in fact know or was it represented to you that that or similar documents were being given to Mr. Chotiner?

Mr. TOWNSEND. I guess I believe that they were because—I just don't have any absolute proof.

Mr. WEITZ. I understand that.

Mr. TOWNSEND. To the best of my knowledge.

Mr. WEITZ. You didn't give them the documents?

Mr. TOWNSEND. No.

Mr. WEITZ. It was your understanding that they were to receive the documents?

Mr. TOWNSEND. That is right.

*See p. 6331.

Mr. WEITZ. Who told you, who would have given the documents to him, who would have been going to the White House, was it Mr. Harrison who was in touch with these people?

Mr. TOWNSEND. It would have been through Mr. Harrison.

Mr. WEITZ. All right. Did you ever discuss with Mr. Harrison the position or the role being played by any of these gentlemen, let's say, Mr. Colson?

Mr. VANET. You know, I hope to be very unintrusive in this hearing, this is such a general question, if you are relating it to specifically the import quota question and this particular line of questioning, the question is just so general I am not sure what you are really asking.

Mr. WEITZ. All right. Let me see if I can rephrase it.

With regard to the import quota question and in connection with distributing these and similar documents to Mr. Colson and Mr. Chotiner, was it explained to you for what purpose they were to receive these documents, whether they were advising the President or assisting Mr. Harrison or the dairy industry in their effort to obtain a change in import quotas or do you know what they were being asked to do and for what purpose they were receiving these documents?

Mr. TOWNSEND. The dairy industry, the purpose of the document as far as I was concerned was to try to get something moving in terms of the whole area of dairy imports. The dairy imports are extremely vital to the price that dairy farmers received and I was working for dairy farmers and essentially every billion pounds of milk equivalent that came into this country in terms of dairy imports had a very negative effect on the price that dairy farmers received. And gosh, I was sure hopeful that contacting Mr. Harrison and Mr. Harrison's contacting the other people would result in stopping the evasion, just flat evasion of the import laws of this country. It seemed to me that it kind of relates to a story that, and I want to mention this guy's name, he was one of the professors I worked closely with, Dr. Calvin Berry, University of Arkansas, the whole question of dairy imports I think was fairly broad, that the Johnson administration and the Nixon administration had both expressed a desire to have dairy imports around 1 billion pounds milk equivalent and anything other than that was, as far as I was concerned, a violation of those policies.

Mr. WEITZ. What role, to repeat my question, what function or for what purpose were you approaching or was Mr. Harrison approaching Mr. Chotiner and Mr. Colson?

Mr. TOWNSEND. I was hopeful it would be to get something moving. One of the—as I recall, one of the problems that we had in this administration was that who in the world should we contact in terms of the White House if there was something that needed to be moved in relation to agriculture?

Mr. WEITZ. And who was that?

Mr. TOWNSEND. I don't recall.

Mr. WEITZ. Who was it to your understanding, who were those persons, or persons in the White House?

Mr. TOWNSEND. That was the problem, to my knowledge there was no one assigned specifically to agricultural matters within the White House. It was a real problem as far as I was concerned; toward the end of the Johnson daministration, W. DeVier Pearson was the man that seemingly dealt with agricultural matters in the White House.

I just don't think there was anyone assigned specifically to agricultural problems in the White House.

During this period of time there may be someone now that I don't know about, but we wanted to get something moving. Dr. Berry related a story on dairy imports, I think it is entirely appropriate. He said you have the rules and regulations and you are not supposed to bring into this country any more than that and then they change the composition of the product and bring it in in evasion of existing quotas established and then you have a Tariff Commission hearing, they then take into account and the only way they issue new licenses for imports is to take the historical level of imports by various countries and so they bring in a product which is not under the Tariff Commission schedules as being under a quota, as an evasion of that quota, and then they turn right around and allocate a new quota for this evasion product based on the amount the importers brought into this country. It is very similar and very frustrating. It was just like I came over to your house and stole 30 chickens every night for a month. Then at the end of 30 days you caught me. As a result of your catching me, what we would agree to is that I would only be able to steal 10 chickens a night from then on. That is essentially the way that our import quotas work.

Mr. WEITZ. Ultimately what was—was action taken on the Tariff Commission recommendations?

Mr. TOWNSEND. Yes.

Mr. WEITZ. Did it meet the requests made by AMPI and the other dairy farmers?

Mr. TOWNSEND. No, it was far in excess of what we wanted. As I recall it was far in excess of what the Tariff Commission had recommended be established for these products. This particular one that we were talking about here related to ice cream and animal feeds and I believe low fat cheese and chocolate to the best of my recollection.

Also there was a study that had been done by the Ways and Means Committee called a section 322, I believe it was.

Mr. WEITZ. All right.

Mr. TOWNSEND. Section 332, excuse me, request to investigate over 47 cents cheese and lactose and I believe two of the other products that were covered in the Tariff Commission investigation. I am not sure which ones they were.

Mr. WEITZ. Let's go off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record. Were you aware during the November-December period of 1970 of any discussions, meetings or other communications that related to possible contributions to President Nixon's reelection effort by TAPE and other dairy organizations?

Mr. TOWNSEND. You are talking—late December?

Mr. WEITZ. Late December 1970. November-December 1970.

Mr. TOWNSEND. I was aware that there was consideration being given to making contributions to the campaign to reelect the President, yes.

Mr. WEITZ. Beginning as early as December, November 1970?

Mr. TOWNSEND. November, December.

Mr. WEITZ. 1970.

First of all, do you know who in AMPI or associated with TAPE were contemplating such contributions? Who told you of this?

Mr. TOWNSEND. I think probably Dave Parr and Harold Nelson.

Mr. WEITZ. Did they tell you of any specific meetings they had in that connection or anyone in the administration or interested in fundraising for the President to whom they communicated that interest or contemplation?

Mr. TOWNSEND. No, I can just tell you my knowledge of that was that some time in the late fall of 1970, I was asked to remind Marion Harrison that there was supposed to be some committees that were to be supplied.

Mr. WEITZ. In the fall of 1970?

Mr. TOWNSEND. To the best of my recollection, it would have been late fall, 1970.

Mr. WEITZ. Now, would that be in connection with contributions to the President's reelection?

Mr. TOWNSEND. I assume it was; yes, sir.

Mr. WEITZ. Who asked you to do that?

Mr. TOWNSEND. Gosh, I don't specifically remember, I believe it would have been either Mr. Nelson or Mr. Parr.

Mr. WEITZ. Did they ever discuss with you how many committees they expected to have organized or what magnitude of contributions they expected to make over a period of time to the President's reelection?

Mr. TOWNSEND. No, sir; not that I can recall.

Mr. WEITZ. Did they ever characterize it in terms of substantial, several hundred thousand, millions or anything of that nature?

Mr. TOWNSEND. I had the general idea that it would be probably more than 50 committees, some of which probably already existed, some of which might have been new committees.

Mr. WEITZ. Did you have any idea how much would be contributed to each committee?

Mr. TOWNSEND. No, sir; I did not.

Mr. WEITZ. Did you know why there was a need for more than one committee to accept contributions for the same candidate?

Mr. TOWNSEND. My understanding was that the law then said, I think in general, $5,000 was a maximum that could be provided to any one committee I believe.

Mr. WEITZ. In any one year or total?

Mr. TOWNSEND. Yes, I guess in any one year.

Mr. WEITZ. So that would mean that in any one year for at least 50 committees, that would be at $250,000?

Mr. TOWNSEND. Yes.

Mr. WEITZ. Perhaps.

Mr. TOWNSEND. Yes, perhaps.

Mr. WEITZ. In any one year. Did you tell this to Mr. Harrison?

Mr. TOWNSEND. Yes, I did. I told him, I said that we're supposed to be getting a list of committees and my understanding was—from someone I heard the names of Kalmbach and Tom Evans. I don't know either, I never met either one of those individuals, but I heard those names and I can't remember whether that was in late 1970 or in 1971. But during essentially that same time period.

Mr. WEITZ. Did you know of Mr. Kalmbach, did you know who he was at the time?

Mr. TOWNSEND. No.

Mr. WEITZ. Do you know who Mr. Evans was?

Mr. TOWNSEND. No, sir; I still don't.

Mr. WEITZ. Did Mr. Harrison tell you this or Mr. Nelson or Mr. Parr mention these names?

Mr. TOWNSEND. I honestly don't remember.

Mr. WEITZ. Where did this conversation with Mr. Harrison take place in which you told him you relayed this message concerning the committees?

Mr. TOWNSEND. In his office.

Mr. WEITZ. Did you meet with him in his office during that period?

Mr. TOWNSEND. Yes, I did.

Mr. WEITZ. Would you say as frequently as once a month or once a week?

Mr. VANET. You are talking about specifically what period?

Mr. WEITZ. We're still in the period late fall, November–December 1970.

Mr. TOWNSEND. I would say I was in his office every time I was in Washington and whatever my calendar would show in terms of Washington, if he was in town I feel relatively confident I would have been working with him.

Mr. WEITZ. What was his response, do you recall?

Mr. TOWNSEND. His response to what?

Mr. WEITZ. When you relayed that message, did he have any particular response that you recall?

Mr. TOWNSEND. Yes, we're working on it.

Mr. WEITZ. Did he say who he was working on it with?

Mr. TOWNSEND. No, and I don't recall that I inquired.

Mr. WEITZ. Did you pass that message back to either Mr. Nelson or Mr. Parr?

Mr. TOWNSEND. Yes, I would say I probably passed that back to probably both of them.

Mr. WEITZ. Did it occur to you it was unusual that they were discussing setting up committees and making contributions to the President's reelection almost 2 years in advance of the election?

Mr. TOWNSEND. No, I didn't think that was——

Mr. WEITZ. Did anyone suggest it was in any way related to any pending matters that concerned the dairy industry that were pending before the Government such as import quotas or anything of that nature?

Mr. TOWNSEND. Oh, no; I would say that most of the time that we're talking about here, both previous to that time and since that time including today, there are matters of vital importance to the income of dairy farmers that are pending before the Government.

Mr. WEITZ. Constantly.

Mr. TOWNSEND. Oh, yes, sir; and I don't think that is in terms of the committees, I guess I didn't look at that much differently than I would congressional committees. I know that some of them set up some committees with two or three names of different committees, both Senators and Congressmen.

Mr. WEITZ. Of course we're talking about—you said at least 50, that was your impression.

Mr. TOWNSEND. That was my impression. There is only one President of the United States and gosh, there are 435 Congressmen and 100 Senators and so on. I wouldn't—that didn't——

Mr. WEITZ. Do you know what happened with regard to the setting up of these committees and making contributions between the time you talked to Mr. Harrison and say March of 1971, during that period, did you hear anything further from anyone about that matter?

Mr. TOWNSEND. The best I can recall, I probably mentioned something about the committees, oh, maybe once every 6 weeks.

Mr. WEITZ. To Mr. Harrison?

Mr. TOWNSEND. To Mr. Harrison.

Mr. WEITZ. Was that at the request of either Mr. Nelson or Mr. Parr?

Mr. TOWNSEND. Yes, I think that my understanding was that every once in a while I was supposed to ask him until he advised otherwise, you know, that is the feeling that I had. I am not sure those words were conveyed to me. But I don't believe that those—I don't believe there was any committees submitted until gosh, the middle of the summer or something.

Mr. WEITZ. Of 1971?

Mr. TOWNSEND. Of 1971.

Mr. WEITZ. None that you are aware of.

Mr. TOWNSEND. Not that I am aware of really. I am not sure I am aware of if and when they really were. I was aware of some names of some committees. I do not recall.

Mr. WEITZ. We will get to that shortly. We keep using Mr. Parr and Mr. Nelson interchangeably. Do you have any recollection of which of the two gentlemen or both from time to time made this request of you or was it only one?

Mr. TOWNSEND. I am really not sure. It would have been most logical that Mr. Parr would have mentioned it to me and I am not sure that as I said that he mentioned it more than once. I thought this kind of a continuing responsibility to mention the committees to Mr. Harrison.

Mr. WEITZ. You say probably Mr. Parr because you worked in Little Rock and had more contact with him?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Did you have much contact with Mr. Nelson during this period, 1970–71?

Mr. TOWNSEND. You said with Mr. Nelson?

Mr. WEITZ. Yes.

Mr. TOWNSEND. Oh, it varied quite a bit. I probably attended half of the AMPI board meetings and I would see him in there and generally, when he was in Washington I would be in Washington and I would see him there. Then occasionally I would see him in San Antonio during this and I think probably other time periods there were other occasions when Mr. Parr and I would fly to and from Washington with Mr. Nelson.

Mr. WEITZ. On the company jet?

Mr. TOWNSEND. Yes.

Mr. WEITZ. Now, in late 1970 they were talking about contributions to the President's reelection. From the period January 20, 1969, until this time in late 1970, did you know contemporaneously or since that time of any previous transactions that involved the delivery

of money to the President or some fund raiser on behalf of the President?

Mr. TOWNSEND. The only thing I know is what I have read in the newspapers in the last year I would say.

Mr. WEITZ. And you have not discussed what you have read in the newspapers with any of the people that may have been involved at that time? Mr. Nelson or Mr. Parr or anyone else?

Mr. TOWNSEND. I think I may have mentioned about the newspaper.

Mr. WEITZ. But other than what you have read in the newspaper you have no knowledge of that?

Mr. TOWNSEND. No, sir; absolutely not.

Mr. WEITZ. Now, turning to the price support decision in question and in March of 1971, I notice here a paper that is entitled "Parity Relationships are Down and Sliding Further," dated February 11, 1971.

Mr. TOWNSEND. It was drafted by Dr. Hugh Cook.

Mr. WEITZ. Are you familiar with that document? Have you seen it before?

Mr. TOWNSEND. Yes; I have seen it before.

Mr. WEITZ. Does that document accord with the types of data that you were collecting and preparing to make a presentation for the dairy industry for increase in milk price support?

Mr. TOWNSEND. Yes, sir; that would be one of probably several drafts that were drafted.

Mr. WEITZ. I think we have others here.

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. I just picked this out among others. Now, this, I take it, tries to bring together the relevant pieces of information that would bear on the need for price support increases.

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. And now, one of the items—one of the first items mentioned is the main expense items are up and out of proportion, that is the title for a particular segment of this; is that correct?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. It begins on page 1 of the document. Now, turn to page 2, it lists a number of items and the first one mentioned I think is feed——

Mr. TOWNSEND. Feed purchase.

Mr. WEITZ. And that indicates or tries to show a relationship in terms of the increased cost of feed or is that just in terms of quantity?

Mr. TOWNSEND. That is in dollar amounts.

Mr. WEITZ. That would show increased quantities that were purchased?

Mr. TOWNSEND. No; dollar amount.

Mr. WEITZ. Dollar amount.

Mr. TOWNSEND. Those are, as I look at the figures—I am just assuming that Dr. Cook used USDA published information. It is commonly known that they published data of two typical farms, one in central New York and one in southwestern—I believe it is southwestern——

Mr. WEITZ. Southeastern.

Mr. TOWNSEND. Southeastern Wisconsin, they keep kind of a typical record.

Mr. WEITZ. Now, in a paragraph on page 2 it says with minor exception these cost items and I would say feed is one of them, livestock

expense, fertilizer, and so forth trended upward at 4 percent and it goes on to say from the official figures that can be put together it appears that costs to dairymen were up on an average of at least 5 percent in 1970 compared to 1969. Does that accord with statistics and information that you are familiar with?

Mr. TOWNSEND. I think generally that 5 percent would be right.

Mr. WEITZ. And is it your recollection that these types of information with regard to increased costs including increased feed costs were available and in fact used to make presentations on the part of the industry before the first price decision in March of 1971, information that was available and was utilized to make presentations to the Department of Agriculture concerning—that reflected increased feed costs and so forth?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. That was one of the arguments that was used to have a price increase?

Mr. TOWNSEND. Yes, sir, I think you will find that in the final draft of the price support paper that we had for 1971.

Mr. WEITZ. Let's mark that as exhibit 3 and that is entitled "Dairy Industry and Public Interest: The Need for Price Support Increase," dated February 24, 1971, and signed "Associated Dairymen."

[The document referred to was marked Townsend exhibit No. 3 for identification.*]

Mr. WEITZ. Did you have a hand in preparing this document?

Mr. TOWNSEND. Yes, I did.

Mr. WEITZ. Who else was involved in this?

Mr. TOWNSEND. Dr. George Mehren.

Mr. WEITZ. Any others at AMPI?

Mr. TOWNSEND. I don't believe anyone else at AMPI, DeVier Pearson— it was physically written—the final draft was physically written in DeVier Pearson's office.

Mr. WEITZ. I see.

Mr. TOWNSEND. George Mehren was there, Dr. Lonnie Spurgion of Mid-America Dairymen was there, I believe Sam Lacrosite of Mid-America Dairymen was there and there may have been one or two others there.

Mr. WEITZ. And increased feed costs are reflected in this, apparently starting on page 9, and it apparently has a good deal of data concerning these increased costs including feed costs to the farmer as one of the reasons advanced for a price support increase.

Mr. TOWNSEND. Yes; the feed costs are approximately 50 percent of the total cost of producing milk and the problem we had was that dairy farmers were not making enough money. I think you can find all kinds of Government statistics that show that they are doing a lot of this. Dairy farmers were not even receiving the minimum wage. I think that is outrageous.

Mr. WEITZ. Despite that argument however, the Department of Agriculture did not raise the price support levels on March 12; is that correct?

Mr. TOWNSEND. That is correct.

Mr. WEITZ. Now, were you in Washington during that period of time?

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*See p. 6332

Mr. TOWNSEND. Yes, I was.

Mr. WEITZ. What was your principal activity, were you involved in helping to prepare these economic papers and so forth?

Mr. TOWNSEND. Yes; there wasn't very much in terms of economic papers that would be presented. There was some, probably some minor summaries that were prepared for individual Congressmen or Senators.

Mr. WEITZ. And to brief farmers who were going to meet with various people?

Mr. TOWNSEND. Yes, sir, we had a lot of people that came into Washington for the next 2 weeks ——

Mr. WEITZ. Can I just go over with you, I am sorry, go ahead. I did not mean to cut you off.

Mr. TOWNSEND [continuing]. Well, one of my jobs was to keep track of who was seeing whom in terms of Senators and Congressmen. As a matter of fact there is one exhibit here that I have submitted that has a list of the Congressmen and Senators and has my markings on it. This is my writing, these are my x's.

Mr. WEITZ. Why don't we mark this as exhibit 4.

Mr. TOWNSEND. I kept track of who was calling who.

Mr. WEITZ. This exhibit 4 is the 92d Congress directory and it has Mr. Townsend's markings on it.

[The document referred to was marked as Townsend exhibit No. 4 for identification.[1]]

Mr. TOWNSEND. I helped to brief people that were coming in to call on their congressional delegations.

Mr. WEITZ. And in that connection why don't we also mark as exhibit 5, this list of bills and their sponsors that you prepared at that time.

Mr. TOWNSEND. I did not prepare that at the time, that actually was prepared about 2 months ago by another man in our office.

[The document referred to was marked as Townsend exhibit No. 5 for identification.[2]]

Mr. WEITZ. This was not prepared contemporaneously.

Mr. TOWNSEND. No, it was not.

