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PRESIDENTIAL CAMPAIGN ACTIVITIES OF 1972

SENATE RESOLUTION 60

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EXECUTIVE SESSION HEARINGS

BEFORE THE

SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

OF THE

UNITED STATES SENATE

NINETY-THIRD CONGRESS

SECOND SESSION

WATERGATE AND RELATED ACTIVITIES

Milk Fund Investigation

WASHINGTON, D.C., JANUARY 9, 10, 25, 28, 31, FEBRUARY 5, 7, 8, 20, 21, MARCH 11, 12, AND 13, 1974

Book 16

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

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
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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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No. 7—(7464) Memorandum from Charles Colson to H.R. Haldeman dated September 24, 1971, re milk producers, with attachment. Also memorandum from Gordon Strachan to H. R. Haldeman dated September 28, 1971. Subject: "Milk money," with articles from the Wall Street Journal and the Washington Post — 7485

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NOTE.—Figures in parentheses indicate page that exhibit was made part of the record.

PRESIDENTIAL CAMPAIGN ACTIVITIES OF 1972

MILK FUND INVESTIGATION

WEDNESDAY, JANUARY 9, 1974

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

The Select Committee met, pursuant to notice, at 9 a.m. in room G–334, Dirksen Senate Office Building.

Present: Senator Lowell P. Weicker.

Also present: David Dorsen, assistant chief counsel; Alan Weitz, assistant majority counsel; and Donald Sanders, deputy minority counsel.

SWEARING IN OF TED VAN DYK

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

Mr. VAN DYK. I do.

Mr. WEITZ. Let the record show the executive session hearing of Mr. van Dyk will be recessed to Thursday, January 10, 1974.

[Recess.]

Senator WEICKER. Raise your right hand. Do you swear the testimony you are about to give the committee is the truth, the whole truth, and nothing but the truth, so help you God?

TESTIMONY OF FRANK D. MASTERS, ACCOMPANIED BY RONALD R. FLAKE, COUNSEL

Mr. MASTERS. I do.

Mr. WEITZ. Would counsel identify himself for the record?

Mr. FLAKE. I am Ronald R. Flake, D–302, Petroleum Center, San Antonio, Tex.

Mr. WEITZ. Mr. Masters, for the record would you please state your full address?

Mr. MASTERS. Yes.

Frank Masters, D–302, Petroleum Center, San Antonio, Tex.

Mr. WEITZ. Mr. Flake, could you identify the firm?

Mr. FLAKE. Yes; I am Ronald R. Flake; I am with the firm of Masters and McManus at that same address.

Mr. WEITZ. Mr. Masters, from the period 1969 forward, could you identify the firm or professional organization with which you have been affiliated, please, from 1969 forward?

Mr. MASTERS. Well, I was a sole practitioner the first part of the period. Then I organized a firm with James F. Gardner and Pat Thomas.

Mr. WEITZ. Approximately when was that organized?

Mr. MASTERS. Sometime in 1970.

Mr. WEITZ. What was the name of that firm?

Mr. MASTERS. Masters, Gardner and Associates. Then after that I—Mr. Gardner and I terminated our firm and I formed the firm of Masters and McManus.

Mr. WEITZ. I believe at one point between the time you were affiliated with Mr. Gardner and the time Masters and McManus was formed you practiced as Frank D. Masters and Associates?

Mr. MASTERS. Correct. Correct.

Mr. WEITZ. Now, throughout the period from 1969 forward, and previous to that for some period of time, were you retained by, first, Milk Producers Associated, MPI, and Associated Milk Producers, AMPI?

Mr. MASTERS. I don't know what you mean by retained. I recommended them, yes. I was never on retainer.

Mr. WEITZ. Never on retainer. When did you first represent MPI?

Mr. MASTERS. When it was formed.

Mr. WEITZ. In 1967?

Mr. MASTERS. Yes.

Mr. WEITZ. And you continued to represent MPI and its successor, AMPI, in various matters since that time?

Mr. MASTERS. Yes, sir.

Mr. WEITZ. You still represent them?

Mr. MASTERS. Yes, sir.

Mr. WEITZ. You say you or your firm at one point or another were not on a retainer basis. What was the fee arrangement with AMPI?

Mr. MASTERS. Just billed them for work done.

Mr. WEITZ. With whom did you have direct contact in being asked to represent AMPI?

Mr. MASTERS. No one person in particular. I represented several of its constituent organizations.

Mr. WEITZ. Mr. Nelson, for example—did you have dealings with him?

Mr. MASTERS. Yes.

Mr. WEITZ. Did he originally ask you to represent them?

Mr. MASTERS. Well, I represented South Texas Producers Association, North Texas Producers Association, San Antonio, Coastal Bend.

Mr. WEITZ. These were all dairy cooperatives.

Mr. MASTERS. Yes. And when they started forming MPI, they asked me to come to the organizational meeting. It could have been Nelson or it could have been somebody else, with some of the other co-ops there. All of them were there.

Mr. WEITZ. Now, in general, what type of work have you done for them, just as a general matter?

Mr. MASTERS. Oh, a little bit of everything, I suppose. The nuts and bolts, the every day organization. Just every day law practice, law matters that came up.

Mr. WEITZ. Primarily in Texas?

Mr. MASTERS. No. Well, I guess you could say primarily in Texas, but it took me all over the country, in every State that we did business.

Mr. WEITZ. In addition to Mr. Nelson, have you in the course of representing AMPI, had some contact with Dave Parr?

Mr. MASTERS. Yes.

Mr. WEITZ. What was the nature of those contacts, in connection with the representation of them in these various matters?

Mr. MASTERS. Well, I attended all of the board meetings, and they were usually—they were regular board meetings.

Mr. WEITZ. What about Bob Lilly? Have you had contact with him in the course of representing AMPI?

Mr. MASTERS. Yes.

Mr. WEITZ. What would be the nature or reason for those contacts?

Mr. MASTERS. Oh, just in the general run of everyday business.

Mr. WEITZ. How frequently do you estimate on, let's say, a monthly or annual basis that you have had contact, over the last several years, with Mr. Nelson, either by telephone or in person?

Mr. MASTERS. Oh, it would vary. Sometimes very often; sometimes only at the board meetings.

Mr. WEITZ. What about Mr. Lilly?

Mr. MASTERS. Same way with Bob Lilly.

Mr. WEITZ. Mr. Lilly has been described as having substantial responsibility in political areas. Have you had any dealings with him that dealt with political matters with regard to AMPI?

Mr. MASTERS. No.

Mr. WEITZ. What about the formation or the operation of TAPE or its successor, Committee for TAPE? Have you had any dealings or matters in which you have been involved in TAPE or its formation or its operation?

Mr. MASTERS. No. I wasn't involved in the formation of TAPE. I didn't represent them.

Mr. WEITZ. Have you ever been asked or have you ever provided any counsel or advice with respect to the operation of TAPE or any contributions by TAPE?

Mr. MASTERS. No. It was my understanding they were represented by Washington counsel.

Mr. WEITZ. Do you know who that was?

Mr. MASTERS. No, sir, I don't.

Mr. WEITZ. Was it one Washington counsel or others? Do you know how many other lawyers they had retained on a regular basis, retained or had represented them on a regular basis over the last 4 years?

Mr. MASTERS. No.

Mr. WEITZ. Did you know of any others?

Mr. MASTERS. No. The only thing I knew, as to the representation of TAPE, was that it was—they had Washington counsel.

Mr. WEITZ. What about AMPI? What other lawyers did you know during the period 1969 to 1972 that represented AMPI for one purpose or another?

Mr. MASTERS. Oh, let's see. Stuart Russell, one in Minneapolis. I can't recall his name. A firm here in Washington, Sidney Harris. I don't recall the firm name right offhand. One particular lawsuit we had—New York's Sidney Berde. Sidney Berde. Sidney Harris, myself, Stuart Russell, Joe Long, and——

Mr. WEITZ. Is that the Joe Long who is a partner of Jake Jacobsen?

Mr. MASTERS. Yes. This was in the first antitrust suit that was filed in the late sixties. Then they had a patent firm here in Washington, did some patent work for MPI.

Mr. WEITZ. You mentioned Sidney Berde. Is that a firm or a practitioner, in Washington or in——

Mr. MASTERS. No; he is in Minneapolis.

Mr. WEITZ. That is the Minneapolis firm you are referring to?

Mr. MASTERS. Yes; I think Sidney is a sole practitioner.

Mr. WEITZ. I see. And Sidney Harris that you referred to who practices in Washington, that would be distinct from the Washington firm that you think represented TAPE?

Mr. MASTERS. Correct. Then, let's see. As the names come to me, George St. Peter, in Wisconsin. We had another firm in Madison. The name escapes me.

Mr. WEITZ. All right. Perhaps we can come to it as we come to particular individuals.

Did there come a time in late 1969, when Bob Lilly came to you and asked for some money for some political purpose?

Mr. MASTERS. Yes.

Mr. WEITZ. Could you tell us about that, please?

Mr. MASTERS. Well, Bob came to me and wanted to—suggested that I make some contributions to Austin. He thought that would be an opportune time, at that time, to make some.

Mr. WEITZ. And was this the first time he had ever approached you with that type of request?

Mr. MASTERS. Yes.

Mr. WEITZ. Or for any request for political contributions from you?

Mr. MASTERS. I think so.

Mr. WEITZ. Did he say how much he expected or thought or suggested that you contribute?

Mr. MASTERS. Well, he said he thought I should make a substantial contribution, enough, I believe, to get their attention.

Mr. WEITZ. What did you understand him to mean or did he amplify what he meant by Austin?

Mr. MASTERS. Austin, Tex.

Mr. WEITZ. I understand that, but what did he mean by that or what did you understand him to mean by that?

Mr. MASTERS. State Democratic Party.

Mr. WEITZ. You were aware at the time that Mr. Lilly had been politically active in Texas?

Mr. MASTERS. Yes.

Mr. WEITZ. Were you aware whether or not he had been politically active outside of Texas?

Mr. MASTERS. No. I knew that he was very politically active in Austin.

Mr. WEITZ. Did he tell you why he had chosen that time or those circumstances to suggest that you make a contribution?

Mr. MASTERS. No.

Mr. WEITZ. Was it really a suggestion or was he telling you that he wanted you to give him some money?

Mr. MASTERS. Well, I would call it a suggestion.

Mr. WEITZ. And your understanding was that it was to assist your law practice?

Mr. MASTERS. For my benefit.

Mr. WEITZ. For your benefit?

Mr. MASTERS. Yes.

Mr. WEITZ. Do you have any understanding as to why he came to you to make the suggestion to benefit you?

Mr. MASTERS. He said that if I was going to make any, that this would be the time to make it, that they needed the money and a dollar would do double duty or go further, something like that.

Mr. WEITZ. Did he indicate who he meant by "they"?

Mr. MASTERS. State Democratic hierarchy.

Mr. WEITZ. Did he indicate whether he had conferred with Mr. Nelson or anyone else at AMPI before coming to see you?

Mr. MASTERS. No.

Mr. WEITZ. When was this, December 1969? Do you remember that?

Mr. MASTERS. Not that I can nail it down. It was the latter part of 1969, to the best of my recollection.

Mr. WEITZ. Did he indicate or did you understand that the consequences—any consequences if you failed to honor his suggestion?

Mr. MASTERS. No.

Mr. WEITZ. You didn't feel at the time that there would be any adverse business consequences with regard to AMPI or any other clients if you didn't give him the money?

Mr. MASTERS. No.

Mr. WEITZ. Did he indicate that he needed the money, that he was committed in some way or that AMPI was committed in some way?

Mr. MASTERS. Alan, he may have indicated that he himself was committed. It has been so long ago—he well may have.

Mr. WEITZ. Did you discuss with him or did he raise the possibility of being repaid for those payments by either AMPI or anyone else?

Mr. MASTERS. No.

Mr. WEITZ. Did he ever discuss with you at that time or later——

Mr. SANDERS. Did Mr. Masters indicate negatively?

Mr. WEITZ. He said "No."

Mr. SANDERS. I am sorry, I didn't hear him.

Mr. WEITZ. Now, you say Lilly may have indicated he had made or was subject to some commitment. Did he say how much money he needed, either from you or in total from anybody else?

Mr. MASTERS. No. He just told me to give enough to get their attention.

Mr. WEITZ. Did he indicate——

Mr. MASTERS. He suggested that I should—that he thought I should—if I was going to give anything, it should be a substantial sum.

Mr. WEITZ. What did you understand that to be?

Mr. MASTERS. Several thousand dollars.

Mr. WEITZ. Did he indicate whether he had talked to anyone else or made any similar suggestion to anyone else, any other lawyers or anyone else connected with AMPI?

Mr. MASTERS. Not that I recall.

Mr. WEITZ. This was in the latter part of 1969. Did you at that time—were you aware of any contributions that either TAPE or AMPI had made in 1969?

Mr. MASTERS. No, sir.

Mr. WEITZ. Were you aware of any commitments for any substantial contributions which either AMPI or TAPE had made in 1969?

Mr. MASTERS. No, sir.

Mr. WEITZ. Did Mr. Lilly discuss with you the form of the payment from you? In other words, cash, check or otherwise?

Mr. MASTERS. Yes. Cash.

Mr. WEITZ. Did he explain why it was to be in cash?

Mr. MASTERS. No.

Mr. WEITZ. Had you ever made any cash contributions, political contributions, prior to that time, of, say, over $100?

Mr. MASTERS. Yes. I had made cash contributions before but I coundn't tell you whether they were under or over.

Mr. WEITZ. Were they as much as several thousand dollars in the amount you understood Mr. Lilly was asking for?

Mr. MASTERS. No.

Mr. WEITZ. Did you ask him why he wanted it in cash, why it couldn't be by check?

Mr. MASTERS. No. I don't recall asking him.

Mr. WEITZ. Did you discuss whether or not these contributions were to be made in such a way so they couldn't be detected or reported?

Mr. MASTERS. No. Bob had been around Austin for many years. I felt he knew what he was doing and how to do it properly, correctly.

Mr. WEITZ. Did he indicate what election or what—well, what election or campaigns these moneys would go to?

Mr. MASTERS. I don't believe he did.

Mr. WEITZ. Did he indicate in any other way, other than just stating the fact that December 1969 or the latter part of 1969 was an opportune time to make contributions?

Mr. MASTERS. In Austin?

Mr. WEITZ. Did he tell you—other than stating the fact that it was an opportune time, did he give any explanation as to why December 1969 or the latter part of 1969 was an opportune time to make such contributions?

Mr. MASTERS. The only thing I can recall now that he said was that this is a good time to make any, if you are able to make it.

Mr. WEITZ. And despite the fact that he had been involved in politics, as you say, in Texas for a number of years, this is the first time he had ever made this suggestion. He had never come to you or made similar suggestions during an election year, for example?

Mr. MASTERS. Alan, I am not going to say that he didn't. He well may have. I can't—I don't recall any specific instance now.

Mr. WEITZ. And you don't recall any other instance in which he came to you and asked that you make political contributions of several thousand dollars in cash? Prior to this latter part of 1969?

Mr. MASTERS. I don't follow your question.

Mr. WEITZ. In other words, he may have asked you at other times, but you recall no other instance such as this, where he asked prior to the latter part of 1969, when he asked you for substantial contributions of several thousand dollars in cash?

Mr. MASTERS. I can't recall any.

Mr. WEITZ. Did you comply with his request?

Mr. MASTERS. Yes.

Mr. WEITZ. How did you do so? How much did you give him?
Mr. MASTERS. Well, I gave him several thousand dollars.
Mr. WEITZ. All at once, in cash?
Mr. MASTERS. No. Not all at once.
Mr. WEITZ. How much did you give him initially?
Mr. MASTERS. I can't tell you exactly, Alan. It was several thousand dollars. Maybe a couple.
Mr. WEITZ. In cash?
Mr. MASTERS. Yes.
Mr. WEITZ. What was your source of the funds? How did you generate the cash to give Mr. Lilly?
Mr. MASTERS. From my bank account.
Mr. WEITZ. You wrote checks to cash in your bank account?
Mr. MASTERS. Yes.
Mr. WEITZ. Cashed the checks and then gave the cash to Mr. Lilly?
Mr. MASTERS. Well, generally, yes.
Mr. WEITZ. Let's take the first time if you can recall. Did he come to you in person or did he make the request by telephone?
Mr. MASTERS. I think it was—to the best of my recollection it was in person.
Mr. WEITZ. And then did you give him the money subsequent to that in person or did you—if it was in cash, I take it you gave it to him in person?
Mr. MASTERS. Yes, sir.
Mr. WEITZ. You never mailed him a money order or cashier's check or anything of that nature?
Mr. MASTERS. No, sir.
Mr. WEITZ. And you never recouped any of those moneys through billings to AMPI?
Mr. MASTERS. No, sir. I gave him my money.
Mr. WEITZ. Now, I would like to mark as exhibit 1 a copy of a voucher and check from AMPI to you dated January 6, 1970.
[The documents referred to were marked Masters exhibit 1 for identification*.]
Mr. WEITZ. Do you recall receiving a copy of that check?
Mr. MASTERS. I don't recall this check specifically any more than any of the——
Mr. WEITZ. Now, on the voucher, exhibit 1, which describes the billings covered by—represented by the check, it refers to four invoices, three dated November 4, 1969, and one dated December 20, 1969, for a total of $11,840, less an advance of $5,000 on December 19, 1969, for a total for the check of $6,840.
Do you recall the circumstances in connection with that advance of $5,000 on December 19?
Mr. MASTERS. Let me see that check.
Mr. WEITZ. Do you recall anything in connection with that event?
Mr. MASTERS. Excuse me just a minute.
Mr. WEITZ. Surely. We will go off the record.
[Discussion off the record.]
Mr. MASTERS. Alan, to the best of my memory, on this check here, we formed AMPI in 1969. We were—I had been so busy and every-

*See p. 6973.

body else had been so busy that my billings were late as usual. If memory serves me correct, Bob Isham was the comptroller and I believe it was Bob—I told Bob that I hadn't charged AMPI what I felt was a reasonable fee for the year 1969 and that he could expect to get another bill from me and to the best of my recollection. Bob said, "Well, hell, I will give it to you now." And I think he—that is—I don't know when that——

Mr. WEITZ. Well, there were no further billings, though, in that year? In other words, we have got—let me indicate to you. We have, for example, the billings—perhaps we ought to mark them as exhibits.

Exhibit 1–A is a billing, dated November 4, 1969, for $1,810 and that is one of the billings represented on exhibit 1.

[The document referred to was marked Masters exhibit 1–A for identification.[1]]

Mr. WEITZ. And then 1–B is in the amount of $1,490 and that is also another item listed on exhibit 1.

[The document referred to was marked Masters exhibit 1–B for identification.[2]]

Mr. WEITZ. And thirdly, 1–C is a billing, dated November 4, 1969, and that is in the amount of $4,340.

[The document referred to was marked Masters exhibit 1–C for identification.[3]]

Mr. WEITZ. That is also the third November 4 billing indicated on exhibit 1. That leaves the billings dated December 20 for $4,200 and frankly we are trying to obtain the invoice for that. I believe—I have been told by someone at AMPI that it indicates domestication in 14 States, 14 or 15 States, and that total—those are the invoices covered by the January 6 billing, exhibit 1. And then the advances as indicated.

What you are saying is that despite these billings—I am not sure what it represents. You had submitted these billings by the end of the year and yet you were saying that you told Isham to give you an advance on those billings or on some future billings?

Mr. MASTERS. No. I told Bob that I hadn't billed them enough for that year. I just finished putting together I think one of the largest cooperatives in the United States and I felt that I had done a pretty fair job of it and I told Bob he was going to get an additional billing for 1969.

Mr. WEITZ. When did you submit that billing?

Mr. MASTERS. I don't know.

Mr. WEITZ. Well, the records that we have indicate that except for this special December 20 billing for $4,200, all the other billings we have indicate a monthly billing. It is broken down by individual services, and so forth. And there is no other special billing for $5,000 or any other indication, any subsequent billing of additional services rendered in 1969 subsequent to this advance other than the December 20 billing, which was not in the amount of $5,000 and has the domestication services listed there.

Now, what I am asking you is if you told Isham that—in what form did you subsequently reflect additional services in 1969 that were represented by this advance that you received in December?

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[1] See p. 6974.
[2] See p. 6976.
[3] See p. 6978.

Mr. MASTERS. Right now I don't know.

Mr. WEITZ. All right.

Mr. DORSEN. Mr. Masters, I would just like to ask you a few questions on the advance. Can you place the discussion with Mr. Isham at any time?

Mr. MASTERS. I am not even sure it was Isham but I think it was.

Mr. DORSEN. And as best you can recall, what was said in that conversation?

Mr. MASTERS. Well, I think the conversation came up—my billings—I was traveling a lot then and I would get behind. A lot of times I would submit more than 1 month at a time. And at this particular time I just told Bob, I said, "I haven't billed you enough for the year 1969. I haven't charged you enough for what I have done."

Mr. DORSEN. Was this conversation before you submitted the four bills or invoices that were paid by exhibit 1?

Mr. MASTERS. Probably so.

Mr. DORSEN. Well, I think it probably was also because it is reflected as an item on that particular invoice. If that were true, didn't you have at least a month or two in which to bring your billings up to date and secure adequate compensation for the year 1969?

Mr. MASTERS. I don't follow you.

Mr. DORSEN. If 1969 still had a month or two to run and you had not submitted exhibits 1–A, 1–B, and 1–C yet, why is it that you needed an advance in order to bring your billings up to what you considered a reasonable amount? Couldn't you just incorporate that into your subsequent billings?

Mr. MASTERS. Well, I didn't—if I understand your question correctly—I didn't need an advance. To the best of my recollection, Bob said, "Well, about how much is it going to be," and I think I probably mentioned the figure $5,000 and he said. "Well, hell, here it is now."

Mr. DORSEN. Were you short of cash at that time?

Mr. MASTERS. No, I don't believe so.

Mr. DORSEN. But an advance would not affect the total amount of your billings, would it?

Mr. MASTERS. I don't know why it is called an advance in the first place.

Mr. DORSEN. Well, what do you believe it to be?

Mr. MASTERS. I mean—it was a payment to me.

Mr. FLAKE. I think what he is saying is that that was not an advance. That was payment for services already rendered that he had not prepared a statement on yet.

Mr. DORSEN. Well, isn't that an advance?

Mr. FLAKE. It is an advance on a statement to come, yes.

Mr. WEITZ. Obviously it is an advance for services, not an advance as a gift.

Mr. FLAKE. No; but I am saying it is not in the nature of a retainer to do a certain thing.

Mr. DORSEN. I understand that. It was an advance on what was expected to be forthcoming on later billings. My point is that $5,000 advance in that form would not affect the total that Mr. Masters would bill AMPI and, therefore, the explanation with respect to this conversation with presumably Mr. Isham does not indicate what Mr. Masters is saying; namely, that if you felt you wanted to bill more on what

you were underbilling AMPI, you would not ask for an advance for later billings but you would ask for additional amounts and on exhibit 1 the $5,000 is subtracted from later billings which does not affect the overall amount that you received from AMPI.

Mr. WEITZ. In other words, it just affects the timing rather than the total.

Mr. DORSEN. Exactly.

Do you have any further explanation?

Mr. MASTERS. Well, I didn't write this stub on the check here and I——

Mr. DORSEN. But isn't it clear that you received payment only for that amount for which you billed, whether it was earlier than your bill was received or after your bill was received?

Isn't that clear?

Mr. MASTERS. I don't follow you. When we were forming AMPI, we formed it really just about before MPI was, you might say, solidified, and during that time we had several different home offices. What I am trying to say is, it was sometimes hard to get paid. We had a controversy going at one time as to which constituent co-op would pay the expenses of incorporating the new one and in particular who would pay the legal fees.

Mr. DORSEN. So now you are saying it wasn't so much a question of how much you would be paid but who would pay you and when you would be paid?

Mr. MASTERS. Well, it was a question of both. I felt that I, at that time, was entitled to really a substantial fee for the work done in 1969.

Mr. DORSEN. Are you saying that you did not submit bills to AMPI which reflected the full value of your services?

Mr. MASTERS. Looking back on it with my hindsight I feel that I should have charged them substantially more than I did; yes.

Mr. DORSEN. Looking at it at the time you were talking to Mr. Isham or whomever else you were talking to, was that the thrust of your conversation, that you did not anticipate to bill AMPI for the full value of your services?

Mr. MASTERS. No. I don't follow your question. At the time I felt, and I believe it was Bob Isham that I told, I hadn't billed them enough for 1969, that I felt I was entitled to more.

Mr. WEITZ. And subsequent to that did you actually bill for additional services in 1969?

Mr. FLAKE. Do you have a bill reflecting this?

Mr. WEITZ. No. We just have, other than this December 20 billing which is for domestication in a number of States and is in the amount of $4,200, we have a series of your billings by month. The three for November that are listed on exhibit 1 cover the periods August, September and October, and then the billings in January continue on.

Mr. MASTERS. I am sure you don't have all of my old billings. I don't—I think I possibly—well, I know I threw a bunch of them away when I moved.

Mr. WEITZ. There is one other, and perhaps we can move to that just to round out the picture.

First let me mark as exhibit 2——

Mr. SANDERS. Are you going to leave this bloc?

Mr. WEITZ. No.

Mr. SANDERS. When you get all finished with that I would like to ask a few questions.

Mr. WEITZ. Perhaps to shed further light on this, exhibit 2 is a copy of a check from MPI to you, dated December 19, 1970, in the amount of $5,000 and this is presumably the advance on that date just for your identification. December 19, 1969, is the date; I am sorry. And your endorsement is on the back.

[The document referred to was marked Masters exhibit No. 2 for identification.[1]]

Mr. WEITZ. Is that a copy of the check that you received?

Mr. MASTERS. Well, it must be.

Mr. WEITZ. Now, perhaps to shed further light on this, we also have a copy of a check dated December 2, 1969, which I will mark as exhibit 3, in the amount of $5,397.96 from MPI to you with your endorsement stamped on the back. I would like you to identify that.

[The document referred to was marked Masters exhibit No. 3 for identification.[1]]

Mr. WEITZ. Is that a copy of the check that you received from MPI?

Mr. MASTERS. It must be.

Mr. WEITZ. Now, what I want to ask you is this. I don't know whether this will shed any further light on it or not. MPI and AMPI have reviewed their records and find no billing, no invoice from you to correspond to that check and as I indicated before, all of the billings which we have here follow a monthly pattern so that there is no month missing that isn't accounted for by way of an invoice from you and a corresponding check from MPI or AMPI.

My question is do you have any recollection in connection with either of those two checks, particularly the December 2 check as to what those checks represent?

Mr. FLAKE. Are you saying these two checks are not reflected on any billing?

Mr. WEITZ. The December 19 check is reflected by way of advance on exhibit 1. The December 2 check is not reflected in any invoices that are in AMPI's files. My question is do you have any recollection of the purpose or the invoice reflected in that check?

Mr. FLAKE. It is also not reflected in any of his billings.

Mr. WEITZ. No.

Mr. MASTERS. Well, I just pull a blank on this one.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. FLAKE. He cannot remember what those checks are for. He thinks that the $5,397 check, the larger check, would more likely be the money he talked to Isham about but he doesn't specifically remember for either of them.

Mr. WEITZ. Rather than the advance—rather than the $5,000 advance check?

Mr. FLAKE. Yes.

Mr. WEITZ. And is there any reason that he would get a check to cover that conversation without there either being a billing or any

[1] See p. 6982.

reason that the amount would be a odd figure, such as that represented by exhibit 3?

Mr. FLAKE. Well, that is what is confusing to us. He really does not remember and we don't know. It is strange you have his billing.

Mr. DORSEN. Mr. Masters, you just heard the colloquy between Mr. Weitz and your counsel. Does that accurately state your position?

Mr. MASTERS. I suppose so. I am just—at the present time I am just blank on that one.

Mr. WEITZ. I might say if you are able to search your files and find an invoice that would be covered by this December 2 check, by all means submit it to us and that can be entered into the record, or any other explanation for it.

Mr. MASTERS. Well, I will look again, Alan. I think you have all of my invoices that I had but I will check again.

Mr. WEITZ. Is there any connection between either of these two payments represented by exhibits 2 and 3, the $5,000 and $5,397, and the request for money made of you by Bob Lilly?

Mr. MASTERS. No, sir.

Mr. WEITZ. Did Lilly in any way indicate that AMPI would be more amenable to an increase in your fees because of your cooperation with him?

Mr. MASTERS. No.

Off the record.

[Discussion off the record.]

Mr. WEITZ. Mr. Masters, your billings reflect two conversations, a number of conversations in December 1969 and January 1970. By looking at those would that refresh your recollection as to when you discussed this request or Mr. Lilly made this request of you for money?

Mr. MASTERS. [Nods no.]

Mr. WEITZ. Mr. Sanders, do you have some questions?

Mr. SANDERS. Yes. Can I have exhibits 2 and 3?

Mr. Masters, I am referring here to exhibits 1–A, 1–B, and 1–C which are your invoices to AMPI for the months of August, September, and October 1969. They all bear at the top the date of November 4, 1969.

Do you have a recollection as to whether these were all submitted on November 4?

Mr. MASTERS. In answer to your question, I would assume they were submitted on November 4 or 5. This is what I was talking about a while ago. I would get behind.

Mr. SANDERS. You assumed because of the date they bear at the top, they would have been timely submitted after that top date?

Mr. MASTERS. Yes; I assume the date is correct.

Mr. SANDERS. You have no recollection that these were submitted in December and given an advance date?

Mr. MASTERS. No; as far as I know that date is——

Mr. SANDERS. Now, if these had been submitted timely on or after November 4, wasn't it in your experience that AMPI would have promptly paid you after receipt of these invoices?

Mr. MASTERS. Well, what do you mean by prompt?

Mr. SANDERS. All right. If not within the month of November, at least sometime soon after the first of December when in fact the records show that you were not—there was no accounting to you for these until the 6th of January?

Mr. MASTERS. Well, it wasn't unusual for them to be late in paying. A month was not unusual.

Mr. SANDERS. Instead of an advance being given to you on December 19 as reflected on this exhibit 1, wouldn't it have been more logical if Isham had simply paid you the sum total of these three invoices on December 19?

Mr. MASTERS. I suppose so.

Mr. WEITZ. Mr. Sanders, can I perhaps ask one clarifying question on that?

We have most of the billings for 1969 from you to AMPI—MPI, rather—and they indicate, for example, each month's billing is paid in the same month it was submitted.

Does that refresh your recollection as to the timing in 1969 of the receipt of payment from MPI for your billings?

Mr. MASTERS. I don't follow you, Alan.

Mr. WEITZ. In other words, you indicated sometimes there would be a delay of a month or two. Here we have a question of three November 4 payments being paid in January, and all of your other payments; all of your other billings in January of that year indicate that they were paid the same month they were dated.

Mr. MASTERS. Well, they were so tardy in paying that I usually hand-carried them over to Isham.

Mr. WEITZ. On or around the time that they were dated?

Mr. MASTERS. Yes; usually.

Mr. DORSEN. Mr. Masters, on a number of the invoices that you submitted there is a stamp which was presumably put on by AMPI. For example, in exhibit 1–C. I assume you have no personal knowledge of that stamp. Do you have any personal knowledge of that stamp?

Mr. MASTERS. This stamp here?

Mr. DORSEN. Yes; you did not put that on?

Mr. MASTERS. No.

Mr. DORSEN. Now, if you will look at the date that the item was checked on exhibit 1–C I believe it is indicated as being checked on January 6, 1970, is that correct?

Mr. MASTERS. It has a date here January 6, 1970.

Mr. DORSEN. Right. On some of the other items that we have, for example—without introducing into the record at this point—on the bill that you submitted on January 23, 1970, there is a stamp initialed apparently by the same person, which was a check on the same date, namely January 23, 1970. On the other bills, for example, the one you submitted on January 6, 1969, it is checked 9 days later, January 15, 1969. Now, in this case, apparently the matter was not even checked in the internal—within the internal workings of AMPI until more than 2 months following the date of the bill that you placed on it, and again does that refresh your recollection or does that make you want to change your testimony concerning the date on which you submitted exhibits 1–A, 1–B, and 1–C to AMPI?

Mr. MASTERS. I don't follow you—I am not familiar with this stamp that you are referring to. I have no idea what it——

Mr. DORSEN. Well, I think we can assume, based on the fact that these documents were obtained from AMPI and that you did not place the stamp on the documents, that the documents were stamped by an employee of AMPI and one of the items on the stamp is checked "fig-

ures" and there is a column for "by" and it is initialed "AF" and then there is a date. In several of the invoices you submitted, the date is either the same date or within a week to 10 days after the date of the invoice. One of the three documents that has been marked, namely, exhibit 1–C, is stamped. The other two are not. Under the item checked "figures," there are again the initials "AF" which appear on some of the others, but the date is January 6, 1970, so that, apparently, according to what would be your testimony, 2 months elapsed between the time you submitted exhibit 1–C to AMPI and the date they actually even checked the figures to indicate that the figures presumably added up to the total of that bill; namely, $4,340.

Given that additional information, I am asking does that either refresh your recollection concerning the date that you prepared and submitted exhibit 1–C and also 1–B and 1–A, or does that make you want to in any way modify your testimony on that subject?

Mr. MASTERS. No.

Mr. FLAKE. Could I ask a question of you, Mr. Dorsen?

Does that stamp, the date on that stamp, usually correspond with the date on the check in payment? I know in this case it is the same as the time of the check.

Mr. WEITZ. Let's go off the record.

[Discussion off the record.]

Mr. DORSEN. Back on the record.

In answer to your question, in the documents that we have, the date of the check is either the same day or 1 day after the date on the checked figures, although I also note there are additional columns or rows for proof of payment and check number which are sometimes filled in. They are not filled in on exhibit 1–C.

Mr. FLAKE. That was my next question. But generally, they correspond fairly close to the date of payment.

Mr. DORSEN. That is correct.

Mr. FLAKE. So if they had not been going to pay this bill until then, they probably would not have been stamped or checked until that date.

Mr. DORSEN. Obviously, we do not know that on the basis of this record, but I think it is fair to note, and your point is so noted.

Mr. WEITZ. In connection with the same period of time, let me ask you one further question, Mr. Masters. We have a check from AMPI to you, dated January 23, 1970, in the amount of $7,379.78, and that covers a payment—is payment for an invoice of the same date from you to AMPI.

[The document referred to was marked Masters exhibit No. 4 for identification.*]

Mr. WEITZ. I would like you to take a look at the check. Is that a copy of the check you received? Is that your endorsement on the back?

Mr. MASTERS. It appears to be.

Mr. WEITZ. Now, my question is this. The back of the check has below your signature—appears to have "TDL," which someone has pointed out is a Texas driver's license and a driver's license number. Is that your driver's license number in Texas?

Mr. MASTER. I don't have any idea.

Mr. WEITZ. Do you have a copy of your driver's license with you?

Mr. FLAKE. It has probably expired since then.

*See p. 6982.

Mr. WEITZ. Is that the same kind of number, same number of digits?

Mr. MASTERS. It could be it.

Mr. WEITZ. Now, below that is a stamp, "Pay any bank"; then there is another stamp on it, "Exchange ANB" and I believe this was stamped by the Alamo National Bank. Is that a bank you banked at in San Antonio?

Mr. MASTERS. I have banked there, yes.

Mr. WEITZ. Now, the stamp which also indicates the same date, January 23, is as I understand it, normally a stamp for either—a stamp that you receive on a check when you cash a check or obtain a cashier's check.

There is no indication it was deposited. My question is: Do you recall whether you either obtained a cashier's check or cash for this check?

Mr. MASTERS. I think I got a cashier's check for this one.

Mr. WEITZ. And do you remember what the reason was for obtaining a cashier's check? Did you ever deliver a cashier's check either to Mr. Lilly or anyone else that——

Mr. MASTERS. No.

Mr. WEITZ [continuing]. That you can recall in approximately that amount?

Mr. MASTERS. No. Didn't I give you a copy of that cashier's check?

Mr. WEITZ. I can't say. If you did, I don't know.

Mr. MASTERS. I think I did.

Mr. WEITZ. Who would the cashier's check have been made out to?

Mr. MASTERS. Me.

Mr. WEITZ. And do you recall for what purpose?

Mr. MASTERS. I sure don't.

Mr. WEITZ. And looking at the cashier's check, would that refresh your recollection?

Mr. MASTERS. You know, that has been several years ago, Alan, but I am sure there was—I am not sure. I believe, though, that that was a cashier's check made payable to me, and I believe that afterward I deposited it to my account.

Mr. WEITZ. You are saying that you took the check from AMPI, had a cashier's check made out to you and then deposited the proceeds of that cashier's check into your account.

Mr. MASTERS. Yes.

Mr. WEITZ. Would there have been any reason for you not to just deposit that AMPI check directly into your account?

Mr. MASTERS. I don't—now, I can't think of any. There may have been one then, but whatever it was, I——

Mr. WEITZ. Have you checked your bank records to find out whether in fact that deposit was made to your account on that day or sometime shortly thereafter?

Mr. MASTERS. Well, I doublechecked my account, but I am sure it was deposited in the account sometime thereafter.

Mr. WEITZ. You indicated that you made a number of payments to Mr. Lilly, is that correct—several payments?

Mr. MASTERS. Yes, sir.

Mr. WEITZ. Do you know how many payments?

Mr. MASTERS. Two or three.

Mr. WEITZ. Would each payment be in the amount of $1,000 or more, or did you give him several hundred dollars at a time—in, let's say, the course of a week or two to amount to a contribution of several thousand dollars?

Mr. MASTERS. To the best of my recollection, it would be over $1,000.

Mr. WEITZ. So you did that two or three times?

Mr. MASTERS. Yes, sir.

Mr. WEITZ. And that would be the total—that would represent the total amount of moneys that you gave to Mr. Lilly.

Mr. MASTERS. Yes, sir.

Mr. WEITZ. Over what period of time did these payments take place? They began in late 1969. How long did it last?

Mr. MASTERS. To the best of my recollection, Alan, I am not even positive that first one I gave him was in 1969. To the best of my recollection, I believe it was——

Mr. WEITZ. Or early 1970? Would it have been shortly after his request?

Mr. MASTERS. I don't know what you mean by shortly, but, yes, I guess you would say it was shortly after.

Mr. WEITZ. Within several weeks?

Mr. MASTERS. To the best of my recollection, I believe it was the latter part of 1969.

Mr. WEITZ. And if Mr. Lilly's records indicate that on January 5, 1970, he had deposited or utilized $1,000 that he had received from you, would that be consistent with your recollection that sometime just prior to January 5 you gave him approximately $1,000?

Mr. MASTERS. I have no independent recollection of January 5 or the amount.

Mr. WEITZ. Now, subsequent to the first request, do you recall any specifics with regard to subsequent requests by Mr. Lilly? What he said to you, under what circumstances, what time, and so forth?

Mr. MASTERS. No, no more than I have told you.

Mr. WEITZ. Each request to the best of your recollection was essentially the same as the first request?

Mr. MASTERS. He said he needed some money in Austin. Just what I have told you before.

Mr. WEITZ. He said that on each occasion.

Mr. MASTERS. Generally.

Mr. WEITZ. Did he also say on each occasion that this was a—the time of that request was a particularly opportune time to make a contribution as he had in the first instance?

Mr. MASTERS. I don't know whether he said opportune time or good time. It will do—one will do as much good as two would any other time, I believe.

Mr. WEITZ. But he said that each time, each of the same times he made the request?

Mr. MASTERS. Well, I can't say he said that every time, Alan—generally——

Mr. WEITZ. I am sorry.

Mr. MASTERS. To the best of my recollection, generally I would say that that is what he said.

Mr. WEITZ. Were you aware at any time, at the time or subsequent to his first request of you for money, of any similar request he was

making or moneys he was receiving from anyone else connected with AMPI?

Mr. MASTERS. No, sir.

Mr. WEITZ. By "connected with" I mean either a lawyer or consultant retained by AMPI or anyone else?

Mr. MASTERS. No, sir.

Mr. WEITZ. Did he ever tell you who he gave the money to or how it was used?