Mr. WEITZ. Who was it that prepared this, do you know?

Mr. TOWNSEND. I believe Glen Davis called on—shoot, either C.Q. or what is the other one up here, Congressional Quarterly.

Mr. WEITZ. The Congressional Record?

Mr. TOWNSEND. One or the other, we subscribe to both.

Mr. WEITZ. Is this to your understanding a correct list of bills and sponsors?

Mr. TOWNSEND. My understanding?

Mr. WEITZ. Bills and sponsors for increased price supports in March of 1971.

Mr. TOWNSEND. That is my understanding that it is, yes.

Mr. WEITZ. Is it not true that all except two of the bills call for 90-percent minimum, the others call for an 85-percent minimum, is that correct?

Mr. TOWNSEND. That is what the list indicates.

Mr. WEITZ. It appears that is what the list indicates.

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[1] See p. 6363.
[2] See p. 6369.

Mr. TOWNSEND. Yes.

Mr. WEITZ. You said you were in Washington during that period. I wonder if we could look at your calendar for the year 1971 and determine, beginning on March—February 22, 1971, when you were in Washington. Now, let's see if we could look at it, it appears for example, February 22 to 26, you were in Washington, is that correct?

Mr. TOWNSEND. Yes, sir; I would say that it was correct.

Mr. WEITZ. And let's look to March, can you tell me, in the first week in March, if you were here?

Mr. TOWNSEND. Monday through Friday.

Mr. WEITZ. You left on the 5th, is that your understanding from looking at your calendar?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Is this an expense report that you submitted at the time to Associated Milk Producers?

Mr. TOWNSEND. They appear to be copies of the exhibits and reports that I submitted, yes.

Mr. WEITZ. Maybe we can look at those along with the calendar to determine when you were in Washington. It appears that you were in Washington on February 2 to 25, and you say you left on the 26th, is that what your calendar shows, you might not show any expenses for the 26th but that would be the date you were leaving?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Let's turn to the report filed April 5 with AMPI, covering the period of March. Could you look at this and indicate whether that substantiates your opinion that you were there to the 5th? Now, this only indicates expenses for the 3d, would that be consistent with your calendar that you might have stayed to the 5th?

Mr. TOWNSEND. Yes, I think I was here through the 5th.

Mr. WEITZ. Do you recall this expense or voucher or bill I guess it is—the itemization from the Madison Hotel with your signature on it—it does not have a date but indicates charges for March 4 and March 5?

Mr. TOWNSEND. This is Mr. Bob Lilly's.

Mr. WEITZ. Is that your signature?

Mr. TOWNSEND. That is my signature, that means I probably checked Mr. Lilly out of the Madison Hotel.

Mr. WEITZ. The last charge on the 5th, is that consistent in fact, it notes from rooms 415, 17, 19, were there, in fact, three rooms in addition to Mr. Lilly's room which was 414, which were held together by four AMPI people, Mr. Nelson, and others. Is that your recollection?

Mr. TOWNSEND. It is quite possible, if that is a corner suite at the Madison, it was quite often that we—Mr. Nelson had a corner suite at the Madison Hotel.

Mr. WEITZ. If Mr. Lilly checked out on the 5th, and you signed out for him, essentially you had the bill paid for him or signed out for him?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. That would be consistent with your calendar that you were there on the 5th and signed out.

Mr. TOWNSEND. Yes, sir. I think what this means to me, the best I can recall, is that if I was there through the 5th I had written nothing in here, that means I had no expenses.

Mr. WEITZ. It is interesting, on the 4th you show taxi 7 which I assume to be $7 on your expense report, you don't show anything for the 4th.

Mr. TOWNSEND. Then I would say I overlooked it on my expense card.

Mr. WEITZ. Is it too late?

Mr. TOWNSEND. I am afraid it is, I could never come out on expense reports.

Mr. WEITZ. Now, when would be the next time your calendar shows you in Washington?

Mr. TOWNSEND. It would show I was in Washington the 8th through the 12th and in New York it looks like.

Mr. WEITZ. Is that consistent with your expenses for that period, the 8th through the 12th? It looks like it—Washington, New York, and Washington.

Mr. TOWNSEND. Yes; I was supposed to be home on the 10th.

Mr. WEITZ. It was extended to the 12th?

Mr. TOWNSEND. Yes.

Mr. WEITZ. When was the next time you were in Washington, it looks like beginning on the 15th, is that right?

Mr. TOWNSEND. Yes.

Mr. WEITZ. Can you tell from these how long you stayed in Washington?

Mr. TOWNSEND. It looks like I was there the 15th, 16th, and 17th. Could I look at the expense report?

Mr. WEITZ. It looks like the expenses go through the 18th and perhaps——

Mr. TOWNSEND. I would say I went home on the 18th.

Mr. WEITZ. On the 18th?

Mr. TOWNSEND. Yes.

Mr. WEITZ. How would you have flown during this period of time, would you have flown by commercial jet or company jet, do you recall?

Mr. TOWNSEND. Well, it looks to me like I charged expenses for the airlines on the week of the 8th, so I probably came in on—and also the first week, I can't answer that.

Mr. WEITZ. OK. Now, let me show you copies of express check vouchers which we obtained from AMPI which indicated charges to you—to your credit card—during this period. I wonder in looking at these, particularly these American Airlines Jet Express, does that indicate March 18, 781, there being a charge, is that consistent with your recollection that you returned home or flew somewhere on the 18th?

Mr. TOWNSEND. I can't read the top of the voucher, it does say Little Rock on the bottom so I would say that I did go home on the 18th.

Mr. WEITZ. It looks to me like Baltimore, does that refresh your recollection?

Mr. TOWNSEND. No; not really, but it——

Mr. WEITZ. Baltimore to Little Rock, but you would have been returning from somewhere to home on the 18th of March?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. And that is consistent with the voucher and the calendar?

Mr. TOWNSEND. And the calendar, yes, sir.

Mr. WEITZ. On your calendar on the 18th, there is something that says: "Exec. Board, DI–AMPI, 10:30 a.m.," and then Clarksville is scratched out and "Washington" is written in. Do you recall what that represents?

Mr. TOWNSEND. I would say that there was—I am not sure whether those are two separate deals or not. I would say that there was probably a DI board meeting scheduled for Clarksville, Ind. and I am just really guessing, that that was changed to Washington and it also says that AMPI had some kind of a——

Mr. WEITZ. Would it have been a joint meeting when it says DI–AMPI?

Mr. TOWNSEND. No; I think it looks like to me like—my writing is a little different—that I probably wrote this several weeks before, I put down Clarksville–DI, meaning that there would be a meeting of the Dairymen, Inc., in Clarksville.

Now, sometimes you just hear things and you doodle and that is what I do on my calendars a little bit. Sometimes Mr. Parr would want to know something or he would say that there is going to be a meeting 3 months from now that I want to go to and he says remind me, so I write down that meeting. It is possible that there would have been a meeting of the executive board of DI and AMPI in Washington at that time. I really can't tell you.

Mr. WEITZ. Now, during this period of late February and March, did any of these times, when we—when you left Washington do you recall seeing or knowing of a brief encounter or meeting or conversation in the airport in Washington between Bob Lilly and John Connally?

Mr. TOWNSEND. Yes.

Mr. WEITZ. Could you tell us first of all—do you recall when that took place?

Mr. TOWNSEND. No; I don't remember when that meeting took place. I am not sure that it was during that time period that you're talking about.

Mr. WEITZ. You are not sure that it would have been any of these occasions when you left Washington?

Mr. TOWNSEND. No, sir; I am not sure.

Mr. WEITZ. Do you know what day of the week it was?

Mr. TOWNSEND. No, I sure wouldn't.

Mr. WEITZ. Do you know where it took place?

Mr. TOWNSEND. Yes, I do.

Mr. WEITZ. Where was that?

Mr. TOWNSEND. It took place in the lobby of Page Airways at National Airport.

Mr. WEITZ. And it was not on the 19th of March, because your recollection was refreshed by your records; they do not indicate that you were in Washington or leaving Washington on the 19th of March?

Mr. TOWNSEND. I am certain that I was not there on the 19th of March. See, I have another check here, these numbers here indicate the number of nights that I was out from home.

Mr. WEITZ. Yes.

Mr. TOWNSEND. That was extremely critical to me at that time and for a long period of time I kept track of every night that I was out.

Mr. WEITZ. So for the week of the 15th, just three nights.

Mr. TOWNSEND. Three nights. I was out on Monday, Tuesday, and Wednesday night.

Mr. WEITZ. And you flew home Thursday?

Mr. TOWNSEND. Flew home Thursday.

Mr. WEITZ. And I see the week of March 1, it shows four nights, so that could be the 1st, 2d, 3d, and 4th.

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. And as your records show.

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Could you tell us what you know about that meeting between Mr. Connally and Mr. Lilly?

Mr. TOWNSEND. Sure. Mr.—I will even back up a little bit, because this I do remember. Mr. Nelson, Mr. Parr, Mr. Lilly, and I were riding in a taxi going to Page National. I can tell you the approximate time, it was around 5 o'clock because there was a tremendous traffic jam on the 14th Street Bridge.

Mr. WEITZ. Rush hour.

Mr. TOWNSEND. Right.

Mr. WEITZ. Let me stop you for a minute. Was it a taxi or a private chauffered car that you had hired for the week?

Mr. TOWNSEND. I just don't remember, sometimes there were taxis hired for a week.

Mr. WEITZ. Yes. Do you recall whether this was one such instance?

Mr. TOWNSEND. No, I don't.

Mr. WEITZ. Could you tell us who was in the cab with you?

Mr. TOWNSEND. Mr. Nelson, Mr. Parr, Mr. Lilly and myself.

Mr. WEITZ. How about Mr. Elrod?

Mr. TOWNSEND. Not that I recall.

Mr. WEITZ. Were there two taxis or was this the entire contingent?

Mr. TOWNSEND. One cab.

Mr. WEITZ. OK. Could you tell us what happened on the way to the airport?

Mr. TOWNSEND. Yes. We were out on the entrance of the 14th Street Bridge, moving slowly in the right-hand lane and looked over and the car right beside us was a Government limousine with Governor Connally in it. I am not sure what, you know, what position he had in terms of the Government at that time and Bob Lilly said I believe there is Governor Connally and I said, oh, this is the first time I had ever seen Governor Connally and I stretched around to look.

Mr. WEITZ. Was he visible in the car?

Mr. TOWNSEND. Yes, he was. And then we pulled on ahead and we were in the right-hand lane and that was moving, we got to National Airport. Some time later,——

Mr. WEITZ. To Page Airways?

Mr. TOWNSEND. Page Airways. We were in the lobby waiting to get on our plane and Governor Connally walked in and I don't know, someone in the group said, "There is Governor Connally" and I believe Bob Lilly said something like, "I need to talk to him" and he went over and talked to Governor Connally .

Mr. WEITZ. You were in the group at that point?

Mr. TOWNSEND. What?

Mr. WEITZ. You were standing with Mr. Parr, Mr. Lilly and Mr. Nelson when Lilly said this?

Mr. TOWNSEND. I am not sure those were his words.

Mr. WEITZ. He said something to that effect?

Mr. TOWNSEND. Yes.

Mr. WEITZ. You were there, you heard it.

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Connally did not, I take it, walk by or somehow approach the group but rather Mr. Lilly approached him somehow?

Mr. TOWNSEND. I would say that was correct. I think it was probably—it probably happened when Governor Connally walked in and Bob said, "there is Governor Connally, I will go talk to him," or something you know to that effect and he walked over and shook hands with the Governor and visited with him for a few minutes. What refreshed my memory on that was an article in Time magazine.

Mr. WEITZ. It may have refreshed your recollection, but you are now telling me what you recollect, not just what you read in the paper?

Mr. TOWNSEND. Oh, yes, definitely.

Mr. WEITZ. Now, do you know whether Mr. Lilly knew Mr. Connally before this meeting?

Mr. TOWNSEND. I have no personal knowledge but it was, I believe, that he did, I believe that he knew him.

Mr. WEITZ. Do you know the extent of his acquaintance?

Mr. TOWNSEND. I sure wouldn't know.

Mr. WEITZ. Now, when Mr. Lilly was standing off with Mr. Connally for a few minutes——

Mr. TOWNSEND. Yes.

Mr. WEITZ [continuing]. Was there any discussion about that meeting among the people who remained behind, you, Mr. Nelson and Mr. Parr?

Mr. TOWNSEND. Oh, I feel sure there was some little small talk in terms of the Governor but I can recall nothing specific.

Mr. WEITZ. Do you recall, for example, Mr. Parr wanting to walk over himself and join in the conversation and speak to Governor Connally? And being restrained by anyone in the group?

Mr. TOWNSEND. Oh, its—I think that being restrained——

Mr. WEITZ. Well, at least indicating that he wanted to join them and someone objecting or saying something to him in that regard?

Mr. TOWNSEND. It is quite possible that Dave said something like: "I would like to go talk with him."

Mr. WEITZ. Do you remember this or are you just speculating?

Mr. TOWNSEND. I vaguely remember Dave saying something like: "I would like to go to talk to him," and Harold saying: "No, let Bob talk to him, Bob knows him."

Mr. WEITZ. Or something like that, you're not quoting him?

Mr. TOWNSEND. Something like that.

Mr. WEITZ. But I am not putting words in your mouth, you remember something to that effect?

Mr. TOWNSEND. Yes.

Mr. WEITZ. What happened then?

Mr. TOWNSEND. I guess the conversation between Bob Lilly and Governor Connally stopped and we got out and went on the plane.

Mr. WEITZ. Do you remember any conversation immediately after or on the ride home—hearing any conversation that indicated what Mr. Lilly had talked with Mr. Connally about?

Mr. TOWNSEND. None whatsoever. The only thing I remember is that there was, I believe, on the way out to the plane, and I am not sure whether the Governor left before we did or we left before the

Governor, but I remember that there was a question raised as to whose airplane it was that the Governor was flying on and I believe that one of the pilots that was on the AMPI plane said, "If it is that Saberliner we can check it out."

Mr. WEITZ. One of the pilots on the AMPI plane said this?

Mr. TOWNSEND. Mm-hmm, and I believe he may, some time during either taxiing or flying, one or the other, I believe he maybe said whose airplane it was.

Mr. WEITZ. Do you remember?

Mr. TOWNSEND. I wouldn't have any idea.

Mr. WEITZ. Do you have any idea or do you remember who the pilots were that day? Generally who were the pilots for the AMPI Saberliner?

Mr. TOWNSEND. Joe Boll and I don't know that for sure, that Joe was on that day.

Mr. WEITZ. I understand.

Does Paul Blanton refresh your recollection?

Mr. TOWNSEND. Yes.

Mr. WEITZ. How about Mr. Coggins?

Mr. TOWNSEND. I may have been on a plane once or twice when Goggins——

Mr. WEITZ. Goggins.

Mr. TOWNSEND [continuing]. Goggins was the pilot.

Mr. WEITZ. Of those three gentlemen, do you recall which of the three, if any of those three made this comment?

Mr. TOWNSEND. I really don't know. I would assume that the airplane log would show who the pilot was that day.

Mr. WEITZ. Now, if you remember, if you are not sure what date this was——

Mr. TOWNSEND. I am not sure what day it was and who the pilot was.

Mr. WEITZ. Could you relate this meeting with an activity to gain a price support increase? In other words, February or March of 1971?

Mr. TOWNSEND. I am trying to think of other activities that happened along that period.

Mr. WEITZ. Yes.

Mr. TOWNSEND. I just really don't remember.

Mr. WEITZ. So you attach no significance or no relationship between that necessarily and the price support decision activity?

Mr. TOWNSEND. I really don't know.

Mr. WEITZ. But if others did, if others placed it during that period you wouldn't dispute them?

Mr. TOWNSEND. No, my lands no, I sure wouldn't.

Mr. WEITZ. Where did the plane go, the AMPI jet?

Mr. TOWNSEND. After that?

Mr. WEITZ. That day.

Mr. TOWNSEND. Little Rock.

Mr. WEITZ. And then?

Mr. TOWNSEND. I really don't know, I assumed it was going to San Antonio.

Mr. WEITZ. No stops between Washington and Little Rock?

Mr. TOWNSEND. Not that I can recall.

Mr. WEITZ. Who was on the flight, to the best of your recollection?

Mr. TOWNSEND. Mr. Parr, myself, and Bob Lilly.

Mr. WEITZ. Do you recall Lynn Elrod on that flight?

Mr. TOWNSEND. No, I really don't. He could have been but I just don't recall it.

Mr. WEITZ. If he was in Washington and flew back—if he was in Washington with Mr. Nelson, would he accompany him if Mr. Nelson and Mr. Elrod were both returning to San Antonio, would Mr. Elrod accompany him on the company jet?

Mr. TOWNSEND. That is kind of a funny situation in terms of the jet. I have been in the same company with Mr. Nelson sometimes, and we would go commercial and he would go by company plane.

Mr. WEITZ. Mr. Nelson would always fly the company jet if it was available?

Mr. TOWNSEND. Yes: oh there are probably exceptions to that.

Mr. WEITZ. Generally?

Mr. TOWNSEND. Generally; yes.

Mr. WEITZ. Mr. Parr, does he normally fly the jet also with Mr. Nelson if they were both leaving and going the same direction?

Mr. TOWNSEND. I would say "generally," and generally if I were going, I would go on it, too.

Mr. WEITZ. Right.

Mr. TOWNSEND. And the same would be true with Bob Lilly or Bob Isham or Lynn Elrod.

Mr. WEITZ. Do you recall during the period of the price-support activity in March of 1971, any contact or overhearing of any conversations referring to Mr. Connally?

Mr. TOWNSEND. Gosh, I feel sure Mr. Connally was aware of the price support and I can't cite you any specific——

Mr. WEITZ. Do you know of anyone who was speaking to him, or talking about meeting with him, or mentioning his name in any way connected with the price-support decision?

Mr. TOWNSEND. I don't recall any specific instances of—you know, I just don't remember any instances where I knew specifically where there was anyone meeting with Governor Connally at this point.

Mr. WEITZ. Were you aware of the activities of—any activities by Jake Jacobsen on behalf of the dairy people in March of 1971 in connection with the dairy price-support decision?

Mr. TOWNSEND. Boy, I would sure think that Jake Jacobsen would have been, if he would have been available because Mr. Jacobsen was an attorney for AMPI and my understanding was that he was—had been with Governor Connally when he was Governor of Texas. I believe he had a relationship there and if there was any way I think that it would probably have been explored and probably would have been asked.

Mr. WEITZ. Was Marion Harrison working in Washington on behalf of the dairy people in March of 1971 for an increase?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Did you meet with him during that period?

Mr. TOWNSEND. I would say that I did, yes, but I probably met with him during the week, the first week of March and the second week of March.

Mr. WEITZ. How about Murray Chotiner? Do you recall his name being mentioned or in some way being involved in the effort to secure an increase?

Mr. TOWNSEND. I am just not sure; I had no contact with Mr. Chotiner in relation to this, during that March period at least that I can recall right now.

Mr. WEITZ. I see. I notice on your calendar on the 24th you have—well, on the 23d you have WH 10:30 to 11 and on the 24th Republican dinner. Does that refer to the White House meeting, the meeting at the White House on the 24th, the Republican fundraising dinner?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Did you attend either of those?

Mr. TOWNSEND. I attended the Republican fundraiser on the 24th.

Mr. WEITZ. On the 24th?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. How many tables were filled with representatives of the dairy industry, do you recall or how many people were there from the three co-ops?

Mr. TOWNSEND. I would guess about 15.

Mr. WEITZ. Fifteen?

Mr. TOWNSEND. People, not tables.

Mr. WEITZ. Do you recall Mr. Nelson attending the dinner, he did attend, didn't he?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. And did Mr. Parr attend the dinner?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Do you recall any discussion in advance to the dinner as to whether or not the dairy people would go or who would, amongst you, go to the dinner?

Mr. TONWSEND. I am sure that there was, you know, some discussion of who would go. I think some of the people were to be in on the meeting on the 23d with the President and I assume they stayed over.

Mr. WEITZ. Did you talk to anyone after the meeting with the President or did you hear what the feeling was among the group who met with the President as a result of that meeting? Were they optimistic about an increase? Did their outlook change somehow as a result of the meeting?

Mr. TOWNSEND. Yes; I talked to whoever it was here on the 24th and went to the dinner and also went to the White House meeting with the President. I suspect I asked them what their impression was and as a general rule, I thought that the overall impression would be that they were impressed that the President knew quite a little bit about the dairy industry, knew quite a little bit about AMPI and the other groups that were in the meeting with the President and was aware of their problems and was a very sympathetic listener and I thought that—I guess my general feeling was encouragement. You know, things had changed in terms of—I guess I felt that before that that the President knew absolutely nothing about the dairy industry. I never met the President at that time and I thought he was probably kind of cold and aloof. I was disappointed in the Department of Agriculture, I had a feeling that the Department of Agriculture would recommend a price-support increase.

Mr. WEITZ. And this was at the outset.

Mr. TOWNSEND. At the outset.

Mr. VANET. Let me just interrupt you for a moment. Probably he is not wanting to get into things he is not asking you about. I think this

is far beyond the question. If he wants to know about that, he will ask you.

Mr. TOWNSEND. What was the question?

Mr. WEITZ. I think you have answered it.

Mr. VANET. About two pages ago.

Mr. TOWNSEND. I am sorry, I will try to be more responsive.

Mr. WEITZ. Did you hear from those who attended the meeting what the response was, what the attitude of either Secretary Hardin or either Under Secretary Campbell was that was demonstrated at that meeting?

Mr. TOWNSEND. I remember no specific comments on that.

Mr. WEITZ. Now, when did you first hear of the increase, that the increase had in fact been granted?

Mr. TOWNSEND. I believe it was the 25th.

Mr. WEITZ. That was the day it was publicly announced, that was the day you heard of it?

Mr. TOWNSEND. Oh, yes.

Mr. WEITZ. Did you know in advance of the 25th, did anyone tell you of any likelihood, from inside information that they had, that the increase would be granted?

Mr. TOWNSEND. No, sir.

Mr. WEITZ. It came as a complete surprise?

Mr. TOWNSEND. Yes, sir, a very pleasant one.

Mr. WEITZ. You were in town on the 23d and 24th, is that correct?

Mr. TOWNSEND. I was not in Washington on the 23d. I was in Washington on the 24th and 25th I would say.

Mr. WEITZ. Now, after the dinner or at the dinner, do you recall any discussion that took place between Mr. Nelson and either Mr. Chotiner or Mr. Kalmbach?

Mr. TOWNSEND. No, sir.

Mr. WEITZ. What did you do at the end of the dinner, did you go right back to your hotel?

Mr. TOWNSEND. I think that I did, yes.

Mr. WEITZ. Did you go back with Mr. Nelson?

Mr. TOWNSEND. I just really don't remember.

Mr. WEITZ. All right. Did you see Mr. Chotiner at the dinner?

Mr. TOWNSEND. I don't recall seeing Mr. Chotiner at the dinner.

Mr. WEITZ. Did you at any time know who Mr. Kalmbach was or recognize him on sight?

Mr. TOWNSEND. I would not recognize him today; I have never met Mr. Kalmbach.

Mr. WEITZ. Was Mr. Harrison at the dinner?

Mr. TOWNSEND. Boy, I honestly don't know. He could have been at the same table with me. I just don't remember.

Mr. WEITZ. Now, any time during March of 1971, February or March 1971, was there any discussion that you overheard or have since heard about other than what you read in the newspapers that referred to contributions by the dairy industry to the reelection of the President, specifically by TAPE and other dairy trusts?

Mr. TOWNSEND. I am lost in the question; would you mind repeating it?

Mr. WEITZ. In March 1971, you were in Washington, and the effort was made to secure a price increase. During that time, do you recall any discussion or reference to political contributions to the reelection

of the President, or support the President that would have included, in the context of the discussion, political contributions?

Mr. TOWNSEND. I don't remember anything specifically. I feel sure that I probably—I may even have mentioned something about those committees in the early part of March to Mr. Harrison. I do not believe they were established at that point. You know, I did not hear any conversations by anyone relating to a specific amount of any contribution.

Mr. WEITZ. I did not say a specific amount; I said a discussion of contributions to the reelection of the President.

Mr. TOWNSEND. I just feel certain there must have been conversations; I can't recall any specifics.

Mr. WEITZ. You have no specific recollection.

Mr. TOWNSEND. Nothing specific. That really wasn't my bag.

Mr. WEITZ. So it is not unusual, had there been such discussions, it would have been unusual for you to have been a part of them or privy to such discussion?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. When did you first become aware of the fact that contributions were made in 1971 to the President's reelection?

Mr. TOWNSEND. I guess I assumed that there were contributions being made to go to that Republican dinner on the 24th. I would say that would be the first.

Mr. WEITZ. And after that, what about the committee or committees that were to be established by Mr. Evans and Mr. Kalmbach through Mr. Harrison? Did there come a time you knew of any contributions to any committees provided by Mr. Harrison?

Mr. TOWNSEND. Yes, I can't tell you a time frame, probably in that fall—summer or fall.

Mr. WEITZ. Summer or fall 1971.

Do you recall a conversation between yourself and Gary Hanman in the summer of 1971, relating to contributions by ADEPT to the President's reelection?

Mr. TOWNSEND. Yes, I believe that Dave Parr asked me to call Gary and give him the names of—I don't know, five committees or something like that, and I believe I called, I am sure I called and gave him the names of the committees.

Mr. WEITZ. Is that the first you knew of the existence of some of the committees? Did you know for whom they—what candidates they were organized for?

Mr. TOWNSEND. I would say it was about that time, you know; I can't say whether that was the exact moment, you know, or even the day. I think that was the first time I knew specifically of the names of any of the committees, yes.

Mr. WEITZ. Let me mark this as exhibit 6, a letter from Gary Hanman to David Parr, dated August 1971, in which he encloses a cover letter to Chotiner with $2,500 each to six committees, and the last sentence says, "This information was related to Tom Townsend last week," and then underneath a letter from Dave Parr to Gary Hanman instructing him to mail $2,500 each to each of the 12 committee names enclosed, which is attached as a part of exhibit 6.

[The document referred to was marked Townsend exhibit No. 6 for identification.*]

*See p. 6372.

Mr. WEITZ. Have you ever seen either of those two letters?

Mr. TOWNSEND. I believe that I have. I believe that I have seen these in Springfield.

Mr. WEITZ. I see, in the ADEPT file or Mr. Hanman's file?

Mr. TOWNSEND. Yes, or information that was gathered by ADEPT to bring up here.

Mr. WEITZ. Now, do you recall telling Mr. Hanman or discussing with him the fact that there were 12 committees to be contributed to, each to receive $2,500?

Mr. TOWNSEND. Yes, as a matter of fact.

Mr. WEITZ. That information was relayed to you by Mr. Parr?

Mr. TOWNSEND. Yes, I believe when I called Gary he told me something about they didn't have enough money except for seven or five of the committees. I am not sure which.

Mr. WEITZ. Something less than 12.

Mr. TOWNSEND. Something less than 12.

And he said "what do I do?" and I said "I don't know, you will have to talk to Dave."

Mr. WEITZ. Why did he talk to you; why didn't he talk directly to Mr. Parr, do you know?

Mr. TOWNSEND. I can't answer that.

Mr. WEITZ. Was Parr out of the city at that time?

Mr. TOWNSEND. I just have to assume that he was either out of the city, or he asked me to do this as he was going out the door to go out of the city. I really just don't recall.

Mr. WEITZ. Is there anything else about the contributions from either TAPE or the other two dairy trusts to the President's reelection effort through these multiple committees that you recall, anything else that you directly participated in or any other information that you were told or heard about?

Mr. VANET. So the witness understands, your question seemed to be limited so far in scope of—your inquiry thus far seemed to be limited solely to President Nixon's reelection.

Mr. WEITZ. Right.

Mr. VANET. The campaign and not other Presidential aspects.

Mr. WEITZ. At this point, I am not talking about all of President Nixon's campaign either; I am talking about the 100 multiple committees which were organized, of which these 12 were a part, which are represented in exhibit 6; that is what I am asking.

Are there any others besides this particular reference to you—do you recall what you recounted in connection with your discussion with Mr. Parr and Mr. Hanman, anything else that you knew of in connection with or participated in, in connection with contributions in 1971 to these multiple committees for the reelection of the President?

Mr. TOWNSEND. Not that I recall right now.

Mr. WEITZ. OK. Did you know of the total contributions or the number of contributions organized for the President's reelection, to receive contributions from the three dairy trusts?

Mr. TOWNSEND. No, sir.

Mr. WEITZ. Did you know why these names were being sent from Mr. Parr to Mr. Hanman and not directly to Mr. Hanman who was providing Mr. Chotiner in this case?

Mr. TOWNSEND. No, I don't know that.

Mr. WEITZ. Do you know if there was a coordinated effort or some coordination between the three co-ops in the amounts or timing of the contributions to the President's reelection?

Mr. TOWNSEND. In terms of the President's reelection?

Mr. WEITZ. The President's reelection and the multiple committees.

Mr. TOWNSEND. Not that I recall.

Mr. WEITZ. All right. Do you attach any significance to the fact that on the same day, that ADEPT sent in $2,500 contributions to each of 6 committees for the President's reelection, that SPACE mailed in and reported having made contributions of $2,500 each to 12 committees for the President's reelection?

Mr. TOWNSEND. No, I am not aware of that.

Mr. WEITZ. All right. Did you ever hear of, either before that time or since that time, any discussions of commitments of money or goals or intentions of the three dairy trusts of the TAPE or the dairy industry, in general, to contribute to the President's reelection?

Mr. TOWNSEND. The specific amounts?

Mr. WEITZ. The magnitude or the specific amounts, yes.

Mr. TOWNSEND. Oh, shoot. It is hard for me to separate out what I have read in the darn newspapers. I have read more in the newspapers in the last year than I ever knew when I worked for AMPI.

Wr. WEITZ. If you can't recall——

Mr. TOWNSEND. I just can't recall any specific amount.

Mr. WEITZ. Do you know why no contributions were made by TAPE to the President's reelection or at least ostensibly to the reelection committees for the President in 1972?

Mr. TOWNSEND. No, sir.

Mr. WEITZ. Do you know whether that was in fact the case?

Mr. TOWNSEND. I would have no idea at all. I never—my recollection, I never saw a TAPE record, I never attended a TAPE meeting.

Mr. WEITZ. Were you a member of TAPE?

Mr. TOWNSEND. Yes, I was.

Mr. WEITZ. Did you receive monthly reports of TAPE members, or periodic reports?

Mr. TOWNSEND. I don't recall receiving a report as a member of TAPE.

Mr. WEITZ. Did there ever come a time when you either were or you knew of or do you know of any instances in which cash was transferred from either one employee representative of AMPI to another for a Presidential candidate, 1972 Presidential candidate?

Mr. TOWNSEND. I have no knowledge of any of that, of any transaction where cash went to candidates to reelect the President.

Mr. WEITZ. Do you know whether Mr. Parr ever received cash or some other payment for a Presidential candidate from an employee or an attorney in the employ of AMPI for 1972 Presidential candidates?

Mr. VANET. Any candidate?

Mr. WEITZ. Any candidate.

Mr. TOWNSEND. From any employee or attorney?

Mr. WEITZ. Yes. to Mr. Parr, cash or some other form of payment for a Presidential candidate?

Mr. TOWNSEND. Yes.

Mr. WEITZ. Would you tell us about it?

Mr. TOWNSEND. I know that I gave $50 to the Committee To Re-Elect or excuse me, I can't think of the name of the committee, it is in my checks, for Wilbur Mills.

Mr. WEITZ. When was that?

Mr. TOWNSEND. I would rather refer to my checks.

Mr. WEITZ. Certainly. It was only in the amount of $50?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Would it be either 1971 or 1972?

Mr. TOWNSEND. I believe 1971.

Mr. WEITZ. Do you recall any moneys being handled from Jake Jacobsen to David Parr for Wilbur Mills in 1971?

Mr. TOWNSEND. No.

Mr. WEITZ. You know of no such transaction?

Mr. TOWNSEND. I know of no such transaction.

Mr. WEITZ. Were you ever present at a time when something was transferred from Mr. Jacobsen to Mr. Parr in 1971, in the airport in Austin, Tex., and in which some envelope or something was transferred which may have contained money, you do not know for a fact that it contained money?

Mr. TOWNSEND. Austin, Tex. I only recall being in the airport in Austin, Tex., one time and Mr. Jacobsen was there.

Mr. WEITZ. Do you recall when that was?

Mr. TOWNSEND. No, I do not. I believe Mr. Lilly was there. I believe by chance we happened to meet or see Mr. Lilly there.

Mr. WEITZ. Who else was there.

Mr. TOWNSEND. I don't recall.

Mr. WEITZ. Do you know what the reason was that you were at the Austin Airport?

Mr. TOWNSEND. I believe we were there because Wilbur Mills was going to make a speech to the joint session of the Texas Legislature.

Mr. WEITZ. And was he flying into the airport?

Mr. TOWNSEND. Mr. Mills?

Mr. WEITZ. Yes.

Mr. TOWNSEND. Yes, sir, I believe that—well, to the best of my knowledge, I don't know if he was flying in or not.

Mr. WEITZ. That was the reason you think you were at the airport.

Mr. TOWNSEND. Yes, sir, I think we went on down to the capitol and I heard his speech.

Mr. WEITZ. So, whatever date would be indicated is the date which Mr. Mills spoke to the joint session of the legislature which would, I take it, would not be very often, which might be the day in which you were at the Austin Airport with Mr. Jacobsen and by chance met Mr. Lilly or about that day?

Mr. TOWNSEND. There may have been another time I was in the Austin Airport, but that is the only time I can ever recall being at the Austin Airport.

Mr. WEITZ. You were there with Mr. Jacobsen and by chance ran into Mr. Lilly?

Mr. TOWNSEND. No, I was there with Mr. Parr.

Mr. WEITZ. Mr. Parr was there, was there anyone else there?

Mr. TOWNSEND. No, no one that I knew that I can recall now.

Mr. WEITZ. Did Joe Long meet you there or meet anyone there?

Mr. TOWNSEND. I just honestly don't remember.

Mr. WEITZ. Just so I understand, you recall at least once being in the Austin Airport?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. And on that occasion, being there with Mr. Parr and Mr. Jacobsen, being there and running into, by chance, Mr. Lilly, you think that is the day on or around the time which Mr. Mills came to speak to a joint session of the Texas Legislature?

Mr. TOWNSEND. Boy, I could be all off, that is the best of my recollection.

Mr. WEITZ. And you don't recall on this occasion anything passing between Mr. Jacobsen and Mr. Parr.

Mr. TOWNSEND. No, sir.

Mr. WEITZ. Were you with Mr. Parr—by his side every moment?

Mr. TOWNSEND. Oh, no.

Mr. WEITZ. So there could have been an occasion in which he transacted or engaged in some conversation or did something without you knowing of it?

Mr. TOWNSEND. Most certainly.

Mr. WEITZ. Why was Mr. Lilly there, do you know?

Mr. TOWNSEND. I really don't know.

Mr. WEITZ. Did you speak with him?

Mr. TOWNSEND. Yes, I said hello.

Mr. WEITZ. That is all? But you ran into him by chance, you didn't see him or prearrange to meet you at the airport?

Mr. TOWNSEND. No.

Mr. WEITZ. Do you remember what year that this was?

Mr. TOWNSEND. I think my records—my calendar would reflect it.

Mr. WEITZ. Let's go off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Let me ask you again, in referring to your calendar, you have down an entry on April 30, 1971, "Mills-Texas, Legislature and LBJ," does that refresh your recollection as to when you think you were in the Austin Airport with Mr. Parr?

Mr. TOWNSEND. Yes, sir, I think it was on April 30, 1971.

Mr. WEITZ. Now, on that same day, it says "P Exec-X in Dallas" do you know what that was?

Mr. TOWNSEND. That is a promotion committee of AMPI.

Mr. WEITZ. All right, sir.

Mr. TOWNSEND. We also went to the LBJ ranch that day.

Mr. WEITZ. OK, do you know Bob Justice?

Mr. TOWNSEND. Yes, sir, I do.

Mr. WEITZ. Do you know if he ever received any cash or moneys from any attorneys of AMPI for any political purposes?

Mr. TOWNSEND. Not to my knowledge.

Mr. WEITZ. Do you know of any instances where Norma Kirk went to the airport, to the Central Flying Service in Little Rock, to pick up a package from Mr. Parr from Mr. Lilly in 1971?

Mr. TOWNSEND. Not to my knowledge, that I recall.

Mr. WEITZ. Do you know whether Norma Kirk ever received, in whatever form, any cash of say $1,000 or more, or any amount that you know of on behalf of Mr. Parr for political purposes?

Mr. TOWNSEND. Not to my knowledge.

Mr. WEITZ. Are you familiar with the rallies that were held in 1971, in which AMPI employees participated on behalf of Mr. Mills?

Mr. TOWNSEND. There was a Mills rally in Little Rock—I noticed that as I was—I believe it was on the 26th of some month.

Mr. WEITZ. August 26, 1971?

Mr. TOWNSEND. Yes.

Mr. WEITZ. Where was that, in Little Rock?

Mr. TOWNSEND. Held in Little Rock.

Mr. WEITZ. And did AMPI employees participate in the preparation or organization of that rally?

Mr. TOWNSEND. I believe they did.

Mr. WEITZ. Did you?

Mr. TOWNSEND. I went to the rally, I took my wife and children.

Mr. WEITZ. Did you assist in any work in the organization or preparation of the rally?

Mr. TOWNSEND. Boy, if I did it was extremely minimal.

Mr. WEITZ. All right. Do you remember a rally in Ames, Iowa, also in which AMPI employees helped organize for Mr. Mills?

Mr. TOWNSEND. I remember an Iowa cooperative campaign in which Mr. Mills spoke.

Mr. WEITZ. Do you know what the principal purpose of it was—of the meeting in which Mr. Mills spoke? Was it for Mr. Mills or for the rally?

Mr. TOWNSEND. As far as I was concerned that was secondary, the dairy industry has been completely disorganized in Iowa ever since I have been in the milk business. It has been difficult for the numerous cooperatives to ever do anything cooperatively.