Mr. MASTERS. Well, he just said that, from the way he talked—I can't recall any specific conversation on it but it went to the political hierarchy in Austin.

Mr. WEITZ. Did you ever meet anyone, or in any way find out from either a recipient of the money or representative of the recipient any acknowledgement of the contribution or contributions?

Mr. MASTERS. Not offhand, I don't recall any.

Mr. WEITZ. Could you estimate for us what your annual income was in 1969 and 1970—personal income?

Mr. MASTERS. It would be a pure guess, if you want a pure guess.

Mr. WEITZ. Approximately.

Mr. MASTERS. I would say from——

Mr. WEITZ. Well, let me ask you this. In a previous interview with us in response to that question, you said you recollected at that point that your earnings approximated $30,000 a year. Do you agree with that?

Mr. MASTERS. Well, that could be. Yet, it could be more.

Mr. WEITZ. What was your income from AMPI? What were the amounts that you received annually, approximately, from AMPI? What portion of your firm's billings did AMPI represent?

Mr. MASTERS. When I first started representing the milk producers—beginning in, I would say 1965, it started taking a substantial portion of my time, and by 1969 it was taking the vast majority of my time. In fact, it really adversely affected my other practice.

Mr. WEITZ. During the period 1969 through 1972, did you make any other contributions—political contributions—in the amount of $1,000 or more?

Mr. MASTERS. I am sure I did.

Mr. WEITZ. In the amount of $1,000 or more, other than to Mr. Lilly?

Mr. MASTERS. I think I made—during that period I made one to Congressman Mills. I believe I sent you that check.

Mr. WEITZ. That was done by check.

Mr. MASTERS. That was to get Mills to run for President. When was the last Presidential election?

Mr. FLAKE. 1968? 1972?

Mr. MASTERS. Some committee for Mills, Mills for President or something of that nature.

Mr. WEITZ. Who asked you for that? Did anyone solicit that contribution? Do you recall?

Mr. MASTERS. Not offhand, I don't. I have always been an admirer of Mr. Mills and I still am.

Mr. WEITZ. If you have a copy of the check—we have received all the copies of checks by you to cash for a period of time and you also have sent us copies of three checks for political contributions, the

largest being $100, and none of them for national or Federal office; and if you have a copy of that check, which as you characterize it, would be a Presidential contribution, we would appreciate you forwarding it to us.

Mr. MASTERS. Sure.

Mr. SANDERS. In other words, you think you have not received it as he says he has.

Mr. MASTERS. Whether you have or not I would be happy to send you a xeroxed copy. That is no problem.

Mr. WEITZ. By your testimony, you gave Bob Lilly over a period of time, pursuant to several requests, several thousand dollars for someone or some people in Austin, and you never were told to whom exactly it was given, in what amount, or never received any acknowledgement in any way from any of the recipients or any representatives of the recipients, is that correct?

Mr. MASTERS. I can't recall now any acknowledgement.

Mr. WEITZ. Did you ever talk with Mr. Nelson or anyone else either at AMPI or connected with AMPI about these payments? Did you have any assurance that Mr. Lilly was not using the money for some other purpose, for personal use or otherwise?

Mr. MASTERS. Well, of course, I had no assurance that he wasn't gambling it away as far as that goes, but I had a great deal of confidence in him.

Mr. WEITZ. Did you feel that he was acting pursuant to Mr. Nelson's authorization?

Mr. MASTERS. No. Bob, ever since I have known him, has been active, very active politically in Austin. He was on pretty good terms, I suppose, with every prominent person in State politics, from the Governor on down.

Mr. WEITZ. Do you recall the smallest amount of money you gave Mr. Lilly at any one time?

Mr. MASTERS. Lord, I have no idea.

Mr. WEITZ. Would it be in excess of $1,000?

Mr. MASTERS. My best guess is that it probably was $1,000 or above.

Mr. WEITZ. And do you have any recollection as to the largest amount of money you ever gave to Mr. Lilly at any one time?

Mr. MASTERS. Not now, I don't.

Mr. WEITZ. If his records indicate that in September 1970, he utilized $4,000 which he had received from you on or around that time, is that consistent with your recollection or does that refresh your recollection in any way?

Mr. MASTERS. No; it doesn't refresh my recollection.

Mr. WEITZ. Did you ever have any conversation with Mr. Lilly in which you either resisted or indicated you were short on cash and couldn't give him the amounts requested at a particular time or by a certain date?

Mr. MASTERS. Oh, I think there were several times there that I told Bob that I was hurting or something of that nature.

Mr. WEITZ. I am sorry. What was that?

Mr. MASTERS. That I couldn't at the time.

Mr. WEITZ. That you didn't have the money, essentially.

Well, Mr. Lilly, as you have testified—we don't know why he was doing it but you took it to be at least partially to your benefit, in the sense of accruing, perhaps gaining some contact, and so forth, in Austin.

Mr. MASTERS. Right.

Mr. WEITZ. Did you view it as a business expense? Whether or not deductible for tax purposes, a kind of expense for doing business?

Mr. MASTERS. I will put it this way, Alan. At the time it seemed to be a good idea from my standpoint. I suppose you could say that it was good business. I felt it was.

Mr. WEITZ. Did you view it as a fee return?

Mr. MASTERS. Well, if you practice law you have got to have connections and I felt, over the long pull, that it would be good business for me.

Mr. WEITZ. Did you know anything or were you aware of any loans that Mr. Lilly had made and that were still due at the time, owing and due at the time he asked you for money?

Mr. MASTERS. No, sir.

Mr. WEITZ. Do you recall when the last payment—approximately what time or date the last payment to Lilly was made by you?

Mr. MASTERS. No, I don't.

Mr. WEITZ. Do you recall approximately what total amount you gave to Lilly over a period of time?

Mr. MASTERS. Well, I couldn't tell you exactly, Alan. To the best of my recollection, around $4,000 or $5,000.

Mr. WEITZ. Did it stretch over more than a year's time? From the first request to the last?

Mr. MASTERS. I really don't—I really just don't remember. It could have—I would say it was around a year but it could have been over a year. I just couldn't tell you.

Mr. WEITZ. Did you deduct those payments on your Federal income tax or any income tax returns or any way reflect those payments on your income tax returns?

Mr. MASTERS. No.

Mr. WEITZ. Can you give us any explanation as to why, even viewing it as good business, you gave several thousand, perhaps $4,000 or $5,000 to Mr. Lilly over the period of a year or perhaps slightly more than a year when your income was perhaps approximately $30,000 or somewhat more, without any indication of who was receiving the money or any indication of any direct benefits you were receiving as a result of the payments?

Mr. MASTERS. No more than what I have told you.

Mr. WEITZ. Have you any evidence or indication that you did receive any benefits from Austin or otherwise as a result of the payments?

Mr. MASTERS. None that I could pinpoint, Alan, except that I feel that if I needed to find out something or needed to know someone in Austin, Bob could help me.

Mr. WEITZ. Do you recall any instance in which he did assist you after the first payment?

Mr. MASTERS. Not right offhand, no.

Mr. WEITZ. I believe you——

Mr. MASTERS. The point is that Bob had been in Austin, in and around Austin, in and out of State politics, Alan, for years. He was pretty well versed up there, in my opinion.

Mr. WEITZ. I believe you indicated that you attended some or a number of the AMPI board meetings. Certainly, initial board meetings.

Mr. MASTERS. I probably attended about all of them, I would say.

Mr. WEITZ. Your function—wasn't it to record the minutes for those meetings?

Mr. MASTERS. Well, the board always wanted to have—always had a lawyer present at all the board meetings and I assisted the secretary in preparing the minutes, preparing the resolutions. We were selling quite a bit of surplus real estate then, keeping track of that.

Mr. WEITZ. Now, at any of these——

Mr. MASTERS. The committee meetings.

Mr. WEITZ. I am sorry. You also attended committee meetings? Would those have included the finance committee meetings?

Mr. MASTERS. Oh, sometimes I—I have attended finance committee meetings, yes. Usually it would be the base committee, though. That is where we were having our main controversy at the time.

Mr. WEITZ. That leads me into the question of whether you were aware of, and if so, what you were aware of in connection with complaints about the budget and high expenditures of the home office of AMPI. Was that matter discussed at board meetings?

Mr. MASTERS. I have heard directors complain about it at board meetings, yes, sir.

Mr. WEITZ. Were your billings billed to and reflected in the budgets of the home office of AMPI?

Mr. MASTERS. I have no idea, Alan. I would—I assume they——

Mr. WEITZ. What was the nature of the complaints by these board members?

Mr. MASTERS. Well, the board members complained a lot, period, and expense was one of them.

Mr. WEITZ. Was there ever any discussion that you heard or any explanation given that you were aware of that a number of attorneys' billings or other high expenses of the home office were related to political activities?

Mr. MASTERS. No.

Mr. WEITZ. Were you aware of any political activities engaged in by attorneys or consultants for AMPI——

Mr. MASTERS. No, sir.

Mr. WEITZ [continuing]. That were reflected in those high fees?

Mr. MASTERS. No, sir.

Mr. WEITZ. Did you attend a board meeting in Las Vegas?

Mr. MASTERS. Yes, sir.

Mr. WEITZ. How many meetings took place in Las Vegas, to your recollection? How many times did the board meet there?

Mr. MASTERS. I don't recall them meeting but once. It was a hell-raising meeting. I do recall that.

Mr. WEITZ. Do you recall whether the matter of high expenditures was raised at that meeting?

Mr. MASTERS. Alan, I don't—I couldn't say that it was or wasn't. That meeting lasted about all night and as I say, it was a hell-raiser. I suppose everything that—every facet of AMPI came up at that one.

Mr. WEITZ. Do you recall approximately when that meeting was held, what year or what time of year?

Mr. MASTERS. I believe it was in December.

Mr. WEITZ. Of which year, do you recall?

Mr. MASTERS. Well, it has been several years ago now, I would say. My guess is that it was 1970.

Mr. WEITZ. Now, Mr. Nelson was replaced as general manager in January 1972. Do you place it in time—does that refresh you recollection as to whether this meeting in Las Vegas was just prior to that or about a year prior to that?

Mr. MASTERS. Oh, Lord. No. My guess is that it was quite a while prior to that time. I would say about—again, I am guessing. I would say about a year, maybe more.

Mr. WEITZ. So it might be December 1970. Is that your best recollection.

Mr. MASTERS. Yes.

Mr. WEITZ. Now, at that meeting, did Mr. Nelson give any explanation for the high expenditures of the home office?

Mr. MASTERS. Nelson was at the board meeting and I don't recall anything specifically that he said. He was at the meeting.

Mr. WEITZ. Did he say that some of the attorneys were conduits?

Mr. MASTERS. If he said it, I don't recall it.

Mr. WEITZ. Was there any discussion either at that meeting or any other meeting you can recall of political activity of AMPI as opposed to TAPE?

Mr. MASTERS. No. Of course, I was aware that there was such a thing as TAPE. I suppose that at most of the meetings some reference was made to TAPE.

Mr. WEITZ. But apart from TAPE, was there any reference made or discussion at those meetings whether on the record or off the record, of political activities or political contributions being effected by AMPI through attorneys or consultants retained by AMPI?

Mr. MASTERS. No, sir. I don't recall any. There were, you know, political activities mentioned. I mean, Alan, of course. Various members would say they would call their Congressman or Senator. You know, on an individual basis. Swear to the Department of Agriculture, if that is what you mean by politics.

Mr. WEITZ. I have just two other short matters to cover and then Mr. Sanders can proceed with his questioning.

One, did you have any connection with or representation—did you engage in any representation of AMPI in connection with the milk price-support decision by the Secretary of Agriculture in 1971?

Mr. MASTERS. No, sir.

Mr. WEITZ. Did you have any representation—did you engage in any representation or otherwise have any connection with the matter of the antitrust suit filed by the Department of Justice against AMPI in 1972?

Mr. MASTERS. Well, I have attended—maybe I didn't catch your question.

Mr. WEITZ. Did you represent them in some capacity or take part in representation of AMPI in connection with the antitrust suit?

Mr. MASTERS. Yes. I helped prepare the answer we filed in San Antonio. I attended several preliminary hearings.

Mr. WEITZ. Now, in your phone—in the records and your billings that include various telephone calls, and so forth, that you made on behalf of AMPI, various conferences, there is an indication that on January 6, 1972, you had a telephone call from Mr. Hundley, I believe, at the Justice Department. Do you recall that?

Mr. MASTERS. From the Justice Department?

Mr. WEITZ. Who is Mr. Hundley? Perhaps we haven't established that.

Mr. MASTERS. He is a dairy farmer.

Mr. WEITZ. That has nothing to do with the Justice Department or the antitrust suit?

Mr. MASTERS. Well, I am not saying I did not get a call from the Justice Department.

Mr. WEITZ. I am talking about Mr. Hundley. We will get to the Justice Department in a minute. In other words——

Mr. MASTERS. Can I——

Mr. WEITZ [continuing]. Was a Mr. Hundley connected with the Justice Department or antitrust suit at all or not to your recollection?

Mr. MASTERS. No. If he was, I don't recall it.

Mr. WEITZ. Let me ask you something else. In your billing of June 2, 1972, to AMPI for the month of February 1972, it indicates on February 18 "Telephone conference. Nelson, Dean, Austin conference rate, dairy counsel, tax suit"; then "Texas Department of Agriculture." Do you recall who Mr. Dean is? The Mr. Dean indicated here?

Mr. MASTERS. I sure don't. I don't have an independent recollection as to who Dean is. My guess is that it is a lawyer there.

Mr. WEITZ. A lawyer where?

Mr. MASTERS. In Austin or one from Dallas.

Mr. WEITZ. Now, in your billing of July 30, 1972, for the period of March 1972, there are several references to telephone conferences on March 14, 17, 20, and 22 with various Justice Department attorneys and other calls in connection with the Justice Department suit. Do you recall anything specific with regard to those other than preparation of the answer in the suit? 14, 17, 20, and 22.

Mr. MASTERS. Fourteen—on the 14th?

Mr. WEITZ. That is what?

Mr. MASTERS. Oh, yes. Well, the only thing I recall on that was just a meeting with the other attorneys and mapping out—I don't know whether we filed the answer by then or—my guess is we were getting ready to file the answer.

Mr. WEITZ. Was Stuart Russell one of the other attorneys?

Mr. MASTERS. The 17th, yes. Obviously, we were getting ready to prepare an answer.

Mr. WEITZ. Was Stuart Russell one of the attorneys working on the suit?

Mr. MASTERS. Yes, sir.

Mr. WEITZ. Did you have any contact with Marion Harrison of the firm of Reeves & Harrison in connection with the antitrust suit?

Mr. MASTERS. No, sir.

Mr. WEITZ. What about Murray Chotiner?

Mr. MASTERS. No, sir.

Mr. WEITZ. Did you ever confer or were you aware of any advice given to AMPI by Jake Jacobsen in connection with the antitrust suit?

Mr. MASTERS. No, sir.

Mr. WEITZ. The same question would apply to Marion Harrison or his firm.

Mr. MASTERS. Right.

Mr. WEITZ. Are you aware of any contact being made by any of those gentlemen, either Mr. Russell, Mr. Harrison, Mr. Chotiner or

Mr. Jacobsen, with anyone at the administration, either the White House or the Justice Department——

Mr. MASTERS. No, sir.

Mr. WEITZ [continuing]. In connection with the antitrust suit? Are you aware of any contact by any of those gentlemen with John Mitchell who I believe at that time was leaving the Justice Department to head up the Committee To Re-Elect the President?

Mr. MASTERS. No, sir.

Mr. WEITZ. Were you aware of any discussions at that time, which would be February or March of 1972, of any connection or possible connection between contributions by AMPI or TAPE to the President's reelection and the antitrust suit that had been filed against AMPI?

Mr. MASTERS. Well, I suppose somewhere along then I heard gossip. I don't know when it was, but I am sure I must have—gossip or rumors to that effect. I think it was in the newspaper along about that time. I never—as I told you before, my practice was—with AMPI was that all too many consuming nuts and bolts and I am not conversant in Washington at all. Somebody else always handled, usually always handled the Washington matters.

Mr. WEITZ. But in any of these conferences, although you may not have had an input into them in the matter of contacts with Government officials or political contributions, do you recall, besides gossip or something of that nature, any references to attempts to talk to administration officials or make contributions or solicitations for contributions being made during that time?

Mr. MASTERS. No. Just what I said, gossip and rumor.

Mr. WEITZ. When was the first time to your knowledge that AMPI was aware that a suit—that investigation of AMPI was underway by the Justice Department and a suit might be filed?

Mr. MASTERS. I don't recall hearing about it until we were actually sued. Now, there may have been—I may have heard rumors to that effect before the suit was filed but if I did, it was shortly before it was filed.

Mr. WEITZ. You were not, however, their lead antitrust counsel at that time?

Mr. MASTERS. No, sir.

Mr. WEITZ. Nor were you in contact with anyone in Washington on behalf of them.

Mr. MASTERS. Mr. Sidney Harris was our—to the best of my knowledge does, or his firm did most of the antitrust work for AMPI here in Washington.

Mr. WEITZ. Do you have any knowledge of any unusual—well, of any destruction of documents by any employees of AMPI in either 1971 or 1972?

Mr. MASTERS. No, sir.

Mr. WEITZ. Do you know of any requests that were made or suggestions made to employees of AMPI that certain documents be destroyed?

Mr. MASTERS. No, sir.

Mr. WEITZ. Or that any documents be destroyed?

Mr. MASTERS. No, sir.

Mr. WEITZ. Other than your general awareness of the fact that TAPE existed and engaged in contributions, do you have any specific

knowledge of particular contributions to the Presidential campaign of 1972 by TAPE?

Mr. MASTERS. No, sir.

Mr. WEITZ. Or by AMPI?

Mr. MASTERS. No, sir.

Mr. WEITZ. Now, when I say contributions, do you have any knowledge of any contributions, whether they were made in the form of money or expenditures on behalf of Presidential candidates? Do you have any knowledge of that either by AMPI or TAPE?

Mr. MASTERS. Not direct. The only thing, go back there to what, you know, rumor and gossip.

Mr. WEITZ. Didn't you ever discuss this with anyone—that matter with anyone that you can recall?

Mr. MASTERS. No. I wasn't privy to anything really in TAPE. The only thing I knew was Bob Isham was the—I believe he was the trustee and whatever trust agreement was prepared, was prepared as far as I know, by some Washington attorney.

Mr. DORSEN. Do you know any employees of AMPI that were working for any candidate including Democratic candidates, for the 1972 Presidential nomination?

Mr. MASTERS. No; unless it was Bob Lilly. Well, I don't know what Bob—I don't know that either, because I don't know what Bob was doing.

Mr. DORSEN. In particular, do you know any employees of AMPI who devoted substantially full time for whatever period to the efforts of any Presidential candidates?

Mr. MASTERS. No, sir.

Mr. WEITZ. Are you familiar with the firm of Valentine, Sherman and Associates?

Mr. MASTERS. Where are they located?

Mr. WEITZ. I believe in Minneapolis.

Mr. MASTERS. No, sir.

Mr. WEITZ. Are you aware of any——

Mr. MASTERS. Valentine?

Mr. WEITZ. Valentine, Sherman and Associates?

Mr. MASTERS. The only way—if Sidney Berde is—I think Sidney is a sole practitioner. Unless Sidney Berde is connected with them.

Mr. WEITZ. Mr. Berde is an attorney.

Mr. MASTERS. Yes.

Mr. WEITZ. Now, if this firm is—are you aware of or familiar with a computer firm by the name of Valentine, Sherman and Associates in Minneapolis?

Mr. MASTERS. We may have—in answer to your question, I don't have any independent recollection or knowledge of such a firm. The only way that—if that is a law firm and they——

Mr. WEITZ. No. I said it is not a law firm.

Mr. MASTERS. Oh, excuse me. I thought it was a law firm. Excuse me.

Mr. WEITZ. No. It is a computer firm.

Mr. MASTERS. What I was fixing to say, we had a patent infringement suit way back when, and we may have hired somebody in Minneapolis. I know the lead counsel, though, was from Chicago.

Mr. WEITZ. Are you familiar with any arrangement whereby AMPI paid for a firm providing goods or services such as mailing lists to any

candidate, particularly any Presidential candidate, for the 1972 campaign?

Mr. MASTERS. No, sir. I remember—list of AMPI?

Mr. WEITZ. Well, any mailing lists or any other type of list.

Mr. MASTERS. I was just going to say that the board always required very strictly that the membership list never be given out. In answer to your question, no.

Mr. WEITZ. Have you ever heard of the firm of Wagner and Baroody, a public relations firm in Washington?

Mr. MASTERS. No, sir.

Mr. WEITZ. Are you aware of any public relations firms in Washington that were hired by AMPI for whatever purpose?

Mr. MASTERS. No, sir.

Mr. WEITZ. Do you know a George Webster who is an attorney in Washington?

Mr. MASTERS. No, sir. George Webster?

Mr. WEITZ. Yes. I believe you said that you had recalled a number of additional attorneys who at one time or another represented AMPI. If you would like to enter those into the record, if they are of any significance.

Mr. MASTERS. OK. Martin Burns in Chicago. I gave you Sidney Berde and George St. Peter, I believe. Don Alsop in Minnesota.

Mr. SANDERS. Did you say Don?

Mr. MASTERS. Don.

Mr. SANDERS. Alsop?

Mr. MASTERS. A–L–S–O–P. New Ulm, Minn.

Mr. SANDERS. Is that where Alsop is located?

Mr. MASTERS. Yes, sir. Then, of course, Erwin Heininger's firm in Chicago, Sidney Harris' firm in Washington. We had Leroy Jeffers from Houston for a short—well, I guess he still does. I think he is one of the lawyers in the antitrust litigation. We have some other lawyers in the antitrust litigation that I am not familiar with. There is one from Kansas City. We have local counsel there but I haven't been active in those antitrust suits, so I don't know. I don't know who the attorney was, I don't recall him ever mentioning his name, that set TAPE up in Washington, but I believe it was a San Antonio lawyer that represents them now, Anthony Nicholas. We used some local counsel in Houston. Jim Bailey.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. MASTERS. Another attorney we used was in Indianapolis, John Grimes and Charles van Sicle. I don't think they use them any more. I think George St. Peter does everything in Wisconsin.

Mr. SANDERS. Where is Van Sicle located?

Mr. MASTERS. In Madison, Wis.

Mr. SANDERS. Were you, at any time, aware that an attorney by the name of Jack Chestnut was utilized by AMPI?

Mr. MASTERS. No, sir. Where is he located?

Mr. SANDERS. He is located in Minneapolis.

Mr. MASTERS. Jack Chestnut?

Mr. SANDERS. Have you ever heard the name before?

Mr. MASTERS. I never have heard the name. Did he ever represent AMPI in any matters or——

Mr. SANDERS. Well, I would rather you just give me the best of your recollection.

Mr. MASTERS. OK. No, sir.

Mr. SANDERS. Do you know for what reasons Van Sicle was used?

Mr. MASTERS. Yes. Charles, when we first put AMPI together—usually we utilized the attorneys that had been representing the constituent co-ops and that was one—the main reason we hired Van Sicle, and, well, I think Charles is a good lawyer and pretty well specializes in co-ops. I think he represents some electrical co-ops and other kinds of co-ops other than the agricultural type.

Mr. SANDERS. Were you personally acquainted with him?

Mr. MASTERS. Yes.

Mr. SANDERS. Roughly, during what time period would his services have been utilized by AMPI?

Mr. MASTERS. During the formative period. I would say—let's see. We chartered AMPI in 1969, so it would have been—well, I would say the year 1969, especially the spring of 1969. We had a—I believe we had a lawsuit back then. We had a lawsuit in Antigo, I know, in September and October and we had—I believe we had one in Federal court also in Madison at that time.

Mr. SANDERS. Do you recall during that time period any legal problems relating to or involving Land-O'-Lakes?

Mr. MASTERS. No. I don't recall any legal controversies we ever had with Land-O'-Lakes. Unless it was—now, we did have one lawsuit, oh, sometime around there involving a creamery. There was a lawsuit we inherited in North Dakota about a creamery. Land-O'-Lakes may have been involved in that but I don't believe they were and that would be the only legal controversy I know of that we had with Land-O'-Lakes.

Mr. SANDERS. You told us that Sidney Berde was located in Minnesota?

Mr. MASTERS. Yes.

Mr. SANDERS. Do you know where?

Mr. MASTERS. Minneapolis, I believe.

Mr. SANDERS. And do you know what type of representation he provided for AMPI?

Mr. MASTERS. Yes. Sidney is quite well versed in milk-marketing orders and co-ops and antitrust suits. He was in—he was one of our counsel in the first antitrust suit we had with MAP in Houston and I believe he also represented us some in—I think he still does in the suit with the other co-op that we have been fighting so long. It is not really a co-op.

Mr. SANDERS. NFO?

Mr. MASTERS. NFO. I think he has represented us in that from the beginning. He represented us in a suit in Chicago involving the Chicago order. Sidney is a good lawyer.

Mr. SANDERS. And Mr. Alsop, what type of representation did he provide?

Mr. MASTERS. Well, a little bit of everything. Don was sort of inherited like everybody else. He represented the old Five Star Creamery which we acquired and then after that, why, he represented us in all matters, local counsel for Minnesota and that part of the

country. Minnesota, the Dakotas, Iowa, Nebraska. And Alsop is a good lawyer, too.

Mr. SANDERS. And finally Mr. St. Peter, what was the nature of his representation?

Mr. MASTERS. Well, we acquired a co-op in northern Wisconsin and he had represented them for years and they continued him on. He handles most things. I believe he is on all of the antitrust actions, the NFO suit, and I think possibly the Justice Department suit, and he handles most things locally in Wisconsin. He sort of took Alsop's place, I would say. I think George has specialized over the years in co-ops.

Mr. SANDERS. Are you still providing legal representation to AMPI?

Mr. MASTERS. Yes, sir.

Mr. SANDERS. Through the years did you feel that you were utilized by AMPI to secure local counsel in other geographical areas where it became necessary?

Mr. MASTERS. Well, if I understand your question correctly, if I was assigned a lawsuit, we had a controversy in a certain area, why, I would either—usually would engage local counsel, yes.

Mr. SANDERS. All right. Let's say it hadn't come to the point of a lawsuit, but let's say there was some question or legal problem or lawsuit in a certain area aside from Texas. Would the AMPI officials have turned to you to secure some local counsel or to suggest somebody or recommend somebody or would they have gone to the region?

Mr. MASTERS. Well, probably they would have gone to the region if it was outside Texas, like, for example, if it was in Oklahoma, they probably would have gone to Stuart Russell. If it was in Wisconsin, they would probably go to Alsop, or St. Peter, or Van Sicle. Minnesota, they would go to Alsop. Or if it were assigned to me, I would, unless I happened to know a lawyer in that area.

In further answer to your question, it has been my experience there just isn't a whole lot of lawyers who have had extended experience with cooperatives and most of them are fairly well known.

Mr. SANDERS. From your experience with AMPI, if the firm had been in need of some representation in Minnesota, let's say in 1970–71, with respect to State legislation affecting milk marketing, would they have turned to Alsop to begin with?

Mr. MASTERS. I don't know. I would—this is a guess on my part.

Mr. SANDERS. Or would they turn to you to find somebody there?

Mr. MASTERS. No. They would have either—in my judgment, they would either have gotten Alsop or gotten a recommendation from Alsop.

Mr. SANDERS. But in your judgment——

Mr. MASTERS. Or possibly Sidney Berde. Or possibly Van Sicle and St. Peter.

Mr. SANDERS. They were predominantly Wisconsin.

Mr. MASTERS. Yes.

Mr. SANDERS. So if we are talking about Minnesota, you would think Berde or Alsop would be the principals.

Mr. MASTERS. If it was just purely for political purposes, I would doubt that they would even go to Sidney Berde or Don Alsop because those guys are pretty much trial lawyers.

Mr. SANDERS. How would it have been handled? What would the system have been to secure legislative representation?

Mr. MASTERS. I don't know. I don't know.

Mr. SANDERS. You were never asked to suggest anyone for legislative work in Minnesota?

Mr. MASTERS. No, sir.

Mr. SANDERS. When Lilly came to you and talked to you about the need for Austin, who was the Governor of Texas at that time?

Mr. MASTERS. Price Daniel. No. It wasn't Price. It was Smith.

Mr. SANDERS. What is his first name?

Mr MASTERS. Preston.

Mr. SANDERS. Is he a Democrat?

Mr. MASTERS. Yes.

Mr. SANDERS. Was the Texas Legislature democratically controlled?

Mr. MASTERS. Oh, yes.

Mr. SANDERS. You told us about a check which you wrote to Wilbur Mills.

Mr. MASTERS. Well, it wasn't to him. It was to some committee to elect him President or something of that—words to that effect.

Mr. SANDERS. Can you put a year or a month on this?

Mr. MASTERS. Well, it was at the time that the flurry was going on—when was the Presidential—a year or 2 years ago?

Mr. FLAKE. 1972, yes.

Mr. MASTERS. When the flurry was going on for Mills to get the nomination.

Mr. SANDERS. Well——

Mr. MASTERS. You know.

Mr. SANDERS. It could have been early 1972. It conceivably could have been late 1971.

Mr. MASTERS. Yes, sir. It was about the time when there were noises for Mills, Humphrey, and Muskie.

Mr. SANDERS. Did you send the check by mail?

Mr. MASTERS. Yes, sir.

Mr. SANDERS. Do you recall the amount?

Mr. MASTERS. $1,000.

Mr. SANDERS. $1,000?

Mr. MASTERS. Yes, sir.

Mr. SANDERS. Was it drawn on your personal account?

Mr. MASTERS. Yes, sir.

Mr. SANDERS. Were you then personally acquainted with any persons serving as campaign officials for Mills?

Mr. MASTERS. No. I don't recall any.

Mr. SANDERS. You are acquainted with Joe Johnson?

Mr. MASTERS. Yes.

Mr. SANDERS. Per chance, was this check sent to him?

Mr. MASTERS. No, sir. I don't—to the best of my recollection, the check was sent to the committee—the committee that is on the check. Payee of the check.

Mr. SANDERS. Do you know whether a Joe Johnson was working in the Mills campaign?

Mr. MASTERS. No. Last time I saw—knew of Joe, I believe he was working out of the Arlington office.

Mr. SANDERS. Of AMPI?

Mr. MASTERS. [Nods, yes.]

Mr. SANDERS. How long ago was that?

Mr. MASTERS. Oh——

Mr. SANDERS. Within the last few months?

Mr. MASTERS. No. No. This was several years—I would say whenever he was there, I would say it is a couple of years or more.

Mr. SANDERS. Are you saying that you have no recollection of whether that $1,000 was solicited by anyone?

Mr. MASTERS. Yes, it was solicited. I am sure it was.

Mr. SANDERS. Well, I guess then you said you didn't recall who it was.

Mr. MASTERS. Well, I don't know what I said but it was solicited.

Mr. SANDERS. Do you remember whether it was?

Mr. MASTERS. Well, it was somebody from the Little Rock office. It was either—I don't know. It was either Kieffer Howard or Dave Parr or—I don't think Joe.

Mr. SANDERS. Townsend?

Mr. MASTERS. It could have been. I am not saying it wasn't. I don't think it was.

Mr. SANDERS. Most likely Howard or Parr.

Mr. MASTERS. Most likely.

Mr. SANDERS. And if Howard, under what circumstances did this solicitation occur? By telephone, personal contact?

Mr. MASTERS. Word of mouth. Word of mouth. Well, it could have been by telephone, but I don't—to the best of my recollection, it was by word of mouth.

Mr. SANDERS. Were you aware at that time that solicitations were being made of AMPI employees for Wilbur Mills?

Mr. MASTERS. No, sir.

Mr. SANDERS. Or of other persons such as yourself representing AMPI?

Mr. MASTERS. No.

Mr. SANDERS. Were you aware of any efforts on the part of Parr or other employees in Little Rock to amass a kitty for Wilbur Mills?

Mr. MASTERS. No, sir; I wasn't aware of it. I mean it is common knowledge that all those people are great supporters of Mr. Mills and I am a great admirer of his also.

Mr. SANDERS. From the November 1968 election forward, was that contribution to Mills the only contribution you made to him?

Mr. MASTERS. I can't be positive but I believe that is the only one. To the best of my recollection I believe that was the only one.

Mr. SANDERS. Did you receive any reimbursement from AMPI for this contribution to Mills?

Mr. MASTERS. No, sir.

Mr. SANDERS. Did anyone indicate to you that you could recover it by your billings to AMPI?

Mr. MASTERS. No, sir.

Mr. SANDERS. Were you solicited for contributions to other political candidates? I mean solicited by employees of AMPI such as in the Mills instance?

Mr. MASTERS. No. I suppose the only one connected with AMPI would still be Bob Lilly.

Mr. SANDERS. And that would be what you already told us today, you are speaking of?

Mr. MASTERS. Yes.

Mr. SANDERS. Let me limit this to Presidential candidates. Were you solicited by anyone with AMPI for any other contributions to Presidential candidates?

Mr. MASTERS. Well, I don't know if this was solicited by an employee of AMPI, but I did make a contribution, I believe, to Hubert Humphrey. I don't know whether that was when he was running for President or Senator.

Mr. SANDERS. All right. May I have the circumstance of that contribution?

Mr. MASTERS. The only circumstance I can recall is that I gave him a check or sent him a check.

Mr. SANDERS. How much?

Mr. MASTERS. It was somewhere between $100 and $500. I don't recall right offhand.

Mr. SANDERS. And you are unable to say whether he was running for the Senate or President?

Mr. MASTERS. No, sir.

Mr. SANDERS. Are you saying that that might have been solicited by someone with AMPI?

Mr. MASTERS. It could have been, yes, sir.

Mr. SANDERS. Senator Humphrey ran for the Senate in 1970, and then in late 1971 he started his Presidential campaign. Can you place a closer time frame on your contribution to him?

Mr. MASTERS. I can't. My best guess is that it was probably when he was running for President.

Mr. SANDERS. Do you think the——

Mr. MASTERS. Or when he—didn't run—he hadn't run for President for many years but I mean when he was—my best guess, it was probably when he was trying to get the nomination. Or whenever that was.

Mr. SANDERS. Do you think your check was payable to one of his committees as in the Mills case?

Mr. MASTERS. Yes, sir.

Mr. SANDERS. Would it most likely have been Lilly that solicited this contribution from you?

Mr. MASTERS. If it was—if an AMPI employee did solicit it, it was probably Lilly. I don't remember now who it was, but if it was an AMPI employee, it probably was.

Mr. SANDERS. What indication did you receive, if any, that he was soliciting persons besides you for additional contributions to Humphrey?

Mr. MASTERS. None.

Mr. SANDERS. Did you receive any acknowledgement from the Humphrey campaign for your contribution?

Mr. MASTERS. No, sir.

Mr. SANDERS. Did you receive any——

Mr. MASTERS. If I did, I don't recall it. I am not saying I didn't but I don't think I did.

Mr. SANDERS. Or did you receive any from the Mills campaign?

Mr. MASTERS. No, sir. Well, the same answer. I don't believe I did and if I did, I certainly don't recall it now. But I don't believe I did.

Mr. SANDERS. Were you reimbursed by AMPI for the contribution to Humphrey?

Mr. MASTERS. No, sir.

Mr. SANDERS. Or did anyone indicate to you you could recover the amount by billing?

Mr. MASTERS. No, sir.

Mr. SANDERS. Did you make any contributions to Senator Muskie's Presidential campaign?

Mr. MASTERS. I don't believe so. I could have but I don't recall it. I don't believe I did. You are talking about when Muskie was trying to get the nomination in the latest Presidential race, I take it.

Mr. SANDERS. Yes.

Mr. MASTERS. Not when he was running for Vice President.

Mr. SANDERS. True.

Mr. MASTERS. I got a letter from him. From the Democratic——

Mr. SANDERS. Thanking you for your contribution?

Mr. MASTERS. Democratic National Committee soliciting one. That may have been where I got the solicitation on Humphrey. But I don't recall.

Mr. SANDERS. You have no recollection of a contribution to Muskie?

Mr. MASTERS. No, sir. I don't believe I made one to Muskie. It is possible, but I just don't believe I did.

Mr. SANDERS. Do you have any knowledge that AMPI used a system of paying bonuses to any of its employees in order to make funds available for contributions to Presidential candidates in the 1972 campaign?

Mr. MASTERS. No, sir. I am not aware of that.

Mr. SANDERS. I think that is all.

Mr. DORSEN. Did you make any contributions to the McGovern campaign?

Mr. MASTERS. No, I don't think so.

Mr. DORSEN. Were you solicited?

Mr. MASTERS. I am sure I got some correspondence on it from somebody in Washington, Democratic headquarters, but I don't recall anything specifically on it.

Mr. DORSEN. Did you make a personal contribution to the President's campaign? President Nixon's reelection campaign?

Mr. MASTERS. No, sir.

Mr. DORSEN. Were you solicited?

Mr. MASTERS. I don't have any independent recollection of being solicited. I probably was. After Mr. Mills didn't get it, I pretty well lost interest.

Mr. DORSEN. Do you have any other information or knowledge concerning requests for contributions of AMPI or TAPE or contributions by those organizations in connection with the 1972 Presidential campaign which you haven't told us about today?

Mr. MASTERS. I am not aware of any. I think we pretty well——

Mr. DORSEN. Did you have any participation whatsoever in any activity concerning import quotas——

Mr. MASTERS. No, sir.

Mr. DORSEN [continuing]. On the part of AMPI?

Mr. MASTERS. I was aware of the import quotas. I mean, don't misunderstand. I was aware of it and I was aware of the problem.

Mr. DORSEN. What you are saying is that you took no role personally.

Mr. MASTERS. No, sir. That was a Washington—generally considered the Department of Agriculture, Washington matter which I didn't——

Mr. DORSEN. Are you aware of any financial transactions of any sort between AMPI and Jake Jacobsen or John Connally?

Mr. MASTERS. No, sir.

Mr. WEITZ. Have you ever been retained by either Mid-America Dairymen or Dairymen, Inc.?

Mr. MASTERS. No, no. I know who they are. I know—I want to be responsive to your question. I think I probably—John Gage represents Mid-America and I think I have possibly helped him on some legal matters. One in particular was on the franchise tax on being domesticated in Texas. But I have never been retained by them, never done any work for them as such.

Mr. WEITZ. What about any organizations of which they were—those organizations were members such as Central America Cooperative Federation or Associated Dairymen or anything like that, any of those organizations?

Mr. MASTERS. Well, I don't recall having done any work for Central America but I am, of course, aware of Associated Dairymen. Right offhand, I don't think I have ever done anything for them. I have attended some—I think I undoubtedly—I have undoubtedly, I am sure attended some meetings of Associated Dairymen but it is—that is pretty vague in my mind.

Mr. WEITZ. Have you ever been asked for or given any moneys to any employees or anyone connected with those organizations?

Mr. MASTERS. No, sir.

Mr. WEITZ. Now, we have received the billing which we were discussing before from you to AMPI, dated December 20, 1969, a copy of that billing, and I would like to mark it as exhibit 1–D. I will show it to you for identification. Is this a copy of the billing of December 20 to AMPI from you?

Mr. MASTERS. [Nods in the affirmative.]

Mr. WEITZ. Your answer is yes?

Mr. MASTERS. Yes, sir.

[The document referred to was marked Masters exhibit No. 1–D for identification.*]

Mr. WEITZ. Now, the billing indicates a total of $4,200 which is represented as a backup for that January 6, 1970 check, exhibit, I believe, No. 1, and it reads "Domestication of the Following States," and there is a list of 14 States with a charge of $300 each.

Now, is that an accurate billing reflecting those services?

Mr. MASTERS. Yes, sir.

Mr. WEITZ. Does this refresh your recollection as to any matters that we have discussed about your having provided services for which you had not billed AMPI in 1969, or any services for which you received advances? Or shed any light on the dicussion we had earlier in this interview?

Mr. MASTERS. No. I can't say that it does.

Mr. WEITZ. What actually do these services represent? What did you do in terms of the $300 per State?

*See p. 6981.

Mr. MASTERS. Well, that was a rounded-off figure for getting us domesticated in those States.

Mr. WEITZ. Registered as licensed to do business?