The Iowa cooperative campaign was an effort to get a lot of different cooperatives in Iowa involved in trying to make a substantial contribution in terms of getting together and doing something at least—talking together—to that extent, I think it was somewhat successful.

There were a lot of co-ops involved in the thing in that campaign.

Mr. WEITZ. You say that was not the principal purpose of the rally at which Mr. Mills spoke, the Presidential campaign?

Mr. TOWNSEND. No.

Mr. WEITZ. Are you familiar with Joe Johnson's work on behalf of Mr. Mills' Presidential campaign?

Mr. TOWNSEND. Just in a general way, yes.

Mr. WEITZ. What do you know about it?

Mr. TOWNSEND. Well, he worked for the—whatever that committee—Mills' committee is, he worked for that committee.

Mr. WEITZ. What period of time, do you know?

Mr. TOWNSEND. No, I don't.

Mr. WEITZ. Were there any other AMPI employees who worked with him for Mr. Mills?

Mr. TOWNSEND. Oh, I think on a part-time basis as it fit in; gosh, I would have thought that probably numerous AMPI employees would have been helpful to the campaign of Wilbur Mills.

Mr. WEITZ. Were you familiar with a checkoff system that was proposed for Southern employees in 1972—the beginning?

Mr. TOWNSEND. Yes, I am.

Mr. WEITZ. To collect contributions for Mr. Mills?

Mr. TOWNSEND. Yes.

Mr. WEITZ. Did you attend a meeting in McAllen, Tex.?

Mr. TOWNSEND. Yes, I did.

Mr. WEITZ. And who proposed such a checkoff system?

Mr. TOWNSEND. I believe probably Mr. Parr.

Mr. WEITZ. He attended the meeting?

Mr. TOWNSEND. There were a series of about three meetings at the beginning of the year in McAllen, Tex. I am not sure whether Mr. Parr was at this one or at all of them. I specifically remember Mr. Nelson—we all got our pictures taken with Mr. Nelson.

Mr. WEITZ. But your recollection is that Mr. Parr proposed a checkoff system.

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Was it ever instituted?

Mr. TOWNSEND. No; I signed an authorization form and it was returned to me.

Mr. WEITZ. Do you know why it wasn't instituted and why the form was returned to you?

Mr. TOWNSEND. I guess it was the policy of AMPI that they not honor such authorizations for checkoffs for political candidates.

Mr. WEITZ. You said before that you attended about half of the AMPI board meetings?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Do you recall at any of those meetings the question of high legal fees for the home office or for AMPI in general coming up—being discussed?

Mr. TOWNSEND. I don't specifically recall that at the meetings that I attended. The board meetings—I have talked with individual board members I guess.

Mr. WEITZ. Did anyone ever talk to you in AMPI about the problem or any of the lawyers or consultants?

Mr. TOWNSEND. I would say Bob Isham talked to me about it in general—the high general and administrative, legal, advisers, airplanes.

Mr. WEITZ. Did he mention any particular transactions that he thought were illegal, or certainly were very fishy, besides the amount of them—the way certain things or certain transactions were carried out?

Mr. TOWNSEND. He started to one day.

Mr. WEITZ. Did he mention any names?

Mr. TOWNSEND. No; he said this would have been, I think, December 1971.

Mr. WEITZ. Just before the change of management?

Mr. TOWNSEND. Yes; I was in his office—in Bob Isham's office in San Antonio, and Bob seemed to be a little bit nervous and I said: "Bob, what is wrong; is there anything I can do to help you?" And he said: "Oh, Tom, I don't know; do you know anything about the book?" And I said: "No; I don't know what you're talking about." He said, "Tom, there are so many things you don't know: I am nervous, but it is probably better you don't know." And I said: "If I can help in any way, let me know."

Mr. WEITZ. Did you ever at any board meeting or outside of any board meeting hear any of the AMPI employees use the word

"conduits" with reference to its employees, certain attorneys, or consultants?

Mr. TOWNSEND. Yes; I think so. You know, I am not just—I am not sure what time period we are talking about.

Mr. WEITZ. 1971.

Mr. TOWNSEND. Specifically.

Mr. VANET. All of his inquiry is with respect to Presidential campaigns—the time periods of 1970, 1971, and 1972.

Mr. WEITZ. Yes.

Mr. VANET. And he is not including in his questions any inquiry about congressional races or about other Presidential campaigns back in the 1960's or whatever, I think you can answer—I think you can answer with that understanding, with respect to his questions, that they are limited in that scope.

Mr. TOWNSEND. Yes; I would have to say that. I don't recall specific instances.

Mr. WEITZ. Do you know who, if any, of AMPI's attorneys or consultants served as conduits for moneys to political contributions?

Mr. TOWNSEND. Oh, I did not think of conduits in that respect.

Mr. WEITZ. I meant conduits in that text.

Mr. TOWNSEND. Oh, no; I was thinking of conduits as anyone who knew somebody that might be beneficial politically, like Marion Harrison, that is the first one that popped in my mind.

Mr. WEITZ. You are talking about who someone knows rather than serving as a transferee for money?

Mr. TOWNSEND. Correct. I knew of no instances where an amount of money was given to someone for political contributions for the—I guess for any political candidate in 1972.

Mr. WEITZ. Are you aware of such a scheme that was devised which—for any transactions which involved non-Presidential candidates?

Mr. VANET. I would object to that because I don't see how that would be pertinent to the scope of this inquiry.

Mr. WEITZ. Well, it is if the scheme is devised which covers both Presidential and non-Presidential and if you are aware of transactions that utilized attorneys for that purpose. I am not asking you what political candidates but do you know of transactions which involved transfers of money through consultants or attorneys for political purposes?

Mr. VANET. I will object to the question as it is framed and advise the witness not to answer it. If you limit to any scheme whereby money was passed to any Presidential candidates, it is a proper inquiry. That may be the intent of the question but I would have to object to that.

Mr. WEITZ. Let's start with that. Do you know of any scheme whereby moneys were transferred through attorneys or consultants?

Mr. TOWNSEND. I have read quite a bit about it in the newspapers in the last 6 months.

Mr. WEITZ. For Presidential candidates besides what you read in the paper, do you know anything about that?

Mr. TOWNSEND. I guess I suspicioned it in general, but I had no direct knowledge.

Mr. WEITZ. Did there come a time in 1971 when you were either told or participated in the destruction of certain sensitive or incriminating documents in the Little Rock, Ark. office of AMPI?

Mr. VANET. I will object to the characterization of sensitive and everything else that you said, if you could just say destruction I think that would be all right.

Mr. WEITZ. Did there come a time in 1971 when you were asked or participated in a destruction of documents in the Little Rock, Ark. AMPI office in 1971?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Can you tell what transpired?

Mr. VANET. I would—excuse me, and I would ask that the answer be restricted only to those records that involve political contributions or anything involving Presidential reelections, within the scope, not in the antitrust litigation and other matters involved among other people that are outside the scope of this inquiry, and would just advise you to limit your questions to anything involving the Presidential race.

Mr. WEITZ. I will have to differ with you, counsel. The antitrust suit is within the scope of the inquiry to the extent that any of these documents which might refer to any matters that indicate contacts with Government officials who might have knowledge both of campaign contributions as well as the problems involving the antitrust suit.

Mr. VANET. I have no objection to him answering about destruction of records, if any, with respect to political contributions, who they were, who the contact men were, or anything involved in that. If any of those records were destroyed he certainly can answer.

Mr. TOWNSEND. Yes; I would say in March or April of 1971 I got a phone call from Dave Parr in which he told me to destroy or get rid of, I am not sure, I do not know his wordings, you know, of records that we had in that Little Rock office relating to political activities or contributions.

Mr. WEITZ. Did he specify what political activities or what contributions, or did he just say generally all papers relating to such activities?

Mr. TOWNSEND. All papers.

Mr. WEITZ. Did he tell you why?

Mr. TOWNSEND. No.

Mr. WEITZ. He was making the request, did you ask him?

Mr. TOWNSEND. I made a comment, I said something to the effect that we couldn't operate the office unless we had some information and he said something to the effect of—I recall the phrase—dad-dammit, that was a common phrase.

Mr. WEITZ. An expletive of some sort.

Mr. TOWNSEND. I don't know how to spell it. That's what he said. Just do as I say.

Mr. WEITZ. And at that conversation, or any time thereafter, did he ever explain why he gave you that instruction?

Mr. TOWNSEND. No, sir, not that I recall.

Mr. WEITZ. Did he tell you who was to participate in this in addition to yourself, if anyone?

Mr. TOWNSEND. He said get everybody.

Mr. WEITZ. And did you pass that word on to others?

Mr. TOWNSEND. Yes, I did.

Mr. WEITZ. Who did you tell that to?

Mr. TOWNSEND. I think everybody in the office that was there that day and probably the next day.

Mr. WEITZ. Just to be specific would that include Joe Murphy?
Mr. TOWNSEND. Joe Murphy.
Mr. WEITZ. Mr. Elrod?
Mr. TOWNSEND. I don't know if Lynn was there or not.
Mr. WEITZ. If he was in the office during that period of time of the year before he went back to San Antonio, would you have told him?
Mr. TOWNSEND. Yes.
Mr. WEITZ. Was Keiffer Howard in the office at that time?
Mr. TOWNSEND. No, he was not.
Mr. WEITZ. How about Forest Wisdom?
Mr. TOWNSEND. Yes.
Mr. WEITZ. Anyone who was in the office other than the secretary, anyone who would have files that might include these types of papers?
Mr. TOWNSEND. Right.
Mr. WEITZ. Do you recall anyone else you asked?
Mr. TOWNSEND. Not specifically, but if they were in there that day I asked them.
Mr. WEITZ. Did they ask you why or did you have to enter into some explanation of why they were being asked to destroy those documents?
Mr. TOWNSEND. I suspect they did and I said, "I don't know."
Mr. WEITZ. Did you in fact destroy documents in your files pursuant to this instruction?
Mr. TOWNSEND. Yes, I did.
Mr. WEITZ. Do you know whether the others in fact destroyed files—destroyed documents in their files pursuant to their instructions?
Mr. TOWNSEND. Yes.
Mr. WEITZ. Can you tell me or will you tell me whether any of the documents that you destroyed relating to political activities related in any way to Presidential contributions or contributions to Presidential fundraisers?
Mr. TOWNSEND. I dont recall specifically any, you know, any specific documents. I think that probably they did.
Mr. WEITZ. Do you recall what type of documents you would have had in your files that related to political activities or political contributions that related somehow to the Presidential reelection?
Mr. TOWNSEND. I had none in my files.
Mr. VANET. When you say "your files," you mean in the Little Rock, Ark., office?
Mr. WEITZ. No; I am starting with your files.
Mr. TOWNSEND. I said there were none.
Mr. WEITZ. Do you believe there were some in some of the files in the Little Rock, Ark., office?
Mr. TOWNSEND. Yes, sir.
Mr. WEITZ. Did you actually go into Dave Parr's files also or did you have his secretary do that pursuant to these instructions?
Mr. TOWNSEND. I think both of us did, his secretary and I.
Mr. WEITZ. In other words, you were also not doing it only in your files, but also in Mr. Parr's files on his behalf?
Mr. TOWNSEND. Yes, sir; that is correct.
Mr. WEITZ. Who would have engaged in this with you, Norma Kirk?
Mr. TOWNSEND. Yes.
Mr. WEITZ. In his files. Did you have to tell her in order for her to assist you as to what type of documents she was looking for?

Mr. TOWNSEND. I think generally it was a question of some file folders and she—I can't tell you specific instances. I know there were several instances she asked me "what about this," and I would say "yes" or "no."

Mr. WEITZ. Now, particularly in Mr. Parr's files, I gather you had only direct contact with your files and Mr. Parr's files pursuant to this instruction?

Mr. TOWNSEND. Correct.

Mr. WEITZ. The others handled their own files.

Mr. TOWNSEND. To the best of my knowledge that was true.

Mr. WEITZ. In your files or Mr. Parr's files do you recall any documents or files, file folders, which in any way related to the import quota questions and/or campaign contributions or political contacts in relation to the quota question or to——

Mr. TOWNSEND. I feel there was no—I just think its—there were none in my opinion. I think that whole area is in terms of any relationship between contribution and action on the part of Government, I just can't believe that for the life of me.

Mr. VANET. That is not really his question, the question is do you remember seeing anything in the files involving those things?

Mr. TOWNSEND. No, sir.

Mr. WEITZ. Can you tell me, you said you did destroy some documents?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Now we're limiting ourselves to political activities or contributions and in fact, I think you also said that it some way related—may have related to the Presidential political activity or Presidential contributions?

Mr. TOWNSEND. Yes; there may have been some.

Mr. WEITZ. Could you tell us what those files were?

Mr. TOWNSEND. No.

Mr. WEITZ. Or what categories of files they were?

Mr. TOWNSEND. No, I really can't.

Mr. WEITZ. Since that time——

Mr. TOWNSEND. Man, you know, it was a mad scurry.

Mr. WEITZ. Did Mr. Parr give you any reason for the urgency of the request, why didn't he wait until he returned back to the office for example?

Mr. TOWNSEND. I don't know. He said "today."

Mr. WEITZ. I see. Since that time have you ever discussed this with Mr. Parr or anyone else that could shed any light on why the request was made as it was and with such urgency?

Mr. TOWNSEND. Not that I recall.

Mr. WEITZ. All right. With regard to the antitrust suit, the Government's antitrust suit againt AMPI, do you know of any connection between that and any political contacts that were made with members of the White House by representatives for AMPI or with any political contributions or promised contributions by TAPE or the Committee for TAPE?

Mr. TOWNSEND. Well, I read in the paper——

Mr. WEITZ. Other than what you read in the paper.

Mr. TOWNSEND. No, sir; not that I recall.

Mr. WEITZ. Finally, do you know the firm of Valentine, Sherman and Associates?

Mr. TOWNSEND. I have heard the name.

Mr. WEITZ. Do you know of any work that they were asked to do or in fact did for AMPI in 1971?

Mr. TOWNSEND. I don't know of any work that they ever did for anyone.

Mr. WEITZ. Do you know whether they were paid for or paid any sums of money in 1971 by AMPI?

Mr. TOWNSEND. I would have no idea of that.

Mr. WEITZ. Did you ever attend—overhear or attend any meetings or hear any conversations which the—in which the funds to be paid to Valentine, Sherman and Associates were discussed?

Mr. TOWNSEND. Yes, sir.

Mr. WEITZ. Can you tell us about those?

Mr. TOWNSEND. I can't tell you when or where—there was a group of AMPI people, we were having dinner one evening and I don't even know what town, I can see the restaurant itself. We were the only ones in the restaurant and Nelson, Isham, and Parr and Lilly were sitting at a table off to my right and there were a group of us sitting at the same table that I was sitting and they called me over and they said, "We have got a commitment to Valentine, Sherman for Governor Docking." This was Dave asking me and I said, "yes" and he said, "Do you know of any other commitments to Valentine, Sherman" and I said "no, I know of none." And he said "OK" and I went back and sat at the other table.

Mr. WEITZ. How did you know of this commitment to the Governor?

Mr. TOWNSEND. I attended a meeting in Topeka at the top of some hotel, I don't mean hotel, it was a bank building with Governor Docking and his AA and two dairy farmers, at which we talked about Governor Docking's 1972 campaign.

Mr. WEITZ. Do you know whether this had anything to do with Hubert Humphrey's or Wilbur Mill's Presidential campaigns in 1972?

Mr. TOWNSEND. I thought I heard no relationship at all.

Mr. WEITZ. And in that connection did a Norman Barker who is an AMPI director ever ask you about such a commitment to Governor Docking?

Mr. TOWNSEND. Norman Barker was at this dinner with—or luncheon I guess it was—with the Governor.

Mr. WEITZ. And did you call Bob Lilly in connection with that meeting before or after to check on any commitments?

Mr. TOWNSEND. Yes; as a matter of fact this year I asked Bob if the commitments to Governor Docking had been met.

Mr. WEITZ. 1973 or 1972 are you talking about?

Mr. TOWNSEND. 1972. He told me that as far as he knew they had.

Mr. WEITZ. But to your knowledge you know of no moneys or no arrangements with Valentine, Sherman that involved either Mr. Humphrey's Presidential election effort, campaign effort, or Mr. Mills' Presidential campaign.

Mr. TOWNSEND. No, sir; I recall none.

Mr. WEITZ. Your only knowledge of this was in relationship to Governor Docking?

Mr. TOWNSEND. I think that I recall hearing the name of Valentine and Sherman in terms of Hubert Humphrey's effort but I have no knowledge of any activities.

Mr. WEITZ. Who would have told you about this if it did relate to Mr. Humphrey?

Mr. TOWNSEND. I just really wouldn't have any idea. It could have been one of a lot of different people.

Mr. WEITZ. All right, let's go off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record. I have no further questions, thank you.

[Whereupon, at 4:05 p.m., the hearing in the above-entitled matter was adjourned.]

TOWNSEND EXHIBIT NO. 1

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To: Galbraith 1 — also 332 study
Chotiner 1
Colson 2

also got white paper letter from President Proclamation

October 16, 1970

MEMORANDUM TO THE SPECIAL COUNSEL TO THE PRESIDENT

Re: Milk Import Quotas

I. FACTS

The goal of the Administration is to limit dairy imports to an annual level of one billion pounds milk equivalent.

The American dairy farmer is faced in 1970 with growing, unrestricted imports of many dairy products. This is not normal trade. It is an artificial commerce consisting of a series of loopholes. As fast as one loophole is plugged foreign importers find another. The Tariff Commission in a Section 22 report to the President dated September 21 and in a Section 332 report released October 16, 1970 to the Ways and Means Committee confirms this growing use of loopholes.

All unrestricted dairy imports cost the Government money because they replace domestic commercial sales and increase the quantity of dairy products that must be purchased by the CCC under the price support program.

Until recent years dairy imports never had been as high as one billion pounds milk equivalent. In 1966 imports rose to 2.8 billion pounds milk equivalent and were running at an annual rate of 4 billion until limited by President Johnson in 1967. (The Johnson Administration also had the announced goal of one billion pounds milk equivalent. It never met that goal.)

Because the importers found so many loopholes, imports in 1969 rose to 1.6 billion pounds, in 1970 will exceed 2 billion pounds and in 1971 will reach 4 billion pounds -- the highest in history.

The Tariff Commission in its Section 22 report recommends corrective action for four products. The Secretary of Agriculture supports the Tariff Commission recommendation and has asked the President to implement it. The dairy industry also wants it implemented.

The Tariff Commission in its Section 332 report identifies two new very dangerous loopholes -- "over 47¢ cheese" and lactose.

II. CONSIDERATIONS

Dairy and dependent industries exist in every state. These industries are particularly strong in the Mid West and Border States, where we have tight races. The cheese portion of the dairy industry in Minnesota and Wisconsin is hard hit. The political impact of the right kind of Presidential Proclamation will be inestimably greater if the Proclamation is issued within the next few days than if it is issued later. The longer the delay, the more people in the dairy and related industries will learn that the President is not following the well-documented recommendations of the Tariff Commission. To voters, there is no difference between a Section 22 report which formally recommends quotas and a Section 332 report which recites the facts as to why there should be quotas but makes no formal recommendation due solely to a technical statutory difference in the jurisdiction of the Tariff Commission. As far as voters are concerned the Tariff Commission has issued two reports calling for quotas on six items. All six items are vitally important to the dairy and related industries.

III. RECOMMENDATION

The President should issue a Proclamation, just as soon as possible and in any event in ample time for its impact to be felt before the election, putting the recommended quotas on all six items.

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a. There is no problem in issuing a Proclamation implementing the Section 22 Tariff Commission recommendations as to the four items -- so-called "ice cream", certain chocolates, certain animal feeds, and low-fat cheese.

b. There is only a very minor technical problem as to issuing that part of the Proclamation relating to the two Section 332 products -- "over 47¢ cheese" and lactose. The Secretary of Agriculture must write a letter to the President requesting this and the President must direct the Tariff Commission to give him a Section 22 report on the subject (even though the Tariff Commission today issued a Section 332 report on the same subject). Statutory authority for the President to issue the Proclamation covering all six items is clear and there is no need to wait for a Section 22 report on "over 47¢ cheese" and lactose.

Because the importers have discovered the "over 47¢ cheese" and lactose loopholes, the President's Proclamation needs to cover all six items to be meaningful. Although the long range economic impact on the American economy might be almost the same if this six-product Proclamation comes out the day after the election, the political impact by comparison would be almost non-existent. So, therefore, it is imperative the Proclamation be issued before the election.

MARION EDWYN HARRISON

MEH:ek

TOWNSEND EXHIBIT NO. 2

ASSOCIATED MILK PRODUCERS, INC.

P. O. BOX 9589 LITTLE ROCK, ARKANSAS 72209

PHONE: 501 562-1900 TELEX 53-6455

October 19, 1970

MEMORANDUM

TO: Harold Nelson
Dave Parr

FROM: Tom Townsend

Attached are the memo and working papers which are currently being circulated to Mr. Galbraith, Deputy Assistant Secretary, USDA; Mr. Chotiner; Mr. Colson; and two assistants to Mr. Colson - Mr. George Bell and Mr. Henry Cashen.

The Tariff Commission's Section 332 report to the Ways and Means Committee was released at 10:00 A.M. Friday, October 16, 1970. Although this report does not contain recommendations, the facts clearly indicate a very favorable case for restricting imports of "over 47¢ cheese" and lactose.

Mr. Harrison and I visited with Mr. Galbraith last Friday afternoon, October 16, 1970. Galbraith indicated that there would be no problem with the Department in terms of obtaining favorable recommendations for recommending Section 22 action by the President on "over 47¢ cheese" and lactose. Mr. Galbraith told us that Secretary Palmby was visiting with the State Department Friday afternoon concerning dairy import quotas.

The biggest difficulty that I see is catching Secretary Hardin to write the Section 22 letter to the President, and then catching Chuck Colson for a long enough period to get his attention so that he will bring the matter before the President. Lynn Stalbaum is contacting Congressional people to get them to send telegrams to the Secretary, urging prompt action as a result of the 332 report. Harrison will be contacting Galbraith today, and Galbraith will brief Phil Campbell when Campbell returns tomorrow (Tuesday). Chuck Colson is travelling with the President, but Marion will be in touch with Mr. Bell and Mr. Cashen today or tomorrow morning, urging prompt Presidential action. My best guess would be that the President will announce a favorable decision in the Midwest (possibly Kentucky) the middle of next week.

In addition to the attachments, each of the people previously named have copies of our White Paper, the Tariff Commission Section 22 report, the Tariff Commission Section 332 report, and a revised summary of recommended dairy import program dated October 16, 1970.

TT/bbc

TOWNSEND EXHIBIT NO. 3

February 24, 1971 Associated Dairymen, Inc.

THE DAIRY INDUSTRY AND THE PUBLIC INTEREST:
THE NEED FOR A PRICE SUPPORT INCREASE

The U.S. dairy industry has led the agricultural sector of our economy in organizing so as to better serve both producers and consumers.

The Federal Order program has been an effective means of orderly marketing of dairy products and of assuring the public an adequate supply of pure and wholesome milk and milk products.

In recent years, dairymen have further improved their efficiency through the consolidation of many small and often inefficient cooperatives into more effective regional cooperatives.

The development and operation of the standby pool has made it possible for milk producers in surplus areas to share equitably in the proceeds from the higher class I markets.

Despite this progress, the economic stability of the dairy industry still largely depends upon the income floor provided by the dairy support price for manufacturing milk. Dairymen have sometimes been able to bargain for prices above the minimum. Yet they cannot depend solely on this means of improving their incomes. Dairy farmers still cannot precisely tailor production to demand. Thus, the level of dairy income is still subject to shifts in consumption, to unanticipated increases in dairy imports and to other factors that are beyond the control

of the individual producer.

The dairy support price for the marketing year beginning April 1, 1970 was set at $4.66 cwt -- or 85 percent of parity at that time. Increased costs since April 1, 1970 have now reduced the parity ratio for milk to 81 percent. And, unless the Government takes remedial action, inflationary pressures in prices paid by dairy farmers will reduce the parity ratio to even lower levels.

Public interest would best be served by a support level of 90 percent of parity or an estimated $5.35 cwt, for the year beginning on April 1, 1971. Both consumers and dairy farmers would benefit. The industry would have the stability needed to deal effectively with anticipated production and consumption patterns foreseen for the 1970's.

There are compelling reasons for such an increase:

1) A stable and adequate supply of milk is critically important to the health and welfare of the people of this nation.

2) Adequacy and stability of dairy supplies are threatened by sharp acceleration in the downward trend of milk production. Severe and irremediable contraction in the dairy industry would be catastrophic in impact upon consumers and upon the national economy.

3) Despite recent milk price increases, average income to dairy farmers still remains extremely low. Dairy producers are now

faced with a harsh and continuing cost-price squeeze that can be mitigated only by adjustment of the support price level.

4) Establishment of the support level at the legal maximum of 90 percent of parity is needed if there is to be an orderly adjustment of milk output to milk demand during the 1970's.

5) The contribution to the national interest of an increase in the support price to 90 percent of parity would far outweigh its relatively minor adverse impact.

   a) The Federal budgetary impact will be fully consistent with budget commitments of previous years. Stocks acquired by Government can be used effectively in programs to which there is firm national commitment.

   b) The price support increase would not cause substantially increased prices to consumers, nor would it provoke inflationary price pressures.

6) An increase of price supports to 90 percent of parity is critically needed in order to further dairy industry "self-help" activities that can lead to eventual termination of price support assistance.

I. A stable and adequate supply of milk is critically important to the health and welfare of the people of this nation.

Milk is one of our most basic foods. A sound dairy industry is,

therefore, vital to the nutritional welfare of our nation.

Milk and dairy products, excluding butter, provided the following components of consumer diets during 1968:[1/]

22.6 percent of the protein supply
13.5 percent of the fat supply
76.2 percent of the calcium supply
36.7 percent of the phosphorous supply
9.9 percent of the riboflavin supply
11.8 percent of the Vitamin A value
1.7 percent of the niacin supply
4.7 percent of the ascorbic acid supply
2.2 percent of the iron supply
7.2 percent of the carbohydrate supply, and
11.8 percent of the food energy supply.

Virtually every developed country has a national policy assuring adequate returns to its dairy farmers in order to assure an adequate and stable supply of milk and dairy products for their consumers. Such assistance often includes subsidies -- both for export and domestic consumption -- and even direct financial assistance in maintaining a stable dairy cow population.

The European Community promulgates price guidelines for butter and non-fat dry milk and, when necessary, the Community sets "intervention" prices, to assure adequate income to its dairy farmers. Australia has a support price program for butter and cheese. Denmark has a two-price marketing plan through which consumers pay prices that return

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1/U.S.D.A. "Agricultural Statistics" 1969, Table 805.

enhanced income to producers and facilitate exports. The United Kingdom supports the price of milk used for fluid purposes and also sets prices for manufactured products to yield a blended pool price that will assure adequate domestic production. Canada supports dairy prices. New Zealand subsidizes milk consumption.

Recognizing the nutritional importance of dairy products -- particularly for children -- the United States has for many years undertaken to insure that we shall always have an adequate and stable and dependable supply of milk. There can be differences as how best to achieve this national objective. No one disputes the national purpose to assure that the dairy industry will remain economically viable. Accordingly, there is cause for national concern when continued deterioration in the economic condition of the dairy industry threatens this national goal.

II. Adequacy of milk supply is threatened by acceleration of the downward trend in milk production through a severe contraction of productive capacity.

To maintain an adequate supply of milk and dairy products for the growing population of the future requires protection against sudden and sharp decline in productive capacity. During the past 20 years, there has been a steady and continuing decrease in the number of dairy farms.

This contraction of numbers is expected to continue. This trend is summarized in the following table:

Number of U.S. Farms Selling Milk and Cream

Year	(Thousands)
1950	1,959
1955	1,475
1960	1,032
1964	641
1969	400[2/]
1980	200[3/]

Thus, there are now only 400,000 dairy farms in this country. Four-fifths of the dairy farms operating in 1950 have gone out of business. The Department of Agriculture considers that in 1980 there will be only one-tenth as many dairy farms as there were in 1950.

This contraction has not simply been a consolidation of dairy herds into larger farms. The number of milk cows on U.S. farms has also

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2/Dairy Situation, September 1969, p. 29, U.S.D. A. estimate.

3/Dairying in the 1970's. Anthony G. Mathis, Agricultural Economist, Economic Research Service, U.S. Department of Agriculture, DS-329, March 1970, p. 30.

been declining sharply.[4/]

-- In 1950, there were almost 22 million milk cows on American dairy farms.

-- By 1970, this number had decreased by nearly 10 million cows to a total of 12.5 million.

-- By 1980, milk cows on farms are expected to decrease by another one-third or some four million cows, to a total of eight or nine million.

Decreases in cow numbers have been offset in part by increases in milk production per cow. Thus the decreases in numbers of farms and cows does not always mean an absolute reduction in milk production. In the early years of the downtrend in numbers, offsetting increases in efficiency have tempered its impact upon output. Yet efficiency gains are increasingly hard to come by. As the number of cows decreases, capacity to maintain aggregate output becomes more difficult. Dairy cows cannot be replaced quickly and inexpensively and it is increasingly difficult to increase output per cow.

All of these factors are reflected in the steady downward trend of milk production during recent years. It is a remarkable fact that 1970 milk production of 117.4 billion pounds was no higher than the production

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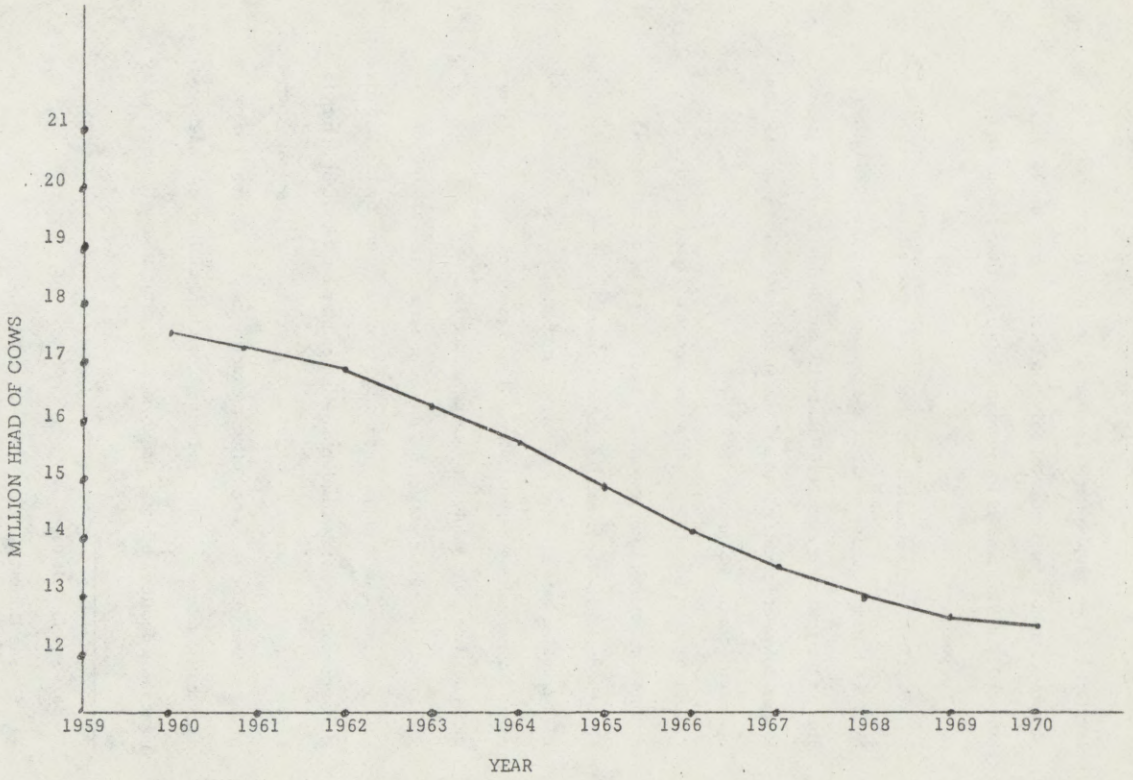
4/See Exhibit A and Mathis, ibid.

EXHIBIT A

MILK COW NUMBERS (1959-1970 U.S.)



Source: Dairy Situation, November 1970, page 6.

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level of 1950 -- despite the expansion of the American economy. Moreover, annual production of milk has declined from the 1964 high of 127 billion pounds by approximately 10 billion pounds in the past six years. 5/

U.S.D.A. estimates indicate that output rose slightly in 1970 to 117.4 billion pounds, or about one percent above the 1969 output. This is the first time since 1964 that milk output deviated from its prolonged downward trend. Even so, the sustained decline in production per capita continued through 1970. 6/

A number of factors -- such as exceptionally good weather conditions and deterioration in pork and beef prices -- contributed to this slight increase. Moreover, the general slowdown of the economy during 1970 provided less off-farm employment opportunities for dairymen who might otherwise have quit dairying. It also provided sources of labor for those dairymen who wanted to expand production.

Ignoring possible statistical errors in estimating 1970 output, sustained increase in annual production is not foreseen by the Department. High economic growth will eliminate the causes for the slight upturn in 1970. General increases in wages and other costs will generate increases in dairy farm wage rates and other production costs. Currently rising dairy cattle prices are again inducing close herd culling. As unemployment rates decline, off-farm employment opportunities will attract dairy

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5/ See Exhibit B.

6/ See Exhibit C.

EXHIBIT B

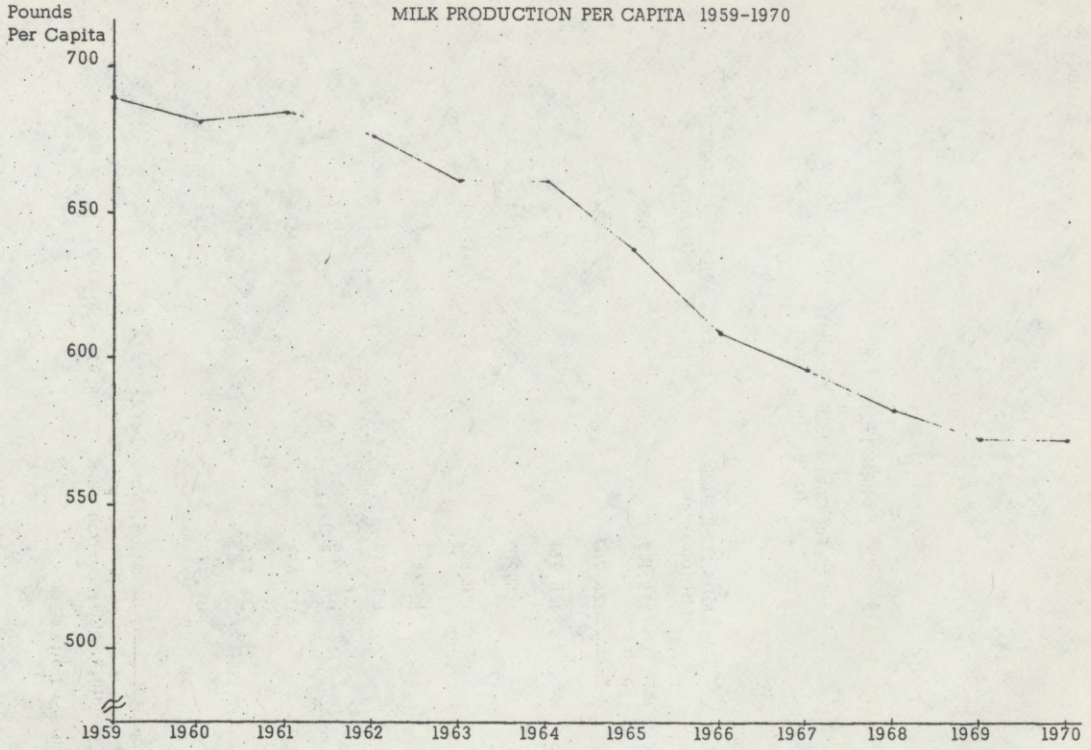
Milk Production
and
Per Capita Milk Production
(U. S. 1960-1970)

Year	Total Milk Production 1/ (Million Pounds)	Per Capita Milk Production 2/ (Pounds)
1960	123,109	681
1961	125,707	684
1962	126,251	676
1963	125,202	661
1964	126,967	661
1965	124,173	638
1966	119,892	609
1967	118,769	597
1968	117,234	583
1969	116,345	573
1970	117,436	572

Sources: 1) Dairy Situation, November 1970, p. 6.

2) Milk Production SRS USDA February 1971, p. 6.

EXHIBIT C



Source: Milk Production SRS USDA February 1971, page 6.

farmers and dairy labor. All of these economic factors are likely soon to reverse the 1970 increase in production and to resume the long-term downtrend projected by the Department. Indeed, U.S.D.A. economists consider that, by 1980, milk production could fall below 110 billion pounds.[7/] Thus, there is standing danger that sharp contraction of output could occur, with major injury to consumers and to the national economy.

III. Despite recent milk price increases, average income to dairy farmers remains extremely low and dairy producers are faced with a continuing cost-price squeeze.

The reasons for the sustained downtrend in production are not hard to find. As in any industry, dairy farmers must have sufficient income incentive if they are to remain on the farm. They must have reasonable prospect that they can produce and market milk at prices that will yield reasonable returns for their work and investment.

These fundamental conditions do not exist today for many dairy farmers. The statistics tell the story in vivid terms:[8/]

-- From 1952 to 1970, the wholesale price of milk increased by only 17.3 percent.

7/Mathis, supra, p. 32.

8/See Exhibit D.

EXHIBIT D

	INDEX OF PRICES PAID BY FARMERS FOR PRODUCTION ITEMS INTEREST, TAXES & WAGE RATES (1957-59 - 100)	PRICE OF ALL MILK WHOLESALE 2/ (DOLLARS)	REAL PER CAPITA DISPOSABLE INCOME 3/ (DOLLARS)
1952	100	4.85	1,641
1953	95	4.32	1,697
1954	95	3.97	1,693
1955	94	4.01	1,786
1956	94	4.14	1,841
1957	97	4.21	1,838
1958	100	4.13	1,818
1959	102	4.16	1,877
1960	103	4.21	1,879
1961	104	4.22	1,903
1962	106	4.09	1,958
1963	108	4.10	2,002
1964	108	4.15	2,109
1965	111	4.23	2,213
1966	116	4.81	2,298
1967	119	5.02	2,360
1968	123	5.24	2,425
1969	131	5.49	2,434
1970 (Prel.)	136	5.69	2,470
Percent change 1952-1970		17.3%	50.5%

2/ Dairy Situation, November 1970, Pg. 10 and other issues of Dairy Situation

3/ Dairy Situation, November 1970, Pg. 13.