Mr. MASTERS. Yes, and that—in some States, of course, it is much easier, and much simpler. In most of them it is a pain in the neck.

Mr. WEITZ. Would this include expenses, or would you bill those separately? In other words, expenses in connection with filing fees et cetera?

Mr. MASTERS. That particular bill, right there, I couldn't say one way or the other. I generally tried to keep my expenses separate. Now, that may include a filing fee. I don't recall one way—it is possible that it does, but I don't think so.

Mr. WEITZ. Did you retain any or maintain at the time in 1969 or 1970, any diaries which would indicate—which would indicate either the time spent on particular matters or particular dates or events in which you participated? Attorney's log of some sort?

Mr. MASTERS. No.

Mr. WEITZ. Well, how would you, for example, with respect to these billings which are fairly detailed as to date and services provided on particular dates and in some cases the time spent, how would you compute that or what record did you keep for those purposes?

Mr. MASTERS. Well, as time went on—well, to back up a moment, I have been active in the bar association on attorneys' fees and charging, and I think somewhere in there I started using these little timeslips, printed timeslips for each—for everything I did. A separate slip for each act or telephone call or what have you. And some notation there on the time.

Mr. WEITZ. And have you retained those records, those slips?

Mr. MASTERS. Generally not. Generally, when I get the bill made out, I throw those away.

Mr. WEITZ. And you have no other records that would in any way help you reconstruct, for example, the services represented by that December 2 billing or the contacts that you had with Lilly in connection with the payments to him?

Mr. MASTERS. No, sir.

Mr. SANDERS. You have told us that you made, you thought, two or three cash payments to Lilly for a total of $4,000 or $5,000.

Mr. MASTERS. That is what I estimate; yes, sir.

Mr. SANDERS. Yes. Just as an estimate, I realize. Lilly's records show a payment to him by you of $1,000 in January of 1970, and none again until $4,000 was paid in September of 1970. I wonder if—well, first of all, I would like to know if you do remember that each time you made a payment to Lilly, it was person to person, and it was by handing the cash to Lilly.

Mr. MASTERS. Yes, sir.

Mr. SANDERS. You never at any time wrote a check to him?

Mr. MASTERS. No.

Mr. SANDERS. Or gave him a cashier's check.

Mr. MASTERS. No, sir. If I ever wrote him a check, it certainly doesn't register on my memory.

Mr. SANDERS, Did he at any time give you a receipt?

Mr. MASTERS. No, sir.

Mr. SANDERS. Generally, where would the delivery occur? Do you recall where any of the transactions occurred?

Mr. MASTERS. I think on one occasion it was in the parking lot when he said he was on the way to Austin. That is one. I don't know—it could have been in his office or could have been in mine.

Mr. SANDERS. Other than what you have already told us, can you recall any further indication you received at any time about the disposition he was making of the money?

Mr. MASTERS. It was always Austin.

Mr. SANDERS. Never gave you any—the name of any person for whom it was intended?

Mr. MASTERS. Not specifically. He was always mentioning every prominent officeholder in the State of Texas.

Mr. SANDERS. But he never mentioned any national political figures.

Mr. MASTERS. No.

Mr. SANDERS. Was anyone else ever present when you made a delivery to Lilly?

Mr. MASTERS. No, sir.

Mr. SANDERS. How would he arrange to meet with you and receive the money?

Mr. MASTERS. Oh, usually, I think, by telephone call.

Mr. SANDERS. Speaking directly with you?

Mr. MASTERS. Yes.

Mr. SANDERS. Did he ever involve your secretary in any of these arrangements?

Mr. MASTERS. No.

Mr. SANDERS. I presume then, he would—you would——

Mr. MASTERS. He used—generally, I would say this is the way he would do. He would call me up and just say he was going to Austin and they sure needed, you know—he would have contacted me before and say, "Have you got anything to send the boys in Austin? I am getting ready to go; can I come by?"

Mr. SANDERS. What would you do then after receiving that phone call?

Mr. MASTERS. He could come by, either come by the office or I would meet him out in the parking lot. I remember one time he said he was in a big hurry, the time I met him in the parking lot.

Mr. SANDERS. Well, would it be necessary for you to cash a check in between the phone call and meeting him, or did you keep a sum of cash in the office for——

Mr. MASTERS. Well, he would usually give me a little notice, say, you know, that he was going up next week or next month or something, so in answer to your question, if he was getting ready to go to Austin, no, I would already have the money in my pocket.

Mr. SANDERS. In other words, he probably wouldn't meet with you on the same day that he called. There would be some time——

Mr. MASTERS. No. He would call—no. When he was getting ready to go to Austin, he would say, "I am getting ready to go to Austin and I will come by."

Mr. SANDERS. He would come to see you, then, on the same day that he called.

Mr. MASTERS. Yes; but he would have talked to me, usually talked to me a week or more before.

Mr. SANDERS. Actually, there would be two calls. There would be an early call to indicate to you that he would be needing some money, and then there would be a call on the day he actually picked it up from you.

Mr. MASTERS. Generally——

Mr. SANDERS [continuing]. To more firmly fix the arrangements.

Mr. MASTERS. Generally, that is the way it worked.

Mr. DORSEN. According to Mr. Lilly's records, you gave him a total of $6,000 on three separate occasions. According to your recollection, could the amount have been as high as $6,000?

Mr. MASTERS. Well, I don't want to say it couldn't have been. It is possible, but I don't think so.

Mr. DORSEN. Now, is it your testimony that on each occasion when you gave Lilly money, that this was a separate request, unrelated to any other request, in the sense that there was no specific overall amount that either he requested or that you intended to give?

Mr. MASTERS. Repeat that question or read it back?

Mr. DORSEN. In other words, was there a separate request for each time you gave him money, or was there some overall plan that he expressed to you or you had in your own mind, that would result in several payments over a period of time of a particular amount?

Mr. MASTERS. As I recall it, he would suggest an amount.

Mr. DORSEN. Did you always give him the amount he suggested?

Mr. MASTERS. No.

Mr. DORSEN. On those occasions when you actually gave him money, did you give him the amount he suggested? Do you understand my question?

Mr. MASTERS. I don't—well, sometimes I did and sometimes I didn't.

Mr. DORSEN. So, are you testifying that on some occasions he asked you for money and you did not give him anything, and on other occasions he asked you for money and you gave him less than he asked for, and yet on other occasions he asked you for money and you gave him what he asked for?

Mr. MASTERS. I suppose you could say that.

Mr. DORSEN. And was that based on your financial position at the time?

Mr. MASTERS. Yes.

Mr. WEITZ. You have said a number of times that Mr. Lilly told you the money was going to Austin. Were you aware of any bank accounts that Mr. Lilly had in Austin?

Mr. MASTERS. No, sir.

Mr. DORSEN. Does anyone have any further questions?

Mr. WEITZ. Do you have anything further?

Mr. FLAKE. I don't think we do.

Mr. DORSEN. I guess that will conclude the hearing for today. I believe there are two outstanding requests which are on the record, and we will work out the mechanics of receiving the information from you, if that is OK.

Mr. FLAKE. Right. That is the Mills check and——

Mr. DORSEN. The record of the deposit of the cashier's check.

Mr. FLAKE. Right.

Mr. WEITZ. Also, let me add a third. The backup or invoice of the December 2 check, which is exhibit No. 3, if there is any, if you have any.

Mr. SANDERS. May I add to that the Humphrey check, if you can find it?

Mr. WEITZ. There are four requests.

Mr. FLAKE. OK.

Mr. DORSEN. Let me just add to that, that if there are any other communications or documents that you have respecting the Mills contribution or the Humphrey contribution such as solicitation letters or thank-you letters, we would appreciate copies of those, too.

If that is the case, that will conclude the hearing for today. Should any further appearance be required, we will be in touch with your lawyer, Mr. Masters.

[Whereupon, at 12:15 p.m., the hearing was concluded.]

MASTERS EXHIBIT NO. 1

ASSOCIATED MILK PRODUCERS, INC.
PHONE A/C 512 344-1392 TELEX 76-7446
P. O. BOX 32287
SAN ANTONIO, TEXAS 78216

No 104 22-2/1140

January 6, 1970

PAY REGISTERED 6840.00 $ 6,840.00
TO THE ORDER OF

ASSOCIATED MILK PRODUCERS, INC.

Frank Masters
7801 Broadway
San Antonio, Texas

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

DETACH STATEMENT—DETACH THIS STATEMENT BEFORE DEPOSITING CHECK — ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
11/4/69		Legal Fees	4,340.00		
12/20/69		" "	4,200.00		
11/4/69		" "	1,450.00		
11/4/69		" "	1,850.00		
			11,840.00		
12/19/69		Less Advance	5,000.00		6,840.00

6-07-16-01

MASTERS EXHIBIT NO. 1A

824-9566

FRANK D. MASTERS
ATTORNEY AT LAW
7801 BROADWAY - SUITE 207
SAN ANTONIO, TEXAS 78209

November 4, 1969

Milk Producers, Inc.
1011 N.W. Military Drive
San Antonio, Texas 78213

FOR LEGAL SERVICES rendered during the month of August, 1969:

8-1-69	Telephone conference with Sidney Harris; Houston conference re Jimmy Walters base case with attorneys.	130.00
8-4-69	Attendance at Marketing Committee Meeting in Dallas; telephone conferences with Joe Long (2).	150.00
8-5-69	Telephone conference with Walters' attorney; 1 hour miscellaneous office time re AMPI.	35.00
8-6-69	Houston conference with Houston Bank for Cooperatives; telephone conference with Joe Long, Lee Young, attorneys; 1 hour miscellaneous office time re AMPI printed matter.	190.00
8-8 through 11-69	Telephone conference with Stuart Russell; 3 hours miscellaneous office time re preparation MPI copies for Stuart Russell, Bob Isham, preparation of letters for annual audit.	70.00
8-12-69	Telephone conference Joe Long(2); Bob Isham, Ed Daly, Stuart Russell; 1 hr. miscellaneous office time re MAP settlement.	75.00
8-13-69	Telephone conference Francis Haugh; conference with Bob Isham, Sidney Harris, Joe Long, and Stuart Russell re MAP settlement and annual audit.	75.00
8-14, 15-69	Attendance at MPI Board of Directors meeting.	300.00
8-18-69	Telephone conference Stuart Russell, John Gage.	20.00
8-19-69	Telephone conference Joe Long; 1 hour miscellaneous office time re MAP and equity opinions.	30.00

8-20-69	Telephone conference Stuart Russell, Frank Sheckarski and Ed Daly. Temple conference with FHA re Uniform Commercial Code Financing Statements.	120.00
8-21-69	Telephone conference Stuart Russell; 1 hour miscellaneous office time.	30.00
8-22-69	Telephone conference K. L. Howard; 2 hours miscellaneous office time re mailing MPI printed matter to Wisconsin; Houston conference South Texas Base Committee re McKenzie and Walters base.	140.00
8-25-69	Telephone conference Stuart Russell, Joe Long; preparation of Order of Dismissal in Buckley suit with copies and miscellaneous correspondence; 1 hour miscellaneous office time re AMPI material.	75.00
8-26-69	Telephone conference Lynn Elrod, Clayton McKenzie, Frank Sheckarski.	30.00
8-27-69	Telephone conference Bill Odeneal, Joe Murphy; 1 hour miscellaneous office time.	40.00
8-29-69	through 8-30-69 Attendance at Annual MPI Membership meeting and Board of Directors meeting.	300.00
		$1,810.00

MASTERS EXHIBIT NO. 1B

824-9566

FRANK D. MASTERS
ATTORNEY AT LAW
7801 BROADWAY - SUITE 207
SAN ANTONIO, TEXAS 78209

November 4, 1969

Milk Producers, Inc.
1011 N.W. Military Drive
San Antonio, Texas 78213

FOR LEGAL SERVICES rendered during the month of September, 1969:

9-3-69	Conference in Houston office.	60.00
9-4-69	Telephone conference O. C. Copeland, Byford Bain, Joe Long.	30.00
9-5-69	Telephone conference Stuart Russell, J. G. Anderson, Joe Long, Bill Butcher, attorney; office conference with Martin Fulcher.	55.00
9-8-9-69	Telephone conference Bud Warren, attorney, Clayton McKenzie, office conference with Bud Warren, attorney.	75.00
9-10-69	Telephone conference Joe Long, Clayton McKenzie(2); and attorney general's office.	35.00
9-10, 11-69	Attendance at Chicago AMPI Board meeting.	300.00
9-12-69	Telephone conference Bill Ball; Lloyd Duncan, Penrose Albright; 1 hour miscellaneous office time re McKenzie Compromise and Settlement Agreement and patent matters; conference with Mapes in Sulphur Springs.	125.00
9-15-69	Telephone conference Clayton McKenzie, Frank Sheckarski,	20.00
9-16-69	Telephone conference Lynn Elrod and Washington Patent Attorney (Lahr); miscellaneous office time re patents.	60.00
9-17-69	Telephone conference Joe Long(2); Jack Lahr, attorney, Bill Ball(2), Dan Noorlander and Phil Porter.	80.00
9-18-69	Telephone conference with J. Meyers, attorney, Omar Bjelde, Joe Long, Phil Porter, and Julius Mapes.	50.00

9-19-69	Telephone conference Julius Mapes; 3 hours miscellaneous office time re preparation of AMPI matters and Federal Marketing Order resolutions.	70.00
9-22-69	Attendance at Base Committee to amend base plan in Dallas.	90.00
9-23-69	Telephone conference Clayton McKenzie and Frank Sheckarski.	20.00
9-24-69 through 9-26-69	Washington conference with patent attorneys and Noorlander re MPI patents.	300.00
9-29-69	Telephone conference with Noorlander, Bill Ball, Lynn Elrod, John Grimes, attorney, Bob Isham.	50.00
9-30-69	Telephone conference with Don Alsop, attorney; 3 hours miscellaneous office time re AMPI charter matters.	70.00
		$1,490.00

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MASTERS EXHIBIT NO. 1C

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824-9566

FRANK D. MASTERS
ATTORNEY AT LAW
7601 BROADWAY - SUITE 207
SAN ANTONIO, TEXAS 78209

November 4, 1969

CHARGE ACCOUNT NO.
APPROVED FOR PAYMENT
CHECKED FIGURES
PAID — CHECK NO.

Milk Producers, Inc.
1011 N. W. MilitaryDrive
San Antonio, Texas 78213

FOR LEGAL SERVICES RENDERED for the month of October, 1969:

9-30-69 thru 10-2-69)	Conference with Don Alsop, attorney and Five Star Group in Carrington, N. Dakota, re Five Star lawsuit (2 days).	500.00
10-2-69	Telephone conference Frank Sheckarski, Byford Bain, J. G. Anderson, and Ross Clark; attendance at Southern Division Base Committee hearing in Houston.	300.00
10-3, 4-69	Attendance at AMPI Board Meeting, Madison, Wisconsin.	400.00
10-3-69	Telephone conference Martin Burns, Dan Noorlander.	20.00
10-6-69	Telephone conference Joe Long, Bob Isham, George Guy, Frank Sheckarski.	40.00
10-7-69	Telephone conference J. G. Anderson, Joe Johnson; Dan Noorlander, IRS (Washington); office conference with George Guy, Bob Isham, re Texas Federation.	200.00
10-8-69	Telephone conference Francis Haugh, Bob Isham, Charles Van Sickle, Frank Sheckarski, Stuart Russell, Bud Warren, Fred Delone, and Antigo attorney.	100.00
10-9-10-69	Attendance at court hearing in Antigo, Wisconsin, re Antigo equities.	450.00
10-10-69	Telephone conference Joe Long, Byford Bain, Frank Sheckarski; 1/2 hour miscellaneous office time re FHA deduction forms.	100.00
10-11-69	Telephone conference Martin Burns, Bill Cureton, Joe Long.	30.00

10-14-69	Telephone conference Charles Moore, John Grimes, attorney; 1 hour miscellaneous office time re FHA correspondence.	40.00
10-15-69	Telephone conference Dan Noorlander; Bill Cureton; Frank Haugh; Charles Moore (2); and Bill Butcher.	60.00
10-16-59	Telephone conference Frank Sheckarski; office conference with Harold Nelson and Charles Moore re employment contracts.	150.00
10-17-69	Conference with John Grimes; Houston office conference re payment of STPA unclaimed equities and base claims re McKenzie and Terry Graham.	85.00
10-20-69	Telephone conference Stuart Russell, John Butterbrodt, Francis Haugh, Frank Sheckarski, Harold Nelson, Joe Long (2), Stuart Russell, Jim Zeeger, attorney; office conference with David Gault; miscellaneous office time 1 hour.	110.00
10-21-69	Houston conference re MAP settlement.	200.00
10-22-69	Houston conference re MAP settlement.	200.00
10-23-69	Attendance at MPI Board Meeting at Dallas.	300.00
10-24-69	Telephone conference with Bill Cureton, John Gage (2), Joe Long (2), Dr. Kraus; 1 hour miscellaneous office time re patents matters.	80.00
10-27-69	Telephone conference Martin Burns, John Butterbrodt, Ron Zeeger, Attorney, Jim Jones; Austin conference with Secretary of State re AMPI, Texas Milk Producers Federation and Mid-America; miscellaneous office time (1 hour) re Central Indiana.	350.00
10-28-69	Telephone conference with Meyers, patent attorney, John Gage, Dan Noorlander, IRS, Washington, Bob Isham, John Gage, Bill Odeneal; 3 hours miscellaneous office re contract with Dr. Kraus and Life Sciences.	130.00
10-29-69	Office conference with Bill Ball; telephone conference Ken Stewart; 1 hour miscellaneous office time re AMPI mergers.	150.00

10-29-69	Attendance at AMPI Board meeting in Chicago (2 days)	300.00
10-31-69	Telephone conference with Stuart Russell, K. L. Howard, Bill Cureton.	30.00
		$4,325.00

EXPENSES:

190 miles to Austin @10¢ per mile:	18.00
	$4,340.00

MASTERS EXHIBIT NO. 1D

FRANK D. MASTERS
ATTORNEY AT LAW
7801 BROADWAY - SUITE 207
SAN ANTONIO, TEXAS 78209

December 20, 1969

Associated Milk Producers, Inc.
1011 N.W. Military Drive
San Antonio, Texas 78213

FOR LEGAL SERVICES RENDERED as follows:

Domestication in the following states:

Arkansas	$300.00
Illinois	300.00
Minnesota	300.00
Indiana	300.00
Mississippi	300.00
Colorado	300.00
Oklahoma	300.00
North Dakota	300.00
Tennessee	300.00
Wisconsin	300.00
New Mexico	300.00
Iowa	300.00
Texas	300.00
South Dakota	300.00
	$4,200.00

Masters Exhibit No. 2

MILK PRODUCERS, INC.
1011 N. W. MILITARY
SAN ANTONIO, TEXAS 78213

No. 937

20-82
1140

December 19, 1969

PAY REGISTERED D-23317 5000 dol's 00 cts $5,000.00
TO THE ORDER OF

Frank Masters
7801 Broadway
Suite 207
San Antonio, Texas 78209

MILK PRODUCERS, INC.

Robert O. Adams

MERCANTILE BANK & TRUST
SAN ANTONIO, TEXAS

⑆1140⑈0083⑆ 16⑈043⑈1⑈

✓0000500000✓

Masters Exhibit No. 3

MILK PRODUCERS, INC.
1011 N. W. MILITARY
SAN ANTONIO, TEXAS 78213

No. 758

20-82
1140

December 2, 1969

PAY REGISTERED D-23317 5397 dol's 96 cts $5,397.96
TO THE ORDER OF

Frank Masters
7801 Broadway
Suite 207
San Antonio, Texas 78209

MILK PRODUCERS, INC.

Robert O. Adams

MERCANTILE BANK & TRUST
SAN ANTONIO, TEXAS

⑆1140⑈0083⑆ 16⑈043⑈1⑈

✓0000539796✓

Masters Exhibit No. 4

ASSOCIATED MILK PRODUCERS, INC.
PHONE A/C 512 344-1392 TELEX 76-7446
P. O. BOX 32287
SAN ANTONIO, TEXAS 78216

No. 273

30-2
1140

January 23, 1970

PAY REGISTERED D-23317 7379 dol's 78 cts $7,379.78
TO THE ORDER OF

PAID
JAN 23 1970

Frank D. Masters
7801 Broadway
San Antonio, Texas 78209

ASSOCIATED MILK PRODUCERS, INC.

Robert O. Adams

30 2

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

⑆1140⑈0002⑆ 06 8608⑈

✓0000737978✓

For Deposit Only
Pay to order of Broadway Nat'l Bank
Frank D. Masters
#145 155

FOR DEPOSIT ONLY
PAY TO THE ORDER OF
BROADWAY NATIONAL BANK
SAN ANTONIO, TEXAS
FRANK D. MASTERS, ATTY.
No. 146-216-0

Frank D. Masters
T. D. L.
286743

BROADWAY NATIONAL BANK
SAN ANTONIO, TEXAS

30-2

30-2

THURSDAY, JANUARY 10, 1974

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

The Select Committee met, pursuant to notice, at 2:15 p.m., in room G–334, Dirksen Senate Office Building.

Present: David Dorsen and James Hamilton, assistant chief counsels; Alan Weitz, assistant majority counsel; Donald Sanders, deputy minority counsel.

Mr. WEITZ. The record should show that this is a resumption of the session from yesterday morning, a continuation of that session; and for the record, I would like the witness, Mr. van Dyk, to give his full address.

TESTIMONY OF TED VAN DYK, ACCOMPANIED BY PAUL WARNKE, OF CLIFFORD, WARNKE, GLASS, McIWAIN & FINNEY

Mr. VAN DYK. Yes. Ted van Dyk. Home address, 8918 Belmart Road, Potomac, Md. Office address, 1156 15th St. NW., Washington, D.C.

Mr. WEITZ. And would your counsel please identify himself for the record?

Mr. WARNKE. Yes. My name is Paul Warnke, W-a-r-n-k-e, of the law firm of Clifford, Warnke, Glass, McIwain & Finney, 815 Connecticut Ave., Washington, D.C.

Mr. WEITZ. Mr. van Dyk, I would like to begin with a background of your position, professional positions, I believe with Vice President Humphrey in the 1960's, please.

Mr. VAN DYK. Yes. From 1964 to 1968 I served as Senator—then Vice President—Humphrey's principal speechwriter and assistant for domestic and foreign policy matters and in 1968 served as one of the principal managers of his Presidential campaign.

Mr. WEITZ. Now, following the 1968 campaign, could you tell us what positions you then occupied?

Mr. VAN DYK. Yes. Since that time I served as vice president of Columbia University. Then I returned to Washington in late 1969 to form the consulting firm Ted van Dyk and Associates, which I now head and have since that time. I was active in the McGovern for President effort in 1971 and 1972, and was director of issues and research for the McGovern-Shriver Presidential campaign. My only other political association at the moment is that I am a member of the National Executive Committee of ABA and Washington representative of the Southern Elections Fund, which is headed by Julian Bond and which assists black and other candidates in the Southern States.

Mr. WEITZ. Off the record for a minute.

[Discussion off the record.]

Mr. WEITZ. What was your first contact with representatives of Associated Milk Producers?

Mr. VAN DYK. Well, I saw them from time to time, of course, when Mr. Humphrey was Vice President, and he was a prominent agricultural adviser to President Johnson, and they periodically would make calls on his office and on me.

I saw them in late 1968 after they lost the election campaign, and they indicated to me that they were interested in hiring a number of consultants and would I be interested in working with them. I said that my plans were not firm, but I would let them know. Well, in fact, I went to Columbia. However, they contacted me while I was there, and on a couple of occasions at least we met in person in New York and talked about the general plans for the cooperative. I believe I wrote them a memo or two, and then when I returned to Washington late in 1969, I did establish a consulting relationship with them which lasted until February 1972.

Mr. WEITZ. Now, in your meetings with them after you left—after the 1968 election and until the time when you began your firm, did you receive payments from them in connection with the advice?

Mr. VAN DYK. A $10,000 payment, I believe it was. A total for—to cover 1969 until such time as I established the company.

Mr. WEITZ. Who was it that you met with when you're talking about representatives of AMPI?

Mr. VAN DYK. I met with Harold Nelson, David Parr, and George Mehren, who at that time, I believe, was still a consultant to them rather than a full-time employee.

Mr. WEITZ. We're talking about 1969?

Mr. VAN DYK. Early in mid-1969.

Mr. WEITZ. And when you were retained, your firm was retained by them, what were the arrangements in terms of payment?

Mr. VAN DYK. Initially it was a $25,000 annual retainer to be paid quarterly. I believe that's the way we started.

Mr. WEITZ. And then, what subsequently happened?

Mr. VAN DYK. Oh, later, I believe, from time to time they would change their billing instructions. It went into a monthly payment, and then they gave me an interim increase, and then in the last several months I worked for them, I was up to the level of a $5,000-a-month retainer.

Mr. WEITZ. Just for a complete picture, have you ever been retained by either Mid-America Dairymen or Dairymen, Inc.?

Mr. VAN DYK. Yes. I was retained by Dairymen, Inc., from—it would have been mid-1972 until October of 1973 when I resigned my relationship with them.

Mr. WEITZ. Was there a retainer arrangement with them?

Mr. VAN DYK. Yes. I did very little work for them, and it was $1,000 a month retainer.

Mr. WEITZ. Were you also ever retained by Southeast Dairymen, another association?

Mr. VAN DYK. I have been and am retained by Southeast. The initials SUDIA, which is the Southeast Division of the American Dairy Association; they deal wholly with advertising, promotion,

and public relations for the dairy industry. I have been retained and still am at a retainer of $1,500 a month.

Mr. WEITZ. Do you know whether either Associated Milk Producers or Mid-America or Dairymen, Inc., are members of that?

Mr. VAN DYK. Well, Dairymen, Inc., is an important member of that.

Mr. WEITZ. I see. Have you ever been retained by Central America Cooperative Federation, CACF?

Mr. VAN DYK. I believe in fact I was. Let me correct myself. You asked about Dairymen, Inc. I have in fact worked for Dairymen, Inc., in the period, I believe, for the first 3 or 4 months; however, payment to me was made by CACF, which is Central America Co-op Federation, of which Dairymen, Inc., is one member; and then they transferred me directly to Dairymen, Inc., for payment, but in fact, the work was basically on behalf of Dairymen, Inc., for the entire period.

Mr. WEITZ. Now, you said that in your meetings in 1969, early in 1969, with representatives of AMPI you discussed the co-op and so forth. Did they ask your advice with respect to either access to the Nixon administration or political contributions in 1969?

Mr. VAN DYK. No. In fact, it was a hard and fast rule, which I thought was a wise one, that they never discussed relations with or contributions to any Republicans or with the Nixon administration with me. They did during this early period talk with me about what their plans should be, how they could organize. They were relatively inexperienced in the public policy sector. They were in a position, I would say, which is roughly analogous to that of the labor unions in their earlier days.

They knew that they lacked leverage politically, economically, that there were a dwindling number of dairy farmers as well as people in agriculture in general, and that in fact classic measures had to be undertaken to represent their interests. And I at that point, I am sure, discussed with them, as I'm sure others did, the necessity of having a political action arm, a COPE, if you will. I think a TAPE or something like it was already in existence as a matter of fact, but there was not—in 1969 there would have been nothing more than the most general amount of discussion about the necessity for this type of activity.

Mr. WEITZ. Did you give them any advice with respect to Presidential contributions as early as 1969?

Mr. VAN DYK. No.

Mr. WEITZ. Did they ever mention to you, whether or not they were asking for your advice, any Presidential contributions they had made or were contemplating making in 1969 to the Nixon administration?

Mr. VAN DYK. No.

Mr. WEITZ. And in the same vein, to——

Mr. VAN DYK. The Democrats.

Mr. WEITZ. To the Democrats?

Mr. VAN DYK. No.

Mr. WEITZ. Now, when your firm was retained by them, starting in September or October of 1969 and thereafter, what was the relationship; what type of services did you provide for them?

Mr. VAN DYK. Basically those of consultancy. They varied. I advised them on all aspects of what they were doing. I was—I guess you

could describe me as their ambassador to the liberal Democratic community. I introduced them to and arranged meetings with a number of liberal Democratic Senators and Congressmen. We had a number of—several dinner meetings, breakfasts, others in which various issues were discussed with Senators—Congressmen attended where AMPI personnel would also be present. I would often travel to San Antonio or to Little Rock and talk in general about climate of public opinion, climate in the Congress, political developments. I would speak toAMPI member groups periodically. I arranged for Democratic speakers at their conventions and regional meetings. I wrote, I guess it would have been about a monthly newsletter to Mr. Nelson and Mr. Parr summarizing what I thought were major Washington developments, not just dealing with dairy, but with any major policy trends.

So general, broad-gage consulting services.

Mr. WEITZ. You mentioned Mr. Nelson and Mr. Parr a number of times. Is there anyone else that you had frequent contact with or any substantial contact with?

Mr. VAN DYK. Not really. Not really. They were my two principal contacts. I would from time to time see Mr. Townsend, who is now with Mid-America, I believe, but was then with AMPI out of Little Rock, who was a dairy economist.

I would see, but dealt very little with Robert Lilly from time to time. He was a face I would encounter. I dealt maybe as many as a total of three or four times by telephone with Robert Isham and saw Mr. Isham on other occasions in a larger meeting context, and I met on a number of occasions officers of AMPI and occasionally also officers of Mid-Am and DI who would appear under AMPI auspices at meetings, luncheons, et cetera. And I attended their convention each year where I would meet a number of their officers and members.

Mr. WEITZ. Now, in connection with the matter of milk price supports in 1971, did there come a time when you were either asked for or offered any advice to the dairy people in connection with methods they might use or any steps they might take in order to secure an increase?

Mr. VAN DYK. Certainly, and it was not just in 1971, but I think beginning in fact in 1969 and thereafter, a basic question in their minds is what are the important contact points where milk policy was made. I pointed out to them obviously the Secretary of Agriculture was one. The members of the Agricultural Committees in the Senate and the House were contact points. Quite obviously, the Council of Economics Advisers, the Bureau of Budget, later to become Office of Management and Budget, would have important bearing on any decision—all of these points that needed to be touched.

Obviously, also they should, in pursuing their policy objectives, be in close and frequent contact with the Senators and Congressmen from the States in which they operated.

Mr. WEITZ. With respect to their efforts to secure an increase in 1971——

Mr. VAN DYK. Yes.

Mr. WEITZ [continuing]. Did they ask any particular advice or discuss with you any particular problems they were having or any particular methods they were attempting to undertake to secure an increase that year?

Mr. VAN DYK. Yes. I knew they had a most active program of legislation and a large number of cosponsors in both House and Senate, as was noted in the white paper released yesterday. I also knew that they were frequently in Washington making contact with the administration. They would, for instance, show up in my office saying that we have just been to see the Secretary of Agriculture, or we have been to the White House, and so on. But they were always quite discrete in never sharing with me any information about the substance of their discussions or how they were—what was transpiring in their contacts with the administration or with Republican Senators and Congressmen.

Mr. WEITZ. Now, when you say that—you mentioned that they were obtaining a number of cosponsors for legislation.

Mr. VAN DYK. Yes.

Mr. WEITZ. Do you recall whether you learned of this and, in fact, whether their efforts to do so took place before or after the first decision that year on March 12 by the Secretary of Agriculture?

Mr. VAN DYK. I can't be sure, but I believe the legislative efforts began before the original decision. I can't be sure of that, but I'm reasonably sure that is the case. They were, in any case, by then in frequent contact with Senators and Congressmen from their States at least; and I'm sure all of them were aware of their position on a support level.

Mr. WEITZ. Did they ask your advice or did you offer it with respect to whether it would be more fruitful to obtain an increase by legislation as opposed to administrative action or vice versa?

Mr. VAN DYK. Well, obviously, the first place you go——

Mr. WEITZ. More fruitful or more likely?

Mr. VAN DYK. Well, I don't recall having said that. I know they were in contact with legislators. I then recall that when there was great concern—and I don't know whether the act had been undertaken or not—but there was great concern that the administration would not grant the desired support level.

Mr. WEITZ. Would this have been before the actual announcement?

Mr. VAN DYK. I'm not sure. I had an awareness of it. I really can't remember whether it was before or after the announcement. But there was a knowledge that either their support level had not been granted or was not going to be granted, and a very active legislative effort began. And they obviously began with the administration, because any President has the ability to grant that support level; and that is where you start.

Mr. WEITZ. Did they ever mention any contacts they were having or attempting to have with Secretary Connally?

Mr. VAN DYK. No. I would get vague allusions from time to time—there would be mention of Colson, or mention of Connally, or mention of Nixon—but I would never be given any real information about what was being discussed or what their roles were.

Mr. WEITZ. In addition to the dairy people, did you ever meet with any of their other attorneys, other attorneys or other consultants of theirs?

Mr. VAN DYK. Yes, periodically I would. At their conventions I would meet other consultants.

Mr. WEITZ. In connection, however, with the milk price-support decision?

Mr. VAN DYK. Oh, yes. There were, in fact, a couple of meetings. They would always headquarter at the Madison Hotel, and there were a couple of meetings where various consultants they may have employed were present and discussed the situation and made suggestions about contact with the various legislators, et cetera, et cetera. And I would at these meetings, as followup to these meetings, see other consultants, yes.

Mr. WEITZ. Did you ever meet with or were aware of any meetings that were taking place between the dairy people and Marion Harrison?

Mr. VAN DYK. No, I was not. In fact, I did not know that they had any association with Mr. Harrison until the news reports.

Mr. WEITZ. What about Jake Jacobsen?

Mr. VAN DYK. I know that Jake Jacobsen was a consultant to them. I don't recall, however, ever being present in a meeting with him.

Mr. WEITZ. Were you aware, by whatever source at the time, of their effort to or of any intention or actual contributions on their part—the dairy industry's part—to the President's reelection effort?

Mr. VAN DYK. My first knowledge of this was in reading a story in the Washington Post, which I believe was George Lardner's story, and I was shocked. There were hundreds of thousands of contributions to dummy committees with really—some of them with very ludicrous names.

Mr. WEITZ. This was an article in 1971?

Mr. VAN DYK. 1971.

Mr. WEITZ. Sometime shortly after the contributions were made?

Mr. VAN DYK. Well, whenever it was. There was a story, and I was shocked, and called them about it.

Mr. WEITZ. Did they ever discuss with you or were you aware at the time—this was during the price-support effort in 1971—of any contributions or intended contributions by the dairy people to Democratic Presidential candidates?

Mr. VAN DYK. To my knowledge, there were none. I mean, they didn't discuss any with me. I assume that they had contributed in 1968 to the Humphrey-Muskie campaign. I assumed that in 1972 they were going to contribute to the Democratic nominee whomever he might be, and I assumed that that was their intention.

Mr. WEITZ. But they didn't discuss that with you, either independently at that time or in connection with the price-support matter?

Mr. VAN DYK. No. Not in that connection, no.

Mr. WEITZ. Did anyone from the dairy industry, either at the time or after that, after the increase was announced, discuss with you the matter of the increase and the reasons for—their perceived reasons for the increase?

Mr. VAN DYK. Yes. First of all, I recall on reading a newspaper article calling Mr. Nelson and Mr. Parr both in outrage, saying "Why did you do this?" I mean, this was an outrageous sum of money.

The method described for the contributions, the names of the committees—it appeared to me that they had not only been shaken down for large contributions but had been purposely humiliated, given the names of the committees and the means of dissemination. There was one, for instance, the Committee for the Preservation of the American Dream. The Nixon people had to know that these contributions had to be publicly declared, that all this would come to light; that was the law.

And I asked them "Why did you do this?" And they said "We felt we had to do it." And I could never get a fuller explanation. Following their convention in 1971, during which Mr. Parr and Mr. Nelson went onto the podium with Mr. Nixon, I called both Mr. Nelson and Mr. Parr. I told them that I thought they might not see it but given the fact of the contributions, given the general tone of the convention, that they had far overstepped good judgment and I thought—I wanted to talk to them about it. And I went to Little Rock. Mr. Nelson was not there, but Mr. Parr was; and he called two secretaries into the room who took notes. And I proceeded to tell Mr. Parr essentially what I had told him earlier, which was that I thought that they had been quite foolish in making these large contributions; that there was an implication that the action, the Federal Government's actions on price supports were tied to the contributions.

Beyond that, my good sense told me that they had overstepped the bounds. They were, after all, professional employees of AMPI; they were not elected officers of AMPI. And that when they, in fact, took the podium at the Chicago convention, I thought they had—it was entirely inappropriate. They were riding too high. They would be in serious trouble with their members. How could they possibly justify these massive contributions? And Mr. Parr's response was on the contrary, their position had never been stronger within the organization, and morale had never been stronger within AMPI, and that my advice was in fact unfounded; whereupon, I got back on an airplane and went back to Washington.

Mr. WEITZ. Did he shed any light on the reasons for the contributions or for the price-support increase?

Mr. VAN DYK. Only the cryptic statement again that they felt they had no choice but to make the contributions; that it was something that they felt they had to do. And my contention was it should not have been done.

Mr. WEITZ. When he said it was something he felt they had to do, was it in connection with the price-support increase?

Mr. VAN DYK. That was what I was talking about; that was what I was talking about. Yes.

Mr. WEITZ. He did not elaborate on that?

Mr. VAN DYK. He did not, and I couldn't elicit any further. In fact, I was surprised when I went down there when immediately upon my arrival he called two stenographers into the room.

Mr. WEITZ. Do you remember their names?

Mr. VAN DYK. I do not.

Mr. WEITZ. Were they secretaries or court stenographers?

Mr. VAN DYK. They were secretaries whom I had seen around his office on past occasions.

Mr. WEITZ. Have you ever seen a copy of the transcript of that conversation?

Mr. VAN DYK. I have not. And again, as I think I mentioned in a previous interview, I don't think they could have a transcript because I talk fast and and they had no machine or anything. They were just taking notes. So I think, at most, a record of the general tenor and content of the discussion would be all that would have been made.

Mr. WEITZ. So, it is your judgment that it would not—even if a transcript existed, it would not necessarily be verbatim?

Mr. VAN DYK. I don't think it would have been possible.

Mr. WEITZ. You said that the two stenographers were secretaries, I take it, that you had seen in Parr's office.

Mr. VAN DYK. Yes. I don't know who they were, but I had seen them in the past in the AMPI offices in Little Rock.

Mr. WEITZ. Do you know whether either was Mr. Parr's personal secretary?

Mr. VAN DYK. I couldn't be sure. I couldn't be sure. But they were secretaries who worked outside of his office.

Mr. WEITZ. You say physically outside his office?

Mr. VAN DYK. I'm not entirely sure. He had one girl who was his secretary, and I don't know that she was one of them, but the other two I had seen. I know I had seen both girls frequently in the AMPI offices.

Mr. WEITZ. Do you know Norma Kirk or Mrs. Kirk?

Mr. VAN DYK. Is she his secretary?

Mr. WEITZ. I believe at that time she was Mr. Parr's secretary.

Mr. VAN DYK. I'm not sure whether she was one of the two or not; but if it was Norma, Norma was the one who sat outside his office. And I can't be sure that she was one of the two, but both faces were previously familiar to me.

Mr. WEITZ. Could you describe them?

Mr. VAN DYK. One girl was relatively tall, blond, husky, not heavy but husky. The second girl I'm not sure; I can't remember. I remember there was a second girl.

Mr. WEITZ. Was this the only time that Mr. Parr, in any conversations with him, had someone present who tried to transcribe the conversation?

Mr. VAN DYK. Oh, from time to time when I was there, when there were other personnel there, somebody would take notes, but on a very casual basis. But this—I was taken aback by the formality of the whole business. I had known Mr. Parr—as I say, I had met him and Mr. Nelson in 1968. I had been associated with AMPI since 1969, and then in late 1971, when I arrived for what I assumed would be an informal, confidential conversation, upon my arrival he called two stenographers into the room.

I don't want to attribute anything negative to that. I assume that he would have been highly uneasy and worried about his position given the events.

Mr. WEITZ. How much time after the AMPI convention did this meeting take place, would you estimate?

Mr. VAN DYK. Oh, soon thereafter.

Mr. WEITZ. Within a month's time?