-- Prices paid by farmers for production items increased by 36 percent. Currently, production cost increases are outstripping price increases. Under present conditions, further production cost increases appear to be inevitable.

-- During these years, real per capita disposable income for all U.S. wage earners rose by 50.5 percent. There is little wonder that dairy farmers have sought better opportunities.

As a percentage of parity, average prices paid for all milk sold to plants are now lower than a year ago. In January 1971 the average price of all milk amounted to only 81 percent of the parity equivalent as compared to 82 percent in January 1970.

At the end of 1970, the Index of Prices Paid by Farmers was up nearly 5 percent above the previous year. The Index of Prices Received by Farmers was up only 3 percent. The percentage increase in prices paid for manufacturing grade milk was greater than for fluid milk, due largely to a relatively strong market for cheese. Prices for cheese may not increase as much during 1971 as in 1970, while milk production costs can be expected to increase at least as rapidly as in 1970.

Some of the production items that have increased dairy farmers costs are reported in February 1971 "Farm Cost Situation" as follows:

-- Farm wage rates in 1970 were nearly seven percent above 1969.

-- Farm machinery and equipment costs were six percent higher in 1970 than in 1969, but will likely be greater in 1971.

-- 1970 interest cost on real estate debt rose seven percent above 1969, while interest cost on non-real estate debt was up 18 percent.

-- State and local taxes on farm real estate in 1969 increased by 11 percent over 1968.

-- Insurance related to farm production is expected to increase in cost by about ten percent in 1971.

Herbicide costs have increased by 50 percent from 1964 to 1968. If herbicide use is reduced, as expected, due to anti-pollution measures, crop production costs will be increased through increased cultivation and lower yields.

A significant feature stressed in the February 1970 Farm Cost Situation is that purchased inputs were three-fourths the total in 1969 whereas they were less than one-half the total in 1940. This means that farmers are increasingly vulnerable to price increases in the commercial market for purchased inputs.

EXHIBIT E

Milk-Feed Price Ratios and Ration Value for United States

Month	Milk feed price ratio[1]						Ration value[2]					
	1966	1967	1968	1969	1970	1971	1966	1967	1968	1969	1970	1971
January	1.49	1.56	1.69	1.78	1.80	1.69	3.04	3.30	3.12	3.11	3.23	3.54
February	1.48	1.54	1.66	1.74	1.76	1.66	3.07	3.28	3.13	3.13	3.23	
March	1.48	1.51	1.62	1.72	1.73		3.06	3.28	3.13	3.11	3.20	
April	1.45	1.46	1.60	1.67	1.71		3.07	3.28	3.14	3.13	3.20	
May	1.41	1.45	1.60	1.63	1.66		3.07	3.27	3.13	3.15	3.25	
June	1.40	1.43	1.58	1.60	1.64		3.11	3.26	3.11	3.17	3.25	
July	1.49	1.48	1.64	1.64	1.66		3.17	3.24	3.09	3.18	3.29	
August	1.56	1.55	1.71	1.71	1.68		3.21	3.21	3.06	3.14	3.31	
September	1.63	1.64	1.78	1.80	1.70		3.24	3.18	3.05	3.13	3.41	
October	1.66	1.68	1.83	1.85	1.76		3.24	3.14	3.03	3.13	3.39	
November	1.66	1.71	1.86	1.87	1.79		3.23	3.12	3.05	3.14	3.39	
December	1.61	1.69	1.83	1.85	1.74		3.28	3.13	3.06	3.16	3.47	

1/Pounds of concentrate ration equal in value to 1 pound milk sold to plants.

2/Value per 100 pounds of concentrate ration fed to milk cows.

The single most important expense item for dairy farms is the concentrate ration fed to milk cows. The key indicator of the relationship of feed prices to returns to dairy farmers is the milk-feed price ratio. This ratio indicates the number of pounds of concentrate ration which can be purchased with the value received from one pound of milk sold to plants and dealers.[9/]

As feed prices increase without a corresponding increase in milk prices -- such as we have witnessed the past six months -- the milk-feed ratio is lowered. This is a prime example of the recent and continuing cost-price squeeze on dairy farmers.

Corn is a major component of the dairy ration. The cost of concentrate rations has increased rather dramatically since July of 1970.[10/] The corn blight crisis, and the resulting increase in feed grain prices has definitely affected this cost increase.

Accordingly, as this ration value has increased, the milk-feed price ratio has been diluted to its lowest January level since 1968. With further indications that the corn blight may have further impact in 1971 which would further increase the cost of dairy rations, an upward adjustment of at least 30 cents per cwt in the milk price is needed to offset just this one cost increase.

9/See Exhibit E.

10/See Exhibit E.

The special hardship to dairymen that is caused by the downward slide of milk prices as a percent of parity is compounded by the fact that dairying is more labor intensive than most farm enterprises.

The labor intensive nature of dairying is demonstrated by the table in Exhibit F.. More labor is used to generate $1000 of cash receipts in dairying than in nearly all other enterprises for which U.S.D.A. reports such data.

Further, more operator and family labor is used to generate $1,000 of income than in most other farm enterprises. This is partly because a high quality of labor is required for a productive dairy farm. Such labor tends to be relatively scarce and high-priced even in times of high unemployment because the quality of labor required by a dairyman is also likely to be demanded by industrial enterprises.

Because of predictable increases in costs of production, milk prices as a percentage of parity -- and therefore real income levels -- will continue to slide downward for the next two years unless the price support level is increased. The upward trend in costs of production of at least 5 percent per year will continue at its present rate during 1971 and 1972. Indeed, a review of major items suggests that annual rates of increase may go even higher than 5 percent during those two years.

Recent history indicates that when dairy farmers finally respond

EXHIBIT F

Table Cash receipts and labor used on 21 types of farm enterprise, U.S. 1968.

Type enterprise	Total Cash receipts (Dollars)	Total Labor Used (Dollars)	Operator & Family Labor (Dollars)	Hired Labor (Dollars)
Dairy farms - Grade A, Central New York	27,833	4,480	4,000	480
Dairy farms - Grade A, Southeast Wisconsin	25,642	4,560	4,000	560
Egg producing farms, New Jersey	30,076	4,820	3,950	870
Broiler farms, Georgia	3,474	1,850	1,700	150
Hog-beef raising farms, Corn Belt	16,387	3,600	3,000	600
Hog-beef fattening farms, Corn Belt	47,627	4,210	3,200	1,010
Cash grain farms, Corn Belt	24,791	2,580	2,070	510
Cotton farms, Mississippi Delta	84,215	15,670	3,000	12,670
Tobacco farms, Coastal Plain, North Carolina	10,883	3,780	1,760	2,020
Tobacco-livestock farms, Inner Bluegrass Area, Kentucky	18,815	4,030	2,420	1,610
Tobacco-dairy farms, Outer Bluegrass Area, Kentucky	14,421	4,650	3,950	700
Tobacco-beef farms, Pennyroyal Area, Kentucky-Tennessee	15,755	4,220	2,850	1,370
Tobacco-dairy, Pennyroyal Area, Kentucky-Tennessee	17,979	5,210	3,800	1,410
Wheat-fallow farms, Northern Plains	16,093	2,820	2,600	220
Winter wheat farms, Southern Plains	18,617	3,400	3,160	240
Wheat-fallow farms, Washington and Oregon	33,632	4,110	3,570	540
Cattle ranches, Northern Plains-livestock area	39,844	6,570	3,000	3,570
Cattle ranches, Northern Rocky Mountain	40,259	6,700	3,000	3,700
Cattle ranches, Southwest	16,799	3,690	2,320	1,370
Sheep ranches, Utah, Nevada	48,676	6,570	3,000	3,570
Sheep ranches, Southwest	20,983	4,910	2,600	2,310

Source: "Farm Costs and Returns," Ag. Inf. Bul. No. 230, Revised Sept. 1969, ERS-USDA, Washington 1969.

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to sharply unfavorable price relationships they often do so through massive exodus from farming. The ultimate cost of repairing such a sharp down swing could be much more than the relatively modest price increases that would avert large-scale exit of resources out of dairying.

IV. Maintenance of the support level at the legal maximum is needed to provide for an orderly adjustment of milk output to milk demand during the 1970's.

There is no real disagreement between the dairy industry and the government as to the basic economic conditions that will face the industry during the 1970's. There will be sharp and continuing contraction of the industry. There will be fewer commercial dairy farms, fewer cows, higher capital costs and a higher proportion of paid labor and other purchased inputs. While number of cows per farm will rise, aggregate milk production will continue to decline. Indeed, the U.S.D.A. forecasts that the "dairy surplus will fade" during the 1970's if price supports were maintained at the present level. 11/

We differ with this analysis only in degree. The surplus may well disappear, but the productive capacity to meet the needs of the nation for milk may also disappear. We believe that probable U.S.D.A. estimates of milk production place too little regard on the price-cost factors that can

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11/ See Mathis, supra.

hasten production declines. We consider that consumption estimates are unduly pessimistic.

Our estimates of U.S.D.A. projections for 1971 both at the present price support level and at 90 percent of parity are compared with estimates derived by Associated Dairymen in Exhibit G.

The U.S.D.A. projects substantial decline in dairy production over the next ten years at current levels of price support and government acquisition of stocks. Therefore, it is unrealistic to believe that the proposed 1971 support price of 90 percent of parity would have dramatic or sustained effect upon U.S.D.A. projections. For example, average milk prices rose by $1.30 per cwt. during the 1960's. Gross dairy farm income rose by $1.5 billion. Yet, production trended <u>down</u> because net income to dairy farmers was still among the lowest in the economy.

Dairy incomes are <u>still</u> at distress levels. Prospective cost increases indicate little prospect for improvement. Given adequate and stable income, production will continue to shrink and surpluses will indeed vanish. These are the basic trends.

The challenge is so to manage this downward trend as to serve the national interest -- to provide an orderly adjustment of milk output to milk demand -- and to avert sudden shrinkage that bankrupts producers and deprives consumers of adequate supplies at reasonable prices. Indeed,

EXHIBIT G

MILK SUPPLY USE AND CCC PURCHASES (Milk Equivalent in Billion Pounds)

	1970 Actual	Anticipated USDA Estimate 1971 (No Change in Supports) $4.66	Anticipated USDA Estimate 1971 $5.35	Associated Dairymen Estimate Calendar 1971 (No Change in Supports) $4.66	Associated Dairymen Estimate Calendar 1971 $5.35
Supply					
Milk Production	117.4	117.9	118.9	117.4	118.2
Less Farm Use	4.1	4.0	4.0	4.0	4.0
Marketings	113.3	113.9	114.9	113.4	114.2
Beginning Inventory	3.8	3.6	3.6	3.6	3.6
Imports	1.9	1.4	1.4	1.4	1.4
Total Supply	119.0	118.9	119.9	118.4	119.2
Utilization					
Commercial					
Domestic	108.7	107.6	106.9	109.5	109.3
Foreign	0.9	0.9	0.9	0.9	0.9
Total	109.6	108.5	107.8	110.4	110.2
Ending Inventory	3.6	3.6	3.6	3.6	3.6
Total Use	113.2	112.1	111.4	114.0	113.8
CCC PURCHASES	5.8	6.8	8.5	4.4	5.4
USDA Cost (Millions)	331	388	535	251	324

the prevention of such liquidation and the assurance of orderly adjustment are major objectives of the price support program.

The level of price support set for the 1970 marketing year cannot fully assure against the threat of such costly and irreparable liquidation. It is not even certain that support at the maximum statutory level of 90 percent will fully serve the intent of the Congress in defining milk as a mandatory price support commodity. But it is clear that this level is needed now if the intended objectives of the program are to be achieved.

V. An increase in the support price to 90 percent of parity would not have adverse public policy consequences sufficient to offset its contribution to the national interest.

In weighing the need for higher support price, there must be consideration of likely impact upon production, consumption, prices and net Treasury costs.

A. The Federal budgetary impact would be consistent with budget costs in previous years and stocks acquired by the Government could be used effectively in programs to which there is a national commitment.

We estimate that milk production in calendar 1971 will not exceed 118.2 billion pounds if the price support goal is set at $5.35 or 90 percent of parity. 12/

Supply elasticity coefficients in use some years ago are no longer

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12/ See Exhibit G.

valid. Farmers do not now respond to milk price increases with production increases as they did prior to 1965. As example, the $1.26 increase in all milk wholesale prices from 1965-69, an increase of 30 percent, was accompanied by a milk production decline of 6.4 percent.

We also estimate that commercial consumption in 1971 will be not less than 109.3 billion pounds if support prices are set at 90 percent of parity.

Population will increase in 1971 by more than two million people. Per capita disposable income should be higher. The March, 1970, Dairy Situation points out that increases in per capita disposable income of about four percent per year can be expected.

The November, 1970, Dairy Situation states that commercial disappearance of milk in all products turned upward in the third quarter of 1970 by about one percent, and that sales for 1970 are likely to be near the 1969 total of 109 billion pounds of milk equivalent. This demand strength should be maintained in 1971, even with the proposed increased support price, as a result of the stronger economy, the larger population and increased sales promotion by producer groups, using newly authorized pool funds in Federal order markets for this purpose.

Given these production and consumption estimates, projected CCC purchases during calendar 1971 -- assuming an increase to $5.35 cwt. --

would be 5.4 billion pounds as compared to 5.8 billion pounds in 1970. The budget cost would be approximately $324 million as compared to $331 million in 1970 -- a level consistent with previous budgetary commitments to this program.

Of course, it may be argued that budgetary costs would be even less if the price support were set at a lower level. But this "savings" would be achieved at the expense of denying the necessary minimum income level for dairy farmers to be able to assure an adequate supply for the dairy consumer. The nation would forego the benefits of long-term stability and incur the costs of long-term dislocation of productive capacity. This is too high a price to pay. It is much too high a price to pay when regard is given to the need for dairy products in programs for which there is already firm national commitment.

B. Price support at 90 percent would not cause substantial consumer price increases nor would it provoke inflationary price pressures.

This needed price support increase would not be at the expense of substantially higher consumer prices.

Present market prices for milk and dairy products are above the "price floor" of $4.66 established by the support price announced April 1, 1970. Thus, increase to 90 percent would not increase farm or consumer

prices by as much as the increase in the support level.

Dairy farmers have increased productivity at remarkable rates since World War II. They have not shared equitably in the returns for such productivity. In fact, real wage costs of dairy products have decreased dramatically. Yet, these efficiency gains passed onward to consumers have not been paralleled by comparable increases in real income to dairy farmers.

The sharp declines in real wage costs of milk are set out below:

	Man Hours Required to Produce 100 Pounds of Milk 13/	Pounds of Annual Milk Production per Cow 13/
1950	2.36	5314
1955	1.97	5842
1960	1.42	7029
1965	1.04	8304
1967	.88	8797
1968	.82	8992
1969	.77	9166

As the House Committee on Agriculture states it: 14/

13/ Derived from Changes in Farm Production and Efficiency, USDA Statistical Bulletin No. 233, June 1970, Table 14 and Dairy Situation, Nov. 1970, Table 2 with Revised Estimates for 1968 and 1969.

14/ "Food Cost - Farm Prices," Report to House Committee on Agriculture June 20, 1970.

"One hours work in a factory buys more food today than it did 20 or 30 years ago. Pay for one hours factory labor would buy:

MILK: (Deliv) 10.2 quarts in 1969
6.5 quarts in 1949
5.1 quarts in 1939."

With these efficiency indicators, a valid case cannot be made that an increase in the support price to 90 percent of parity would generate an inflationary effect in real wage terms.

The average price in December 1970 was $4.96 per cwt. for manufacturing milk of average butterfat test of 3.80 percent. The 90 percent of parity price proposed is approximately $5.35 for milk of average test for the year. Allowing for the difference in butterfat test of approximately 0.12%, the proposed increase over the December 1970 level would amount to about 47 cents per cwt. for manufacturing milk.

This 47 cents would not be reflected in its entirety in the cost of all milk sold to consumers. Approximately 50 percent of total marketings of milk is used for fluid purposes. Much of the fluid milk supply is priced under formulae reflecting factors other than manufacturing milk values. Other fluid milk prices based directly on the Minnesota-Wisconsin manufacturing milk series values, are currently higher than the minimum Federal order price. Such milk being sold at premium prices will not automatically reflect the higher values for manufacturing milk established by the 90 percent announcement. The average price of all milk wholesale could be expected to increase by approximately 6 percent from its January 1971 level of $5.98

to $6.34.

The American consumer has not paid a disproportionately high price for milk. As noted, the real wage cost of milk has fallen sharply. Further, increases in money prices for milk at retail have been substantially lower than for all foods or for all consumer goods. The consumer price index (1957-59 price = 100), shows the following relative price increases at the end of the third quarter of 1970.[15/]

-- The overall consumer price index was 135.0

-- The retail price for all foods was 132.3

-- The retail price for fluid milk was 126.6

Thus, milk has been a "good buy" even during this inflationary period. In the balancing process between the consumer interest in reasonable prices and the dairy farmer's need for an adequate return, the consumer has continued to fare well in the market place.

One note of caution: There is a continuing danger to the consumer interests. Price instability causing losses to dairy producers could generate drastic and prolonged dislocation of production and of productive capacity. Such dislocation could in turn generate drastic and prolonged increases in consumer prices.

15/ See Exhibit H.

EXHIBIT H

COMPARISON OF INDEX OF AVERAGE RETAIL PRICES FOR MILK (GRO); INDEX OF AVERAGE PRICES FOR ALL FOODS AND CONSUMER PRICE INDEX, BY YEARS, 1950-70[1]

YEAR	Average Retail Prices: Fluid Milk (Grocery)[2]	Average Retail Prices: All Foods[2]	Consumer Price Index[2]
1950	81.8	85.8	83.8
1951	90.7	95.4	90.5
1952	95.2	97.1	92.5
1953	94.1	95.6	93.2
1954	92.1	95.4	93.6
1955	92.3	94.0	93.3
1956	95.1	94.7	94.7
1957	98.4	97.8	98.0
1958	100.3	101.9	100.7
1959	101.3	100.3	101.5
1960	103.7	101.4	103.1
1961	104.0	102.6	104.2
1962	103.5	103.6	105.4
1963	103.0	105.1	106.7
1964	103.3	106.4	108.1
1965	102.8	108.8	109.9
1966	109.4	114.2	113.3
1967	113.8	115.2	116.3
1968	118.5	119.3	121.2
1969	121.8	125.5	127.7
1970	126.6[3]	132.3[3]	135.0[3]

1/ Source: "Dairy Situation" November 1970, Page 13.

2/ 1957-59 = 100

3/ Nine Month Average

Thus, consumer interest is best served by stable prices at adequate levels. This is why support prices are of benefit to consumers. The requested support level will assure farm income that is reasonably related to prevailing and projected farm production costs. Assured farm prices for milk can assure stable and equitable prices for consumers.

VI. An increase of price supports to 90 percent of parity is needed to maintain dairy industry "self-help" efforts so that price support assistance may eventually be terminated.

No dairy farmer wants to be permanently dependent on the government for part of his income. In recent years, regional dairy cooperatives have been formed to bargain for better prices, to enhance efficiency of dairy operations, and to assure more dependable dairy supplies. These cooperatives are instruments of "self-help" in the best sense -- and they represent the best opportunity for eventual termination of price support programs.

But the dairy industry is still in a state of transition. Still unable fully to tailor production to demand, it must depend upon a "price floor" to maintain the returns needed for maintenance of adequate production capacity. With incomes still among the lowest in the economy, support prices must be set at levels that will counter inflationary pressures and cost increases if the industry is to reach the self-sufficiency that is now in view.

As the dairy industry "comes of age" through price bargaining, marketing

activities, product research, nutritional education and improved organizational techniques, it is essential that dairy prices be maintained at tenable levels. The alternative is a permanent and growing dependence on the government as dairy price levels sink below the minimum necessary to sustain the individual producer.

Thus, an increase in the support price to 90 percent of parity is important -- not only to assure adequate long-term supplies, to provide a more equitable income level, and to assure an orderly adjustment between production and demand -- but to realize the potential for a fully self-supporting industry.

* * * * *

For these reasons, we submit that an increase of the support price to 90 percent of parity will best serve the interests of our nation in 1971 and in the years ahead.



TOWNSEND EXHIBIT NO. 4

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" " 2000 and over. Rayburn Bldg.

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XX = reported sick

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92d CONGRESS

TEMPORARY TELEPHONE DIRECTORY

UNITED STATES HOUSE OF REPRESENTATIVES

REPRESENTATIVES

Printed by
W. PAT JENNINGS

Name	Telephone No.	Room No.
Abbitt, Watkins M. (Va.)	56365	2209
Abernethy, Thomas G. (Miss.)	55876	2371
Abourezk, James (S. Dak.)	55165	508
Abzug, Bella S. (N.Y.)	55635	1506
Adams, Brock (Wash.)	53106	436
Addabbo, Joseph P. (N.Y.)	53461	2440
Albert, Carl (Okla.)	54565	H-148
Alexander, Bill (Ark.)	54076	116
Anderson, Glenn M. (Calif.)	56676	1132
Anderson, John B. (Ill.)	55676	1101
Anderson, William R. (Tenn.)	52811	316
Andrews, George W. (Ala.)	54422	2466
Andrews, Mark (N. Dak.)	52611	409
Annunzio, Frank (Ill.)	56661	1224
Archer, Bill (Tex.)	52571	1608
Arends, Leslie C. (Ill.)	52376	2306
Ashbrook, John M. (Ohio)	56431	206
Ashley, Thomas L. (Ohio)	54146	2427
Aspin, Les (Wis.)	53031	515
Aspinall, Wayne N. (Colo.)	54431	2313
Badillo, Herman (N.Y.)	54361	510
Baker, LaMar (Tenn.)	53271	1116
Baring, Walter S. (Nev.)	55965	2434
Barrett, William A. (Pa.)	54731	2304
Begich, Nick (Alaska)	55765	1210
Belcher, Page (Okla.)	52211	2462
Bell, Alphonzo (Calif.)	56451	113
Bennett, Charles E. (Fla.)	52501	2113
Bergland, Bob (Minn.)	52165	1008
Betts, Jackson E. (Ohio)	53865	2310
Bevill, Tom (Ala.)	54876	1207
Biaggi, Mario (N.Y.)	52464	1221
Biester, Edward G., Jr. (Pa.)	54276	325
Blackburn, Benjamin B. (Ga.)	54272	1019
Blanton, Ray (Tenn.)	57084	1005
Blatnik, John A. (Minn.)	56211	2449
Boggs, Hale (La.)	56036	2207
Boland, Edward P. (Mass.)	55601	2111
Bolling, Richard (Mo.)	54535	2465
Bow, Frank T. (Ohio)	53876	2182
Brademas, John (Ind.)	53915	2134
Brasco, Frank J. (N.Y.)	55471	405
Bray, William G. (Ind.)	52276	2201
Brinkley, Jack (Ga.)	55901	317
Brooks, Jack (Tex.)	56565	2239
Broomfield, William S. (Mich.)	56135	2435
Brotzman, Donald G. (Colo.)	52161	413
Brown, Clarence J. (Ohio)	54324	212
Brown, Garry (Mich.)	55011	404
Broyhill, James T. (N.C.)	52576	2448
Broyhill, Joel T. (Va.)	55126	2109
Buchanan, John (Ala.)	54921	1212
Burke, J. Herbert (Fla.)	53026	1127
Burke, James A. (Mass.)	53215	241
Burleson, Omar (Tex.)	56665	2369
Burlison, Bill D. (Mo.)	54401	1338
Burton, Phillip (Calif.)	54965	339
Byrne, James A. (Pa.)	52431	2412
Byrnes, John W. (Wis.)	55665	2206
Byron, Goodloe E. (Md.)	52721	1730
Cabell, Earle (Tex.)	52231	418
Caffery, Patrick T. (La.)	54031	216
Camp, John N. Happy (Okla.)	55565	1406
Carey, Hugh L. (N.Y.)	54105	106
Carney, Charles J. (Ohio)	55261	1123

Issued 1-5-71
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Name	Telephone No.	Room No.
Carter, Tim Lee (Ky.)	54601	1202
Casey, Bob (Tex.)	55951	2353
Cederberg, Elford A. (Mich.)	53561	2303
Celler, Emanuel (N.Y.)	53531	2136
Chamberlain, Charles E. (Mich.)	54872	2233
Chappell, Bill, Jr. (Fla.)	54035	1131
Chisholm, Shirley (N.Y.)	56231	123
Clancy, Donald D. (Ohio)	52216	2342
Clark, Frank M. (Pa.)	52565	2238
Clausen, Don H. (Calif.)	53311	1035
Clawson, Del (Calif.)	53576	227
Clay, William (Bill) (Mo.)	52406	328
Cleveland, James C. (N.H.)	55206	1112
Collier, Harold R. (Ill.)	54561	1436
Collins, George W. (Ill.)	55006	1004
Collins, James M. (Tex.)	54201	1512
Colmer, William M. (Miss.)	55772	2307
Conable, Barber B., Jr. (N.Y.)	53615	230
Conte, Silvio O. (Mass.)	55335	239
Conyers, John, Jr. (Mich.)	55126	222
Corbett, Robert J. (Pa.)	52135	2467
Córdova, Jorge L. (P.R.)	52615	1404
Corman, James C. (Calif.)	55811	203
Cotter, William R. (Conn.)	52265	514
Coughlin, R. Lawrence (Pa.)	56111	336
Crane, Philip M. (Ill.)	53711	1407
Culver, John C. (Iowa)	52911	107
Daniel, W. C. (Dan) (Va.)	54711	1705
Daniels, Dominick V. (N.J.)	52765	2370
Danielson, George E. (Calif.)	55404	1513
Davis, Glenn R. (Wis.)	55101	2454
Davis, John W. (Ga.)	52931	1728
de la Garza, Eligio (Tex.)	52531	319
Delaney, James J. (N.Y.)	53965	2267
Dellenback, John (Oreg.)	56416	1214
Dellums, Ronald V. (Calif.)	57177	1417
Denholm, Frank E. (S. Dak.)	52801	1321
Dennis, David W. (Ind.)	53021	1729
Dent, John H. (Pa.)	55631	2430
Derwinski, Edward J. (Ill.)	53961	1401
Devine, Samuel L. (Ohio)	55355	2262
Dickinson, William L. (Ala.)	52901	204
Diggs, Charles C., Jr. (Mich.)	52261	2464
Dingell, John D. (Mich.)	54071	2210
Donohue, Harold D. (Mass.)	56101	2265
Dorn, Wm. Jennings Bryan (S.C.)	55301	2256
Dow, John G. (N.Y.)	53776	238
Dowdy, John (Tex.)	52401	2301
Downing, Thomas N. (Va.)	54261	2135
Drinan, Robert F. (Mass.)	55931	509
Dulski, Thaddeus J. (N.Y.)	53306	205
Duncan, John J. (Tenn.)	55435	117
duPont, Pierre S. (Pete) (Del.)	54165	1209
Dwyer, Florence P. (N.J.)	55361	2421
Eckhardt, Bob (Tex.)	54901	1741
Edmondson, Ed (Okla.)	52701	2402
Edwards, Don (Calif.)	53072	2422
Edwards, Edwin W. (La.)	52031	425
Edwards, Jack (Ala.)	54931	137
Eilberg, Joshua (Pa.)	54661	1130
Erlenborn, John N. (Ill.)	53515	330
Esch, Marvin L. (Mich.)	54401	412
Eshleman, Edwin D. (Pa.)	52411	416
Evans, Frank E. (Colo.)	54761	127
Evins, Joe L. (Tenn.)	54231	2300
Fascell, Dante B. (Fla.)	54506	2160
Findley, Paul (Ill.)	55271	2162
Fish, Hamilton, Jr. (N.Y.)	55441	1534
Fisher, O. C. (Tex.)	54236	2407
Flood, Daniel J. (Pa.)	56511	108
Flowers, Walter (Ala.)	52665	327
Flynt, John J., Jr. (Ga.)	54501	2335
Foley, Thomas S. (Wash.)	52006	1201
Ford, Gerald R. (Mich.)	53831	H-230
Ford, William D. (Mich.)	56261	125
Forsythe, Edwin B. (N.J.)	54765	331
Fountain, L. H. (N.C.)	54531	2188
Fraser, Donald M. (Minn.)	54755	1111
Frelinghuysen, Peter H. B. (N.J.)	57300	2110
Frenzel, Bill (Minn.)	52871	1725
Frey, Louis, Jr. (Fla.)	53671	1315
Fulton, James G. (Pa.)	52915	2161
Fulton, Richard H. (Tenn.)	54311	401
Fuqua, Don (Fla.)	55235	434
Galifianakis, Nick (N.C.)	52515	225
Gallagher, Cornelius E. (N.J.)	55801	235
Garmatz, Edward A. (Md.)	56161	2187
Gaydos, Joseph M. (Pa.)	54631	1033
Gettys, Tom S. (S.C.)	55501	341
Giaimo, Robert N. (Conn.)	53661	2338
Gibbons, Sam (Fla.)	53376	430
Goldwater, Barry M., Jr. (Calif.)	54461	1421
Gonzalez, Henry B. (Tex.)	53236	2446
Goodling, George A. (Pa.)	55836	1714
Grasso, Ella T. (Conn.)	54476	513
Gray, Kenneth J. (Ill.)	55201	2372
Green, Edith (Oreg.)	54811	2441
Green, William J. (Pa.)	56271	1128
Griffin, Charles H. (Miss.)	55865	1330
Griffiths, Martha W. (Mich.)	54961	1536
Gross, H. R. (Iowa)	53301	2368
Grover, James R., Jr. (N.Y.)	53335	1231

Name	Telephone No.	Room No.
Gubser, Charles S. (Calif.)	52631	2373
Gude, Gilbert (Md.)	55341	332
Hagan, G. Elliott (Ga.)	55831	2443
Haley, James A. (Fla.)	55015	1236
Hall, Durward G. (Mo.)	56536	2351
Halpern, Seymour (N.Y.)	52536	2236
Hamilton, Lee H. (Ind.)	55315	224
Hammerschmidt, John Paul (Ark.)	54301	437
Hanley, James M. (N.Y.)	53701	109
Hanna, Richard T. (Calif.)	52965	213
Hansen, Julia Butler (Wash.)	53536	201
Hansen, Orval (Idaho)	55531	312
Harrington, Michael (Mass.)	58020	435
Harsha, William H. (Ohio)	55705	2457
Harvey, James (Mich.)	52806	2352
Hastings, James F. (N.Y.)	53161	118
Hathaway, William D. (Maine)	56306	329
Hawkins, Augustus F. (Calif.)	52201	1124
Hays, Wayne L. (Ohio)	56265	2264
Hébert, F. Edward (La.)	53015	2340
Hechler, Ken (W. Va.)	53452	242
Heckler, Margaret M. (Mass.)	54335	318
Helstoski, Henry (N.J.)	55061	326
Henderson, David N. (N.C.)	53415	217
Hicks, Floyd V. (Wash.)	55916	1203
Hicks, Louise Day (Mass.)	58273	1232
Hillis, Elwood (Ind.)	55037	1510
Hogan, Lawrence J. (Md.)	54131	1027
Holifield, Chet (Calif.)	53976	2469
Horton, Frank (N.Y.)	54916	407
Hosmer, Craig (Calif.)	52415	2217
Howard, James J. (N.J.)	54671	131
Hull, W. R., Jr. (Mo.)	57041	2349
Hungate, William L. (Mo.)	52956	439
Hunt, John E. (N.J.)	56501	1440
Hutchinson, Edward (Mich.)	53761	2436
Ichord, Richard H. (Mo.)	55155	2429
Jacobs, Andrew, Jr. (Ind.)	54011	1535
Jarman, John (Okla.)	52132	2416
Johnson, Albert W. (Pa.)	55121	1424
Johnson, Harold T. (Calif.)	53076	2347
Jonas, Charles Raper (N.C.)	53476	2133
Jones, Ed (Tenn.)	54714	1313
Jones, Robert E. (Ala.)	54801	2426
Jones, Walter B. (N.C.)	53101	130
Karth, Joseph E. (Minn.)	56631	2432
Kastenmeier, Robert W. (Wis.)	52906	2232
Kazen, Abraham, Jr. (Tex.)	54511	1514
Keating, William J. (Ohio)	53161	1317
Kee, James (W. Va.)	52176	215
Keith, Hastings (Mass.)	53111	2344
Kemp, Jack F. (N.Y.)	55265	1229
King, Carleton J. (N.Y.)	55615	2245
Kluczynski, John C. (Ill.)	55701	2302
Koch, Edward I. (N.Y.)	52436	1134
Kuykendall, Dan (Tenn.)	53265	1526
Kyl, John (Iowa)	53966	1026
Kyros, Peter N. (Maine)	56116	228
Landgrebe, Earl F. (Ind.)	55777	1238
Landrum, Phil M. (Ga.)	55211	2308
Latta, Delbert L. (Ohio)	56105	2423
Leggett, Robert L. (Calif.)	55716	2263
Lennon, Alton (N.C.)	52731	2437
Lent, Norman F. (N.Y.)	57896	1230
Link, Arthur A. (N. Dak.)	55736	1610
Lloyd, Sherman P. (Utah)	53011	1114
Long, Clarence D. (Md.)	53061	1126
Long, Speedy O. (La.)	54926	419
Lujan, Manuel, Jr. (N. Mex.)	56316	1323
McClory, Robert (Ill.)	55221	426
McCloskey, Paul N., Jr. (Calif.)	55411	1511
McClure, James A. (Idaho)	56611	1034
McCollister, John Y. (Nebr.)	54155	511
McCormack, Mike (Wash.)	55816	1205
McCulloch, William M. (Ohio)	52676	2186
McDade, Joseph M. (Pa.)	53731	2438
McDonald, Jack H. (Mich.)	52101	1204
McEwen, Robert C. (N.Y.)	54611	423
McFall, John J. (Calif.)	52511	2346
McKay, K. Gunn (Utah)	53171	1427
McKevitt, James D. (Mike) (Colo.)	53331	506
McKinney, Stewart B. (Conn.)	55541	1007
McMillan, John L. (S.C.)	53315	2208
Macdonald, Torbert H. (Mass.)	52836	2470
Madden, Ray J. (Ind.)	52461	2409
Mahon, George H. (Tex.)	54005	2314
Mailliard, William S. (Calif.)	55161	2336
Mann, James R. (S.C.)	56030	1109
Martin, Dave (Nebr.)	56435	2227
Mathias, Robert B. (Bob) (Calif.)	53341	1024
Mathis, Dawson (Ga.)	53631	502
Matsunaga, Spark M. (Hawaii)	52726	442
Mayne, Wiley (Iowa)	55476	114
Mazzoli, Romano L. (Ky.)	55101	1017
Meeds, Lloyd (Wash.)	52605	308
Melcher, John (Mont.)	54415	1504
Metcalfe, Ralph H. (Ill.)	54372	1110
Michel, Robert H. (Ill.)	56201	2112
Mikva, Abner J. (Ill.)	54835	1527
Miller, Clarence E. (Ohio)	55131	128
Miller, George P. (Calif.)	55065	2365
Mills, Wilbur D. (Ark.)	52506	1136