Mr. VAN DYK. Oh, sure. It must have been within a month's time.

Mr. WEITZ. Besides your telephone conversations with Mr. Nelson and Mr. Parr and your meeting with Mr. Parr, is there any other time when you have—since that time that you have gained any further specific information that would shed any further light on the reason for those contributions or the price support?

Mr. VAN DYK. Nothing that would be firm. My feeling, my strong feeling during this entire period was that both Mr. Nelson and Mr. Parr were extremely hard-working and conscientious on behalf of their members. They were also somewhat in awe of the White House and of power and of—I know oftentimes in the presence of a Sena-

tor or Congressman become highly uneasy. They were in a sense country boys.

I felt that in the presence of the President and/or of White House personnel they had overreacted, whether in response to a direct request or a false anxiety of their own that they had made the contributions, thinking that this was in the best interest of their members and was the way to achieve their objectives. I thought that they had simply been intimidated, either directly or indirectly, into making these contributions.

For one thing, I believed—I was amazed—perhaps this is too great a conspiracy theory. I was amazed that a Secretary of Agriculture would have made the decision that Secretary Hardin made. Traditionally the Agriculture Department, as you well know, represents the interests of farmers; I mean, farmers are in effect the Agriculture Department's constituency.

I am not a farm economist, but it was my judgment—and it would have certainly been a Democratic administration's judgment, certainly the Johnson administration's judgment—that the support level sought was justified in terms of increased costs to dairy farmers and current supplies of milk.

Therefore, I was surprised to see Secretary Hardin's decision. And I admit to being a partisan liberal Democrat, but I suspected that there had been a manipulation of policy to extract from the producers campaign contributions. That was an impression I had. After reading about the large contributions, that was my fear, and I expressed that to Mr. Parr and Mr. Nelson.

Mr. WEITZ. Now, let me ask you whether at the time of the activity on March 1971, just to try to secure an increase, was there ever any discussion as to the likelihood, first, of passage of the legislation that dairy people were seeking?

Mr. VAN DYK. Oh, yes. I told them in my judgment the legislation would be passed, but that in my judgment it would not be passed by such a margin that it could override a Presidential veto.

Mr. WEITZ. In that context, was there any further discussion about overtures that might be made to the administration in connection with avoiding a veto or otherwise securing favorable administrative action?

Mr. VAN DYK. No. No. And again, their method of operation was such that I didn't know, although I suspected, that they had counterpart Republican consultants. The legislative sessions, the strategy sessions which I attended with other consultants, they were always Democrats and discussion was limited to Democrats.

I assume that later in the day or somewhere else in town or somewhere they were talking to Republican counterparts. But they were hard and fast about the rule of not sharing any discussion about administration or Republican contact with at least me.

Mr. WEITZ. All right. Let's go off the record for a minute.

[Discussion off the record.]

Mr. WEITZ. Mr. van Dyk, I would like to turn your attention to December of 1969.

Mr. VAN DYK. Yes?

Mr. WEITZ. At that time, did you receive a request for a payment of money from some representative of AMPI?

Mr. VAN DYK. Yes, I did.

Mr. WEITZ. Could you tell us about that, please?

Mr. VAN DYK. I received a phone call in mid-December of 1969 from one of three people—and I don't know which one it was, it would have been either Harold Nelson, David Parr, or possibly Robert Isham, although I think he is the least likely—indicating that there had been a decision to give Robert Lilly an additional $10,000 compensation.

That it had been approved by AMPI's officers. That it had to be done privately and for internal reasons could not be paid as direct salary from AMPI to Robert Lilly, but that a decision had been made to give Mr. Lilly this compensation. Could my firm make a $10,000 payment to Robert Lilly for which it would be reimbursed?

I thought it was an unusual request, but they were disorganized and did not operate in exactly a measured way and I said "Yes," I would. I then was sent a check for $10,000 which was billed to AMPI for direct expense. I sent, in turn, my company check for $10,000 to Robert Lilly.

I subsequently sent—or at the same time I forget which and I remember there was some urgency about it because they said the payment had to be made in calendar year 1969. And they were sending me—if I would agree—they would send me immediate payment so that I could, in turn, issue the check to Mr. Lilly, which they did.

At year's end, I sent the standard IRS form, statement of earnings for the $10,000 to Mr. Lilly, since it had been described to me that Mr. Lilly was being—this was compensation for Mr. Lilly. A short time later I received a call from Mr. Isham——

Mr. WEITZ. Mr. Isham was comptroller?

Mr. VAN DYK. Yes, comptroller—angrily asking me why I had sent the IRS statement of earnings form to Mr. Lilly.

And I said, "Well, that was what you asked me to do was to make a payment to him which I did, and I sent him a statement of earnings form." And, whereupon, Mr. Isham said "You have caused a great deal of trouble for us and we will have to make this up to Bob somehow," et cetera and et cetera.

And I said "Well this would be the only circumstance under which I could make this payment." And he grumbled and that was the end of that incident.

Mr. WEITZ. All right. Now let's perhaps go through this a little more carefully from the outset.

Mr. VAN DYK. Sure.

Mr. WEITZ. Do you have any way of knowing or recollecting who of the three gentlemen you have mentioned might have called you and, in fact did ask you?

Mr. VAN DYK. If I try to remember—it would have been, I think most likely, either Mr. Nelson or Mr. Parr, who I would have assumed would have had the authority to transmit this kind of decision or make that kind of decision.

Mr. WEITZ. Was this the first time they made a request of that nature to you?

Mr. VAN DYK. Yes, it was. I am extremely dubious that it would have been Mr. Isham, although I don't want to say it wasn't, because I can't be sure that it wasn't. Remembering his later call to protest——

Mr. WEITZ. Now perhaps we can—I would like to show you some documents for your identification.

First we have a —and I won't mark them as exhibits to this session since they've already been marked as exhibits to other sessions.

First I would like to show you Lilly exhibit 13.[1] And it is a voucher, a copy of a voucher form from AMPI, actually Milk Producers, Inc., dated December 22, 1969, in the amount of $18,050, and a copy of the check to Ted van Dyk. And attached to it is a request for a check of that date, approved by Isham, and it says "Charged to account of professional services." And underneath that, handwritten, is "statement in mail to San Antonio." Accompanying that is your statement, dated December 22, 1969, with an accompanying letter.

Is that a copy of the check that you received and the accompanying statement?

Now obviously some of the documents you may not be able to identify, such as the internal AMPI documents.

Mr. VAN DYK. Sure, this looks like my invoice to AMPI.

Mr. WEITZ. All right. Now what I would like to ask you is, could you tell us why the check was sent to you in advance of your statement to AMPI?

Mr. VAN DYK. Oh, sure. I probably didn't have $10,000 in the bank at that point.

Mr. WEITZ. Just a matter of having it clear ahead of time?

Mr. VAN DYK. Yes. I probably didn't have the money to make the payment, so I sent them a bill.

Normally, I would have billed them quarterly, but as you see I sent an invoice dated December 22 for my January–March retainer, which would have been for $6,250 and included in the expenses—so the total came to $18,050, which would have been my normal invoice with the $10,000 added to it.

Mr. WEITZ. All right. Now also for purposes of identification, this is Lilly exhibit 14.[2] This is a copy of the front and back of the check from you to Bob Lilly dated December 29.

Mr. VAN DYK. I'm sure this is the check, sure.

Mr. WEITZ. That is the $10,000 check?

Mr. VAN DYK. Yes.

Mr. WEITZ. And you say the sequence essentially was just to get you the money and you immediately sent a check back to——

Mr. VAN DYK. So I could send a check back to Lilly.

Mr. WEITZ. Now does the date of December 29, would that indicate the date? Do you recall whether that was approximately the date when you sent the check out to Mr. Lilly?

Mr. VAN DYK. I'm sure I sent it immediately, I remember the great anxiety to get the money to Lilly before the end of the year and as I remember the sequence—I can't be sure, but I think: (1) They made the call, made the request to me; (2) they said they were sending the money, send us an invoice; I sent the invoice; a check arrived; and when their check arrived I sent Lilly a check. I am sure that that is what happened.

Mr. WEITZ. Do you know whether Mr. Lilly received the payment before the end of the year?

Mr. VAN DYK. I don't know, I don't know.

Mr. WEITZ. Did you talk with Mr. Lilly at all during this period?

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[1] See Book 14, p. 6015.
[2] See Book 14, p. 6018.

Mr. VAN DYK. I don't recall having done so, although I see correspondence there that—from me to Lilly. He may have called at some point——

Mr. WEITZ. Right, part of Lilly exhibit 13 indicates——

Mr. VAN DYK [continuing]. To urge me to hurry up and send a check or something like that.

Mr. WEITZ. Now the letter from you sending the invoice dated September—December 22, part of Lilly exhibit 13, indicates: "Dear Harold," it's addressed to Mr. Nelson. "Per my discussion today with Bob Lilly, I am submitting the enclosed invoice." Do you recall that discussion?

Mr. VAN DYK. I don't, and I assume it was probably Lilly saying hurry up and send the money—or here is how the arrangement is to be made, et cetera—but it was not Bob Lilly who called me to make the original request.

Mr. WEITZ. Do you remember whether you sent the check directly to Mr. Lilly, or to Mr. Nelson for Mr. Lilly?

Mr. VAN DYK. I don't know, I think I would have—I don't recall. I might have—is it that correspondence there which indicates that?

Mr. WEITZ. No; on the letter, on the copy of the letter to Mr. Nelson, the back copy went to Mr. Lilly, that is, of the letter.

Mr. VAN DYK. Yes; I might have sent it to Mr. Nelson at his home. I can't remember the exact method of transmission. I know it would have either been sent to Mr. Nelson in San Antonio or to Mr. Lilly. But it was either Mr. Nelson, Mr. Parr or Mr. Isham who made the initial request for payment to me.

I would certainly not have honored Mr. Lilly's request directly because I would not be about to send him a $10,000 payment for himself without anybody telling me.

Mr. WEITZ. He wasn't in that kind of a position of authority as far as you understood?

Mr. VAN DYK. No; I barely knew him.

Mr. WEITZ. What were his responsibilities? Do you know, at that time?

Mr. VAN DYK. So far as I know, he was the staff man for TAPE, which was a political organization analagous to COPE.

Mr. WEITZ. Was he an employee of TAPE or an employee of AMPI at that time?

Mr. VAN DYK. I don't know, I don't know.

I always thought of TAPE as an arm of AMPI and how he was technically employed, I don't know.

Mr. WEITZ. Well if he were employed, at the time, by TAPE, your billing and therefore the expenditure would have come from AMPI. Did that concern you?

Mr. VAN DYK. I never thought about it to tell you the truth. I though of Bob Lilly as somebody who worked for Harold Nelson in San Antonio and was associated with their political activity. I couldn't tell you whether he did, or still does, or does now work for TAPE or not work for TAPE, but he was their political staff man and I associated him mentally with TAPE and TAPE functions.

Mr. WEITZ. Did you have any awareness or knowledge of whether the moneys you were providing to Mr. Lilly would have any other use, such as for political purposes other than those described to you?

Mr. VAN DYK. No; I never thought of that, frankly, because their political funds were so large, I saw no reason that they would request me to send money for Bob Lilly other than for the reason they gave me. It was irregular, but it was, to me, believable.

Mr. WEITZ. Did they ever discuss with you—"they" meaning representatives of the dairy people—at that time, or later, any need for money for making cash political contributions at any time?

Mr. VAN DYK. No.

Mr. WEITZ. Were you aware of any outstanding loans or other obligations that Mr. Lilly had in December of 1969?

Mr. VAN DYK. I was not.

Mr. WEITZ. Were you aware of any contributions or payments of money that had been made on behalf of AMPI or TAPE in 1969 to a representative of the President?

Mr. VAN DYK. No; I was not.

Mr. WEITZ. Do you know whether any other consultants or attorneys for AMPI received any similar requests on or around the time that you received your request?

Mr. VAN DYK. I do not.

Mr. WEITZ. Did you ever talk with DeVier Pierson about this matter?

Mr. VAN DYK. I did not.

Mr. WEITZ. Did you ever talk with Richard Maguire about this matter?

Mr. VAN DYK. I did not.

Mr. WEITZ. What about James Jones?

Mr. VAN DYK. No.

Mr. WEITZ. You know Mr. Pierson was retained by them?

Mr. VAN DYK. Yes; I knew all three of those people were retained by them.

Mr. WEITZ. I see. Did either Mr. Nelson or Mr. Parr, whomever contacted you, or at a later time Mr. Isham, or at any time, Mr. Lilly, ever indicate that anyone else had been requested to make payments to him for whatever purpose?

Mr. VAN DYK. No.

Mr. WEITZ. Now, you said that either at the time, or shortly thereafter, at year's end, you sent an income tax form to Mr. Lilly to reflect the payment to him?

Mr. VAN DYK. Yes; I did.

Mr. WEITZ. Now we have a portion of Lilly exhibit No. 15* and it consists of two documents, a letter from you to Bob Lilly dated March 10, 1970, and a copy B of a form 1099, from Ted van Dyk & Associates to Bob A. Lilly, in the amount of $10,000, for commissions, fees, et cetera.

Mr. VAN DYK. Yes.

Mr. WEITZ. Is this the letter you sent Mr. Lilly, in sending him a copy of the form 1099?

Mr. VAN DYK. Yes, sir, this is it.

Mr. WEITZ. Now I have a couple of questions about the letter. The letter, first of all is dated March 10.

Can you explain why the form was sent to him approximately 2½ months after the payment?

*See Book 14, p. 6019.

Mr. VAN DYK. No; I only assumed that—my secretary was putting together my statement of earnings form, my employees statement of earnings forms, and at the same time prepared one for Mr. Lilly.

Mr. WEITZ. Now, at the time when you made the payment to Mr. Lilly, did you contemplate sending him a form to cover the payment and reflect a commission or a fee of some sort to him?

Mr. VAN DYK. I never thought about it, to be frank. I simply—I mean we did what we should do in this case.

Mr. WEITZ. Let me ask you this. You are not an accountant, obviously, or an expert, I take it, in income tax matters?

Mr. VAN DYK. No.

Mr. WEITZ. Did you discuss this with anybody?

Mr. VAN DYK. With my secretary who took care of our books and worked with our accountant and it was made clear at the time the payment was made that this was for payment to be handled as a payment for services and I explained to her what the situation was.

Mr. WEITZ. You say it was made clear? With the dairy people? Nelson and Parr?

Mr. VAN DYK. No—with them, and—well, they told me that it was a payment to him for compensation and I so told my secretary and in March she issued a statement of earnings form to him and she issued one to me. She issued one to herself as she issued one to anybody else who worked for me.

Mr. WEITZ. Now the first paragraph reads: "As protection for both of us, you will be receiving a withholding slip for the $10,000—just as I received one."

And the next paragraph: "That closes the circle and keeps us beyond question."

Mr. VAN DYK. That's right.

Mr. WEITZ. Now can you explain the first paragraph when you say "as protection for both of us"? What did you intend by that phrase?

Mr. VAN DYK. I meant—I don't know, but I assume I meant it's something I would have said to mean that this thing has to be done straightforwardly and within the law and therefore you are going to get a form.

Mr. WEITZ. You had one or more employees at Ted van Dyk Associates, at that time?

Mr. VAN DYK. That's right.

Mr. WEITZ. Obviously they were in Washington? I'm assuming you did not have to mail them your slip in that sense, although you may have mailed it to their home address?

Mr. VAN DYK. That's right.

Mr. WEITZ. But did you perceive of those—of sending them their statements as protection for them?

Mr. VAN DYK. No, but they were regular employees of mine; Bob Lilly was not. Bob Lilly worked for AMPI.

Mr. WEITZ. Had you discussed this with Mr. Lilly before you sent him the form?

Mr. VAN DYK. No; I did not.

Mr. WEITZ. And when you say at the end of the first paragraph, "just as I received one", were you referring to a withholding for you?

Mr. VAN DYK. That's right.

Mr. WEITZ. It had nothing to do with this particular transaction?

Mr. VAN DYK. No.

Mr. WEITZ. Your company's books, presumably, reflected the payment as a business expense?

Mr. VAN DYK. Sure.

Mr. WEITZ. Now, the second paragraph: "That closes the circle and keeps us beyond question." What did you intend by that, or mean by that?

Mr. VAN DYK. I meant that he had gotten $10,000 from me. It was income. I had sent him a statement of earnings form which closed the circle. I mean these were the requirements.

Mr. WEITZ. Well, it made the transaction complete, but did you feel that without that, there was some serious question as to the propriety or legality of the transaction?

Mr. VAN DYK. No, but I don't know—I'm not a lawyer, I'm not an accountant, but I——

Mr. WEITZ. Were you concerned about it?

Mr. VAN DYK. Sure, I would have been uneasy had—I'm sure my secretary told me at that time. Again, I can't recall in detail. I'm sure she told me that a form had been prepared for Mr. Lilly and I was simply sending—this is a letter of transmittal. I mean I assume he has to have a form and therefore, there is a form.

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

Mr. VAN DYK. Ms. Glenda Temple.

Mr. WEITZ. Is she still employed by you?

Mr. VAN DYK. No; she is not.

Mr. WEITZ. Do you know where she is located?

Mr. VAN DYK. She is an employee of the House Agriculture Committee.

Mr. WEITZ. And she normally handled the paperwork?

Mr. VAN DYK. All the paperwork, accounting, bookkeeping, et cetera; yes.

Mr. WEITZ. Now, on or around March 10, when you sent the form 1099 to Mr. Lilly, was that the same time that you sent the form 1099 to others who had been employed by you in 1969?

Mr. VAN DYK. I assume it would have been about the time that she put together the withholding slips and we sent one to Lilly as well as to ourselves. I am sure it would have been about the time that I got mine, sure. Not withholding, but statement of earnings.

Mr. WEITZ. You indicated that after this was sent, you received a call from Mr. Isham?

Mr. VAN DYK. Yes; I did.

Mr. WEITZ. Who was irritated at the fact that you had sent the form?

Mr. VAN DYK. Statement of earnings.

Mr. WEITZ. Statement of earnings?

Mr. VAN DYK. Yes.

Mr. WEITZ. Did that raise a question in your mind as to the veracity of the explanation that had been given to you in December?

Mr. VAN DYK. No; I thought that the explanation was undoubtedly correct. That they had intended to pay Mr. Lilly another $10,000 and had internal problems, perhaps, of morale vis-a-vis the other staff members, et cetera, where they did not want to have it go through normal channels.

I suspected, however, after Mr. Isham's call, that—well, I wondered. Did they expect that he was not going to have to pay taxes on the $10,000? I mean it was—that was the suspicion that I had.

Mr. WEITZ. And, in fact, when Mr. Isham said we will have to make it up to Bob somehow—I think was your wording?

Mr. VAN DYK. Yes.

Mr. WEITZ. Did that indicate to you that they were going to have to pay, or try to cover the income taxes that would—that Mr. Lilly would incur as a result of having to report your payment to him?

Mr. VAN DYK. That was my interpretation; yes.

Mr. WEITZ. Did you ask Mr. Isham what he meant by that?

Mr. VAN DYK. No; I just simply assumed that's what he meant.

To tell you the truth, I was quite annoyed myself. I mean I had done what I considered a favor to them and, having done so, I was somewhat annoyed that Mr. Isham would call me and complain about it.

Mr. WEITZ. Do you consider either the form or the language of this letter that we have described, Lilly exhibit 15,* at all unusual or—given the form that you were sending him, or the statement of earnings you were sending him?

Mr. VAN DYK. No, I guess the words "for your protection" are the important ones, and the statement of earnings certainly was for his protection.

Mr. WEITZ. Did there come a time in 1970, when you received—subsequent to this conversation with Mr. Isham—when you received a request for additional funds?

Mr. VAN DYK. Yes, I did. In September 1970, I received a call, again from one of the three people in question—it would have been either Mr. Nelson, Mr. Parr or Mr. Isham, and I think least likely Mr. Isham—a request for another $10,000 payment to Robert Lilly, and I recall referring to the 1969 payment and pointed out that, if I made any such payment, I would again be sending him a statement of earnings form to Mr. Lilly, to which the response was, "Well, we can't do it that way this time. Can you write a personal check to Mr. Lilly and we will reimburse you?" I said: "If I were to write a personal check to Mr. Lilly, it would raise my income considerably—it would raise my tax bracket considerably—and you would have to pay me far beyond $10,000 to reimburse me for my sending $10,000 to Bob Lilly."

And whoever the person was, pressed me, and said, "Well, have you got an employee in a lower tax bracket who could write a $10,000 check to Bob Lilly and we would make payment to him plus whatever difference was necessary to meet his taxes?"

And I said, "Well, isn't this a clumsy, silly way of making this payment? Can't you just do it directly?" And he said, "No, we're faced with the same situation—internal problems and so on." And I said, "Well, I will ask someone who works for me and I will let you know."

I asked Kirby Jones, who worked for me. Kirby said he would be willing to do so and he estimated it would take a payment of $12,000 to enable him to make a $10,000 payment to Mr. Lilly. Whereupon, he wrote a $10,000 personal check to Mr. Lilly. I recall specifically saying at the time that I called AMPI back to say that Mr. Jones would send the $10,000 check, that even though Mr. Jones is not a corporation and doesn't issue earning statements, it's going to be Bob Lilly's respon-

*See Book 14, p. 6019.

sibility to declare this as income. And they said don't worry about that.

So Kirby sent, as I recall, a $10,000 check to Bob Lilly.

Mr. WEITZ. I would like to show you exhibit No. 16 [1] from the Lilly executive session, dated—it's a copy of a voucher and check, dated September 4, 1970, to Ted van Dyk & Associates, Inc., for $19,055.72. And attached to it is a letter from Ted van Dyk to Bob Lilly, dated August 27, 1970, and it enclosed a billing from Ted van Dyk Associates to AMPI for that amount.

Is that the copy of the check you received and the billing and letter you sent to AMPI?

Mr. VAN DYK. Yes, this seems to—must be it, it's my signature and my letterhead.

Mr. WEITZ. Now, in the letter from you to Bob Lilly, again it begins: "Dear Bob: Per our discussion earlier today, please see the attached invoice for processing."

Let me ask you several questions.

First of all, do you recall a conversation with Mr. Lilly in connection with this transaction?

Mr. VAN DYK. No, I do not, although the letter indicates I must have had one.

I would—again, the original request I am sure came from one of the other three people.

Mr. WEITZ. Nelson, Parr or Isham?

Mr. VAN DYK. Or Isham, in that order of likelihood.

Again, I am assuming, as per the earlier occasion, that Lilly called to follow up and discuss the transfer.

Mr. WEITZ. Now, also, for purposes of completeness, I will mark this as exhibit No. 1 for your executive session, a copy, front and back, of a check from you to Kirby Jones, dated September 11, 1970, in the amount of $12,000.

Is that a copy of your check?

[Whereupon, the document referred to was marked Van Dyk exhibit No. 1 for identification.[2]]

Mr. VAN DYK. Yes, that is correct.

Mr. WEITZ. And that represents the $12,000 payment that you made to Mr. Jones?

Mr. VAN DYK. That represents the $12,000 payment which enabled Mr. Jones to send $10,000 to Mr. Lilly.

Mr. WEITZ. And finally, we'll mark as exhibit 2 to your testimony, a copy of the form 1099 and wage and tax statement for Mr. Jones for the calendar year 1970, the form 1099 covering the $12,000, and the wage and tax statement for the remainder of his earnings for that year.

Are those the statements that you submitted to him?

[Whereupon, the documents referred to were marked Van Dyk exhibit No. 2 for identification.[3]]

Mr. VAN DYK. I am sure they are, I am sure they are.

Mr. WEITZ. Is it your recollection that again you requested that payment be made to you before you made payment to Mr. Jones?

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[1] See Book 14, p. 6021.
[2] See p. 7043.
[3] See p. 7044.

Mr. VAN DYK. Probably, I think it would have been the same circumstance, that in the sizable sum of $10,000, I didn't want to pay it out before receiving it.

Mr. WEITZ. Was there any urgency in connection with this request? As you indicated, there was with the other request.

Mr. VAN DYK. Not to my recollection. I knew there was an urgency on the 1969 check.

Mr. WEITZ. Was there any explanation—do you know whether AMPI is on a calendar year or a fiscal year basis for accounting purposes?

Mr. VAN DYK. I have no idea. I assume the first urgency was that they wanted—the 1969 urgency was that they wanted Lilly to be paid in the calendar year 1969.

Mr. WEITZ. Well, that was in fact what they told you?

Mr. VAN DYK. That's right.

Mr. WEITZ. Did it have any relationship, for example, to bookkeeping for AMPI, or otherwise?

Mr. VAN DYK. I have no idea.

Mr. WEITZ. Was there any indication to you as to why this request came apparently sometime in August of 1970?

Mr. VAN DYK. No, no.

Mr. WEITZ. At that time, were you aware of either any obligations on Mr. Lilly's part, or any political contributions that he was making with moneys he was receiving from you or others?

Mr. VAN DYK. No.

Mr. WEITZ. Did you know Mr. Stuart Russell?

Mr. VAN DYK. No.

Mr. WEITZ. Were you aware of any moneys that Mr. Russell was paying, either to Mr. Lilly or others, for political purposes?

Mr. VAN DYK. No, the first I heard of Mr. Russell was in reading the press reports in the press recently.

Mr. WEITZ. You indicated that with the second request that was originally made for you to make a payment directly or personally, I should say, to Mr. Lilly, your response was that your—because of your income tax bracket and so forth, it would be awfully expensive, both for you and then ultimately AMPI, to make that payment.

Mr. VAN DYK. Because I would assume they would have to reimburse me, yes.

Mr. WEITZ. Was there any discussion, similar discussion or arrangement, in connection with the first payment?

Mr. VAN DYK. No.

Mr. WEITZ. I understand from what you said that for the first portion of the period, the number of years when you were retained by AMPI, your retainer was $6,250 a quarter?

Mr. VAN DYK. Right, it was $25,000 on an annual basis, sure.

Mr. WEITZ. All right. Now in Lilly exhibit 13 which we have already looked at, the $18,000—$18,050 invoice from you on December 1969, that covers two items, the retainer January through March would account for $6,250, and expenses October through December which would be the remaining $11,800.

Now you have accounted for $10,000 of that as a payment that you made to Mr. Lilly. Do you have any records to account for the remaining $1,800 of that?

Mr. VAN DYK. Oh, I am sure they are out-of-pocket for travel, or luncheon, or dinner, which I felt would have been the expenses out-of-pocket for the previous 3 months, which is how we handled it.

It would certainly not have had any—I mean there was no discussion or consideration of—I needed it to cover taxes. After all, it was handled as a business discussion.

Mr. WEITZ. Could we go off the record?

[Discussion off the record.]

Mr. WEITZ. Mr. van Dyk do you have any records, expense records or firm records, from 1969?

Mr. VAN DYK. I don't any longer, no.

Mr. WEITZ. All right, I think the record should show, as counsel for the witness has indicated, that other billings submitted to the committee, billings to AMPI, copies of which have been submitted to the committee, indicates that expenses—direct expenses were normally billed also to AMPI?

Mr. VAN DYK. Sure, as with all my clients. That is my standard billing procedure.

Mr. WEITZ. And you recall nothing unusual about the billing at this point?

Mr. VAN DYK. No.

Mr. WEITZ. Do you recall any services or actual trips or meetings that you engaged in on their behalf in the last quarter of 1969?

Mr. VAN DYK. Normally I would make one or two trips a month, somewhere, on their behalf, whether it be San Antonio or Little Rock or some other point where a meeting was taking place. As I indicated, I had begun at that period a series of dinners and luncheons with Senators and Congressmen at the Madison Hotel which were relatively expensive. So $1,800 would have been a normal direct expense for that billing period.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Just a few more questions with respect to this August–September transaction.

You say Mr. Jones estimated that an additional $2,000 would be needed to cover his excess taxes as a result of the transaction?

Mr. VAN DYK. Yes.

Mr. WEITZ. Do you know how he computed that, or figured that?

Mr. VAN DYK. I don't know. I think it was just an estimation of his.

Mr. WEITZ. Now exhibit 2, which we have looked at, is a copy both of his wage and tax statement from you and also the form 1099, indicates Federal income taxes of approximately $3,000 on income of approximately $18,500, before the payment and information provided to us by Mr. Jones, I believe he incurred additional taxes of over $3,000.

I am not a tax expert, to determine whether it is all related to the $12,000 payment, but to the extent there was an excess tax due in addition to $2,000, did you or he ever discuss the matter further?

Mr. VAN DYK. Well I would have made it up to him if that had been the case, I don't recall that I did, but if he had incurred an excess tax, I would have paid it to him to meet my obligation to him.

Mr. WEITZ. He never came back and discussed the matter with you?

Mr. VAN DYK. I don't recall.

Mr. WEITZ. Did he ever ask you at any time after that any further details about the transaction?

Mr. VAN DYK. No—well, look, since 1971 and the press coverage and so on, of course, both of us have speculated often as to what really happened to these two $10,000 checks. It is obvious. But our understanding at the time, in both cases, was that these were for compensation, personal compensation, to Bob Lilly.

Mr. WARNKE. Could I make a comment?

Mr. WEITZ. Yes.

Mr. WARNKE. I don't think there's anything in this exhibit 2 which would lead to the conclusion that the total tax on the $18,541 would be the $2,945. That's just the amount of withholding.

Mr. WEITZ. That's right.

Mr. WARNKE. And I think it's a frequent practice that you don't have withheld the total amount of the tax that you pay. In other words, back in the days when I had a withholding statement, I can't think of any instance in which I did not owe additional tax at the end of the year. And I haven't calculated it, but it seems to me highly unlikely that he would have as little a tax as $3,000 on income of $18,500 with only one child.

So I would suspect that the $2,000 probably amply compensated for the additional tax he paid on the $12,000.

Mr. WEITZ. All right, have you ever seen a copy of the check which Mr. Jones presumably sent to Mr. Lilly?

Mr. VAN DYK. Yes; I have. You have that, I believe, don't you?

Mr. WEITZ. Yes.

Let me—if you can identify it, I will mark it as exhibit 3 even though it's not your check.

[Whereupon, the document referred to was marked Van Dyk exhibit No. 3 for identification.*]

Mr. VAN DYK. Mr. Jones showed me the check.

Mr. WEITZ. Let me show you a check from Mr. Jones to Bob Lilly, dated September 9, 1970, in the amount of $10,000.

Is exhibit 3 a copy of the check Mr. Jones showed you?

Mr. VAN DYK. Yes, it is.

Mr. WEITZ. Were there any further requests, other than the two you have described of you, for payments to an employee of AMPI?

Mr. VAN DYK. No.

Mr. WEITZ. What about any other consultants or attorneys of AMPI?

Mr. VAN DYK. No.

Mr. WEITZ. Did anyone at AMPI or the other two dairy co-ops we have referred to, Mid-America or Dairymen, Inc., ever ask you to make payments directly to some political committee or political candidate?

Mr. VAN DYK. No.

Mr. WEITZ. Did they ever, any of those organizations or any of their representatives, ever ask you to make expenditures on their behalf for a political purpose?

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*See p. 7045.

Mr. VAN DYK. No.

Mr. WEITZ. May we go off the record?

[Discussion off the record.]

Mr. WEITZ. I would like to turn your attention to one or more polls which you commissioned on behalf of AMPI. First, I would like to ask you whether you commissioned a poll by the Gallup organization for them in several States?

Mr. VAN DYK. I did, yes.

Mr. WEITZ. And was that poll in connection with the Presidential campaign of 1972?

Mr. VAN DYK. Not in that connection. It was to measure the popularity at that point of several Democratic possibilities in the States of Wisconsin and West Virginia. I think the poll was—what, January—December of 1970 was it?

Mr. WEITZ. Well, we can mark this as an exhibit for identification. I will mark as exhibit 4 a check signed by Glenda Temple, but on a check of Ted van Dyk Associates to Public Opinion Surveys, in the amount of $12,000, dated December 16, 1970.

Is that a copy of the check that was submitted to them?

[Whereupon, the document referred to was marked Van Dyk exhibit No. 4 for identification.[1]]

Mr. VAN DYK. I am sure it is, yes.

Mr. WEITZ. And this is—let me mark as exhibit 5, an invoice—I believe this looks like an original from the Gallup organization, Ted van Dyk Associates, dated January 11, 1971, in the amount of $12,000, for professional services in connection with the polls in West Virginia and Wisconsin.

Is that a copy or is that the billing that was submitted to you?

[Whereupon, the document referred to was marked Van Dyk exhibit No. 5 for identification.[2]]

Mr. VAN DYK. That is it, yes.

Mr. WEITZ. Now finally, I would like to show you and mark as an exhibit, as exhibit 6, a copy of an AMPI check and voucher and an attached billing. The check is dated December 11, 1970. Your billing is December 1, 1970. And both in the amount of $19,573.08, with "direct expense due" of $14,244.66.

Is that a copy of your billing and a check which you received from AMPI?

[Whereupon, the document referred to was marked Van Dyk exhibit No. 6 for identification.[3]]

Mr. VAN DYK. I am sure it is.

Mr. WEITZ. Is the direct expense due item of $14,000, does that include the $12,000 expenditure?

Mr. VAN DYK. I am sure it does, I am sure it does.

Mr. WEITZ. Now there again, your billing to them and the return check predates the—I believe it predates the——

Mr. VAN DYK. December 1 is the billing and the check was, my check to them was——

Mr. WEITZ. Your check to Public Opinion Surveys was on December 16, so that it would have just predated it.

Mr. VAN DYK. That's right. I sent the invoice on the 1st, they sent me the AMPI check and I paid Gallup on the 16th.

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[1] See p. 7045.
[2] See p. 7046.
[3] See p. 7047.

Mr. WEITZ. By way of background, would you tell us who at AMPI asked you to commission the poll?

Mr. VAN DYK. I believe I commissioned the poll. There were regular discussions of possibilities of who might be the Democratic nominee in 1972. I recall in one session, attended by Mr. Nelson, Mr. Parr, and myself, there was speculation by them as to what would be helpful in helping us to determine how things were going beyond our judgment and the judgment of other people and I said, "Well, one way you can find out would be to—and it is far too early—but some indication could be gained from in-depth studies, not only of popularity but of analysis of personal characteristics, voters' perception, et cetera, of the Democratic candidates who might be entered in the pivotal primary States of Wisconsin and West Virginia."

And they said, "How much would that kind of poll cost?" and I said, "I'll check with Gallup." I did and they OK'd the expenditure and we had the poll done, a copy of which you have.

Mr. WEITZ. Yes. Do you recall whether it was both Mr. Nelson and Mr. Parr, essentially, who approved it?

Mr. VAN DYK. I think it was. In my recollection, I think it was.

Mr. WEITZ. Was there any reason that in your billing, exhibit 6, to AMPI, is not addressed to either Mr. Nelson or Mr. Parr?

Mr. VAN DYK. I always made the billing according to what they told me at the time—for a time the bills were sent to Mr. Nelson, for a time they were sent to Mr. Parr, I don't know where that one went.

Mr. WEITZ. That was just generally, Associated Milk Producers, fourth floor?

Mr. VAN DYK. Right.

Mr. WEITZ. At the time when they asked you to, or agreed that the poll should be commissioned, and you discussed it with them, did you discuss with them or did they suggest any additional benefit that might accrue to any candidate, Presidential candidate, or possible Presidential candidate?

Mr. VAN DYK. No. No; it was wholly for——

Mr. WEITZ. As far as you understood and as far as they understood, it was to be used solely for internal purposes?

Mr. VAN DYK. That is correct.

Mr. WEITZ. What did you perceive to be the purpose for which they would use the poll?

Mr. VAN DYK. I thought that they wanted to know to whom they should pay attention. What priorities they should give their contact. They knew full well that their industry was dependent upon the decision of the President, whoever he might be, and they had a lively, and I though rightful interest in who a possible Democratic nominee might be.

Mr. WEITZ. Now, of course, this was commissioned nearly 2 years ahead of the 1972 election?

Mr. VAN DYK. That's right, but only a year ahead of, really, the primary period. In other words, March 1972 was the first primary. The campaigns would probably be getting underway in mid-1971 sometime, so it was a timely poll.

Mr. WEITZ. Was this with a view toward advising them or themselves taking advice as to who to make contributions to?

Mr. VAN DYK. Possibly, I think it was more an overall assessment of just what the possibilities were.

Mr. WEITZ. Well, besides the curiosity factor, what did you perceive to be the concrete uses to which it could be, or probably would be, put?

Mr. VAN DYK. Well, as I indicated, a contribution might be one possibility. Another might be the amount of speakers they might want to invite to their regional national meetings, emphasis they might want to place on contact when they were in Washington, people in their organization who might or might not have acquaintance with these various possible contenders.

I think they had every right to know the realities of the situation within the Democratic Party. As it turned out, as the poll showed, the final outcome was, you know, directly the opposite of what the polls indicated.

Mr. WEITZ. In December of 1970, or slightly in advance of that, when the poll was actually—can you remember when exactly the poll was commissioned?

Mr. VAN DYK. It would have been right——

Mr. WEITZ. How long did it take to have the poll taken and billing sent to you?

Mr. VAN DYK. I'm sure the poll itself would have taken a couple—6 weeks probably.

Mr. WEITZ. Do you normally have to pay in advance?

Mr. VAN DYK. Yes, because they have to pay their interviewers and their field staff and they simply can't do that out of pocket.

Mr. WEITZ. But you normally at least receive an invoice in advance of payment? In other words, what we have here, exhibit 5, the invoice to you from Gallup is dated January 11. Your check is dated December 16 of the previous month, and I'm just wondering—they just told you informally?

Mr. VAN DYK. Yes; and I sent them the money so they could get going, and in the course of time I guess the invoice came.

Mr. WEITZ. In December of 1970 and November of 1970, when the poll was commissioned and you paid for it and billed AMPI, were you aware of any pledges that AMPI or others had made to representatives of the administration for substantial political contributions to President Nixon's reelection effort?

Mr. VAN DYK. I was not.

Mr. WEITZ. Did Mr. Nelson or Mr. Parr or any others indicate that they wanted to go ahead and make contributions to Democratic Presidential candidates in 1972?

Mr. VAN DYK. No; I assumed that they would, simply because in 1968 they had supported the Humphrey-Muskie ticket and I knew both Mr. Nelson and Mr. Parr personally to be Democrats. I also knew that they were dissatisfied with Nixon administration farm policy, so it was my surmise that they would give what support they could to the Democratic nominee.

Mr. WEITZ. Do you have any notion of what the amount of that support might be?

Mr. VAN DYK. I had no idea, I frankly hoped it would be generous.

Mr. WEITZ. Did you know what, or have any idea of what, the resources or contributions in the Presidential campaign of 1972 would be of TAPE?

Mr. VAN DYK. I did not. I knew that TAPE, through the checkoff system, generated an awful lot of money and I don't know the total. I did know, from public record, what their 1970 contributions were, and they were sizable, and I assumed that as a growing organization they had even more resources to put into the 1972 campaign.

Mr. WEITZ. And neither Mr. Nelson nor Mr. Parr said anything to you to negate that inference?

Mr. VAN DYK. No.

Mr. WEITZ. After receiving the poll, or even in advance of that, did you discuss the fact that the poll was being taken or the results of the poll with any then-Presidential candidate or possible Presidential candidates?

Mr. VAN DYK. No; I did not.

Mr. WEITZ. What about any of their representatives?

Mr. VAN DYK. No.

Mr. WEITZ. My question was whether you discussed it either before receiving the results of the poll or after receiving the poll?

Mr. VAN DYK. After receiving it; yes.

Mr. WEITZ. I'm sorry, let me ask that again. After receiving the poll, did you discuss the results with representatives of possible Presidential candidates?

Mr. VAN DYK. Sure—and I can be quite specific. The poll, as I recall, arrived in a large box either the day after or the day before our breakfast meeting which was scheduled with Senator McGovern and Mr. Parr, Mr. Nelson, and various officers as I recall of AMPI and/or perhaps the other co-ops.

The breakfast was at the Madison Hotel. I had with me several summaries of the poll and I gave them to Mr. Nelson and Mr. Parr and told them that the poll had arrived and I would be forwarding the poll to them—or perhaps I had given them their copies then, I can't recall.

On leaving the breakfast, it suddenly occurred to me as I left the room, I turned to Mr. Nelson and I said, "Do you have any objection if I share a summary of this poll with Senator McGovern?" since he had been our breakfast guest at that time, and he said, "No, I don't see any reason why not."

So I gave McGovern—at that moment as we left the breakfast in the elevator and saw him back to the lobby—I gave him a summary copy of the poll.

Some weeks later—and I knew that Senator McGovern was a possible candidate—several weeks later I was having luncheon with David Burke, who at that time was administrative assistant to Senator Kennedy whom I did not regard as a candidate or as a potential candidate, but because the poll contained some information which would have been personally encouraging to Senator Kennedy, and I thought good for his morale, I mentioned the poll to Mr. Burke and gave him a copy of the summary and Mr. Burke gave it to Senator Kennedy.

Mr. WEITZ. And did you subsequently inform or ask to get the authorization of——

Mr. VAN DYK. I told the AMPI people that I had, in fact, given a copy of the summary.

Mr. WEITZ [continuing]. Get the authorization of AMPI?

Mr. VAN DYK. Yes, after the fact. I did not, before the fact, check with the AMPI people on the distribution of the poll to Senator Kennedy because they had been so forthcoming on the copy to Senator McGovern. I did, however, after I had given the summary to Senator Kennedy, inform them that I had done so and they were approving of it. They had no objection to it.

Mr. WEITZ. And the poll was commissioned—or at the time that you received the authorization from representatives of AMPI to do so—was there any—was it your intention that the results of the poll would be shared with or distributed to possible political candidates or Presidential candidates?

Mr. VAN DYK. No, it was wholly for AMPI's internal use.

Mr. WEITZ. And neither Mr. Nelson nor Mr. Parr indicated to you that they would be willing to or hope to share the results of the poll, at the outset, with such candidates at the end of it?

Mr. VAK DYK. No, no, it was never discussed. As a matter of fact, the first sharing of it was one that was an impulse under the circumstance wherein I gave the copy of the summary to Senator McGovern.

Mr. WEITZ. In exhibit 6, by the way, besides the expense due that you indicate covers the cost of the poll, there is a direct expense of November of $5,328.42.

Mr. VAN DYK. Would that be for that month alone? Let me see.

Mr. WEITZ. That's what the billing indicates, and I was wondering whether you have any recollection of what that represents.

Mr. VAN DYK. We have notes here. My guess is it would have been a payment to John Kraft for a poll in the State of Arkansas.

Mr. WEITZ. That would have been at the same time?

Mr. VAN DYK. Yes. Payment was made in 1970 and that would have undoubtedly been that——

Mr. WEITZ. Do you have any separate documentation for that poll?

Mr. VAN DYK. I don't have the poll. That was to endeavor to the AMPI people in its entirety and it's a poll internally inside the State of Arkansas and it was on all possible candidates in statewide races in that State and they worked with Kraft and paid him and was reimbursed.

Mr. WEITZ. Did that have any connection to the Presidential campaign of 1972?

Mr. VAN DYK. No, no.

Mr. WEITZ. Was it in any way commissioned for or hoped to be shared with in connection with Congressman Mills, in connection with his Presidential effort?

Mr. VAN DYK. No, no.

Mr. WEITZ. All right, now I would like to turn your attention to some work you commissioned on behalf of AMPI with Charles Mickel, M-i-c-k-e-l, in South Dakota.

I would like first to show you, and mark as exhibit 7, a letter—an invoice in the form of a letter—dated September 16, 1971, from Charles Mickel to you for professional services rendered: legal research, consultation and advice, $2,357, sales tax at 5 percent, $142.85, for a total of $2,999.85.

Is that a copy? Is that the invoice you received?

[Whereupon, the document referred to was marked Van Dyk exhibit No. 7 for identification.*]

*See p. 7049.

Mr. VAN DYK. That is correct.

Mr. WEITZ. Who asked you to commission that work?

Mr. VAN DYK. That was Mr.—I believe it's Mickel. He was a friend and associate of Representative Abourezk who is now Senator Abourezk who was a friend of mine. And Jim Abourezk asked one day at lunch, he said, "I have a friend who is an attorney and who could badly use some legal work. Do you have a client who could use him?"

I checked with the AMPI people.

They said they could use an updated survey of milk marketing and other regulations governing them in the State of South Dakota. And I called Mr. Mickel and he said he could do the job for that amount.

I cleared back with AMPI and he, in fact, undertook the study which I forwarded to AMPI and he was paid in that amount.

Mr. WEITZ. Did you bill AMPI for this payment?

Mr. VAN DYK. Yes, I did and then I, in turn, paid Mickel.

Mr. WEITZ. Did that have any connection with the Presidential campaign of 1972?

Mr. VAN DYK. No, it did not.

Mr. WEITZ. Now did you ever have occasion to commission work with Kenneth Olson on behalf of AMPI?

Mr. VAN DYK. Yes, I did. It was in—well, you have the record there.

Mr. WEITZ. Let me mark this as exhibit 8—and exhibit 8 appears to be a copy of a check and voucher from AMPI to you for $2,500. It is dated August 7, 1970, and it reflects payment to Kenneth Olson of $2,500.

[Whereupon, the document referred to was marked Van Dyk exhibit No. 8 for identification.[1]]

Mr. VAN DYK. I made two payments for $2,500 to Mr. Olson in the summer of 1970. The circumstances of that were as follows.

I received a telephone call from the Senate Democratic Campaign Committee indicating that Mr. Olson was a friend and associate of Phil Hoff in Vermont, and that Mr. Olson, whom I knew and had met during the 1964 Presidential campaign, was seeking retainers and business and needed some help and could I check with AMPI and/or other clients to see if there was any work that could be undertaken in their behalf.

I did check with them and as a result Mr. Olson filed periodic reports on political developments in the New England States which were forwarded to the AMPI people and I made two payments to him for which I was reimbursed at $2,500 each.

Mr. WEITZ. Let me mark also exhibit 9 and show you both exhibits 8 and 9.

Exhibit 9 is an expense voucher and check of June 12, 1970, to you and it includes an item of direct expense and on the attached invoice from you to AMPI it shows, consultant fee: Mr. Olson, $2,500. Do these two reflect the $2,500 billings to AMPI?

[Whereupon, the document referred to was marked Van Dyk exhibit No. 9 for identification.[2]]

Mr. VAN DYK. Yes, I'm sure, July 31 and June 3, yes.

Mr. WEITZ. Now, was the purpose of these consultations or advice that Mr. Olson provided them from time to time, in any way connected

[1] See p. 7050.
[2] See p. 7052.

to—more or less a preview of an analysis of possible primary elections in those States?

Mr. VAN DYK. Yes, in other words the political situation as to primary and general election outlook in the New England States. And he sent me several of these which I then forwarded to them.

Mr. WEITZ. Do you know, again, for what purpose those were used by AMPI?

Mr. VAN DYK. I assumed that they were interested in those States and were the possible reelection prospects of Senators and Congressmen who were already there, statewide officeholders who were already there, and general informational purposes as for instance the Presidential poll gave them insights into what would be—

Mr. WEITZ. Well, Mr. Olson's reports, did they also cover prospects for the Presidential primaries?

Mr. VAN DYK. No, they did not. This was, again, the summer of 1970.

Mr. WEITZ. So, to the best of your knowledge, this had nothing to do with the 1972 Presidential campaign?

Mr. VAN DYK. There was nothing to do with the Presidential campaign in any of those reports.

Mr. WEITZ. Now, in addition to the transactions and other services which you either performed or commissioned for AMPI, are there any other services or other work that you either performed or commissioned for them in connection with the 1972 Presidential campaign?

Mr. VAN DYK. No.

Mr. WEITZ. Any other expenditures that they made that you were aware of in connection with the 1972 Presidential campaign?

Mr. VAN DYK. No.

Mr. WEITZ. Did you make any solicitations for contributions to a Presidential candidate, contributions from either TAPE or AMPI or the other dairy co-ops to a Presidential candidate in the 1972 campaign?

Mr. VAN DYK. On behalf of a Presidential candidate?

Mr. WEITZ. Yes.

Mr. VAN DYK. No. Obviously I worked as director of issues and research for the McGovern-Shriver campaign. The only circumstances there, was that during the summer I received a call from George Mehren, general manager of AMPI, asking if I could arrange a meeting for AMPI's staff and officers with Senator McGovern during the time he was visiting President Johnson in Austin, and I said to Mr. Mehren that, in fact, I wanted to take a step back in this since I'd had a previous professional relationship with AMPI and I would put him directly in contact with Mr. Steve Robins who was the director of scheduling for the campaign, and that Mr. Robins would call him.

In the meantime, I told Mr. Robins that AMPI had had the embarrassment of the Nixon contributions and so on, and that I would advise Mr. Robins to use extreme caution in scheduling such a meeting.

He checked with Senator McGovern, however, and the meeting was held, and I understand that Mr. McGovern in fact solicited a contribution at the meeting, but no contribution was made to my knowledge.

Mr. WEITZ. Was the meeting just with Dr. Mehren as the representative of the dairy?

Mr. VAN DYK. No. It was Dr. Mehren and as I understood it, AMPI officers, directors, and a large number of people.

Mr. WEITZ. And this took place in San Antonio?

Mr. VAN DYK. No; in Austin I believe, while Senator McGovern was visiting President Johnson.

Mr. WEITZ. Was this the same day, do you know?

Mr. VAN DYK. I don't know. It would have been the same day, evening before, et cetera, but I believe it was at the motel where he was staying. It was arranged either before or after his visit with President Johnson, and that was—I did not regard that as a solicitation by me on behalf of Senator McGovern.

I did, however—I was instrumental in establishing contact which led to the meeting.

Mr. WEITZ. Now, did you solicit or have any role in any contributions by TAPE or the other dairy co-ops to Senator Humphrey's Presidential campaign?

Mr. VAN DYK. No; I did not.

Mr. WEITZ. What about Congressman Mills' campaign?

Mr. VAN DYK. No; I did not.

Mr. WEITZ. Any knowledge of any contributions by the dairy co-ops to those—to their Presidential campaigns?

Mr. VAN DYK. No, no, none that I—you know, whatever they declared was in the public record, I assume they made.

Mr. WEITZ. Now what about with respect to Senator Muskie's Presidential campaign?

Mr. VAN DYK. No. I have no knowledge. I mean, they may have.

Mr. WEITZ. Would any contributions—well, did you solicit contributions in—could we go off the record a minute?

[Discussion off the record.]

Mr. WEITZ. Now, I take it the answer to the last question would apply to any——

Mr. VAN DYK. Any Democrat. I mean, the only instance that I know of was the one I related, which was my part in arranging the meeting in Austin, I believe.

Mr. WEITZ. Would any solicitations that you made for contributions to any senatorial campaigns in 1970 have been related in any way to your knowledge or gone to the Presidential campaigns of any Democratic candidates in 1972?

Mr. VAN DYK. Not to my knowledge. I solicited, as you know—not—solicited is a bad word. I recommended a number of AMPI contributions to senatorial campaigns in 1970, and many of them were made.

Mr. WEITZ. But to your knowledge, your efforts were not connected with either soliciting moneys to be used for the Presidential campaign of 1972 or to your knowledge, none of those moneys were in fact used in those Presidential campaigns.

Mr. VAN DYK. No, no.

Mr. WEITZ. All right. Let's go off the record.

[Discussion off the record.]

Mr. WEITZ. When was your relationship with AMPI terminated?

Mr. VAN DYK. In February of 1972.

Mr. WEITZ. And could you tell us the circumstances or the reasons for that?

Mr. VAN DYK. I certainly can. I received a form letter signed by Robert Isham at the end of February 1972 informing me, as I assumed—it was an obvious form letter informing others, saying that

the directors had met and they had terminated all consultancies, and that they would be happy to continue working with me on an ad hoc basis as projects arose, but this was news that no further—my retainership was ended, period.

Mr. WEITZ. Now, Dr. Mehren had just replaced, in January of 1972, Mr. Nelson. Is that correct?

Mr. VAN DYK. That's right, that's correct. Mr. Nelson had been replaced, Mr. Parr had been replaced, in fact, the turnover I foresaw, and it did happen.

Mr. WEITZ. Do you know the reasons for dismissal of or replacement of Mr. Nelson?

Mr. VAN DYK. Well, I assume that the Nixon contributions played a part. I also understand—and I don't mean anything hard on this—that there had also been internal problems regarding mergers with other co-ops in other parts of the country, and there had been internal tensions which played a part in this. I don't know how much of this is true or not.

Mr. WEITZ. Do you know of any solicitations by Republican fundraisers or contributions to President Nixon's reelection effort in 1972 that were then taking place?

Mr. VAN DYK. I did not know. I have since read the press of Mr. Kalmbach's solicitation of Dr. Mehren and the rest of it, but I had no knowledge at that time.

Mr. WEITZ. Did Dr. Mehren ever ask your advice or confer with you at all in connection with additional contributions in 1972, other than his request to meet with Mr. McGovern?

Mr. VAN DYK. No, that was the sole discussion we had about that. I talked with Dr. Mehren subsequent to that letter I got from Bob Isham, which frankly angered me to receive a form letter from a comptroller 3 days before the end of the month, and he, Dr. Mehren told me that in fact his hands were tied and that the officers of the cooperative had severed all of these relationships, and there was nothing he could do, but he was very cordial.

Mr. WEITZ. All right.

Mr. Sanders?

Mr. SANDERS. All right.

Do you recall in 1970 a Muskie political committee entitled Maine for Muskie?

Mr. VAN DYK. I don't know if I recall that specific committee. I know that there was an AMPI contribution made to a Muskie committee. That may have—that may well have been it.

Mr. SANDERS. What I am seeking is to determine whether you knew whether that was a senatorial campaign committee or a Presidential campaign committee.

Mr. VAN DYK. No, I assume it was senatorial. Senator Muskie was a candidate for reelection at that point.

Mr. SANDERS. Just being a senatorial candidate from Maine might make it seem unlikely that the State name would be in the name of the committee.

Mr. VAN DYK. I don't know.

Mr. SANDERS. You don't have any recollection?

Mr. VAN DYK. No.

Mr. SANDERS. Did you solicit from—are you acquainted with Stuart Russell?

Mr. VAN DYK. I am not.

Mr. SANDERS. Have you ever had any contact with him by correspondence, telephone or otherwise?

Mr. VAN DYK. Not to my recollection, no.

Mr. SANDERS. Are you acquainted with Milton Semer?

Mr. VAN DYK. Oh, yes.

Mr. SANDERS. In 1970, did you talk with Semer concerning contributions for Senator Muskie?

Mr. VAN DYK. I dont' know whether I talked to Milton Semer. I may have. I do recall having spoken to Donald Nicol, who was Senator Muskie's administrative assistant, I believe, at that point, but I may have talked to Milt, too. I'm not sure.

Mr. SANDERS. Nicol was his AA?

Mr. VAN DYK. Yes.

Mr. SANDERS. And what was the nature of your discussion?

Mr. VAN DYK. Senator Muskie, as many other Senators, was up for reelection and wanted campaign funds, and I think we discussed whether or not Senator Muskie needed money. I think he was—I think Senator Muskie had in fact told me that his total campaign expenditure of the previous campaign had been $18,000, and in fact inflation had multiplied that many times and that he needed campaign contributions. I spoke to Don Nicol, and we talked about AMPI contributions, and they, in fact, sent me some checks which I passed on to them.

Mr. SANDERS. Who is "they," when you say they sent you some checks?

Mr. VAN DYK. Nelson, Parr.

Mr. SANDERS. Do you recall during what time this occurred?

Mr. VAN DYK. Well, it would have been before the 1970 campaign.

Mr. SANDERS. Or about how many checks, or the total amount?

Mr. VAN DYK. I know there were at least two checks, and they had a white form on the front of it which was to have been sent back by the recipient. There may have been more, but I recall at least two, which I just shipped over to the Muskie office, which was not on the Hill at that point, but was on L Street.

Mr. SANDERS. Well, now, in your discussion with Nelson and Parr concerning funds for Muskie, were you talking with them, or did you have in mind funds from TAPE?

Mr. VAN DYK. Well, sure, whatever—when I say AMPI, to me AMPI and TAPE are interchangeable. I was retained by AMPI, sure, TAPE.

Mr. SANDERS. And the two checks you received, were they from TAPE?

Mr. VAN DYK. I don't know. I recall one, specifically as being from the predecessor of what is Mid-Am, what is it, ADEPT, which used to be called something else prior to being called ADEPT, and there was a second check which may have been from TAPE or—I have been asked, quite obviously, by the Watergate people the same questions, and they asked me if a check was from Stuart Russell, and I told them as I told you, I don't recall it was. I don't have that recollection. It might have been.

Mr. SANDERS. Were you shown any documents in connection with this?

Mr. VAN DYK. No, I was not. No.

Mr. SANDERS. I show you a document I am marking exhibit No. 10, which purports to be a letter from Bob Lilly to Ted van Dyk, dated July 28, 1970, with an attachment, two checks, copies of two checks from Russell to a Muskie election committee.

[Whereupon, the document referred to was marked Van Dyk exhibit No. 10 for identification.[1]]

Mr. VAN DYK. Yes.

Mr. SANDERS. Do you recall receiving that letter?

Mr. VAN DYK. I'm sure I did, and I do recall receiving two checks.

Oh, yes, there are two checks here, from Stuart H. Russell, the Liberty National Bank and Trust Co. of Oklahoma City. However, there must have been more than two or separate mailings to me because I also recall a check from—possibly as many as two or more checks, because I also remember a check, as I indicated, from the predecessor of ADEPT, the Mid-Am political committee. I have no reason to doubt that these were the checks.

Mr. SANDERS. Did you wonder why AMPI was sending you checks from an individual rather than their political action arm?

Mr. VAN DYK. No; I don't really recall, quite frankly, up until this time, the Russell checks. I assumed, if I assumed anything, that they had found some individual that would make a contribution.

Mr. SANDERS. There is, of course, in this letter the reference that these two checks, along with checks from two other co-ops, makes the total slightly in excess of $10,000.

Mr. VAN DYK. Yes. Well, that reference to checks from other co-ops must be the Mid-Am check we are talking about.

Mr. SANDERS. Now you had then no conversation with Parr, Nelson, or Lilly concerning moneys they would collect from Stuart Russell.

Mr. VAN DYK. No. I had never heard—I have never met Stuart Russell. I had never heard of him until I saw the recent press reports.

Mr. SANDERS. I will show you Lilly exhibit No. 18.[2] It purports to be a memo from you to Bob Lilly dated September 14, 1970. Do you recall preparing and sending that memo to Lilly?

Mr. VAN DYK. Yes; I'm sure, yes, I'm sure.

Mr. SANDERS. Can you explain what that is all about?

Mr. VAN DYK. Yes. There must have been something wrong with one of the checks, or didn't comply with regulations or something, and the Muskie people asked me to get it changed. I don't recall the specific——

Mr. SANDERS. Do you know who Whitmore is?

Mr. VAN DYK. I don't know; no.

Mr. SANDERS. Why would Muskie people have been using you as an intermediary?

Mr. VAN DYK. Wait a minute, wait a minute, wait a minute.

Whitmore, I think—Senator Muskie—the AMPI people asked, I believe, Senator Muskie to send them a list of candidates in New England and other places whom he recommended for contribution, and as I recall, there was a Whitmore who was one of the people he recommended to receive a contribution. I think Bob must have sent this check to me. I think I sent it to the Muskie people, and it was too late or they changed their mind or something, and instead they apparently

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[1] See p. 7055.
[2] See Book 14, p. 6025.

asked for a $1,000 check to Maine for Muskie instead, and I'm—and that's what happened, I'm sure.

Mr. SANDERS. You think Whitmore would have been some New England candidate?

Mr. VAN DYK. Yes.

Mr. SANDERS. That they initially——

Mr. VAN DYK. Had recommended for a contribution. I remember there was quite a long list they had turned in.

Mr. SANDERS. Muskie's office had recommended for a local contribution?

Mr. VAN DYK. That's right.

Mr. SANDERS. And that the check was submitted and was sent back.

Mr. VAN DYK. And I think they—either they sent it back or they called me up and told me to forget it, that they wanted the money instead for Muskie, and that is the note.

Mr. DORSEN. Excuse me. I would like to say something for the record now. I thought that we would be—the documents would tend to indicate the jurisdiction of this committee. It appears now that the documents, quite the opposite, are showing that this is completely unrelated to the jurisdiction, and that we are now dealing with local candidates. I don't want to stop this line of questioning. I——

Mr. SANDERS. Well, until Mr. Whitmore is identified, one doesn't know whether he's the one that signed the check payable to Muskie or whether he's—until we get the answer there's no way to know whether it was or wasn't.

Mr. DORSEN. Right, that is true. I didn't know whether you were still——

Mr. SANDERS. I think you're taking a very narrow—I really object to such a narrow interpretation of the questions, and I'm going to get in a minute to a check that was written after the November election, and I really do take offense at the very restrictive view you are taking. I think it is harassment, and I take offense at it.

Mr. DORSEN. Well, I think that's an extreme characterization of my observation, Mr. Sanders.

Mr. SANDERS. There's no reason why we can't have a little more latitude in these. We are not in public session. I think we have been very, very generous in not making objections to inquiries of majority staff which have related to many, many things which are extremely tangential and remote from the 1972 Presidential campaign, not only on the milk investigation but in the Howard Hughes contribution.

If you want to argue about it, I would be glad to continue.

Mr. WARNKE. May the record show I have taken no position with respect to this colloquy.

Mr. DORSEN. I think that is clear, and I think it is incumbent upon us to act within the scope of our resolution, so I would hope that everybody would toe the line to the appropriate extent.

Mr. SANDERS. Do you recall receiving, then, the new check to Maine for Muskie?

Mr. VAN DYK. I either received it or it was sent directly to—I believe my note says to send it directly to the Muskie man there.

Mr. SANDERS. Was it in fact signed by Harold Nelson?

Mr. VAN DYK. Nelson was the fellow who worked for Muskie, you see.

Mr. SANDERS. Oh, excuse me.

Mr. VAN DYK. Nelson was Muskie's man. It must have been Nelson who called me and told me to forget the Whitmore check and send money instead to Muskie.

Mr. SANDERS. Was this a TAPE check that was——

Mr. VAN DYK. I assume, sure. I don't know, but my instruction to Lilly there, you recall, is that he send the check directly to Nelson, who was Muskie's campaign officer.

Mr. SANDERS. Are you aware of the receipt of any checks through the auspices of AMPI to Muskie which were received after the November election in 1970?

Mr. VAN DYK. Not specifically. There may have been. If the record shows that there were, it is quite possible. I don't have any specific recollection of such, no.

Mr. SANDERS. Well, the documents that I have been furnished by Mr. Weitz do not include a copy of the check after the November election, which was apparently sent to the Muskie election committee by Stuart Russell at the request of Bob Lilly for $5,000.

I'm going to mark this as exhibit No. 11, and show you this document which purports to be a letter from Stuart Russell, dated November 24, 1970, which is after the November election by my calendar.

[Whereupon, the document referred to was marked Van Dyk exhibit No. 11, for identification.*]

Mr. VAN DYK. I have no knowledge of that. I mean, this is my first.

Mr. SANDERS. You have never seen this letter?

Mr. VAN DYK. No.

Mr. SANDERS. And the contents of it do not stir any recollection on your part of the receipt of any such check?

Mr. VAN DYK. Not by me.

Mr. SANDERS. Or that you requested Lilly to obtain funds of that amount?

Mr. VAN DYK. No. By and large I was told the contributions that were made were made directly to the candidates' committees from San Antonio. In a few instances, I think as much inadvertence or anything else, checks were sent to me which I would then pass directly to the election committee. So I mentioned the checks I sent to Muskie. I believe there was a check I sent to Joe Duffy. There was a check I sent to George Rawlings, perhaps one or two others. Normally the checks would not have been sent to me. I mean, it just happened they came to me and they always came with a form on the top of them, and I would forward them to the candidate or his campaign committee in most cases. The procedure was I would make recommendations, as I would assume others were making recommendations, and then any contributions were made directly to the campaign committee. So in the normal course of things I would have no knowledge of this at all.

Mr. SANDERS. Do you have any recollection, other than the two Stuart Russell checks which have already been shown, of at any other time receiving from AMPI or any of its officials checks drawn by any individuals as opposed to TAPE?

Mr. VAN DYK. It is possible. My reaction would have been that if there were checks drawn on individuals, they were individuals whom

*See p. 7057.

AMPI had solicited and who had agreed to make contributions as individuals.

I have been in politics a long time and I would have assumed that that was what might have happened.

Mr. SANDERS. Did you have any involvement in the arrangement for any thank you letters from Senator Muskie to AMPI for the contributions that they had sent to the Muskie campaign?

Mr. VAN DYK. I may have. I don't recall. If you would share the letters with me, I could tell whether it was something I drafted or not.

Mr. SANDERS. I'm going to. The ones I was turning over here are not related to what I was speaking of.

Mr. VAN DYK. OK. I usually can recognize something I might have drafted.

Mr. SANDERS. I'm going to mark here as exhibit No. 12 a letter from Senator Muskie to Harold Nelson, undated but stamped "Received August 27, 1970," and another document—a letter from Senator Muskie to Stuart Russell, dated December 22, 1970.[1]

[Whereupon, the document referred to was marked Van Dyk exhibit No. 12 for identification.[2]]

Mr. WARNKE. Could I ask Mr. Sanders what was exhibit No. 11?

Mr. SANDERS. It is this letter from Russell to the Muskie election committee.

Mr. WARNKE. Yes. I would like the record to make it clear that that was not identified by Mr. van Dyk.

Mr. SANDERS. I believe the record so shows.

Mr. WARNKE. So that I question whether it is properly an exhibit to his testimony.

Mr. VAN DYK. I would also mention that neither exhibit 12 nor the other Muskie letter is familiar to me, and I would assume by the wording on exhibit 12 that Milt Semer was in fact the man who drafted the letter, since it says Milton Semer has given me a summary of your generous contributions. Milton Semer was in fact Senator Muskie's finance chairman, I believe, as well as being on retainer to AMPI.

Mr. SANDERS. I will now show you Lilly exhibit 19[3] which is a letter from you to Don Nicol dated July 9, 1970. I am going to show you this for your examination, and I want to ask you particularly about the special milk program mentioned.

Mr. VAN DYK. Yes. This is a letter that was sent to Mr. Nicol following a meeting Mr. Nelson, Mr. Parr, and a number of members of other co-ops had had with Senator Muskie in his office which I had arranged. They were the campaign checks to which we referred. The special milk program would have been a—that was a piece of legislation, a special milk program was something under consideration in the Congress and Senator Muskie, I believe, his support for the program was solicited, and he said he already supported it.

The No. 3 point is the list of candidates to which I referred where Nelson, Parr, and their colleagues asked Senator Muskie to submit a list of candidates to whom contributions might be made, and, that is, Whitmore was, as I recall, one of the people on that list.

Point No. 4, the Senator said he wanted substantive input from several academics involved with agricultural policy and in fact we saw

[1] See Semer exhibit No. 5, p. 7227.
[2] See p. 7058.
[3] See Book 14, p. 6026.

that several such documents were forwarded, and the other was a request that Dave Parr's son spend——

Mr. SANDERS. I don't think you need to tell me.

Mr. VAN DYK. All right.

Mr. SANDERS. I am not clear from your response— I'm still not clear what is meant by—what milk program is being referred to?

Mr. VAN DYK. There was a special milk program. It would have been either the school lunch program or the special supplementary milk program. In other words, it comes up for legislative action each year.

Mr. SANDERS. Annually?

Mr. VAN DYK. Yes. And this was a solicitation of his support for the special milk program, and as I remember his saying, "You don't need to ask me for my support because you have got it already."

Mr. SANDERS. And did his statement of his support for this program have some relationship to the contributions mentioned in paragraph 1?

Mr. VAN DYK. No, not to my knowledge.

Mr. SANDERS. Now, during the conference were political contributions mentioned?

Mr. VAN DYK. I think, I do believe—in fact, as the meeting ended, Mr. Parr said to Senator Muskie, "Senator we want to be of help to your campaign." I think Senator Muskie said, "That is fine, I am happy to hear that," something of that nature.

Mr. SANDERS. Are you saying that no specific sums were mentioned?

Mr. VAN DYK. No, I believe the sums were my fault there, on point 1 where I wrote a note to John—Don Nicol saying please see that checks—I think the two sums, the sums I think were arrived at in independent consultation with the milk people.

I think the sums were their sums, or I might have talked to Don about the sums. There was no discussion with Senator Muskie about the sums, I am sure of that.

Mr. SANDERS. Do you know how this figure of $1,666, was reached?

Mr. VAN DYK. I don't know, except you will notice in the bottom of the paragraph, I say to reach a total of $5,000 for each committee, so apparently $1,666 is—that is supposed to add up to $5,000.

Mr. SANDERS. Well, then out of the hearing, at least if it was not discussed in the hearing of Senator Muskie, out of his presence you talked with Nelson and Parr about this level of contribution?

Mr. VAN DYK. I believe so, yes; I think it was either subsequent to this meeting or it was on the phone previous at some point. During that summer there was discussion about help for Senator Muskie. As I recall at the end of that meeting Mr. Parr said to Senator Muskie, "Senator we are going to be of help to your campaign," and he said something to the effect "Well that's fine, that's good news," et cetera, and that was the extent of it.

Mr. SANDERS. Were you the one who arranged the appointment with Senator Muskie?

Mr. VAN DYK. Yes; I was.

Mr. SANDERS. Through Nicol?

Mr. VAN DYK. Yes; I believe so, or his appointment secretary, one of the two.

Mr. SANDERS. And were you the one who made the arrangements for Senator Muskie to speak at the AMPI convention in September, 2 months later?

Mr. VAN DYK. I invited—let me see which, is this the——

Mr. SANDERS. The 1970 campaign.

Mr. VAN DYK. I arranged for all of the speakers.

There was—I talked to Paul before about this, I arranged for all of the Democratic speakers at the convention in 1970. Senator Muskie, at the last moment, had a conflict and said he could not come and that he was tied up in Maine and it was impossible to get travel connections, there was just no way he could make it. And I received a call from the AMPI people saying, "Isn't there something we can do to change his plans?"

I said: "Look, the man has a problem. He will come to another convention. You have a good relationship with him, don't press him on it." And they said: "Isn't there something you can do to get him to come?" and I said: "I've done all I can without making a pest of myself. If he can't come, if he has a conflict and transportation is impossible, then fine."

I attended the convention and much to my surprise, Senator Muskie arrived and apparently they used some other channel, or some other means, to secure Senator Muskie's attendance.

I don't know whether they had flown a private plane to pick him up, whatever, but he came in any case. I had made the original invitation to him, but I was quite surprised to see that he did attend.

Mr. SANDERS. This late-hour call that you had received to try to secure Senator Muskie's presence there, had the convention already begun at the time?

Mr. VAN DYK. If it had not begun, it was on the eve of the beginning.

Mr. SANDERS. And after talking—who called you?

Mr. VAN DYK. Oh, I'm sure it was Don Nicol, or somebody else on the Senator's staff to say that he could not, that there was a conflict and it wasn't going to work.

Mr. SANDERS. No; who called you from AMPI?

Mr. VAN DYK. Oh, it would have been Mr. Nelson or Mr. Parr.

Mr. SANDERS. And then you called Nicol?

Mr. VAN DYK. Right. In other words, Senator Muskie, as I recall, was already tentatively on the program. The conflict arose, I then called Nicol to say, "Look they are quite urgent, it is highly important to them, and they asked if there isn't some way that it can be worked out logistically," et cetera.

It could not and I left it at that and so reported to Nelson and Parr.

Mr. SANDERS. Were you told by Nelson or Parr that they needed Senator Muskie because President Nixon was not going to appear?

Mr. VAN DYK. No; it might have been, I don't recall. It was not an important factor in my mind.

Mr. SANDERS. In the communication you received from Nelson or Parr on the eve of the convention, were you told of what sum or honorarium would be paid to Muskie?

Mr. VAN DYK. Whatever it was, it had been arranged, and Parr may very well have said we will increase the honorarium, and I know what my reaction would have been, which is to say that doesn't make any difference, if a man has a conflict, he has a conflict.

Mr. SANDERS. Do you know what Senator Muskie was paid for his appearance?

Mr. VAN DYK. I don't recall, but I'm sure it was declared in his annual listing of same, which goes into—goes to the Clerk of the House, doesn't it? It is in the Congressional Record over here.

Mr. SANDERS. How much of an increase was offered by Parr?

Mr. VAN DYK. I don't recall, I don't recall.

Mr. SANDERS. Did you convey that to Nicol?

Mr. VAN DYK. No; I didn't.

Mr. SANDERS. Were any of the contributions that were discussed by you with Nelson and Parr in July, in a meeting around the time you met with Senator Muskie, was Senator Muskie's appearance at the convention mentioned at that time in connection with those contributions?

Mr. VAN DYK. No; not at all. There was a long list of people who were up for election and reelection in 1970, and I made a number of recommendations which were largely for a number of liberal Democrats plus Democrats in their home States. I don't recall any direct relationship between the convention and the political contributions. All the speakers were paid honoraria, whatever their standard fee might be, to come to the convention.

Mr. WEITZ. I just want to enter for the record the fact that I have looked through my records and cannot find a copy of the check from Stuart Russell to the Muskie campaign, a $5,000 check, but we will attempt to locate it.

Mr. SANDERS. Do you think you had it at one time and just could not locate it?

Mr. WEITZ. I don't think so. I have never seen it. Well, I can't say I've never seen it. I just don't remember.

Mr. WARNKE. Might I ask with respect to Lilly exhibit 19, might I take a look at it?

Mr. SANDERS. Sure.

Mr. VAN DYK. I must say the Muskie committee certainly kept voluminous files if they kept this type of material.

Mr. SANDERS. Do you have——

Mr. VAN DYK. I think it should be noted again that some of these exhibits, at least three, I had no previous exposure to or knowledge of.

Mr. WARNKE. I think the record shows that you did not previously see either exhibit 11 or exhibit 12.

Mr. VAN DYK. Right.

Mr. WARNKE. And as a consequence, none of them have been identified by you.

Mr. VAN DYK. Right.

Mr. SANDERS. Do you have within your office a file on your work for AMPI?

Mr. VAN DYK. A file?

Mr. SANDERS. Yes.

Mr. VAN DYK. I don't have anything that is current with any client. I have a current file with Dairyman, Inc. I don't have anything—I have nothing current with AMPI, obviously, except the correspondence I received from George Mehren, which I passed to this committee regarding all of the financial end of the records for submission here. Anything I prepared for them, however, ought to be in their files, if they keep long backfiles.

Mr. SANDERS. While you were consulting for AMPI, you undoubtedly kept a file on their activities.

Mr. VAN DYK. Sure, sure, some, and some of the things I kept and some of the things I made only copies. I'll be quite frank with what they were. They were analyses I made particularly of Democratic and other politics in which I was quite candid about developments within the party, prospects for various candidates, et cetera, many of whom were all friends of mine. I marked these particularly confidential and sent them to Parr and Nelson, requesting that they be kept that way. It is not the kind of thing you like to have floating around. So at that time I kept no copies of these.

For other things I did have copies.

Mr. SANDERS. Well, at the time your retainer was discontinued with AMPI, what did you do with your file or files on your work for AMPI?

Mr. VAN DYK. Nothing at that time. When I moved my offices in March of 1972, I threw just about everything out that was more than a few months old, that was not current, for all of my clients, which included AMPI.

Mr. SANDERS. Do you still, today, occupy the same offices, the same space that you occupied then?

Mr. VAN DYK. No, no; we moved twice. I moved in March of 1972 to 1720 I Street NW., and we moved last week to 1156 15th St., NW. The first time my lease expired. The second, a client of mine wanted us to have adjacent offices, and we had also ran out of space, so we accommodated him and moved.

Mr. SANDERS. While you were representing AMPI, do you know how your files for that work were labeled?

Mr. VAN DYK. Oh, AMPI, I'm sure, maybe. They were originally called Milk Producers. I think there was a predecessor group, Milk Producers, Inc. AMPI, that would have been it.

Mr. SANDERS. Would you have had any separate file for correspondence with Parr and Nelson?

Mr. VAN DYK. I don't think so. I thing it probably all would have been thrown into the AMPI or Milk. I might have. I don't recall specifically.

Mr. SANDERS. Do you, today, have any file anywhere within your office containing material from your representation of AMPI?

Mr. VAN DYK. I don't know. I can look. We found some of the things you asked for. Sure, those were in my file.

Mr. SANDERS. Alan, have you asked for production of this material that I have just been inquiring about?

Mr. WEITZ. It would be covered within the subpena, yes, I believe. I'm sorry, the last question was——

Mr. VAN DYK. Well, we've given you everything you have asked for.

Mr. SANDERS. Well, I would assume that Alan has asked for invoices and copies of checks.

Mr. VAN DYK. And you asked for anything, whatever, having to do with 1972 Presidential campaign activities or anything touching on these things which we—I mean, we've given you——

Mr. WEITZ. And it includes, I believe, billings and payments back and forth between you and any of the dairy co-ops.

Mr. VAN DYK. That's right.

Mr. SANDERS. Well, in your representation of AMPI after 1970—you were, I believe, discontinued in January of 1972?

Mr. VAN DYK. That is correct.

Mr. SANDERS. For a period of 13, 14 months there, any representation of AMPI would have had considerable relationship to the upcoming 1972 Presidential campaign, would it not?

Mr. VAN DYK. No. I mean, my relationship with AMPI was the same that it had been. I mean, it was the same during that period as previous until it ended in, well, February of 1972 I think it was.

Mr. SANDERS. Well, I am going to ask for production of anything you have in your office in a file pertaining to AMPI dated after November 1970.

Mr. VAN DYK. Could I ask, could counsel ask what is it you are looking for? I mean, I don't——

Mr. SANDERS. Any correspondence, any memorandums, any notes, any documents whatsoever pertaining to your representation on behalf of AMPI from November 1970, until January—actually until February 1972.

Mr. WARNKE. I will object to that request to the extent it goes beyond the subpena of the committee already issued. The subpena already issued by the committee relates directly to materials that had to do with the Presidential campaign. Those materials have been produced. If there are other materials that don't relate to the Presidential campaign, they are beyond the scope of this committee's activities and they will not be produced.

Mr. SANDERS. Are you saying, Mr. Warnke, that these files pertaining to AMPI that I have just inquired about have been completely examined and that to the best of your judgment there are no copies, no letters or copies of letters, of memorandums or copies of memorandums or any other documents that have any relationship to the 1972 Presidential campaign?

Mr. WARNKE. What I am saying, sir, is that we have examined the subpena and the subpena has been complied with. The subpena, as far as I'm concerned, exhausts the authority of the committee.

Mr. VAN DYK. Let me indicate also, I want to be as helpful as possible. We have been asked here today, as in the past, about contributions, contacts, about involvement in and with the campaigns of most Democratic candidates you have asked. I would be happy to give exactly the same answer to that of any other candidates that you want to name in the Presidential nomination, Republican, Democrat, orange, yellow, green. I mean, that is it.

Mr. SANDERS. Do you have within your office, Mr. van Dyk, any files pertaining to—containing correspondence with Senator Muskie?

Mr. VAN DYK. I may, I may.

Mr. SANDERS. How would communications with him be filed within your office?

Mr. VAN DYK. Probably under Muskie.

Mr. SANDERS. Would you have had occasion to correspond with him concerning the 1972 Presidential campaign?

Mr. VAN DYK. I doubt it. I can't recall having done so.

Mr. SANDERS. Would you have had occasion to prepare memorandums, copies of which might have been placed within your files concerning the Muskie 1972 Presidential campaign?

Mr. VAN DYK. I think not. I did, I did as I indicated to you, prepare periodic memorandums on various Democrats and campaign prospects and so on, which were made in one copy which I sent to Nelson and Parr. There was no memorandum or exchange involving Muskie that I can recall at all.

Mr. SANDERS. Copies of any correspondence which you have had with AMPI which pertain to Muskie I presume would have been placed also in the Muskie file.