Name	Telephone No.	Room No.
Minish, Joseph G. (N.J.)	55035	438
Mink, Patsy T. (Hawaii)	54906	301
Minshall, William E. (Ohio)	55731	2243
Mitchell, Parren J. (Md.)	54741	1228
Mizell, Wilmer (Vinegar Bend) (N.C.)	52071	
Mollohan, Robert H. (W.Va.)	54172	429
Monagan, John S. (Conn.)	53822	314
Montgomery, G. V. (Sonny) (Miss.)	55031	2331
Moorhead, William S. (Pa.)	52301	503
Morgan, Thomas E. (Pa.)	54665	2418
Morse, F. Bradford (Mass.)	53411	2183
Morton, Rogers C. B. (Md.)	55311	2244
Mosher, Charles A. (Ohio)	53401	214
Moss, John E. (Calif.)	57163	2442
Murphy, John M. (N.Y.)	53371	2185
Murphy, Morgan F. (Ill.)	53406	2445
Myers, John T. (Ind.)	55805	1108
Natcher, William H. (Ky.)	53501	103
Nedzi, Lucien N. (Mich.)	55276	2333
Nelsen, Ancher (Minn.)	52472	1125
Nichols, Bill (Ala.)	53261	2329
Nix, Robert N. C. (Pa.)	54001	1037
Obey, David R. (Wis.)	53365	2201
O'Hara, James G. (Mich.)	52105	415
O'Konski, Alvin E. (Wis.)	53361	2241
O'Neill, Thomas P., Jr. (Mass.)	55111	2406
Passman, Otto E. (La.)	52376	2231
Patman, Wright (Tex.)	53035	2108
Patten, Edward J. (N.J.)	56301	2328
Pelly, Thomas M. (Wash.)	56311	2332
Pepper, Claude (Fla.)	53931	2211
Perkins, Carl D. (Ky.)	54935	432
Pettis, Jerry L. (Calif.)	55861	2252
Peyser, Peter A. (N.Y.)	55536	427
Pickle, J. J. (Tex.)	54865	1133
Pike, Otis G. (N.Y.)	53626	231
Pirnie, Alexander (N.Y.)	53665	2428
Poage, W. R. (Tex.)	56105	1434
Podell, Bertram L. (N.Y.)	52361	2107
Poff, Richard H. (Va.)	55431	1712
Powell, Walter E. (Ohio)	56205	2408
Preyer, Richardson (N.C.)	53065	1532
Price, Melvin (Ill.)	55661	501
Price, Robert (Tex.)	53706	2468
Pryor, David (Ark.)	53772	507
Pucinski, Roman C. (Ill.)	54211	307
Purcell, Graham (Tex.)	53605	2104
Quie, *Albert H.* (Minn.)	52271	120
Quillen, James H. (Jimmy) (Tenn.)	56356	2334
Railsback, Tom (Ill.)	55905	102
		218
Randall, Wm. J. (Mo.)	52876	2431
Rangel, Charles B. (N.Y.)	54365	226
Rarick, John R. (La.)	53901	1525
Rees, Thomas M. (Calif.)	55911	1113
Reid, Charlotte T. (Ill.)	53635	2350
Reid, Ogden R. (N.Y.)	56506	240
Reuss, Henry S. (Wis.)	53571	2159
Rhodes, John J. (Ariz.)	52635	2312
Riegle, Donald W., Jr. (Mich.)	53611	1408
Roberts, Ray (Tex.)	56673	2455
Robinson, J. Kenneth (Va.)	56561	1723
Robison, Howard W. (N.Y.)	56335	2330
Rodino, Peter W., Jr. (N.J.)	53436	2266
Roe, Robert A. (N.J.)	55751	1009
Rogers, Paul G. (Fla.)	53001	2417
Roncalio, Teno (Wyo.)	52311	1314
Rooney, Fred B. (Pa.)	56411	236
Rooney, John J. (N.Y.)	55936	2268
Rosenthal, Benjamin S. (N.Y.)	52601	2453
Rostenkowski, Dan (Ill.)	54061	2348
Roush, J. Edward (Ind.)	54436	2400
Rousselot, John H. (Calif.)	54206	1706
Roy, William R. (Kans.)	56601	1118
Roybal, Edward R. (Calif.)	56235	504
Runnels, Harold (N. Mex.)	52365	1726
Ruppe, Philip E. (Mich.)	54735	124
Ruth, Earl B. (N.C.)	53715	129
Ryan, William F. (N.Y.)	56616	303
St Germain, Fernand J. (R.I.)	54911	2367
Sandman, Charles W., Jr. (N.J.)	56572	115
Sarbanes, Paul S. (Md.)	54016	1507
Satterfield, David E., III (Va.)	52815	324
Saylor, John P. (Pa.)	52065	2354
Scherle, William J. (Iowa)	53806	512
Scheuer, James H. (N.Y.)	53816	431
Schmitz, John G. (Calif.)	55611	1208
Schneebeli, Herman T. (Pa.)	54315	1336
Schwengel, Fred (Iowa)	56576	2229
Scott, William Lloyd (Va.)	54376	1217
Sebelius, Keith G. (Kans.)	52715	1117
Seiberling, John F. (Ohio)	55231	1223
Shipley, George E. (Ill.)	55001	237
Shoup, Richard G. (Mont.)	53211	1724
Shriver, Garner E. (Kans.)	56216	2439
Sikes, Robert L. F. (Fla.)	54136	2269
Sisk, B. F. (Calif.)	56131	2242
Skubitz, Joe (Kans.)	53911	2417
Slack, John M. (W. Va.)	52711	2250
Smith, H. Allen (Calif.)	54176	2433
Smith, Henry P., III (N.Y.)	53231	422
Smith, Neal (Iowa)	54426	2458

Name	Telephone No.	Room No.
Snyder, M. G. (Gene) (Ky.)	53465	306
Spence, Floyd (S.C.)	52452	516
Springer, William L. (Ill.)	52371	2202
Stafford, Robert T. (Vt.)	54115	2452
Staggers, Harley O. (W. Va.)	54331	2366
Stanton, J. William (Ohio)	55305	132
Stanton, James V. (Ohio)	55871	1107
Steed, Tom (Okla.)	56165	2465
Steele, Robert H. (Conn.)	52076	1205
Steiger, Sam (Ariz.)	54576	126
Steiger, William A. (Wis.)	52476	1025
Stephens, Robert G., Jr. (Ga.)	54101	343
Stokes, Louis (Ohio)	57032	315
Stratton, Samuel S. (N.Y.)	55076	2401
Stubblefield, Frank A. (Ky.)	53115	2228
Stuckey, W. S. (Bill), Jr. (Ga.)	56531	223
Sullivan, Leonor K. (Mrs. John B.) (Mo.)	52671	2221
Symington, James W. (Mo.)	52561	1533
Talcott, Burt L. (Calif.)	52561	1524
Taylor, Roy A. (N.C.)	56401	2249
Teague, Charles M. (Calif.)	53601	1414
Teague, Olin E. (Tex.)	52002	2311
Terry, John H. (N.Y.)	58090	1410
Thompson, Fletcher (Ga.)	53801	205
Thompson, Frank, Jr. (N.J.)	53765	2246
Thomson, Vernon W. (Wis.)	55505	2305
Thone, Charles (Nebr.)	54806	1531
Tiernan, Robert O. (R.I.)	52735	417
Udall, Morris K. (Ariz.)	54035	119
Ullman, Al (Oreg.)	55711	2410
Van Deerlin, Lionel (Calif.)	55672	211
Vander Jagt, Guy (Mich.)	53511	1211
Vanik, Charles A. (Ohio)	56331	2463
Veysey, Victor V. (Calif.)	52305	1227
Vigorito, Joseph P. (Pa.)	55106	440
Waggonner, Joe D., Jr. (La.)	52777	221
Waldie, Jerome R. (Calif.)	55511	408
Wampler, William C. (Va.)	53861	323
Ware, John (Pa.)	55761	1021
Watts, John C. (Ky.)	54706	2411
Whalen, Charles W., Jr. (Ohio)	56465	1225
Whalley, J. Irving (Pa.)	54676	1235
White, Richard C. (Tex.)	54831	322
Whitehurst, G. William (Va.)	54215	424
Whitten, Jamie L. (Miss.)	54306	2413
Widnall, William B. (N.J.)	54165	2309
Wiggins, Charles E. (Calif.)	54111	229
Williams, Lawrence G. (Pa.)	52011	1503
Wilson, Bob (Calif.)	53201	2235
Wilson, Charles H. (Calif.)	55425	104
Winn, Larry, Jr. (Kans.)	52865	426
Wolff, Lester L. (N.Y.)	55956	403
Wright, Jim (Tex.)	55071	2459
Wyatt, Wendell (Oreg.)	52206	414
Wydler, John W. (N.Y.)	55516	2444
Wylie, Chalmers P. (Ohio)	52015	1331
Wyman, Louis C. (N.H.)	55456	410
Yates, Sidney R. (Ill.)	52111	2234
Yatron, Gus (Pa.)	55546	313
Young, C. W. Bill (Fla.)	55961	1721
Young, John (Tex.)	52831	2419
Zablocki, Clement J. (Wis.)	54572	2184
Zion, Roger H. (Ind.)	54636	1226
Zwach, John M. (Minn.)	52331	1502

3 digit Room Number = old Senate Office Bldg
4 " " " = New " " SHB 1277

Lowell Sprague

6 SENATORS

Name	Telephone No.	Room No.
Vice President Agnew, Spiro T. (Md.)	52424	2203
Aiken, George D. (Vt.)	54242	358
Allen, James B. (Ala.)	55744	6313
Allott, Gordon (Colo.)	55941	5225
Anderson, Clinton P. (N. Mex.)	56621	4215
Baker, Howard H., Jr. (Tenn.)	54944	2107
Bayh, Birch (Ind.)	55623	363
Beall, J. Glenn, Jr. (Md.)	54524	458
Bellmon, Henry (Okla.)	55754	4203
Bennett, Wallace F. (Utah)	55444	1121
Bentsen, Lloyd M. (Tex.)	55922	115
Bible, Alan (Nev.)	53542	145
Boggs, J. Caleb (Del.)	55042	3311
Brock, W. E. (Bill) (Tenn.)	53344	456
Brooke, Edward W. (Mass.)	52742	232
Buckley, James L.[1] (N.Y.)	54451	452
Burdick, Quentin N. (N. Dak.)	52551	110
Byrd, Harry F., Jr.[2] (Va.)	54024	417
Byrd, Robert C. (W. Va.)	53954	105
Cannon, Howard W. (Nev.)	56244	259
Case, Clifford P. (N.J.)	53224	315
Chiles, Lawton (Fla.)	55274	421
Church, Frank (Idaho)	56142	204
Cook, Marlow W. (Ky.)	54343	342
Cooper, John Sherman (Ky.)	52542	125
Cotton, Norris (N.H.)	53324	4121
Cranston, Alan (Calif.)	53553	2102
Curtis, Carl T. (Nebr.)	54224	5311
Dole, Robert J. (Kans.)	56521	2327
Dominick, Peter H. (Colo.)	55852	248
Eagleton, Thomas F. (Mo.)	55721	4102
Eastland, James O. (Miss.)	55054	2241
Ellender, Allen J. (La.)	55824	245
Ervin, Sam J., Jr. (N.C.)	53154	337
Fannin, Paul J. (Ariz.)	54521	140
Fong, Hiram L. (Hawaii)	56361	1313
Fulbright, J. W. (Ark.)	54843	1215
Goldwater, Barry M. (Ariz.)	52235	449
Gravel, Mike (Alaska)	56665	1251
Griffin, Robert P. (Mich.)	56221	353
Gurney, Edward J. (Fla.)	53041	5105
Hansen, Clifford P. (Wyo.)	53424	3107
Harris, Fred R. (Okla.)	54721	254
Hart, Philip A. (Mich.)	54822	253
Hartke, Vance (Ind.)	54814	451
Hatfield, Mark O. (Oreg.)	53753	463
Hollings, Ernest F. (S.C.)	56121	432
Hruska, Roman L. (Nebr.)	56551	313
Hughes, Harold E. (Iowa)	53744	1327
Humphrey, Hubert H. (Minn.)	53244	411

Name	Telephone No.	Room No.
Inouye, Daniel K. (Hawaii)	53934	442
Jackson, Henry M. (Wash.)	53441	137
Javits, Jacob K. (N.Y.)	56542	320
Jordan, B. Everett (N.C.)	56342	3229
Jordan, Len B. (Idaho)	52752	437
Kennedy, Edward M. (Mass.)	54543	431
Long, Russell B. (La.)	54623	217
McClellan, John L. (Ark.)	52353	3241
McGee, Gale W. (Wyo.)	56441	344
McGovern, George (S. Dak.)	52321	362
McIntyre, Thomas J. (N.H.)	52841	405
Magnuson, Warren G. (Wash.)	52621	127
Mansfield, Mike (Mont.)	52644	133
Mathias, Charles McC., Jr. (Md.)	54654	240
Metcalf, Lee (Mont.)	52651	427
Miller, Jack (Iowa)	53254	4313
Mondale, Walter F. (Minn.)	55641	443
Montoya, Joseph M. (N. Mex.)	55521	4109
Moss, Frank E. (Utah)	55251	6205
Mundt, Karl E. (S. Dak.)	55842	5241
Muskie, Edmund S. (Maine)	55344	221
Nelson, Gaylord (Wis.)	55323	404
Packwood, Robert W. (Oreg.)	55244	6327
Pastore, John O. (R.I.)	52921	3215
Pearson, James B. (Kans.)	54774	4327
Pell, Claiborne (R.I.)	54642	325
Percy, Charles H. (Ill.)	52152	1200
Prouty, Winston L. (Vt.)	52051	5215
Proxmire, William (Wis.)	55653	2311
Randolph, Jennings (W. Va.)	56472	5121
Ribicoff, Abraham (Conn.)	52823	321
Roth, William V. (Del.)	52441	3123
Russell, Richard B. (Ga.)	53521	205
Saxbe, William B. (Ohio)	53353	1203
Schweiker, Richard S. (Pa.)	54254	6221
Scott, Hugh (Pa.)	56324	260
Smith, Margaret Chase (Maine)	52523	2121
Sparkman, John (Ala.)	54124	3203
Spong, William B., Jr. (Va.)	52023	5337
Stennis, John C. (Miss.)	56253	209
Stevens, Ted (Alaska)	53004	304
Stevenson, Adlai E., III (Ill.)	52854	107
Symington, Stuart (Mo.)	56154	229
Taft, Robert, Jr. (Ohio)	52315	3331
Talmadge, Herman E. (Ga.)	53643	347
Thurmond, Strom (S.C.)	55972	4241
Tower, John G. (Tex.)	52934	142
Tunney, John V. (Calif.)	53841	6237
Weicker, Lowell P. (Conn.)	54041	5313
Williams, Harrison A., Jr. (N.J.)	54744	352
Young, Milton R. (N. Dak.)	52043	5205

[1] Conservative. [2] Independent.

TOWNSEND EXHIBIT NO. 5

March 17	HR 6289	O'Konski	
" 18, 1971	6357	Abbitt	(90%)
" 18,	6412	Zwach	85%
" 18	6425	Harvey	"
" 18	6443	Smith of Iowa, Abernethy, Stubblefield, Purcell, Matsunaga, Vigorito, Denholm, Martin, Roberts, Halpern, Zablocki, McFall, Montgomery, Johnson of Calif., Schwengel, Anderson of Tenn. Watts, Perkins, ~~Rig~~ Riegle, Whitehurst	
Mar 22	HR 6502	Thomson of Wisc	(90%)
23	" 6534	Hull of Mo.	(85%)
23	6553	Natcher of Ky.,	
23	6559	Quillen of Tenn.	
23	6619	Gross, Scherle, King, Hall of Mo.	
23	6621	Jones of NC, Preyer of N.C., Henderson, Taylor & Lennon	
23	6632	Long of La., S.B. Long	85%
23	6635	McMillan	
23	6647	Sebelius	
23	6650	Stratton	85%
23	6657	Young of Texas	
24	6683	Evans of Colo., Aspinall	
24	6691	Hastings	
24	6701	Landrum, Stephens of Ga., Brinkley Stuckey, Thompson, Mathis	
24	6712	Thompson of NJ	

Commerce Clearing House –
Dairy

(1971-2) Price Support Milk →

Mar 16, 1971 S. 1277 – Nelson of Minn 85%
" 19, 1971 . 1294 – Humphrey

Mar 16, 1971 HC 6188 – Smith of Iowa, Edwardson, Hungate, 93
Roush, Jones of Tenn, Teague of Texas
Steiger of Wis, Burton, Hamilton, Griffin
(Mich), Burleson of Texas, Frasier
Ullman, Shipley, Randall,
Price of Ill, Burlison of Mo, Kuykendall

March 17, '71 HC 6248 Roncalio, 85%
March 17, 71 6249 Smith of Iowa, Teague of Texas,
Sisk of Okla, Sikes, Stuckey, Culver, Kyl,
Bergland of Minn, Abbitt, Abourezk, Kastenmeier,
Fascell, Brasfield
" 6250 Smith of Iowa, Casey of Texas, Hansen of
Wash, Shriver, Pickle, Pryor,
Blanton, Flowers, Fulton of Tenn.,
Hammerschmidt, Wright, Aspin,
Thone, Daniel of Va., Dorn, Fisher of
Texas, Edwards of Ala.

30 337 3797

March 24, 1971	6727	Nichols	
25	6746	Andrews of Ala.	
25	6753	Duncan	
25	6785	Pryor of Ark., Bingham, Leggett, Mahon, Melcher, Baker (Tenn.) Duncan, Myers, Hillis, Hanley, Saliphanakis, Brasco, Collins (Ill.), Alexander, Kee, Gallagher, Gonzalez, Bigich, Kyros	
Mar 29	6881	Purcell, Kazen	
29	6886	Roy	
	~~6915~~	~~Abt~~	
31	7035	Ichord	85 70
Apr 5	7198	Waggoner	"
7	7394	Hagan	
20	7558	Skubitz	

30 337 3798

TOWNSEND EXHIBIT NO. 6

August 19, 1971

Mr. David L. Parr
Associated Milk Producers, Inc.
P. O. Box 9589
Little Rock, Arkansas 72209

Dear Dave:

Enclosed is my cover letter to Murray Chotiner accompanying payment of $2500 to the six committees indicated. Our balance in the fund was insufficient to handle all twelve committees and the six committees (58 through 63 inclusive) were not handled. This information was relayed to Tom Townsend last week.

Sincerely yours,

ADEPT

CH:bd

Gary Hamilton

Enclosures

6373

David L. Parr
6423 FORBING ROAD
LITTLE ROCK, ARKANSAS 72209

August 9, 1971

Mr. Gary Hanman
Mid-America Dairymen, Inc.
P. O. Box 1837, SS Station
Springfield, Missouri 65805

Dear Gary:

Please mail checks for each committee numbered in the amount of $2500.00 each to: Reeves & Harrison, Attn: Mr. Murray Chotiner, 1701 Pennsylvania Avenue, N.W., Washington, D. C. 20006.

Sincerely yours,

David Parr

DP/bk
encs.

52. Americans United for Decent Government

Chairman: Joyce M. Bennett
1729 H Street, N. W.
Washington, D. C. 20006

Treasurer: Rodney H. Becker
15th and New York Avenue, N. W.
Washington, D. C. 20005

53. Americans United for an Informed Electorate

Chairman: Frances B. Jeppson
9004 Honeybee Lane
Bethesda, Maryland 20034

Treasurer: James W. Bray
15th and New York Avenue, N. W.
Washington, D. C. 20005

54. The Organization of Involved Americans

Chairman: John Y. Merrell
815 - 15th Street, N.W.
Washington, D. C. 20006

Treasurer: Benjamin H. Burrell
15th and New York Avenue, N.W.
Washington, D. C. 20005

55. Americans United for Political Awareness

Chairman: Marjorie Merrell
4630 North Dittmer Road
Arlington, Virginia

Treasurer: Servando Calub, Jr.
15th and New York Avenue, N.W.
Washington, D. C. 20005

56. Americans United for Political Involvement

Chairman: Georgette K. Pitrelli
4319 Americana Drive
Annandale, Virginia

Treasurer: Margaret A. Cooke
15th and New York Avenue, N.W.
Washington, D. C. 20005

57. Americans Participating

Chairman: Thelma J. Stewart
11901 Popes Head Road
Fairfax, Virginia

Treasurer: David Creech
15th and New York Avenue, N.W.
Washington, D. C. 20005

58. Americans United for a Moral Society

Chairman: Camille N. Ryder
4217 Holborn Avenue
Annandale, Virginia

Treasurer: William C. Creekmore
15th and New York Avenue, N. W.
Washington, D. C. 20005

59. Americans Organized for Action

Chairman: Ronald Frost
3801 North Fairfax Drive
Arlington, Virginia

Treasurer: Curtis R. Deily
15th and New York Avenue, N. W.
Washington, D. C. 20005

60. Americans Organized for Citizen Activity

Chairman: Catherine Frost
4012-27th North
Arlington, Virginia

Treasurer: Suzanne O. Dembowski
15th and New York Avenue, N. W.
Washington, D. C. 20005

61. American Association for Citizen Participation

Chairman: Clyde Flynn
1511 K Street, N. W.
Suite 1120
Washington, D. C. 20006

Treasurer: Dennis D. Dorsey
15th and New York Avenue, N. W.
Washington, D. C. 20005

62. Americans Organized to Preserve Good Government

Chairman: M. E. Melton
1730 M Street, N. W.
Washington, D. C.

Treasurer: Dorothy A. Eldridge
15th and New York Avenue, N. W.
Washington, D. C. 20005

63. Americans Organized for Sound Fiscal Policy

Chairman: Jessie R. Smith
3830 Garrison, N. W.
Washington, D. C.

Treasurer: Luis G. Estefani
15th and New York Avenue, N. W.
Washington, D. C. 20005

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