Mr. VAN DYK. I assume, but I don't know. I can look at the Muskie file. I have gone completely through my files searching for everything to comply with this subpena. If I have anything in a Muskie file, there would at most be one or two letters to or from Senator Muskie nothing involving the 1972 Presidential campaign to my knowledge.

Mr. SANDERS. Well, I would like to request you to again examine files, the Muskie file, and produce anything which you and counsel feel might yet be within the scope of this subpena.

Mr. WARNKE. We'd be delighted to do so.

Mr. SANDERS. There came a time when your retainer with AMPI was increased from $25,000 per year to $60,000 per year.

Mr. VAN DYK. That was in stages, yes.

Mr. SANDERS. It was not at a single instance?

Mr. VAN DYK. No, I don't believe so.

Mr. SANDERS. Do you know in how many increments?

Mr. VAN DYK. Yes. I mean the invoices will show that. There was a time when I asked them for an increase and early in 1971, April of 1971, I had—sometime early in 1971 I had talked to Mr. Nelson and Mr. Parr about an increase in retainer. They said at that point, "It will be difficult for us to increase your retainer, per se, but why don't you allocate some of your overhead direct expense to AMPI and bill us for that." I did that through the months of April, May, and June 1971. I was told in July 1971, I could go to a flat—I had been given a flat $5,000 a month retainer, which continued until——

Mr. SANDERS. As of April 1971, you were still at $25,000 per year?

Mr. VAN DYK. April, yes, through March 1971, I was paid on the basis of $25,000 per annum.

Mr. SANDERS. And as of July 1971 you were at a level of $60,000 per year.

Mr. VAN DYK. That's correct, yes.

Mr. SANDERS. What was it that you told Mr. Nelson to justify an increase?

Mr. VAN DYK. Well, I thought I had been valuable to them. I thought my advice was worthwhile. I thought I deserved an increase, given what I knew other consultants and people with similar skill were being paid in Washington. I also told them quite frankly that a major client of mine which was paying me a retainer of some $36,000 per annum, was in fact going into bankruptcy and I was going to face some financial pressures as a result. And all of these things taken together, I asked if I could have an increase, and again they gave me the temporary interim increase for 3 months, and then the firm increase July 1971.

Mr. SANDERS. Did you cite to him any specific examples of the benefit of your services?

Mr. VAN DYK. No, only this, that I had every reason to believe I had confidence in my judgment and placed store by it, except they certainly didn't follow my advice or reaction on the Nixon contributions. But I, perhaps being immodest, I saw a large number of consultants they had. I thought my skills were of an order higher than most, and I had every reason to believe that Mr. Nelson and Parr had full confidence in me and felt my judgments and advice were important. And I thought therefore that I deserved an increase.

Mr. SANDERS. Was there any mention made of the moneys paid to Lilly?

Mr. VAN DYK. No.

Mr. SANDERS. Did you mention to him, in talking about an increase, any particular thing that you would do in the future for them?

Mr. VAN DYK. I don't think so, except to continue to advise.

Mr. SANDERS. Was there any understanding between you that any of the moneys paid to you would be channeled through to any other persons?

Mr. VAN DYK. I assume you were talking about the—no.

Mr. SANDERS. I'm talking about just the moneys paid to you as a retainer.

Mr. VAN DYK. No, no. It would be paid to me for my company.

Mr. SANDERS. I had in mind channeled to other persons for political purposes.

Mr. VAN DYK. I know it. I thought, quite frankly, I assumed you meant Senator McGovern, who by then I was an informal adviser to, and the answer to that is no.

Mr. SANDERS. Do you have any correspondence with AMPI concerning the arrangements for Senator McGovern to speak at the convention? I'm sorry, Senator Muskie.

Mr. VAN DYK. I don't think so. Essentially what happened, as I recall—in fact, I think I arranged their speakers for 3 years. We would counsel informally about who might be appropriate, people from their States, people who would be attractive to the audience, and so on, and I would simply call them up and get them. I don't recall any correspondence in particular, except I am sure I sent factsheets, information, et cetera, re the meetings to everybody about who was going to speak. If there was Muskie correspondence, I will look for it in my files.

Mr. SANDERS. All right. After the time of the November 1970 election, did you have occasion to issue any personal or company checks to Senator Muskie or to any campaign adjunct of his?

Mr. VAN DYK. No.

Mr. SANDERS. Do you still have a copy of the report prepared by Ken Olson?

Mr. VAN DYK. No. They were single, typewritten copies. It was not a report, it was a series of reports about going with the State political developments. They would come periodically. They were typewritten by him obviously. They weren't even—you could see mistakes and everything else, and I simply sent them direct on to AMPI.

Mr. SANDERS. Do you have any correspondence to or from Kenneth Olson concerning this project?

Mr. VAN DYK. I don't think so, but again we can look on that, too. Let me look. I don't recall so.

Mr. SANDERS. Do you have any correspondence to or from the Senate Democratic Campaign Committee concerning the request to you to institute this?

Mr. VAN DYK. No. This was a simple telephone request.

Mr. SANDERS. Do you know where Olson is at the present time?

Mr. VAN DYK. I believe he is making a movie in Greece. It's a good life.

Mr. SANDERS. Do you know where his home is located?

Mr. VAN DYK. Oh, I don't know. He's a single guy, divorced, and has lived in New York, San Francisco, et cetera. He's a writer, a freelance writer, and the last I heard he was in Greece making a film.

Mr. SANDERS. Do you have any office file correspondence pertaining to your contact with AMPI and your contacts with the polling firm in connection with the West Virginia or Wisconsin poll?

Mr. VAN DYK. That was very simple. No. I did the whole thing. Once the thing was agreed on, I talked to the Gallup people. They did the poll. You have the poll.

Mr. SANDERS. Yes.

Mr. VAN DYK. And I think it's a very straightforward thing. I told them exactly what we wanted, which was an indepth poll covering not only so-called beauty contest, but attitudinal outlook of voters and how they would proceed, vis-a-vis certain issues.

Mr. SANDERS. And your request then was not in writing?

Mr. VAN DYK. No. Look, the Gallup people are professionals and so am I. It must have taken me all of 15 minutes to tell them what I wanted. They had done it 100 times and so had I.

Mr. SANDERS. Did Senator Muskie or any person working for him receive any advice concerning the results of the poll?

Mr. VAN DYK. Not to my recollection, not from me.

Mr. SANDERS. How many copies of the full poll report did you receive?

Mr. VAN DYK. As I recall, five or six, all of which except one, I gave to the AMPI people, the one you have.

Mr. SANDERS. The only thing that you gave to McGovern and Kennedy were the summaries?

Mr. VAN DYK. Yes, summaries. Also a copy of which you have.

Mr. SANDERS. Well, do you have any correspondence pertaining to the poll conducted in Arkansas?

Mr. VAN DYK. No. That, too, was a simple, straightforward kind of thing. It was the type of poll that Kraft did all the time, and it was just a matter of the same kind of poll, candidates, how the voters perceive them on a statewide basis.

Mr. SANDERS. Was it Parr that asked you to conduct this poll?

Mr. VAN DYK. The Arkansas poll?

Mr. SANDERS. Yes.

Mr. VAN DYK. Yes, it was.

Mr. SANDERS. Did he talk with you in person or by telephone?

Mr. VAN DYK. I don't recall.

Mr. SANDERS. Do you have any correspondence with AMPI or with Parr concerning this poll?

Mr. VAN DYK. I don't know that I do now. Again, it was a statewide—AMPI was very active in Arkansas. Parr himself lived in Arkansas, as you know, in Little Rock. They have been very active

in State politics and they wanted to know, I guess, what the prospects were, and they gave me a list of candidates.

Mr. SANDERS. Do you still have in your office any copy of the results from Kraft?

Mr. VAN DYK. I don't. That was given to Mr. Parr.

Mr. SANDERS. Can you give me, to the best of your recollection, Parr's conversation with you, when he spoke of his desire to have this poll?

Mr. VAN DYK. Yes. I think it was this, particularly there were a number of candidates down there who were, as I recall, statewide possibilities, Dale Bumpers, McClellan, Fulbright, the congressional delegation. He wanted to find out just how the Arkansas candidates stood vis-a-vis each other, and how the State lined up, and we got the names and we took them to Kraft and he devised the poll and went ahead with it.

Mr. SANDERS. This was in advance of the November 1970 election. Is that true?

Mr. VAN DYK. What was the date of that? [Pause.] No, that would have been for 1972, right?

Mr. SANDERS. You have a date for a billing or payment there?

Mr. VAN DYK. What was it, 1971, the end of 1970 and into 1971, so it would have been for the prospects for 1972.

Mr. SANDERS. Did Parr tell you in talking with you, about his desire for this poll, of any feeling that Mills would be a Presidential candidate?

Mr. VAN DYK. No, I tell you, the impression I had was that they had specific interest in two races, particularly, the gubernatorial race in that they had been friends of Dale Bumpers and they wanted to measure his strength, and in the senatorial race, which was—which would be a choice in 1972 between Senator McClellan and any one of several others in the primary.

And that was really where their interest lay. As I think I indicated when we had our last interview, the last thing that would have been helpful to Wilbur Mills would have been a poll in the State of Arkansas. I don't even recall that Mills was in the poll, but I know that there were particular areas just for the governorship and senatorial races.

Mr. SANDERS. I had some recollection that during the last interview, you did say that you thought there was some coverage of Mills.

Mr. VAN DYK. He may have been in it, but it was certainly not something I had a feeling was undertaken at Mills' behest or benefit, or to help him. That was remote.

Mr. SANDERS. Are you personally acquainted with Charles Mickel?

Mr. VAN DYK. Only by telephone.

[Discussion off the record.]

Mr. SANDERS. Do you have any office file or any correspondence concerning the project he conducted in South Dakota?

Mr. VAN DYK. Only that which you have, which is his invoice. The rest, again, was telephone. It was Jim Abourezk's request, my telephone conversation with Nelson and Parr, my discussion with, in turn, Mickel, et cetera, his sending of the study and the bill.

Mr. SANDERS. I want to direct your attention to the meeting you told us you had with Dave Parr in Little Rock.

Mr VAN DYK. Yes.

Mr. SANDERS. You said that it was perhaps a month or within a month after the September 1970 convention.

Mr. VAN DYK. 1971. When was it they made the milk—the Nixon contributions?

Mr. SANDERS. All right. That would have been 1971.

Mr. VAN DYK. 1971, and then Nixon was there at the convention in 1971. Yes, that's right.

Mr. SANDERS. Would you please explain the circumstances of your going to see him, how the arrangements came about?

Mr. VAN DYK. My going to see him on that occasion?

Mr. SANDERS. Yes.

Mr. VAN DYK. Sure. First I had, as I indicated, been highly upset when I saw the reports of the massive contributions to the various campaign committees, and I had called Mr. Nelson and Mr. Parr and told them I thought it was a serious mistake and that it reflected badly on the organization and on them. I frankly thought they discounted my concerns because they thought I was a partisan Democrat who was simply objecting on a partisan basis, and I mentioned this several times to them, and then, upon my attendance at their convention in Chicago, where Mr. Nixon was present, as I told you, I was startled to see, rather than the AMPI officers and the board of directors and so on take the stage with Mr. Nixon for his appearance, Nelson and Parr accompanying him to the platform in front of the many thousands of members and so on. I thought it was a serious mistake in judgment, and I thought they were riding too high and they were going to be just plain thrown out of their jobs. And with all of these things taken together, I called Parr shortly after the convention. I said, "Dave, I want to come down and see you and talk with you quite frankly because I'm quite concerned about what's going on here." And I flew down there.

It was my intention, as I did, I talked to him about the Nixon campaign committee contributions. I have already told you how in late 1970 I was upset because I read in Congressional Quarterly and National Journal of massive contributions to Republican congressional and senatorial candidates who I knew to be sure losers, and they were huge contributions. And I recall on that occasion calling them and after that they did make modest, if not equal, contributions to the Democratic opponents after my call.

Anyway, this struck me as being unrealistic and harmful. Then the Nixon contributions, then their conduct at the convention. So I flew down. But I was surprised when I got there. Rather than Dave simply welcoming me and saying "What's up?" and "What are these things you are so upset about again? Let's talk it through." Instead, here are two stenographers and a very formal setting.

Mr. SANDERS. Why did you choose to meet with Parr as opposed to Nelson?

Mr. VAN DYK. Because I knew Parr best. I looked on Parr as the most active political guy in AMPI, and in fact, I think my request was to meet with both of them, as I recall. I called and said, "I want to meet with"—I may have called Nelson first, and I said, "I want to meet with you and talk with you about this," and as I recall, the out-

come of it was that I was to go to Little Rock and meet with Parr. So Nelson was not present, wasn't part of the meeting.

Mr. SANDERS. Was anyone else present when you talked with Parr, besides the stenographers?

Mr. VAN DYK. No.

Mr. SANDERS. Did you make any notes concerning that meeting, either during or after?

Mr. VAN DYK. No.

Mr. SANDERS. Your present retainer for Dairymen, Inc.——

Mr. VAN DYK. Is none. I resigned my relationship with them.

Mr. SANDERS. All right, at the time you were retained by them, you were receiving $1,000 per month?

Mr. VAN DYK. Yes.

Mr. SANDERS. Was the type of service you were performing for them of greater difference than what you were performing for AMPI?

Mr. VAN DYK. Yes. I was spending far less time, paying far less attention. They basically needed periodic counsel re Democratic candidates and personalities and they needed counsel re legislative possibilities. But it was on a far less intensive basis and the understanding was that they couldn't expect much time because of the low retainer.

Mr. SANDERS. During the questioning by Mr. Weitz you were asked about, when we first began in general terms, about what you expected with regard to AMPI's contributions to political candidates. And you mentioned that you thought they would have separate advice for Republican political candidates.

Mr. VAN DYK. Yes, sure.

Mr. SANDERS. You said you assumed that they would be contributing, you hoped they would be contributing substantially to Democratic candidates because you knew that they had contributed in 1968. I well recognize that this may very well be objectionable to Mr. Weitz as beyond the scope of this committee, but I do want to ask you just one question. Do you know of any means by which—first of all, are you aware that TAPE was not created until 1969?

Mr. VAN DYK. I am not. I told you, I knew they were forming it, and I recall the discussion in 1969 in New York when we talked about them forming some such, but I never got working with them until late 1969.

Mr. SANDERS. Do you know of any means by which AMPI in 1968, therefore, could have legally made political contributions?

Mr. VAN DYK. I don't know. I had nothing whatever to do with campaign financing in the 1968 campaign. I simply had no part in that. One could speculate that individual members made contributions. Who knows? I did know, though, that they were identified to me as contributors.

Mr. SANDERS. You made some mention of meetings which you attended where other AMPI consultants were also present and you refer to these as "strategy sessions".

First of all, could you identify who you had in mind as other Democratic consultants?

Mr. VAN DYK. Well, they were people I would normaly see, and again, this would be no more than three or four times a year. And the strategy sessions, for instance, the 1971 legislative period, would be an example when the congressional situation was being discussed, on price support, other Democratic consultants who I knew to be associated

with the AMPI, it included DeVier Pierson, Jake Jacobsen, and Milton Semer, the late Cliff Carter, Jim Jones, now Representative Jim Jones, William Connell, I believe at an early stage Richard Maguire, although I had the impression that later on, he no longer was associated, although I don't have anything to say that that is necessarily so.

I think that was pretty much it. I always regarded—eight, at most. We might need one or two people. I was amazed that they were retaining this many people.

Mr. SANDERS. And all of these persons whom you have just now named, you looked upon as consultants—probably consultants for AMPI with regard to Democratic politics?

Mr. VAN DYK. Yes, I so assumed. All had Democratic backgrounds, all had served with a Democratic President or legislator in some capacity.

Frankly, I think they adopted a policy of, as I say, I think they looked on me as their ambassador to the Democratic liberal community. I think they looked upon each of these as their representative to a certain segment of the party. I thought it was foolish. I thought one or two people could give them good advice about almost anything they needed to know.

Mr. SANDERS. Were any of these sessions concerning allocation of contributions?

Mr. VAN DYK. No, no, no, no. Legislative strategy. Legislative outlook. Political outlook. But never did I hear contributions discussed in this context.

Mr. SANDERS. Did you ever hear a discussion in these sessions of moneys available in the dairy trusts which could be legally contributed?

Mr. VAN DYK. No; I think everyone was aware that there were large sums in the trust which were available for contribution, but I never heard any specific discussion of sums.

Mr. SANDERS. Were there discussions of which Democratic Presidential candidate the dairy cooperative should——

Mr. VAN DYK. No, no; I had the impression as I first indicated, they first came to see me in late 1968. I had the impression they went broadside around in the Johnson administration and the few people they knew within it, simply ad hoc, they offered retainerships.

They were getting started. They didn't know what they were doing. I think they just indiscriminately grabbed on to some people and thought well, trial and error, we will find some who are useful, some who are not. I thought it was a ridiculous way to do business, but it was always my judgment that that was the way they did it.

Mr. SANDERS. Are you saying that the only strategies discussed at these sessions related to legislative desires?

Mr. VAN DYK. Legislative policy, political climate, never individual candidates, if only for the reason that everybody there had different political allegiances and viewpoints.

[Discussion off the record.]

Mr. HAMILTON. OK, I apologize coming in new at the end of a long day and hitting you fresh.

Mr. VAN DYK. No, no, no; I'm just getting warmed up.

Mr. HAMILTON. I will try to be brief. When did your relationship with Norman Sherman begin?

Mr. VAN DYK. I've been his friend since I first met him which was in, really, 1964.

Mr. HAMILTON. And did this friendship inspire any attempts that you had to help Valentine, Sherman sort of get off the ground?

Mr. VAN DYK. Sure.

Mr. HAMILTON. Why don't you tell us, in your own words, what you did in this relationship?

Mr. VAN DYK. Sure. As far as AMPI was concerned, I recommended them, as I believe Bill Connell did, all three of us worked together for Senator Humphrey, to AMPI as skilled people who ran a direct mail survey operation which might be useful to them. Beyond that, I recommended them and I continue to, to any number of organizations; political candidates, anybody else who could use their services.

Hr. HAMILTON. Who, besides AMPI, did you recommend them to?

Mr. VAN DYK. Oh, gosh, over the past several years, probably dozens of people.

Mr. HAMILTON. Political candidates?

Mr. VAN DYK. Oh, 12, 15, any number of Democrats with whom I had acquaintance.

Mr. HAMILTON. Can you just for the record, tell us some?

Mr. VAN DYK. Well, specifically, as far as AMPI is concerned which I assume is your interest here——

Mr. HAMILTON. Well, I'm going to get to that.

Mr. VAN DYK. Through AMPI, well the two specific instances which I think apply here, were the States of Iowa and South Dakota. After having made the introduction to AMPI, I understood that there had been an agreement that AMPI would use them, and in two cases I believe they undertook work at AMPI's behest in the States of South Dakota and Iowa where I had given them introduction, respectively, to Senators Abourezk and Hughes, then Representative Abourezk.

Mr. HAMILTON. Well I want to get to that, but I don't want to get ahead of myself.

What is your understanding as to the initial contact between Valentime, Sherman, and AMPI as to how it was arranged?

Mr. VAN DYK. I think I, and I think Connell as well, mentioned to Nelson and Parr, one or more times, that they should talk to Valentine, Sherman to see if they could do business with them.

Mr. HAMILTON. Did you write any letter?

Mr. VAN DYK. No; I don't think so. I think in discussion and I mentioned it several times, and either Valentine, I know Sherman, I don't know Valentine, too, they went to see the AMPI people. Who they went to see—I guess it was Nelson and Parr, and dealt with them.

Mr. HAMILTON. Do you know when the initial contact was made?

Mr. VAN DYK. When would this have been? 1971? 1970?

Mr. HAMILTON. Do you know, specifically, when, where?

Mr. VAN DYK. I don't have—no, I never attached a great importance to it. It was kind of a casual thing. The work they did in South Dakota and Iowa was what, 1972?

Mr. HAMILTON. It was in 1971, I believe.

Mr. VAN DYK. Then it would have been early 1971.

Mr. HAMILTON. Were you present at the initial contact?

Mr. VAN DYK. No; you mean between them and AMPI?

Mr. HAMILTON. Yes.

Mr. VAN DYK. No.

Mr. HAMILTON. When did you learn that some type of an agreement had been reached between AMPI and Valentine, Sherman?

Mr. VAN DYK. Oh, I don't know, sometime between the year 1971, either the AMPI people or Norman told me they were working, doing some work.

Mr. HAMILTON. Well, what was your understanding of the nature of the agreement?

Mr. VAN DYK. I understood—two specific things I knew about—I knew that they were undertaking political survey work in South Dakota, and that they had talked to the AMPI people about this, and South Dakota was a State in which they had an interest.

In the case of Iowa, I had attended a breakfast or luncheon at which Senator Hughes was present, and the AMPI people had asked Senator Hughes how things looked in Iowa and he talked about it and he mentioned the possibility of Valentine, Sherman, and using Valentine, Sherman, and the AMPI people responded by saying, "Oh, yes, we know that, maybe we can be of some help on that."

So those are two specific instances. Norman told me, also, that they were going to take some direct mail, I think to sell insurance to the AMPI members and to solicit new members, et cetera.

Mr. HAMILTON. Well, let's focus in on the Iowa situation and then we'll look at South Dakota.

Mr. VAN DYK. All right.

Mr. HAMILTON. Was it your understanding that there was some type of arrangement formulated before Iowa? In other words, sort of a broad understanding that Valentine, Sherman would do some political work that AMPI would pay for?

Mr. VAN DYK. No, I think my first awareness, the first tangible thing I knew about was the Iowa thing in which I was involved and flowing from this, I remember Parr and/or Nelson saying, "Oh yes, Valentine, Sherman. We talked about them, maybe that's where we will get some help." I was not aware that they were necessarily doing anything prior to that.

Mr. HAMILTON. Well, did you arrange the Iowa deal?

Mr. VAN DYK. Arranging, what I did was to put Norman in touch with Senator Hughes and with Ed Campbell in Hughes' office and that was my arranging.

Mr. HAMILTON. In other words, you called up Campbell in Hughes' office and said, "Would you talk to Norman Sherman?"

Mr. VAN DYK. Yes, "Remember we talked the other day at the breakfast about Valentine, Sherman and Iowa? Norman is going to call on you." And they took it from there.

Mr. HAMILTON. Well, at the breakfast in Iowa?

Mr. VAN DYK. It wasn't there, it was here in Washington.

Mr. HAMILTON. And Nelson and Parr were at that breakfast?

Mr. VAN DYK. As were a number of other people.

Mr. HAMILTON. And you initiated the conversation and said——

Mr. VAN DYK. No, no. Hughes was there, and Ed Campbell—his aide was there. In the course of things they were discussing the situation in Iowa and what was going to happen and what the outlook was for congressional candidates and others. And Senator Hughes, I believe, indicated, yes, they planned to possibly institute the Valentine,

Sherman survey in Iowa as a means of getting lists up-to-date of Democratic voters, et cetera.

Whereupon, the AMPI people said, "Well, we have been talking with them, maybe that is somewhere where we can be helpful." And Campbell was sitting over here and I nudged him and we nodded. At the end of the meeting, I told the AMPI people, "I will have Valentime, Sherman get in touch with the Hughes people and that"—which is what I did and that was it.

Mr. HAMILTON. How did Hughes know Valentine, Sherman?

Mr. VAN DYK. Oh, they had seen them and had been calling on them, and I'm sure I introduced him to them.

Mr. HAMILTON. And you arranged that?

Mr. VAN DYK. Sure, sure.

Mr. HAMILTON. But you had not arranged, I take it, any besides the initial contact, you hadn't really arranged any further meetings between AMPI and Valentine, Sherman?

Mr. VAN DYK. No, no, no, that was it.

Mr. HAMILTON. OK, what was your understanding as to what the work at Valentine, Sherman would do for Hughes?

Mr. VAN DYK. Well I assumed—it wasn't for Hughes, it was for the Iowa Democrats, basically. Hughes, himself, was not a candidate to my recollection, in that year, but had an interest in the Iowa Democratic Party and other Democratic congressional candidates and State-level candidates in Iowa. And I assumed Valentine, Sherman was going to do what they do in political races, which is computerize voter lists, get profiles of whether they're union members, how many kids are in the household, how many phones, data which can be used for direct mail for voter registration, for any number of political uses. And I assumed they were going to install that system in Iowa, and that AMPI was going to help pay for it.

Mr. HAMILTON. Did you have any perception that this material might be used for Hughes' Presidential race in 1972?

Mr. VAN DYK. Oh, no, no. Why would Hughes need an Iowa voter list in running for President? I mean, you know, that's the last thing he would need. If Harold Hughes were running for President, he would need lists in other States.

Mr. HAMILTON. I understand that. I understand that.

Mr. VAN DYK. The understanding was, it was on behalf of the Iowa Democratic Party and other candidates in Iowa.

Mr. HAMILTON. Well, did you understand there was a possibility in 1972, in the general election, that these lists might have been used in the general election? Is there any reason why they couldn't have been?

Mr. VAN DYK. I never thought of that. You mean on Hughes' behalf?

Mr. HAMILTON. Well, whoever the Democratic candidate was.

Mr. VAN DYK. Oh, I never thought of that. I don't think anybody thought of it. I mean there was work to be done. As I recall, the prospect then was that John Culver was going to run against Jack Miller, it turns out he didn't, there were other congressional races under discussion about statewide races. It was a Democratic project and Harold Hughes was like a grandfather—godfather of the Democratic Party—Iowa Democratic Party.

Mr. HAMILTON. Well, it was looking forward to the Presidential election?

Mr. VAN DYK. Was it 1970, or 1972?

Mr. HAMILTON. So, it was looking forward to the 1972 election?

Mr. VAN DYK. And/or general party use.

Mr. HAMILTON. OK, I take it if it was looking forward to the 1972 election, it certainly would have been a potential that the same list could have been used in the Presidential context to get out Democratic voters?

Mr. VAN DYK. Oh, I guess it's possible. I don't know that it ever was. I don't think anybody had it in mind in that discussion.

Mr. HAMILTON. So are you certain of that?

Mr. VAN DYK. I mean it wasn't discussed.

Mr. HAMILTON. You are sure that it was not discussed?

Mr. VAN DYK. It didn't enter into the discussion.

Mr. HAMILTON. That these lists could have been used by the State party in 1972?

Mr. VAN DYK. Nobody mentioned it. I have no knowledge that they were.

Mr. HAMILTON. Well, do you know of any reservation by Valentine, Sherman that the lists were not to be used for that?

Mr. VAN DYK. I don't know. I don't know.

Mr. HAMILTON. Do you know if there was any contract between Valentine, Sherman and the Iowa people? Any written contract?

Mr. VAN DYK. I don't know. I don't know.

Mr. HAMILTON. Do you know how Valentine, Sherman was paid for the work they did in Iowa?

Mr. VAN DYK. I don't know. I will say this, that in recent weeks, Norman Sherman, who rents office space from me, has told me that some of the work that they did was paid for by AMPI checks, whereas it probably should have been paid for by TAPE checks. He has told me that.

Mr. HAMILTON. Is that the first time that you knew that?

Mr. VAN DYK. To my recollection—he may possibly have told me several months earlier, but I don't recall that he did. I know for certain that he told me recently.

Mr. HAMILTON. But you don't remember contemporaneously knowing?

Mr. VAN DYK. No.

Mr. HAMILTON. Do you have any knowledge now whether the people in Iowa, the people who wanted the list, knew contemporaneously?

Mr. VAN DYK. I have no idea, no. You know, everything I know is what I told you.

Mr. HAMILTON. Well, they obviously knew because they didn't pay the whole bill and because AMPI was in the picture—that some money from the milk people was coming.

Mr. VAN DYK. Oh, sure, that was—as I say, the milk people said, maybe we can help with it.

Mr. HAMILTON. But you don't know if they knew whether it was TAPE money or AMPI?

Mr. VAN DYK. Well, I'm not sure. I'm not sure, but I would imagine they did.

Mr. HAMILTON. You mentioned Ed Campbell and Clark Rasmussen in Iowa. Which of these individuals dealt most directly with Valentine, Sherman?

Mr. VAN DYK. I don't know. I only made the original contact through Hughes and Ed Cambell. Clark Rasmussen, I didn't mention. John Culver, I mentioned as a guy who was thinking of running.

At one time, Sherman may have called up and complained about lack of payment, in which case I would have called Campbell. I think Campbell called me once to complain about some irresponsiveness of Valentine, Sherman, in which case, I would have called Norman and passed on the complaint. I was just kind of the broker in this thing, They both knew me but didn't know each other as well.

Mr. HAMILTON. So was it your perception that Campbell was the main operative in this regard?

Mr. VAN DYK. I don't know. All I know is I made the initial introduction to Ed Campbell and then Valentine, Sherman carried on their project.

Mr. HAMILTON. I wasn't trying to put a name in your mouth, but there is a letter in the file of Valentine, Sherman to Rasmussen, and that's why I mentioned the name.

Mr. VAN DYK. I don't know him. I don't know who he is.

Mr. HAMILTON. So I take it, if I asked you who in the Iowa operation we should contact to find out their side of the story, you would say Ed Campbell, is that correct?

Mr. VAN DYK. Well, I don't know what you mean by "their side of the story." Ed Campbell—I'm truthfully telling you that Ed Campbell was present at the meeting where Valentine, Sherman first came up and to whom Norman made his first contact. I know that to be true. The rest of it, I don't know. I don't know who they dealt with in Iowa.

Mr. HAMILTON. Do you have any correspondence relating to the Iowa arrangement?

Mr. VAN DYK. That was my total role. That's it.

Mr. HAMILTON. Don, do you want to ask some more questions about Iowa before I move on?

Mr. SANDERS. Yes, we might as well clear the record while you are on the subject.

The breakfast was in Washington?

Mr. VAN DYK. Yes, it might have been a lunch—it was a meal of some kind.

Mr. SANDERS. Senator Hughes was present? Can you put an approximate time on this?

Mr. VAN DYK. Oh, it would have been in 1971 sometime. This is, I refer to a series of breakfasts and luncheons we had with a number of Democratic Senators, attended by AMPI and other co-ops.

Mr. SANDERS. Who from AMPI was present?

Mr. VAN DYK. I know Nelson and Parr were there. I believe there were some Mid-Am, some DI people present, and perhaps one or two AMPI officers.

Mr. SANDERS. Can you recall who said, for AMPI, that maybe they might be able to help on the Iowa project?

Mr. VAN DYK. It was probably Nelson and Parr. It was just kind of a general response, a nodding of heads. One of the two of them, or both.

Mr. SANDERS. Sherman was present?

Mr. VAN DYK. No, no.

Mr. SANDERS. On some occasion previous to that, then, Valentine, Sherman had been in contact with the Hughes folks?

Mr. VAN DYK. Yes; I think so, yes.

Mr. SANDERS. Following that breakfast, what was the next event you can recall concerning AMPI assisting in payment for the Valentine, Sherman work in Iowa?

Mr. VAN DYK. I don't recall any of them. That was the end of it. Anything else from there was worked out between Valentine, Sherman and AMPI.

Mr. SANDERS. No; you did tell us you may have had some call from——

Mr. VAN DYK. Campbell, a Hughes man.

Mr. SANDERS. From Hughes, and you also said you might have had a complaint from Valentine, Sherman about a payment not received?

Mr. VAN DYK. That would have been from Hughes. In other words, I recall a couple of times along the line, during the time they were doing the Iowa work, there was a complaint by Ed Campbell about Valentine, Sherman. At one point I remember Valentine or Sherman called me with some complaint and I just passed on the complaints. Each one, apparently, called me out of futility in trying to get something done with the other.

Mr. SANDERS. Did one of the complaints pertain to a nonpayment, or late payment?

Mr. VAN DYK. As I recall there was something about a payment and as I recall the Campbell complaint was about some printouts or things that were to have been delivered that didn't arrive on time, or something of that nature.

Mr. SANDERS. Do you know why they didn't deal with each other directly?

Mr. VAN DYK. Oh, I'm sure they did. I am simply—you asked for my contacts and that was it.

Mr. SANDERS. Did you receive a fee for this project?

Mr. VAN DYK. This project? No. I received a fee for a total of $2,000 or something like that, in general, which Valentine, Sherman sent me at one point to be of general help in soliciting business for them, period. It didn't have anything to do with any particular project, to my knowledge.

Mr. SANDERS. And you didn't submit any bill to them for the Iowa?

Mr. VAN DYK. I might have, but the understanding was that they would pay me a couple thousand dollars to do what I could for them and I did.

Mr. SANDERS. I want to ask you about the physical circumstances on the occasion of this remark by Senator Hughes, that Valentine, Sherman would be used for the work in Iowa, and the remark by Parr and Nelson that maybe they could help on that. Was this while the breakfast was still underway, or later?

Mr. VAN DYK. Yes, like I was sitting here and Hughes is where you were, and he was talking about what political prospects were in Iowa, what the various congressional races were, what he saw happening, and so on. And he was talking about plans and he talked—in fact, we had been talking about possibly using the Valentine, Sherman people to computerize, make lists, and so on, to be of help to us. And Parr

and Nelson who were over here said, "Maybe that's something we can help with."

Mr. SANDERS. Did Senator Hughes respond to that remark?

Mr. VAN DYK. He nodded and I think, as I recall, Campbell was over here and I said to Campbell and Hughes, jointly, "I'll get back to you on that."

Mr. SANDERS. OK.

Mr. HAMILTON. The fee that you got, generally, was that by Valentine, Sherman check?

Mr. VAN DYK. I'm sure it was, yes.

Mr. HAMILTON. In other words, it wasn't AMPI money?

Mr. VAN DYK. No, just Norman sending me a check.

Mr. HAMILTON. Well, let me ask you about the—unless Dave or Alan have any questions on it?

Mr. WEITZ. No.

Mr. DORSEN. No.

Mr. HAMILTON. Let me ask you about the Iowa situation and maybe again if you'll just tell us in your own words, how it came about, what you did and——

Mr. WARNKE. Is that Iowa, Jim? Or South Dakota?

Mr. HAMILTON. South Dakota, excuse me.

Mr. VAN DYK. That one is very simple. Jim Abourezk is a friend of mine. He told me he was going to run for Senator in South Dakota and we were talking about what he had to do. He ought to take a poll. They ought to get some media done. I told him, "Well one of the things you've got to look at is how Valentine, Sherman people do the computer survey work." I said, "I will arrange an appointment for you to see them," period. That's it. And they saw them and they did the business.

Mr. HAMILTON. So your dealings were with Abourezk directly?

Mr. VAN DYK. Yes. All I did was arrange an appointment, give him a high recommendation, and that was it.

Mr. HAMILTON. Do you know who met with Abourezk? Whether it was Sherman or——

Mr. VAN DYK. I suspect it was Norman, because he is kind of the salesman of the two, but I am not sure.

Mr. HAMILTON. How did AMPI get into the Abourezk situation?

Mr. VAN DYK. I think Norman may have talked to them, or I simply have the general impression that they probably were involved there and I don't know where to tag it. Maybe they weren't. I don't know.

Mr. HAMILTON. Did you do anything to get AMPI involved in South Dakota?

Mr. VAN DYK. Not that I can recall.

Mr. HAMILTON. Do you know who told you that they were involved?

Mr. VAN DYK. It might have been Norman, it might have been Parr or Nelson. I simply had a general impression that somehow AMPI was involved in that South Dakota project.

Mr. HAMILTON. Well, do you know any details about the payment arrangement to Valentine, Sherman?

Mr. VAN DYK. No. Well, whoever paid them, paid them—I simply have the general impression that AMPI played a role in it.

Mr. HAMILTON. Do you have any correspondence or any documents relating to the Iowa situation?

Mr. VAN DYK. The South Dakota situation?

Mr. HAMILTON. South Dakota.

Mr. VAN DYK. No, only that I met with Jim Abourezk.

Mr. HAMILTON. Do you remember when you met with Jim Abourezk?

Mr. VAN DYK. 1971, I believe. He ran in, what, 1972?

Mr. HAMILTON. Yes.

Mr. VAN DYK. It would have been about the summer of 1971.

Mr. HAMILTON. The summer of 1971?

Mr. VAN DYK. Yes.

Mr. HAMILTON. Was your discussion with Abourezk confined to the senatorial campaign?

Mr. VAN DYK. Oh, yes, sure. I mean I was a friend of his and I was in his office and he said, "I am going to run for the Senate, I've never done it and what should I be doing?"

And we talked about various things he should be doing and he mentioned the Valentine, Sherman thing. I said "It would work, I'll send them in to see you," et cetera.

Mr. HAMILTON. Again, did you have any conversations with him about the use of the list for other campaigns? For example the 1972 Presidential campaign?

Mr. VAN DYK. No.

Mr. HAMILTON. Do you know if there were any restrictions in the arrangement between Valentine, Sherman and Abourezk that would have disallowed the use of this list?

Mr. VAN DYK. No, I don't know anything about that.

Mr. HAMILTON. Did either Abourezk or Sherman confide in you, or talk to you later on, about the progress of the work in South Dakota?

Mr. VAN DYK. Again, I may have had a—I'm not even sure that's so, but the company went through a terrible, painful growth period when they took on more business than they could handle, and they got a lot of complaints from a lot of places, and it may well be that Abourezk called me and complained about something, and if so, I would simply have passed it on. I don't recall in this instance.

Mr. HAMILTON. Do you know if Norman or Valentine called you to complain about nonpayment?

Mr. VAN DYK. They might have, but I don't recall that they did.

Mr. HAMILTON. And do you know if anybody besides Abourezk was dealing with——

Mr. VAN DYK. Whoever was running his effort, I'm sure that he turned them over to his campaign people once the thing got started.

Mr. HAMILTON. You don't know who that would have been?

Mr. VAN DYK. I don't know who it would have been.

Mr. HAMILTON. Don?

Mr. SANDERS. Along the same line, I don't recall that we asked you similar questions pertaining to Iowa, that is, do you have any knowledge about any eventual payment of AMPI on the Iowa bill?

Mr. VAN DYK. No. Again, all I know in the aggregate is what Norman has told me recently——

Mr. SANDERS. No, I mean contemporaneous with these transactions.

Mr. VAN DYK. No, I don't even know if it applies to Iowa. He told me that some of the work he did for AMPI, they were paid by AMPI rather than a TAPE check which would have been appropriate or proper. I don't know for what work or what States or what was involved.

Mr. SANDERS. Do you recall ever learning in 1971, to what extent—first of all, did you know what the project was going to cost, the Iowa project?

Mr. VAN DYK. Oh, I probably did at one time. Is it $50,000 or $60,000? Maybe that is the number, I don't know. It just came into my head.

Mr. SANDERS. Did you, at any time in 1971, learn of the extent to which AMPI would fund this project?

Mr. VAN DYK. No.

Mr. SANDERS. Do you have any recollection of telling Norman Sherman a certain amount to be paid by AMPI?

Mr. VAN DYK. I might have. I don't have any specific recollection of it though. I would have all taken place in this same frame, when the discussion took place. I am sure whatever he said is accurate.

Mr. SANDERS. Were you to have any responsibility for obtaining the AMPI money to be paid to Valentine, Sherman for the Iowa work or to insure that it was paid?

Mr. VAN DYK. No. Somebody has told me that Jack Valentine claims to have called me at some point and complained about lack of payment, that he asked me to call AMPI and that I did. I don't recall, but if he says that that is so, I believe it.

Mr. SANDERS. Did you know in 1971 that Valentine, Sherman had met with—had met in Louisville and made a proposal to AMPI?

Mr. VAN DYK. In Louisville?

Mr. SANDERS. Yes.

Mr. VAN DYK. Not specifically, no, I don't recall that.

Mr. SANDERS. Were you ever aware in 1971, that the written proposal had been made by Valentine, Sherman to AMPI?

Mr. VAN DYK. I may have then, but I don't recall it.

Mr. SANDERS. Have you ever seen such a written proposal?

Mr. VAN DYK. I don't think so.

Mr. SANDERS. Well, from your previous statement I gather it may be that Valentine called you and said that some money was due from AMPI?

Mr. VAN DYK. He could have, yes. He has told me that, Norman has told me that, and if they say it, they're truthful people. I don't know. It would have been characteristically something I would have done, sure, if they had asked me.

Mr. SANDERS. Aside from calling Campbell, do you have a recollection of calling Parr or Nelson in order to expedite the AMPI payment?

Mr. VAN DYK. I may have, if they say I did. I don't recall it, though.

Mr. SANDERS. Did you ever make a visit to the State of Iowa in connection with this work with Valentine, Sherman?

Mr. VAN DYK. No.

Mr. SANDERS. Jim, I don't believe we have the documentation on the fee that Mr. van Dyk got for the Valentine, Sherman work.

Mr. HAMILTON. I don't believe we do, either, even though we may, after this week.

Mr. VAN DYK. They would have a check. It would have been a Valentine, Sherman check. As I recall, it was for a couple thousand dollars.

Mr. SANDERS. But would you not have submitted an invoice for it?

Mr. VAN DYK. I don't recall, I don't recall. I can look and see.

Mr. SANDERS. Did you know in 1971 what was to be the total cost of the South Dakota project?

Mr. VAN DYK. No.

Mr. SANDERS. Did you know in 1971 what amount of the cost of the South Dakota project was to be paid by AMPI?

Mr. VAN DYK. No.

Mr. SANDERS. Do you have any recollection of telling Valentine or Sherman what portion was to be paid by AMPI on the South Dakota project?

Mr. VAN DYK. No. I don't even recall having an involvement in that one beyond being introduced to Jim Abourezk.

Mr. SANDERS. Do you recall being told by Valentine or Sherman that the South Dakota list could be used by McGovern?

Mr. VAN DYK. No.

Mr. HAMILTON. Well, we know from other sources that Valentine and Sherman also performed similar services in Oklahoma and Kansas, and as to each of those States, take Kansas first, do you have any knowledge of that arrangement?

Mr. VAN DYK. No, I don't.

Mr. HAMILTON. As far as who was contacted, how it was set up, how it was paid?

Mr. VAN DYK. No, I don't. I believe Bill Connell had made contact with people in those two States on their behalf, Oklahoma and Kansas. He knew people, had friends there, as I happen to know people in Iowa and South Dakota.

Again, I made a lot of solicitations for them that didn't work out. I think Bill probably did the same.

Mr. HAMILTON. You had nothing to do with Kansas?

Mr. VAN DYK. No, nor did I have anything to do with Oklahoma.

Mr. HAMILTON. And I take it that you have no knowledge of the details as to the transaction.

Mr. VAN DYK. All I know is that I didn't work there.

Mr. HAMILTON. You don't know how much was paid, how it was paid, who paid it?

Mr. VAN DYK. No.

Mr. HAMILTON. What type of work they did, specifically, what it was going to be used for?

Mr. VAN DYK. I assume it was the same kind of general work as I described in Iowa. I have no basis for knowledge.

Mr. HAMILTON. Do you have any reason to believe that the work they did in those two States was Presidential election, was going to be used for Presidential campaign?

Mr. VAN DYK. No.

Mr. HAMILTON. Do you have any knowledge that—Don, unless you want to ask some questions.

Mr. SANDERS. No, thank you.

Mr. HAMILTON. Do you have any knowledge of payment by AMPI for work done for Humphrey by Valentine, Sherman?

Mr. VAN DYK. No.

Mr. HAMILTON. Do you have—I'm not talking only of contemporaneous knowledge, I'm talking of current knowledge.

Mr. VAN DYK. No.

Mr. HAMILTON. It doesn't ring a bell in any context?

Mr. VAN DYK. No. You see, I worked for Senator Humphrey from 1964 to 1968 and beginning in that—when we got into that 1972 Presidential campaign from mid-1971 onwards, I was helping Senator McGovern, so I just wasn't involved with the Humphrey people, although they remained my friends. I had good relationships with them.

Mr. HAMILTON. So from mid-1971 on you were with McGovern and you didn't know anything about Humphrey's campaign, say in the fall of 1971?

Mr. VAN DYK. No; and I was in Florida in the primary of April 1972, I saw Norman down there and he told me he was doing work there for Senator Humphrey.

Mr. HAMILTON. What is your understanding of Jack Chestnut's role vis-a-vis Valentine, Sherman, and AMPI?

Mr. VAN DYK. I don't know. Norman has told me, as you say, contemporaneously, that Jack was consulted legally at some point by them. That is all.

Mr. HAMILTON. Do you know if Chestnut was involved in the payments from AMPI to Valentine, Sherman?

Mr. VAN DYK. I don't know.

Mr. HAMILTON. Do you have any other details concerning Chestnut's relationship with either AMPI or Valentine, Sherman besides what Norman told you?

Mr. VAN DYK. No, that's all.

Mr. HAMILTON. Did you know that Chestnut was under retainer from AMPI?

Mr. VAN DYK. No; I did not.

Mr. HAMILTON. Do you have any further information concerning the connection of Bill Connell with Valentine, Sherman besides what you told us?

Mr. VAN DYK. That's all. Bill, of course, remained active in the Humphrey campaign, but the only knowledge I have is what I have told you about the Kansas and Oklahoma assistance.

Mr. HAMILTON. Which you've already told us about. You don't know if Connell was doing anything else for them?

Mr. VAN DYK. No. I think he was doing as I was, although I only knew of those two. Everybody he knew to whom he could recommend them to, he did.

Mr. HAMILTON. Do you know of any AMPI commitment to Senator Humphrey?

Mr. VAN DYK. No. You mean this time?

Mr. HAMILTON. This last time around, in 1971.

Mr. VAN DYK. No.

Mr. HAMILTON. Do you know of any AMPI commitment or payments or supplying of goods or services to Congressman Mills?

Mr. VAN DYK. No, I do not. I believe they made a contribution to Congressman Mills which I saw publicly stated.

Mr. HAMILTON. I take it that was a TAPE contribtuion.

Mr. VAN DYK. That's what I mean, yes.

Mr. HAMILTON. I take it also that there was no AMPI contribution or TAPE contribution to Senator McGovern.

Mr. VAN DYK. That's correct, that's correct. Before you came in we went all through that here.

Mr. HAMILTON. Oh, well I certainly don't want to, then. Have you talked to the prosecutors?

Mr. VAN DYK. Yes.

Mr. HAMILTON. Have they, in regard to the AMPI or Valentine, with regard to the Valentine, Sherman connection, which I'm sure they've gone into other things with respect to AMPI, with regard to Valentine, Sherman matter, did they cover any areas that we haven't covered here?

Mr. VAN DYK. No. In fact, they were less interested. Quite frankly, their primary concern was, did I know or did I have any reason to believe that they had been paid by general AMPI funds, and I said I had been told by Mr. Sherman recently that that was the case.

Mr. HAMILTON. Well, that obviously is what we are interested in, too. Are there any other details in regard to Valentine, Sherman, and AMPI that perhaps we haven't asked you?

Mr. VAN DYK. No. Let me just say this on behalf of Valentine, Sherman, because these are good people. I mean, they had a service. They started from scratch. They had a lot of trouble with the work because their computers broke down and they got into foulups and so on. Neither one of these people is a devious person, and any difficulty they got into was unintentional and goodhearted.

I don't know what more you can say. I know that doesn't count for anything, but they are good souls who wouldn't knowingly do anything that they regarded to be wrong.

Mr. HAMILTON. Well, let me ask you a question about that. Wasn't it your understanding that the work that was being done in Iowa and in South Dakota was purely political?

Mr. VAN DYK. Sure.

Mr. HAMILTON. Did you know that there was some type of bogus arrangement that Valentine, Sherman would supply them with farmers' names as a coverup for the political work they were doing?

Mr. VAN DYK. No; I did not.

Mr. HAMILTON. Have you heard of that before right now?

Mr. VAN DYK. No; I have not.

Mr. HAMILTON. This is the first time?

Mr. VAN DYK. Yes.

Mr. HAMILTON. That has been broached to you?

Mr. VAN DYK. That is correct.

Mr. HAMILTON. And Norman didn't tell you in the summer of 1971 that they were supplying certain rural route names to——

Mr. VAN DYK. No. Norman told me that in the course of their business with—he's told me that part of the work they did for AMPI was nonpolitical. He has told me that. That's what I know. He told me they put together a list to sell insurance to their members, some insurance plan, and a list of rural box people to try and enlist new members,

and so on. Then there was work that was not political which they also did for AMPI.

Mr. HAMILTON. Was it your impression from what he told you that this was legitimate?

Mr. VAN DYK. Sure. I mean, that's all he told me.

Mr. HAMILTON. He gave you no further details?

Mr. VAN DYK. No.

Mr. HAMILTON. Do you have any perception that any of the people in Iowa or South Dakota knew that AMPI, for the money they were paying Valentine, Sherman, was also going to get rural route lists as well as the particular candidate?

Mr. VAN DYK. I don't know; I don't know.

Mr. HAMILTON. So you have no perception or knowledge of that?

Mr. VAN DYK. I don't know.

Mr. HAMILTON. Did Sherman ever talk to you about the fact that records of the dealings between Valentine, Sherman, and AMPI had been falsified?

Mr. VAN DYK. No.

Mr. HAMILTON. Do you know anything about that?

Mr. VAN DYK. I do not.

Mr. HAMILTON. Nobody has broached that subject with you until right now?

Mr. VAN DYK. That is correct.

Mr. HAMILTON. Besides the States we've talked about—the four States we have talked about—do you know any other State where Valentine, Sherman, did work, political-type work for which AMPI paid?

Mr. VAN DYK. No. Florida—Florida; oh, not AMPI. No, I'm sorry.

Mr. HAMILTON. OK, Don.

Mr. SANDERS. I believe you told us that this breakfast where Senator Hughes was present, it was the first event known to you whereby there was some indication that AMPI would be working together with Valentine, Sherman.

Mr. VAN DYK. As I recall, I had known that we had recommended them. I had known that Valentine, Sherman, had gone down to talk to the AMPI people, and I don't recall in the intervening I knew that anything had developed or not. I do know that this transpired.

Mr. SANDERS. Well, then it did appear to you that they had been in contact.

Mr. VAN DYK. Oh, I knew they had been down there. I knew Valentine, Sherman, had been to see the AMPI people. I knew they had solicited their business and we had recommended them.

Mr. SANDERS. But you had not heard that they had concluded any agreement.

Mr. VAN DYK. No, I didn't. If I did, I didn't place any great importance to it.

Mr. SANDERS. To your knowledge, is Campbell still working for Senator Hughes?

Mr. VAN DYK. Oh, I think so; sure.

Mr. SANDERS. Do you maintain a calendar, or appointment book by which you recall meetings you have or—why don't we start with meetings?

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Mr. VAN DYK. Yes; usually I have one for the year and the year before which I keep.

Mr. SANDERS. Do you have a calendar or appointment book for 1971?

Mr. VAN DYK. I will look. I know I've got 1972 because I just filed it, and I've got this year's. Whether I kept 1971, I can find out. For 1971, it's unlikely.

Mr. SANDERS. If you have 1971, we would be interested in any entries pertaining to Valentine, Sherman, or any arrangements with AMPI in relationship to Valentine, Sherman.

Mr. VAN DYK. Well, an appointment book won't—I mean, I have said the sum total of—the appointment book wouldn't show anything with Valentine, Sherman, you know. I never had a formal meeting with AMPI, with them or anything else. The sum total of my dealings with them and AMPI was recommending them.

Mr. SANDERS. Do you or your secretary make any, or keep any, log of telephone calls?

Mr. VAN DYK. No.

Mr. HAMILTON. I only have one more question.

Mr. DORSEN. Jim, I have one more question, too.

Mr. HAMILTON. OK. My only other question is whether or not you have any reason to believe that any of the money paid AMPI, paid by AMPI to Valentine, Sherman, was passed through to any political candidate.

Mr. VAN DYK. I do not.

Mr. DORSEN. The question I have, I think, has been asked in a somewhat different form, but do you have any knowledge that any of the work done by Valentine, Sherman, and paid for by AMPI, was in any way utilized in the 1972 Presidential campaign?

Mr. VAN DYK. No, I have no such knowledge.

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

[Discussion off the record.]

Mr. VAN DYK. I think it should be made clear that when I refer to AMPI, I refer generically to AMPI as the parent organization of another organization. My ties, my relationship, was with AMPI. Harold Nelson and Dave Parr were AMPI people, and so any relationship with them I referred to as an AMPI relationship, regardless of whether, in fact, it might have involved a TAPE activity or not, TAPE being a subsidiary of AMPI.

Mr. WARNKE. And am I correct, Mr. van Dyk, in understanding then that when you referred to a payment by AMPI, that could refer to a payment from TAPE funds? Is that correct?

Mr. VAN DYK. It could; sure.

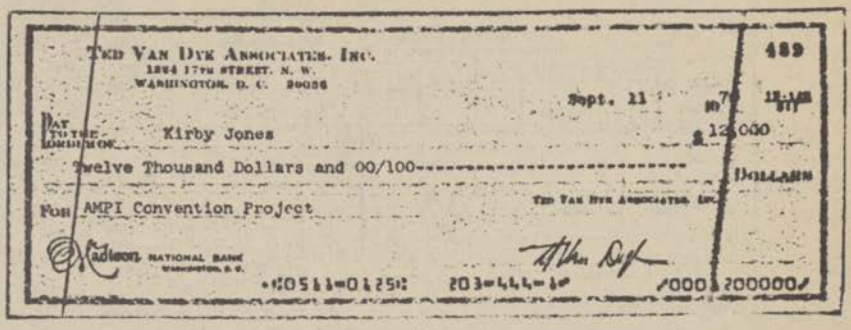
[Discussion off the record.]

Mr. DORSEN. If we could go back on the record.

I believe there are no more questions this afternoon, and we would like to express our appreciation to Mr. van Dyk for spending the afternoon with us. Thank you.

[Whereupon, at 5:59 p.m., the hearing in the above-entitled matter adjourned.]

VAN DYK EXHIBIT NO. 1



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WASHINGTON, D. C. 20036

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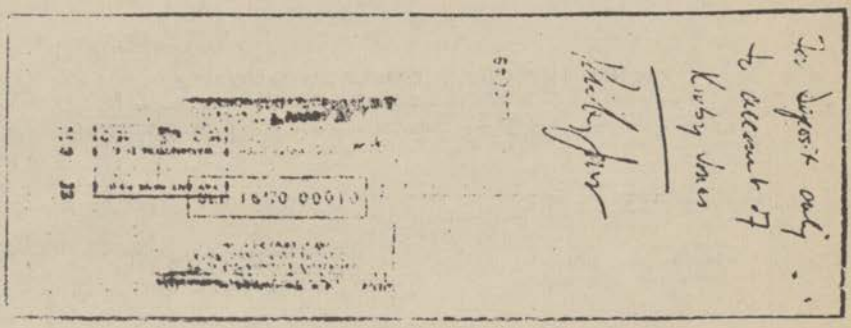

For deposit only
to account of
Kirby Jones

VAN DYK EXHIBIT NO. 2

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Federal income tax withheld	Wages 1 paid subject to withholding in 1970	Other compensation 2 paid in 1970	F.I.C.A. employee tax withheld 3	Total F.I.C.A. wages paid in 1970 4	State tax withheld	City Tax Withheld
2,945.60	18,541.68		374.30	7,000.00		

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Kirby Jones
3807 Underwood Road
Chevy Chase, Maryland

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1 Includes tips reported by employee. Amount is before payroll deductions or sick pay exclusion.
2 Add this item to wages in figuring the amount to be reported as wages and salaries on your income tax return.
3 One-eighth of this amount was withheld to finance the cost of Hospital Insurance Benefits. The remainder is for old-age, survivors, and disability insurance.
4 Includes tips reported by employee. If your wages were subject to social security taxes, but are not shown, these wages are the same as wages shown under "Federal Income Tax Information," but not more than $7,800.
Uncollected Employee Tax on Tips - $

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(Please keep this copy—Do not attach to your income tax return)

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1. Gross dividends and other distributions on stock	2. Earnings from savings and loan associations, credit unions, etc.	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 Form W-2 items)
						12,000.00

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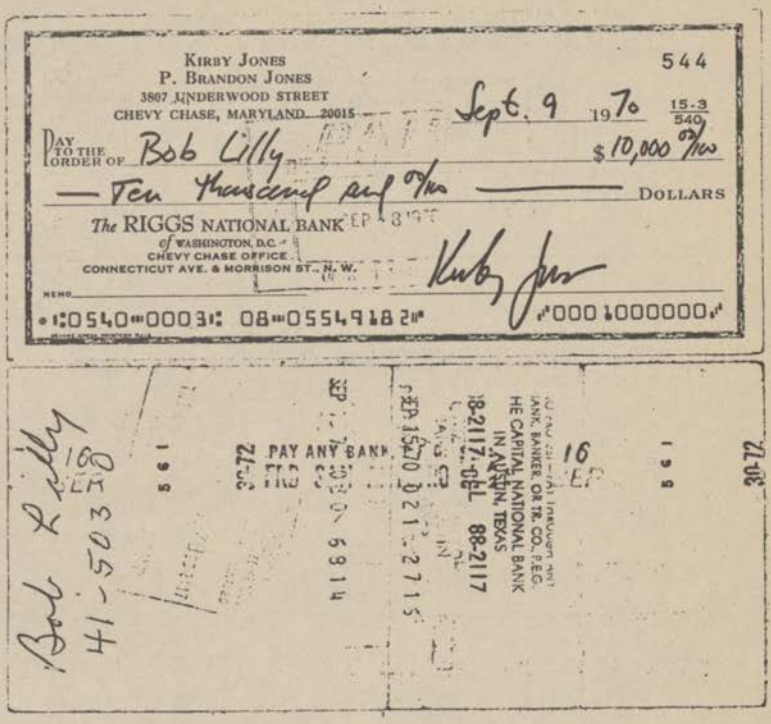
BY WHOM PAID (Name, address (include ZIP code), and identifying number)

Department of the Treasury—Internal Revenue Service

VAN DYK EXHIBIT NO. 3



KIRBY JONES
P. BRANDON JONES
3807 UNDERWOOD STREET
CHEVY CHASE, MARYLAND 20015

544

Sept. 9 19 70 15-3/540

PAY TO THE ORDER OF Bob Lilly $10,000 00/100

Ten thousand and 00/100 DOLLARS

The RIGGS NATIONAL BANK of WASHINGTON, D.C.
CHEVY CHASE OFFICE
CONNECTICUT AVE. & MORRISON ST., N.W.

Kirby Jones

MEMO

⑆0540⑆0003⑈ 08⑆0554918 2⑈ ⑈000 10000000⑈

Bob Lilly 10 EE 41-503

PAY ANY BANK

SEP 1970 021 2715

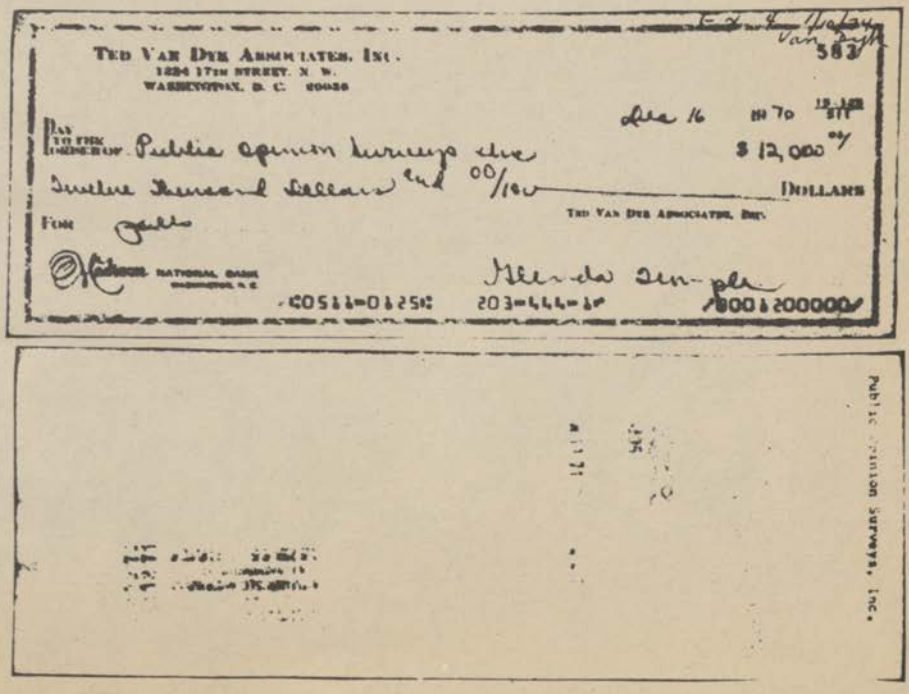
THE CAPITAL NATIONAL BANK IN AUSTIN, TEXAS 88-2117

88-2117

16

3072

VAN DYK EXHIBIT NO. 4



TED VAN DYK ASSOCIATES, INC.
1224 17TH STREET, N. W.
WASHINGTON, D. C. 20036

583

Dec 16 19 70

PAY TO THE ORDER OF Public opinion surveys inc $12,000 00/100

Twelve thousand dollars and 00/100 DOLLARS

FOR Polls

TED VAN DYK ASSOCIATES, INC.

NATIONAL BANK WASHINGTON, D.C.

⑆5210⑆1150⑈ 203⑆444⑆0⑈ ⑈0001200000⑈

PUBLIC OPINION SURVEYS, INC.

VAN DYK EXHIBIT NO. 5

The Gallup Organization, Inc.

MARKETING AND ATTITUDE RESEARCH

53 BANK STREET (609) 924-9600 PRINCETON, NEW JERSEY

January 11, 1971

Ted Van Dyk Associates
1224 17th Street N. W.
Washington, D. C. 20036

COPY

For professional services rendered in connection with a study entitled "Democratic Opinion in West Virginia & Wisconsin", 400 interviews in each state conducted between December 11, 1970 and January 11, 1971. $ 12,000.00
(GO 70126 & GO 70127)

3928

VAN DYK EXHIBIT NO. 6

ASSOCIATED MILK PRODUCERS, INC.
PHONE A/C 512 341-8651 TELEX 76-7446
P.O. BOX 32287
SAN ANTONIO, TEXAS 78216

Nº 3627

30-3
1140

December 11, 1970

REGISTERED R 5-23817 19573dlls08cts $ 19,573.08

PAY TO THE ORDER OF

TED VAN DYK ASSOCIATES, INC.
1224 Seventeenth Street, N. W.
Washington, D. C. 20036

ASSOCIATED MILK PRODUCERS, INC.

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
		Legal Expenses - November		6-08-16-99-00	19,573.08

TED VAN DYK ASSOCIATES, INC.

1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 783-3337

December 1, 1970

TO: Associated Milk Producers, Inc.
GPM Building -- 4th Floor
San Antonio, Texas 78216

Direct Expense, November	$5,328.42
Direct Expense due	14,244.66
TOTAL DIRECT EXPENSE	$19,573.08

6/X&A7

a/c 6-08-16-99-00

VAN DYK EXHIBIT NO. 7

pd 10-8-71

Box 1641
Rapid City, South Dakota 57701
September 16, 1971

Mr. Ted Van Dyke
Ted Van Dyke Associates
1224 17 Street N.W.
Washington, D.C. 20036

Dear Mr. Van Dyke:

For professional services rendered as follows:

Legal research, consultation and advice	$2857.00
Sales tax at 5%	142.85
	$2999.85

Sincerely,

Charles J. Mickel

Charles J. Mickel
Attorney at Law

3931

VAN DYK EXHIBIT NO. 8

ASSOCIATED MILK PRODUCERS, INC.
PHONE A/C 512 344-5301 TELEX 76-7446
P. O. BOX 15287
SAN ANTONIO, TEXAS 78215

Nº 1980

August 7, 19 70

PAY Two thousand five hundred and 00 cts $ 2,500.00
TO THE ORDER OF

ASSOCIATED MILK PRODUCERS, INC.

TED VAN DYK ASSOCIATES, INC.
1224 Seventeenth Street, N. W.
Washington, D. C. 20036

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
7/31/70		Payment to Kenneth Olson		6-08-16-99	2,500.00

TED VAN DYK ASSOCIATES, INC.

1224 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
(202) 783-3337

July 31, 1970

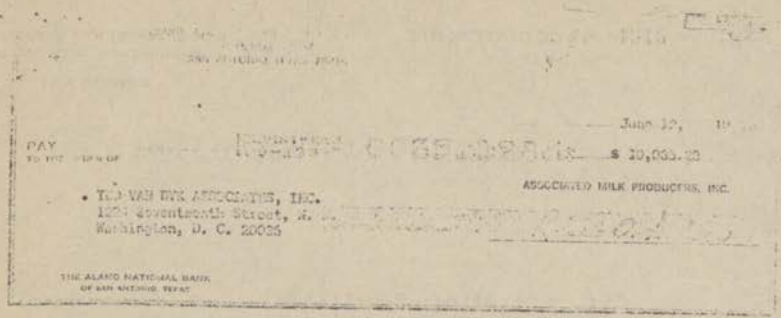
TO: Attn: Bob Lilly
Associated Milk Producers, Inc.
GPM Building
San Antonio, Texas 78216

For payment to Kenneth Olson:

For consulting services on behalf of AMPI $2,500.00

CHARGE ACCOUNT NO.
APPROVED FOR PAYMENT BY DATE
CHECKED FIGURES
PAID — CHECK NO.

VAN DYK EXHIBIT NO. 9



PAY

June 12, 19

$ 10,000.00

ASSOCIATED MILK PRODUCERS, INC.

T. J. VAN DYK ASSOCIATES, INC.
1701 Seventeenth Street, N.
Washington, D. C. 20009

THE ALAMO NATIONAL BANK
OF SAN ANTONIO, TEXAS

ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
6-3-70		Professional Legal Fee - July-September 1970 Professional Legal Expenses	6,250.00 3,775.23	[illegible] 6-07-16-59	10,000.23

June 1, 1970

TO: Associated Oil Producers, Inc.
1011 N.W. Military
San Antonio, Texas 78213

Retainer - July-September 1970	$ 6,250.00
Total Direct Expense (See Itemized Statement Attached)	3,785.28
TOTAL DUE	$10,035.28

	DATE
5546	7-15-70

STATEMENT OF DIRECT EXPENSE

Consultant's Fee, Mr. Olson	$2,500.00
Travel, Entertainment and Representation	777.38
Long Distance Telephone	119.01
Literature and direct office expense	388.89
TOTAL DUE	$3,785.28

VAN DYK EXHIBIT NO. 10

July 28, 1970

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.

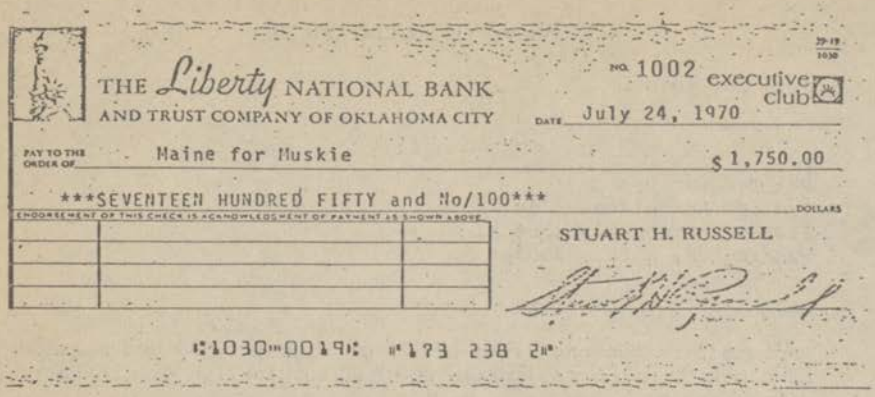
Sincerely,

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

No. 1002

executive club

DATE July 24, 1970

PAY TO THE ORDER OF Maine for Muskie

$1,750.00

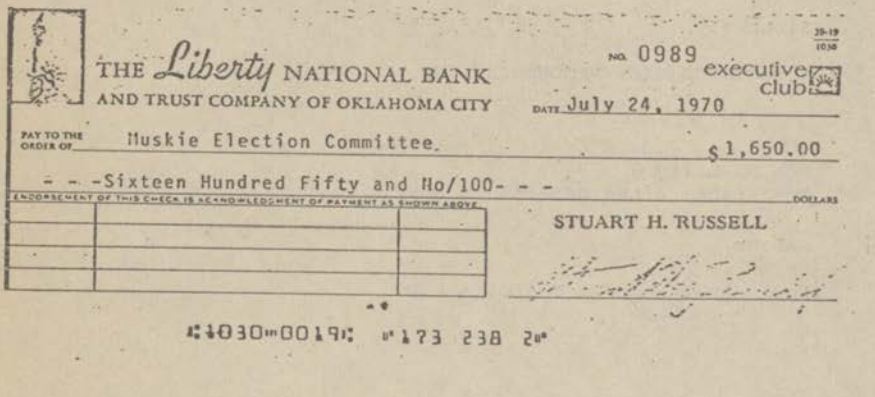
SEVENTEEN HUNDRED FIFTY and No/100

DOLLARS

ENDORSEMENT OF THIS CHECK IS ACKNOWLEDGMENT OF PAYMENT AS SHOWN ABOVE

STUART H. RUSSELL

⑆1030⑈0019⑆ ⑈173 238 2⑈



THE Liberty NATIONAL BANK
AND TRUST COMPANY OF OKLAHOMA CITY

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

⑆1030⑈0019⑆ ⑈173 238 2⑈

VAN DYK EXHIBIT NO. 11

L.L. Muskie

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 302
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

VAN DYK EXHIBIT NO. 12

EDMUND S. MUSKIE
MAINE

United States Senate
WASHINGTON, D.C. 20510

Mr. 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

FRIDAY, JANUARY 25, 1974

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

The Select Committee met, pursuant to notice, at 2:20 p.m., in room G-334, Russell Senate Office Building, Senator Joseph M. Montoya, presiding.

Present: Senator Montoya.

Also present: David Dorsen, assistant chief counsel; Alan Weitz, assistant majority counsel; Fred D. Thompson, minority counsel; Benjamin Plotkin, minority investigator.

Senator MONTOYA. Would you state your name, first, please?

Mr. ALAGIA. My name is Damian Paul Alagia, Jr. D-a-m-i-a-n A-l-a-g-i-a.

Senator MONTOYA. Would you raise your right hand?

Do you swear to tell the truth, the whole truth, and nothing but the truth, in the testimony you are about to give, so help you God?

Mr. ALAGIA. Yes, sir; I do.

Mr. WEITZ. Would the counsel identify themselves, please?

Mr. MILLER. John T. Miller, Louisville, Ky.

Mr. ALAGIA. That is my law partner.

Mr. BROWN. I am John Young Brown of Kentucky—Louisville, also.

Senator MONTOYA. Are you an attorney, too?

Mr. BROWN. Yes, sir, for a great many years.

Senator MONTOYA. Off the record.

[Discussion off the record.]

[A brief recess was taken.]

Mr. WEITZ. Mr. Alagia, could you state for the record your full address?

TESTIMONY OF DAMIAN PAUL ALAGIA, ACCOMPANIED BY JOHN T. MILLER AND JOHN YOUNG BROWN, COUNSEL

Mr. ALAGIA. My address is—the office address is 1800 Louisville Trust Building, Louisville, Ky.

Mr. WEITZ. What was your position with Dairymen, Inc., or DI, for the record, from September 1968 through March 1971?

Mr. ALAGIA. The law firm of Brown, Miller, and Alagia at the time was employed by Dairymen to render managerial services. The law firm permitted me to spend the time necessary to get—to coordinate this endeavor until such time as they could select a manager, which they could not agree upon at the beginning.

Mr. WEITZ. And what was your title?

Mr. ALAGIA. I was the executive director and the law firm was general counsel.

Mr. WEITZ. Am I correct in assuming that DI was formed in September 1968?

Mr. ALAGIA. You are.

Mr. WEITZ. And who succeeded you?

Mr. ALAGIA. Ben F. Morgan, Jr.

Mr. WEITZ. That was officially on April 1, 1971?

Mr. ALAGIA. Well, he was employed on March 10, 1971. That is the day that I look at it, because I didn't have any other—I mean I just didn't do anything else to speak of from that time on, because Mr. Morgan came over and had his managerial meetings and set up his program.

Mr. WEITZ. When was SPACE, the trust for Special Political Agricultural and Community Education, formed?

Mr. ALAGIA. March of 1969, as I recall.

Mr. WEITZ. Did you participate or have a role in its formation?

Mr. ALAGIA. The formation of SPACE came from our management group and farmer members.

Mr. WEITZ. Was there an advisory committee that was formed for SPACE?

Mr. ALAGIA. The advisory committee was set up after we got a legal report as to what we can do and the reporting requirements and all that.

Mr. WEITZ. With respect to reporting requirements, was it your understanding or did you receive legal advice from the outset that you or the cooperative and the trust, that all contributions by the trust would have to be reported under the Corrupt Practices Act?

Mr. ALAGIA. I insisted that when we started making expenditures, all funds expended would be reported.

Mr. WEITZ. And did you receive advice, legal advice, consistent with that from some attorney?

Mr. ALAGIA. Yes.

Mr. WEITZ. Was that DeVier Pierson?

Mr. ALAGIA. Yes, it was.

Mr. WEITZ. Was Mr. Pierson retained by Dairymen, Inc., or by SPACE?

Mr. ALAGIA. Not retained, no. He was on a service basis. He bills for services rendered.

Mr. WEITZ. But he was providing you services as attorney for DI and SPACE?

Mr. ALAGIA. Yes, we asked him to.

Mr. WEITZ. And since the formation of SPACE, has every political contribution by SPACE, to your knowledge, been reported, those that are required to be reported to the Clerk of the House, been in fact reported?

Mr. ALAGIA. To my knowledge, yes, sir.

Mr. WEITZ. And to your knowledge, has every contribution that has been made by SPACE been in the form of check or cash?

Mr. ALAGIA. Our contributions made by SPACE have all, to my knowledge, been in checks.

Mr. WEITZ. And therefore, the reports of SPACE as filed first with the Clerk of the House and with GAO would be a complete record of the contributions by SPACE; is that correct?

Mr. ALAGIA. Yes; as far as I would know.

Mr. WEITZ. Now, in the formation of SPACE, did you consult with or receive advice or consultation from representatives of other cooperatives, other dairy cooperatives?

Mr. ALAGIA. Well, I am sure we did, as well as from the National Council of Cooperatives.

Mr. WEITZ. I believe Mr. Nelson and Mr. Parr of Associated Milk Producers, Inc., have testified that they both felt that they, particularly Mr. Parr, were very helpful and perhaps instrumental in the formation of Dairymen, Inc., and of SPACE. Would that be a fair characterization?

Mr. ALAGIA. There is no question that in April of 1968, Parr, at a speech he made in Richmond, Va., at the Southeastern Dairy Conference, had an effect on the farmers in the audience there about getting together. They had been trying to—farmers have been trying to get together for years, but they could not get together for a number of reasons—managers, boards, identity, and so on.

Mr. WEITZ. Who had practical responsibility as opposed to—who, in practice, made the decisions for contributions by SPACE?

Mr. ALAGIA. Well, during the period that I was there, I made some, Mr. Moser made some, the farmers, you know, would make some, and Mr. Morgan, you know, might make some.

Mr. WEITZ. There was input from a number of sources?

Mr. ALAGIA. Sure.

Mr. WEITZ. Do you have any knowledge of any contributions to any or deliveries of moneys to any representative of the President in 1969?

Mr. ALAGIA. No, sir; I do not.

Mr. WEITZ. I should qualify that—by the dairy people.

Mr. ALAGIA. Wait a minute, now. I did read the newspaper.

Mr. WEITZ. Yes; other than what you read in the newspaper?

Mr. ALAGIA. No; I did not.

Mr. WEITZ. At the time or subsequent to that time, other than what you read in the newspaper or heard from public sources?

Mr. ALAGIA. No, sir; I did not.

Mr. WEITZ. Did anyone in 1969 from Associated Milk Producers ever ask for participation by Dairymen, Inc., and SPACE for contributions to the President?

Mr. ALAGIA. Not to my knowledge. We didn't spend any money in 1969. We just collected funds.

Mr. WEITZ. In fact, contributions were not until 1970 by SPACE?

Mr. ALAGIA. The first contribution we made was $5,000 or so to the Democratic Committee.

Mr. WEITZ. That had nothing to do with Presidential contributions?

Mr. ALAGIA. I don't know what they did with the money.

Mr. WEITZ. But it was in 1970, far in advance of any Presidential campaign, to your knowledge?

Mr. ALAGIA. I don't know. Some people think the campaign starts after the election.

Mr. WEITZ. In addition to Mr. Pierson, who you said was an attorney who did some work for your group, was Mr. Harrison, of the law firm of Reeves & Harrison—was he or his firm ever—did they ever perform any services for you?

Mr. ALAGIA. Mr. Harrison—I met Mr. Harrison the first time, as I recall, and I mean I realize I could be wrong, but I didn't meet him until March 21—not 21—23, whenever the President's meeting was, 1971.

Mr. WEITZ. Do you know when the firm of Reeves & Harrison was first retained by Central America Cooperative Federation—CACF?

Mr. ALAGIA. I am not sure, but it would have to be—the records ought to show that.

Mr. WEITZ. Let me ask you, was it subsequent to the time that you met Mr. Harrison in March 1971?

Mr. ALAGIA. Yes, to my knowledge, that would be right, because CACF—Central America Cooperative Federation—was not formed until, didn't have their organizational meeting until March 25, 1971.

Mr. WEITZ. I see. Did Jake Jacobsen perform any services for your co-op at any time?

Mr. ALAGIA. Well, I remember Jack Jacobsen—I understand he was the administrative assistant to President Johnson—did come around when we were setting up SPACE in 1969 or 1970 and talked to the SPACE advisory committee, and he talked to different personnel. That would be the only thing that I would know that he had done for us, you know, when I was there.

Mr. WEITZ. Do you know when AMPI and its political action trust, TAPE, was formed?

Mr. ALAGIA. I was under the impression, until I got reading some of this stuff, that it had already been formed prior to our SPACE, which was March 1969. But formally, I understand, it was sometime in 1969—the early part of 1969.

Mr. WEITZ. It was approximately the same time as your organization?

Mr. ALAGIA. That is my understanding now, but that was not my impression all along.

Mr. WEITZ. And Mid-America—do you know when that was formed—Mid-America Dairy?

Mr. ALAGIA. Mid-America ADEPT, they call it—I don't know what ADEPT stands for, but it was formed, my understanding is, either the middle of 1970 or September of 1970, something like that.

Mr. WEITZ. Approximately sometime a year or so after the formation of your cooperative and its trust?

Mr. ALAGIA. I think it is a little more than that.

Mr. WEITZ. A little more than a year.

Mr. ALAGIA. But that is something that the records would show.

Mr. WEITZ. Now, directing your attention to 1971, did representatives of your co-op participate in an effort to obtain a price support increase for milk for the 1971–72 marketing year?

Mr. ALAGIA. That responsibility was delegated to Mr. Joseph Westwater, and they conducted letter writing campaigns and they went to see Congressmen and Senators with the farmers.

Mr. WEITZ. That was in an effort to obtain an increase in price supports.

Mr. ALAGIA. The effort was to lay your case out before the——

Mr. WEITZ. Were there any contacts or meetings that you were aware of, either by Mr. Westwater and other employees of your cooperatives or the other dairy cooperatives, with representatives of the

administration—the Secretary of Agriculture, others at the Department of Agriculture, or the White House?

Mr. ALAGIA. I am sure with the Secretary of Agriculture—that Department.

Mr. WEITZ. Did you meet with any of those individuals or officials?

Mr. ALAGIA. I could have; I could have. I would not say that I didn't. But I don't think I met with Secretary Hardin on the support price. But if somebody has something to refresh my memory on that, fine. But I know my people did.

Mr. WEITZ. Now, were you aware of anyone contacting anyone in the White House?

Mr. ALAGIA. Was I aware of anyone contacting anyone in the White House?

Mr. WEITZ. On the price support matter, yes; other than perhaps Congress. I am talking about people from your cooperative or the other cooperatives?

Mr. ALAGIA. Again, I mean, that could have happened, but I am not aware of that at this point.

Mr. WEITZ. You attended a meeting with the President and the various dairy leaders on the morning of March 23, 1971, did you not?

Mr. ALAGIA. I was there.

Mr. WEITZ. When did you first learn of preparations for that meeting, arrangements that were being made for that meeting.

Mr. ALAGIA. You say preparations. I learned sometime in December or January, I don't remember the exact date— it could even have been February—from Harold Nelson that this meeting was going to take place, an industry meeting. I didn't associate it at the time with the support price.

Mr. WEITZ. When were you first informed of the particular date and time of the meeting?

Mr. ALAGIA. It was not too much in advance of the meeting. I mean I just don't remember the exact time.

Mr. WEITZ. Were there a number of others from your cooperative in attendance?

Mr. ALAGIA. No, just John Moser and myself.

Mr. WEITZ. He was president of the cooperative?

Mr. ALAGIA. John Moser was president of Dairymen, Inc., and still is.

Mr. WEITZ. Who told you of the meeting, whenever you did learn of it—the specific time and arrangements?

Mr. ALAGIA. Oh, I knew the day of the meeting before I knew the exact time. It came to my office or somebody at AMPI had called and told us.

Mr. WEITZ. Was it either Mr. Nelson or Mr. Parr, do you recall?

Mr. ALAGIA. I don't think it was Mr. Parr. It could have been, but I don't think so. We didn't know exactly where to go until the morning of the 23d, when Mr. Westwater advised Mr. Moser and I, you know, where we were going to meet.

Mr. WEITZ. Now, you first gathered before the meeting with the President at Mr. Harrison's office. is that not correct?

Mr. ALAGIA. That is right.

Mr. WEITZ. And at that meeting. That was the first time you met Mr. Harrison?

Mr. ALAGIA. To my knowledge. I mean, if I had met him before—I could have, but I don' recall.

Mr. WEITZ. Do you know who Pat Hillings is?

Mr. ALAGIA. No sir, I don't.

Mr. WEITZ. You don't recall meeting him that day?

Mr. ALAGIA. No, I do not.

Mr. WEITZ. You don't recall meeting him with the President that day?

Mr. ALAGIA. I would not know Pat Hillings if he stumbled into me. He could have been there.

Mr. WEITZ. Do you know Murray Chotiner?

Mr. ALAGIA. I have met Murray Chotiner.

Mr. WEITZ. Did you know him before the meeting on the 23d with the President?

Mr. ALAGIA. No, sir, I did not.

Mr. WEITZ. Did you meet him on that day?

Mr. ALAGIA. I don't recall meeting him on that day.

Mr. WEITZ. Jut to finish that off, you met him subsequently, then, to the 23d.

Mr. ALAGIA. I met him later on.

Mr. WEITZ. Shortly after, or weeks or months later?

Mr. ALAGIA. No, I will tell you exactly when it was.

My recollection is that when Attorney General Kleindienst was being confirmed up here before the Senate Judiciary Committee that—I was in Marion Harrison's office and I had asked him, you know, Mr. Chotiner got to be—well, he is a curiosity and I thought, if he is here, I would like to meet him.

Mr. WEITZ. So you met him then? That was in 1972?

Mr. ALAGIA. That was whenever those confirmation hearings were. He commented about Richard the lionhearted and that is why I remember that meeting.

Mr. WEITZ. Before your meeting with the President, or by the time of the meeting with the President, were you aware of any contacts that were being made on behalf of any various dairy groups, such as on behalf of AMPI, with people in the White House, by either Mr. Chotiner or others?

Mr. ALAGIA. I didn't even know Mr. Chotiner—I mean I didn't even know who he was.

Mr. WEITZ. You did not know he was of counsel to the Reeves and Harrison firm at that time?

Mr. ALAGIA. I mean if I did, I didn't pay any attention to it, because I didn't know who he was. If they were making contacts, I mean they could have been making contacts and I would not necessarily know about it, you know.

Mr. WEITZ. Did you meet at all or regularly with any of the representatives of the other two co-ops in Washington at that time in 1971?

Mr. ALAGIA. Did I?

Mr. WEITZ. Yes.

Mr. ALAGIA. In March of 1971, I remember meeting with a Pat Healey, who is secretary of the National Milk Producers Federation, with Fred Letford, who is from my office. Fred reminded me of this, and these farmers were all up here, you know, from all over. I could have met with, you know, these other fellows. I assume I could have.

Mr. WEITZ. Let me ask you, at the meeting with the President, in a court pleading filed in the Nader suit, of which I am sure you are aware, filed on January 10, 1974, plaintiffs—counsel for plaintiffs in the suit include in their pleading a portion of the transcription of the tape of that meeting—tape recording of the meeting with the President.

Mr. ALAGIA. Is that the one Mr. Dobrovir played at the cocktail party?

Mr. WEITZ. Perhaps.

The first sentence of the President's opening remarks goes as follows, according to this representation: "I first want to say that I am very grateful for the support we have [inaudible word] from this group."

I believe in all fairness, the White House has said that inaudible word should be "we have had in this administration."

Whether that is the correct insertion or not, do you recall the President making such remarks at the outset of the meeting or at any time during the meeting?

Mr. ALAGIA. The President could have made those remarks and—I mean whatever, if the tape is OK, I certainly don't see any problem with that.

Mr. WEITZ. It is not inconsistent with any recollection you have of it?

Mr. ALAGIA. No, sir.

Mr. WEITZ. Let me ask you this question: Do you have any idea what support the President would be referring to? Well, let me ask that question, first—what support he would be referring to or he was referring to?

Mr. ALAGIA. Well, I thought he was—I mean I didn't associate it with contributions, which is what everybody is trying to make out of this thing. In my own mind, he was just thanking them for support that they had given him, I guess, in voting in the Midwest. I don't remember how the Midwest States went in 1968.

Mr. WEITZ. Well, would that be voting for this administration since the time he had been elected, or would that in fact have been different?

Mr. ALAGIA. Well, you know, I certainly didn't associate it with contributions.

Mr. WEITZ. You hadn't discussed, in fact, up to that point, contributions to the President with anybody?

Mr. ALAGIA. No, sir.

Mr. WEITZ. You are aware whether others have or have not?

Mr. ALAGIA. I am not.

Mr. WEITZ. Outside of your co-op.

Mr. ALAGIA. That is right.

Mr. WEITZ. On March 23, 11 days had passed since the Secretary of Agriculture's decision not to increase price supports is that correct?

Mr. ALAGIA. Right

Mr. WEITZ. You said John Moser had been active on behalf of your co-op, Pat Healy and others, perhaps, on the Hill to get legislation. Would that legislation be an attempt essentially to get an increase which had not been forthcoming from the Secretary's decision, is that correct?

Mr. ALAGIA. Well, let me answer your question this way rather than to say that is correct. The market price at the time was approximately $4.86 a hundredweight. The record will show exactly what it was. The 85 percent of parity was about $4.92. Today—well, I don't want to come into that.

The bills that were in Congress would have put a floor during the season when milk generally is plentiful from it going below the support price. But in this case, the market price always stayed right around, and of course, next year, when they did not raise the support price, the market price just soared away from the support price to where it is today, better than $2 a hundred.

Mr. WEITZ. My question is this—

Mr. PLOTKIN. If I am correct, I believe you said $4.86 per hundredweight when you were referring to parity. Did you mean $4.66?

Mr. ALAGIA. No; no; parity and the $4.66 are different animals.

The $4.66 was a floor beneath which the farmer's price for milk that went into butter, powder, and cheese, or the milk-equivalent basis, would not go below.

Mr. WEITZ. According to the March 12 decision. I don't want to quibble. I think you are right.

Mr. ALAGIA. Right. What I am saying is the March 12 decision said the support price is $4.66 on a milk-equivalent basis. We can talk about what that means in butter, powder, cheese. But on a milk-equivalent basis at the same time we were meeting with the President, it was right around $4.86 or $4.88. So in effect, what I am saying is they didn't give the American farmer anything to speak of.

Mr. WEITZ. Let me ask you this: Without regard to whether or not the bills that you were advocating were of any benefit to the farmer——

Mr. ALAGIA. They were of benefit, because they would establish a floor below which——

Mr. WEITZ. Right, which was higher than the existing market price at the time, is that correct?

Mr. ALAGIA. At that time, the market price was about $4.86 or $4.88 and the 85 percent of parity was about $4.92.

Mr. WEITZ. And most of the bills provided for a floor of 85 percent of parity?

Mr. ALAGIA. Between 85 and 90 percent.

Mr. WEITZ. Right, a minimum of 85 percent. My question is this: With bills being presented on the floor, of which you and your groups were advocates and supporters—

Mr. ALAGIA. Sure.

Mr. WEITZ. And in fact, those bills being largely supported by Democrats, as the record shows, and not by Republicans, do you believe at that point that you were in the posture of being supporters of the administration and the President? Was that consistent—was that a logical statement for the President to make at that time, when, for the last 11 days, there had been a lot of activity on the Hill to get bills that would set a minimum price above the Secretary of Agriculture's stated minimum? Does that make sense to you—that in fact, on March 23, you were acting as friendly supporters of the administration?

Mr. ALAGIA. Let me put it this way—you mean we were acting as friendly supporters of the administration?

Mr. WEITZ. The dairy cooperatives, the leaders who were at the meeting.

Mr. ALAGIA. You don't go around and kick the man that is in power. I mean the fact that he was—I mean the administration—it is obvious to me that the Republicans would have to have some support in the farm belt. I mean that is just—Democrats need support in the farm belt, and in the South. I just don't associate the fact that he says, "I welcome you here and thank you for support," or whatever he said—you mean I just can't say what you want me to say.

Mr. WEITZ. All right. I just want you to say what you want you to say.

Mr. WEITZ. All right. I just want you to say what you want to say. what the facts are not.

Mr. WEITZ. So you didn't associate it as contributions, just associated it as a friendly remark.

Mr. ALAGIA. That is right.

Mr. WEITZ. Were Under Secretary Campbell and Secretary Hardin at the meeting with the President?

Mr. ALAGIA. Yes, sir.

Mr. WEITZ. What was the position taken by Secretary Hardin?

Mr. ALAGIA. You know, everybody looks at the same picture and we see different things. I did not feel that Secretary Hardin had a closed mind.

Mr. WEITZ. What about Under Secretary Campbell?

Mr. ALAGIA. Under Secretary Campbell—in my judgment, I have known the Under Secretary for several years now and my judgment is that he is going to support his boss, although his feelings would be for the dairy farmer. If he was concerned about surpluses, he knows that dairy farmers can put in base plans, and have, you know.

Mr. WEITZ. Now, in the disposition given by John Moser in the case of *Nader* v. *Butz* on November 16, 1972, at pages 8 and 10, in response to a request as to what the position—question as to what the positions of the Secretary and the Under Secretary were at the meeting, reciting what took place at the meeting, Mr. Moser says: "The Secretary of Agriculture was very much opposed, I would say, toward a price increase and the Assistant Secretary, Mr. Campbell, was violently opposed to it."

Is that consistent with your recollection?

Mr. ALAGIA. I didn't—you know, I didn't read it that way. I didn't read that Secretary Hardin was violently opposed to the support price increase.

Mr. WEITZ. Now, at the conclusion of the meeting, did you have occasion to leave and thereafter discuss the meeting with Mr. Moser?

Mr. ALAGIA. Yes.

Mr. WEITZ. What was your general assessment of the meeting as you communicated with Mr. Moser?

Mr. ALAGIA. Well, of course, you never know. It was a nice meeting and the President took time, and frankly, I was impressed, whether correctly or not, that he took time to answer every one of those farmers in the room what they thought of the problem.

Mr. WEITZ. What was Mr. Moser's assessment—I am sorry, go ahead.

Mr. ALAGIA. I mean I don't recall exactly what John said, except I am sure it had something to do with the cost-price squeeze the farmer

was in. Everything—the inflation was high and wages going up and everything, and here the farmer is talking about what would amount to a very small increase and he does not even get that.

But in any event, I mean we may not have read every detail of the picture the same way.

Mr. WEITZ. I see.

Now, at lunch on the 23d, I believe you were joined briefly for a short time by Mr. Campbell?

Mr. ALAGIA. Mr. Campbell joined Rudolph Clark and Gene Marx, who are farmers of Georgia that he has known for years, and Mr. Moser and I joined them for lunch.

Mr. WEITZ. At that meeting—he had been, of course, at the meeting shortly before with the President. Did you discuss the price support question or the meeting itself?

Mr. ALAGIA. Oh, I think they obviously had something to say about the meeting.

Mr. WEITZ. What about the price support matter, the underlying issue?

Mr. ALAGIA. I don't—I mean it is logical that something was said, but I can't nail down exactly what was said. But I didn't come away with the feeling that he was telling those farmers from Georgia that he didn't care whether the support price went up or down.

Mr. WEITZ. Did Mr. Campbell indicate that he would be meeting with the President that afternoon and other advisers?

Mr. ALAGIA. No, he didn't. If he did, he didn't tell me—didn't confide in me.

Mr. WEITZ. Did he indicate in any way that a reconsideration of the matter was underway or that otherwise there might be a reversal in the decision by the Secretary of Agriculture?

Mr. ALAGIA. No, I mean I don't recall anything like that.

Mr. WEITZ. Did you have occasion before you left Washington on on the 23d to discuss either the meeting or the underlying matter of price supports with any representatives of the other two dairy co-ops?

Mr. ALAGIA. I didn't see the representatives of the other two dairy co-ops except probably George Mehren, M-e-h-r-e-n. He just moved to San Antonio or something and was telling me something about a new automobile that he had. But we didn't discuss that.

Mr. WEITZ. Now, you left Washington the afternoon of the 23d?

Mr. ALAGIA. Yes, sir.

Mr. WEITZ. Before you left, until that time, had you ever discussed with representatives of the other co-ops possible contributions to the President for his reelection or for whatever other purpose?

Mr. ALAGIA. You mean that day?

Mr. WEITZ. No, any time previous to that or up to the time you left Washington.

Mr. ALAGIA. Any time previous to that? You know, I could have, but I sure don't remember. And if somebody has something that, if I have some other memory on that, you know, let me see it, because I don't recall. It is possible, but I don't recall.

Mr. WEITZ. And you have no recollection of any conversations or discussions with any representatives of the other two co-ops up to the time of the 23d or up to the time you left Washington on the 23d

of any commitments or goals or large, substantial contributions to the President or to the administration?

Mr. ALAGIA. No, sir. Absolutely not.

Mr. WEITZ. Were you aware of any commitments that had been made by representatives of AMPI to the administration?

Mr. ALAGIA. No, sir, I sure was not.

Mr. WEITZ. Were you aware that prior to the 23d, representatives of AMPI had met with people in the White House?

Mr. ALAGIA. Was I aware?

Mr. WEITZ. Yes.

Mr. ALAGIA. No, I was not; but I read so much in the newspapers; apparently, they did.

Mr. WEITZ. But your knowledge—at the time you had no knowledge of any contacts or any subsequent discussions they might have had with representatives of the White House?

Mr. ALAGIA. No. I didn't live with those fellows, you know.

Mr. WEITZ. Now, the afternoon of the 23d, did you fly to Chicago from Washington?

Mr. ALAGIA. I did.

Mr. WEITZ. And you had a meeting there on the afternoon and evening of the 23d that was unrelated to the dairy question—to the price-support question.

Mr. ALAGIA. I met a group, an insurance man at an insurance industry meeting that wanted me to meet some other people in connection with the possibility of filing a civil suit.

Mr. WEITZ. Now, at the time you left Washington on the 23d, was there at that time planned a meeting on the 25th, 2 days later, to organize and form Central America Cooperative Federation—CACF?

Mr. ALAGIA. That had been scheduled. We had scheduled that one time in February and AMPI didn't show up and now it was rescheduled for March 25.

Now, I want to say this: Before we left Washington, John Moser and I discussed—you know, when we got in the cab and went to the Quality Court, he and I discussed whether or not, you know, the meeting.

Mr. WEITZ. The meeting with the President?

Mr. ALAGIA. The meeting with the President, and we should concentrate our efforts on the Hill, where these bills were going through Congress. And we talked about contributions to Republican committees in hopes that some of the Republicans that didn't sponsor the bills would perhaps again look at it and give us an attentive ear.

And I told him that since I was a lame duck and on my way out, back practicing law, really full-time, now, I would appreciate it and would take it up with Ben Morgan and it would be his decision and Mr. Moser's, and if they had any questions about it, I mean that would be it.

Mr. WEITZ. Did you decide before you left Washington on any specific contribution or amounts of contribution that would be made? For the purpose you have described?

Mr. ALAGIA. Well, we knew we had the dinner tickets.

Mr. WEITZ. Well, let's back up, then.

The following night, you were aware of a Republican fundraising dinner that was to be held?

Mr. ALAGIA. It was either the following night or the morning we went over to the White House.

Mr. WEITZ. But the dinner itself was to be held on the 24th and you knew about it?

Mr. ALAGIA. The Senate campaign dinner.

Mr. WEITZ. Who had told you about that dinner?

Mr. ALAGIA. These farmers.

Mr. WEITZ. On the other side, had fundraisers——

Mr. ALAGIA. Republican and Democratic fundraisers contacted me all the time.

Mr. WEITZ. Who were the Republican fundraisers that contacted you about that dinner? Did you talk about the dinner with Mr. Harrison?

Mr. ALAGIA. I went and asked Mr. Harrison at the White House, "Where can I go and get dinner tickets for this Senate campaign dinner tomorrow night?"

Mr. WEITZ. Right. Had he talked to you about it previously?

Mr. ALAGIA. I don't recall.

Mr. WEITZ. Why did you go to Mr. Harrison?

Mr. ALAGIA. I thought anybody who could take us into the White House ought to be able to tell us where to find Republican dinner tickets.

Mr. WEITZ. Do you recall any Republican solicitors who had approached you prior to the time you talked to Mr. Harrison about it, for this particular dinner?

Mr. ALAGIA. I don't specifically recall.

Mr. WEITZ. Had you ever purchased any Republican fundraising dinner tickets through Mr. Harrison prior to this occasion?

Mr. ALAGIA. No, sir, not to my knowledge.

Mr. WEITZ. Had he ever asked you to purchase any such tickets or make any Republican contributions before this time?

Mr. ALAGIA. No; I just met Marion Harrison.

Mr. WEITZ. Was he introduced to you in some way as a Republican lawyer or Republican law firm?

Mr. ALAGIA. Well, I assumed that it was a Republican law firm, because we met there and he took our identification to walk across the street and get into the White House.

Mr. WEITZ. Before you left Washington, did you tell Mr. Harrison of the amount of tickets or the amount of contributions you would——

Mr. ALAGIA. A table. You know, if a table is 10, and that is my understanding, that is——

Mr. WEITZ. It would be 10 tickets.

Mr. ALAGIA. That is right.

Mr. WEITZ. And your understanding also was that it was $1,000 a plate?

Mr. ALAGIA. Yes, that is my recollection. Now, I am not infallible by a long shot.

Mr. WEITZ. I think that is consistent with the record.

So before you left Washington, you had informed Mr. Harrison that it was your intention to purchase 10 tickets and make a $10,000 contribution subject to review by Mr. Morgan.

Mr. ALAGIA. I didn't say anything about subject to review by Mr. Morgan on the 10 tickets.

He said he would have them there in his office the next day by noon and I could pick them up there then and that was fine.

Mr. WEITZ. Did you attend the dinner?

Mr. ALAGIA. No, sir; my practice has been that I didn't attend any of these things, but when it came time to go to the White House, I thought that would be a very fine opportunity, because I don't get to see the President very often.

Mr. WEITZ. So you left Washington on the afternoon of the 23d with the knowledge that approximately 10 tickets would be purchased for the following night's dinner but that you would not attend, you would not return to Washington for that dinner.

Mr. ALAGIA. A table, that is right.

Mr. WEITZ. Approximately 10 tickets or 10 seats.

Mr. ALAGIA. You know, whatever is in the table. I don't remember whether it is 5 or 10. You can probably tell me. Ten is what I have in the back of my head.

Mr. WEITZ. Now, when you were in Chicago, after you had left Washington at that meeting, were you informed that representatives of AMPI were trying to reach you, either directly or indirectly?

Mr. ALAGIA. Yes, sir.

Mr. WEITZ. Could you tell us how you came to know that?

Mr. ALAGIA. Well, when I got to Chicago, I called my wife sometime during the course of the evening. She told me that these fellows from AMPI were looking for me. And I didn't know what. She either gave me a number, you know, or—you know, I called her back to tell her—it was either that time, it was one of those calls she told me they were looking for me. And she either told them the time I was coming in, because I had told her, and I had not planned to stay overnight in Chicago. I had this matter at Harrisonburg in southern Illinois——

Mr. WEITZ. For the next day?

Mr. ALAGIA. For the next day. A plant was in trouble and I was concerned about making sure the legal papers were all fixed up on that.

She either told them what time I was coming in or else she gave me a number to call and then I was informed that they wanted to meet me. But I can't remember—I know I didn't talk with Nelson, Parr, Lilly, or Hanman. I mean I don't recall them talking to me.

Mr. WEITZ. While you were in Chicago?

Mr. ALAGIA. Right.

Mr. WEITZ. But were you informed that those were the people who were trying to look for you?

Mr. ALAGIA. Oh, no. No. I didn't know who was going to be at the airport when I got off until I got off the airplane.

Mr. WEITZ. Did you know someone would be trying to meet you or wait for you?

Mr. ALAGIA. I was told that. Whether or not they would be there, I was going home.

Mr. WEITZ. But your wife told you they would try to meet you at the airport?

Mr. ALAGIA. When I got home, yes.

Mr. WEITZ. What is your best recollection of the time you arrived in the airport in Louisville that morning?

Mr. ALAGIA. Three or four o'clock.

Mr. WEITZ. Who did you find at the airport waiting for you?

Mr. ALAGIA. I found Harold Nelson, Dave Parr, Gary Hanman, and Bob Lilly. If they had anybody else there, I don't remember.

Mr. WEITZ. And Mr. Lilly, Mr. Nelson, and Mr. Parr were employed by AMPI, and Mr. Hanman was employed by Mid-America Dairymen?

Mr. ALAGIA. Yes, sir.

Mr. WEITZ. Who spoke to you when you came off the plane?

Mr. ALAGIA. I don't know which one of them spoke to me, but I know my—you know——

Mr. WEITZ. Who did most of the talking to you?

Mr. ALAGIA. Mr. Parr.

Mr. WEITZ. Do you recall anything in particular—could you tell us essentially what he told you?

Mr. ALAGIA. When I got off the plane—you know, I can tell you the thrust of the meeting. I can't remember it word for word, but I can tell you what the thrust was as far as these four fellows descending on me at that time. That was, you know, I could not imagine why they were down there to meet me at that time. But in the past, I mean, they were night people from the word go as far as meetings and things like that were concerned.

In any event, I asked them to—you know, what on earth did they want?

They said, well, they indicated to me they wanted $200,000 or $300,000 from us.

I said, well you, or words to this effect, you have got to be kidding. I mean we would not have that kind of money. What are you guys talking about? You have to be kidding.

So they got off that.

Mr. WEITZ. Before we leave that. They got off that. When they first made the—would it be Nelson or Parr, essentially, who made that requests or statement?

Mr. ALAGIA. Yes, but I don't recall which one.

Mr. WEITZ. Did they in any way indicate, either by the context of the discussion of anything else you can piece together from your understanding at the time, did they indicate what they wanted the money for, or for whom?

Mr. ALAGIA. Well, it was—let me put it this way. In the context of the meeting—and you know, incidentally, I didn't know whether this meeting was this day or later on at some other time until we got really checking these records. But obviously, in the meeting we had had with the President and it was in the context of, you know, that meeting. That is about the best I can put it.

Then they go on to wanting SPACE to lend ADEPT $100,000.

Mr. WEITZ. Now, ADEPT, you indicated, had been formed more than a year after SPACE had been formed. Was it your understanding that they had even a smaller amount of funds available than did SPACE?

Mr. ALAGIA. Frankly, I didn't know what ADEPT had in their coffers, you know, nor did I know what TAPE had. I just didn't keep count of that, you know.

Mr. WEITZ. But it was clear in your mind that they wanted the money in order to enable ADEPT to make a contribution with that amount?

Mr. ALAGIA. What other conclusion could I reach?

Mr. WEITZ. And they said they wanted how much, $100,000?

Mr. ALAGIA. $100,000.

Mr. WEITZ. Did they tell you by what time or timetable they wanted it?

Mr. ALAGIA. I asked them, in effect, what was the timetable. They said the first of the week.

I said, well, "Listen, I am a lame duck, by gosh, and I am sure not going to make any decision like that."

Mr. WEITZ. Did you also raise a question as to the legality of that loan?

Mr. ALAGIA. Yes, I did. I said I didn't think that corrupt practices law would permit the transfer or loans like that. And I had made up my mind I was not going to have any part of that.

Mr. WEITZ. I am sorry if you had stated it before. Did he indicate he wanted the loan by the first of the week. Did you—did he indicate that to you?

Mr. ALAGIA. They indicated—I am just telling you how I remember it. The thrust of it was that by the first of the week, the loan from SPACE that they wanted for ADEPT——

Mr. WEITZ. Right. Now, if the record, which would, of course, be a matter of public knowledge, if the record shows that the morning of the 24th was a Thursday morning and the first of the following week, meaning Monday, was the 29th, then essentially, they were asking for this loan by the 29th of March if that is the way the calendar works out for that year.

Mr. ALAGIA. Would you run that by me one more time?

Mr. WEITZ. The 24th was a Wednesday morning. I am sorry if I said Thursday. Wednesday morning.

Mr. ALAGIA. OK.

Mr. WEITZ. If Wednesday was the 24th of March 1971, the following Monday would be the 29th of March 1971. Just so the record is clear, they were asking you for this $100,000 loan by the first of the following week, which would be the 29th of March 1971?

Mr. ALAGIA. Yes; that is the kind of way I would agree.

Mr. WEITZ. Did you tell them of your decision to have a table purchased for that night's dinner on the 24th?

Mr. ALAGIA. I don't know whether I did or not.

Mr. WEITZ. Did they mention the dinner at all, by the way, during this conversation?

Mr. ALAGIA. I am not sure that they mentioned the dinner. They had tickets, did they not, to this dinner?

Mr. WEITZ. I believe ultimately they did attend the dinner, yes.

Mr. ALAGIA. You know, I have read so darned much stuff now in newspapers and trying to reconstruct everything. It could have happened, but I don't recall.

Mr. WEITZ. Did they talk about commitments to anyone or for any amount for political contributions?

Mr. ALAGIA. No; they did not to me. They wanted that $100,000 from SPACE to ADEPT and that is what statement was made.

Mr. WEITZ. Did you tell them that you would ask Ben Morgan about it?

Mr. ALAGIA. I told them that any decision on stuff like this is not going to come from me. I had made my share of decisions, I am a lame duck, and Ben Morgan is the director.

Mr. WEITZ. I understand, but just to be precise about it, that response could mean one of two things. Either, if you want to make the request, ask Ben Morgan; or it could mean none of us are interested. Did you try to convey one or the other response?

Mr. ALAGIA. I was trying to leave. I was trying to leave.

Mr. WEITZ. Did they indicate why they hadn't contacted Morgan directly, since he was taking over or had taken over at that point?

Mr. ALAGIA. Well, I think this was just a last-minute effort to put some pressure on a guy.

Mr. WEITZ. Let me ask you something. Do you know whether—did they indicate to you any amounts that they were prepared—"they" meaning TAPE or perhaps ADEPT, but primarily TAPE—was prepared to contribute?

Mr. ALAGIA. I don't recall any.

Mr. WEITZ. In the executive session held before this committee with Harold Nelson on December 19, 1973* at pages 74 and 75, we asked Mr. Nelson about this meeting at the airport. I asked Mr. Nelson, "Did he agree to make that contribution that you asked for"—Mr. Nelson, by the way didn't remember the amount, but he knew they asked for some amount. I asked, "Did he agree to make that contribution that Mr. Nelson had asked you for." Mr. Nelson's response was on page 75: "He"—meaning you, Mr. Alagia—"agreed to see what he could do."

Is that consistent with your recollection?

Mr. ALAGIA. No, it isn't. Well, I would not consider doing that. I was on my way out and I was not going to make any decision at all on anything like that.

Mr. WEITZ. On page 75, Mr. Nelson says: "I think there was no question about it, they would have been interested in doing it if they had the money available."

Is that consistent with what you told him or what your recollection of the meeting was?

Mr. ALAGIA. I was not interested in doing that at all.

Mr. WEITZ. And when I asked Mr. Nelson, "Was he"—meaning you—"interested in helping you but just wanted to check how much they had and would do everything they could?" Mr. Nelson's response was: "In my recollection, he was very interested. There was no problem from that standpoint at all."

And that is inconsistent with your recollection of the meeting?

Mr. ALAGIA. Why, yes; I didn't agree to that at all.

Mr. WEITZ. How did you leave it? Did you just go to bed and leave it that you would not be contributing any amount or no amount?

Mr. ALAGIA. I told them that I was going to leave any decision on contributions to Ben Morgan and I didn't think it was legal what they were trying to do. I don't know what he says about that, but I sure didn't think it was legal.

Mr. WEITZ. When you say "what they were trying to do," are you talking in terms of the loan from one trust to another?

Mr. ALAGIA. Why, sure. Why should we lend ADEPT or anybody else the money? If they don't have the money, they should not be making any contributions.

Mr. WEITZ. Now, the very next morning, the morning of the 24th, that same day, did you relate this conversation to Mr. Morgan?

Mr. ALAGIA. That next morning, I talked with Ben Morgan and I

*See Book 15, p. 6630.

talked about the Presidential meeting. I talked about the meeting with, you know, Mr. Moser.

Mr. WEITZ. The discussion?

Mr. ALAGIA. The discussion about the contribution.

We talked about the fact that we ought to concentrate our efforts on the Hill, and we—I am sure we discussed the dinner dates, and as far as the meeting at the airport, I told Ben Morgan if he got a call from anybody over there, lending money from SPACE to ADEPT or any of that, I am sure not going to authorize it from a legal point of view.

Mr. WEITZ. Let me ask you one question. I think we may have overlooked this from my understanding of the meeting at the airport. Was there any reference to Mr. Connally by the AMPI officials?

Mr. ALAGIA. Yes, sir.

Mr. WEITZ. This was at the meeting at the airport?

Mr. ALAGIA. Yes. They told me, you know, they had either been to see Connally or they were on their way to see Secretary Connally.

Mr. WEITZ. Who told you that, do you recall?

Mr. ALAGIA. Harold Nelson. I feel it could have been Dave Parr, but I think it was Harold Nelson.

Mr. WEITZ. Did Mr. Lilly or Mr. Parr say anything about Mr. Connally that you can recall?

Mr. ALAGIA. Mr. Lilly—they were trying to tell me what kind of a forceful fellow Mr. Connally was.

Mr. WEITZ. There again, was it your understanding that they were referring to the price support matter then possibly before the administration?

Mr. ALAGIA. Well, it was in the context of this meeting.

Mr. WEITZ. Was anything else said that you can recall at this meeting at the airport at 4 in the morning?

Mr. ALAGIA. No; I was ready to leave, you know, and would have done anything within limits to politely excuse myself and get out of there. I didn't appreciate them descending on me, you know.

Mr. WEITZ. Let me ask you one more question. Had you been aware before their comment to you about Mr. Connally that they had been in contact with Mr. Connally or were trying to get in contact with Mr. Connally?

Mr. ALAGIA. Had I been aware?

Mr. WEITZ. Yes, before they told you.

Mr. ALAGIA. I mean if they did tell me, it didn't make much of an impression, because they were always talking about big names. And I say big names; you know, they had either been down to see President Johnson at his ranch or some other place.

Mr. WEITZ. But this was the only big name that they mentioned to you at the airport meeting?

Mr. ALAGIA. Yes, sir, as far as I can recall.

Mr. WEITZ. Now, on the 24th, after you had talked to Mr. Morgan, do you in fact know what steps were taken to make a contribution that day to the dinner, to the fundraising dinner on the 24th?

Mr. ALAGIA. Yes. When I could not find Joe Westwater and my wife reminded me that she tried to get Lou Westwater, his wife, to call me during the course of the morning if she ran him down, I sent John Mays to Washington to get the dinner tickets from Harrison's office to take them to the Quality Court——

Mr. WEITZ. In Washington?

Mr. ALAGIA. Where our dairymen were—so our dairymen, the President and these other farmers, would not be floundering around, wondering where the dinner was, or anything like that.

Mr. WEITZ. I think the record shows that five checks, each for $5,000, to various Republican committees, totaling $25,000, were drawn for SPACE on the 24th of March. Can you tell us who authorized those contributions?

Mr. ALAGIA. After talking with Mr. Morgan, he called me back, talking about how much was in our kitty, and $20,000 or $25,000 is what he authorized Jim Mueller to write.

Mr. WEITZ. Do you know whether that contribution on the 24th, totaling $25,000, was the largest amount to any one function or fundraising event that SPACE had made up to that time?

Mr. ALAGIA. It could have been, it could have been.

Mr. WEITZ. Do you know whether any representatives of your co-op or employee of your co-op talked with any representatives of AMPI or Mid-America on the 24th, after the meeting that you had at the airport?

Mr. ALAGIA. Do I know?

Mr. WEITZ. Yes.

Mr. ALAGIA. No, not of my own knowledge.

Mr. WEITZ. Did anyone ever tell you that they did on the 24th talk again that day or that evening with any of the other people from the two co-ops?

Mr. ALAGIA. I don't, you know, now recall any such conversation, you know, reported to me. There could have been, but I don't recall.

Mr. WEITZ. When was the next time that you in fact met with Mr. Nelson and some of the other members of AMPI?

Mr. ALAGIA. Well, the next day in Chicago——

Mr. WEITZ. On the 25th.

Mr. ALAGIA. On the 25th, we had the farmers that were to serve on the first board of directors of Central America Cooperative Federation meeting, you know, to have their organizational meeting.

Mr. WEITZ. At that time—Mr. Nelson was there and you were there?

Mr. ALAGIA. I don't remember Mr. Nelson being there.

Mr. WEITZ. Who was there from AMPI?

Let me ask you this: Were either Mr. Parr or Mr. Lilly there?

Mr. ALAGIA. Mr. Parr was there, but I don't remember Mr. Lilly.

Mr. WEITZ. Was Mr. Hanman there?

Mr. ALAGIA. Mr. Hanman was there. And their president and officers.

Mr. WEITZ. Of course others were there. What I want to get to is did either Mr. Parr or Mr. Hanman mention in any way or discuss again or refer in any way to the matters that they had raised with you at the airport meeting on the morning of the 24th?

Mr. ALAGIA. No, but when we were up there in Chicago, word had come in the room there that the support price had been changed.

Mr. WEITZ. Of course, you were quite pleased, as were the others?

Mr. ALAGIA. Well, I was surprised, to be honest with you.

Mr. WEITZ. Did Mr. Parr indicate, either before that was announced or at the time it was announced or thereafter, that he knew it was in fact going to be increased?

Mr. ALAGIA. Of course, he had been talking about the support price, I think, at one of our meetings at the Marriott in February, when dairymen and AMPI were talking about merger and we had Mid-America people over there. You know, they were trying to organize Central America Cooperative at that time. I am sure there was discussion about the support price.

Mr. WEITZ. Not merely discussion. Did he in any way indicate on the 25th at this meeting, either before the announcement that the increase had been made or granted or after you received the news, that he had prior knowledge or in some way knew from certain knowledge that it was going to be raised as opposed to just mere speculation?

Mr. ALAGIA. When I got to Chicago and waited around there—you know, they kept us waiting for a little while—the announcement came in that the support price had been increased. I mean I don't have any recollection of him or anybody else telling me that it is a shoo-in or something like that, if that is what you are asking me.

Mr. WEITZ. Right.

Mr. ALAGIA. If they did, I would have thought that was just bragging.

Mr. WEITZ. After the 24th, when you had the meeting at the airport, when they accosted you at the airport, subsequent to that time, did you have further discussions with any representatives of AMPI or Mid-America co-ops about contributions for the President or to the Republicans?

Mr. ALAGIA. With me?

Mr. WEITZ. Yes.

Mr. ALAGIA. After that time, I didn't participate in the day-to-day decisions that anybody might make with respect to SPACE. It seems like on these $2,500 committees, these dummy committees in August——

Mr. WEITZ. Yes, August 1971.

Mr. ALAGIA. They asked me about those sometime in 1972, after the IRS had issued a Treasury information release on campaign contributions.

Mr. WEITZ. Who is "they?" I am sorry.

Mr. ALAGIA. Mr. Mueller.

Mr. WEITZ. I see. By way of asking your advice?

Mr. ALAGIA. Yes, from a legal point of view.

Mr. WEITZ. But at the time in 1971, in the course of making these contributions, were you at all involved in those contributions?

Mr. ALAGIA. No, sir, I was not. I didn't even know they had made those to those funny committees.

Mr. WEITZ. I think the record shows that what we are referring to is, just for the record, 12 checks, each for $2,500, for a total of $30,000, drawn and contributed by SPACE on August 19, 1971. That is what the record shows the SPACE reports indicate.

Now, in connection with those transcactions, you have no contemporaneous knowledge of those contributions?

Mr. ALAGIA. No, sir.

Mr. WEITZ. Since the time of those contributions with Mr. Morgan? The fact that they were made or the circumstances?

Mr. ALAGIA. I am sure we have.

Mr. WEITZ. Has he ever, in fact, told you that those contributions were made and how in fact they came to be paid?

Mr. ALAGIA. How they came to be made?

Mr. WEITZ. Yes, who asked for them, who made the decision, who they were delivered to, and so forth.

Mr. ALAGIA. I mean since all of this has come up, you know, we have gone back and looked at the records. I am sure we have had discussions on them.

Mr. WEITZ. Could you identify various documents that are related to those transactions such as the authorization vouchers and so forth, the SPACE vouchers? Have you been shown them since then and has it been explained to you which in fact were the vouchers for those contributions?

Mr. ALAGIA. You mean the $2,500?

Mr. WEITZ. Yes, in August 1971.

Mr. ALAGIA. I am not sure.

Mr. WEITZ. I am going to show you them and ask you——

Mr. ALAGIA. I think I have seen them.

Mr. WEITZ. If you have seen them, you may be able to identify them.

Mr. ALAGIA. Let me ask you, these are the records that you got from Mr. Mueller on SPACE——

Mr. WEITZ. That is right.

Let me ask you this. Have you ever been shown, subsequent to the time it was drawn, an authorization voucher for one of the committees which shows that the check or checks are to be sent to Reeves and Harrison, attention Mr. Murray Chotiner?

Mr. ALAGIA. Yes, I think we have, you know, I have seen these since this came up.

Mr. WEITZ. I understand. Subsequent to that time.

Mr. ALAGIA. Yes, sir.

Mr. WEITZ. Do you have any knowledge of, for example, the involvement of Mr. Chotiner in those contributions?

Mr. ALAGIA. No, I do not.

Mr. WEITZ. Has Mr. Morgan ever told you the circumstances surrounding those contributions?

Mr. ALAGIA. You mean the $2,500?

Mr. WEITZ. Yes, the aggregate $30,000 contribution in August.

Mr. ALAGIA. Of course, I didn't know about those until such time as I had read about them in the newspapers or when they asked me for a legal opinion as to whether or not there was any gift tax consequences.

Mr. WEITZ. I understand that. What I am saying is—I am not saying, even if it is not contemporaneous, this committee has accepted information which is either after the fact or even hearsay and then weighed it in that light. My question is, subsequent to the time of the contributions, have you had any discussions with Mr. Morgan, Mr. Mueller, or anyone else familiar with these transactions and been told anything about those transactions as far as how they were solicited or any other circumstances?

Mr. ALAGIA. No, I didn't. Let me tell you, if they did—they could have, but I don't recall. I mean I have spent my time doing a lot of other things besides worrying about dairy and SPACE and milk.

Mr. WEITZ. Now, if the record shows that on the 19th, six checks totaling $15,000 were contributed to a number of committees that were included in a list with these 12 committees and those contributions were made by ADEPT, do you have any knowledge, either at the time or subsequent to that time, of whether there was a connection between those two contributions—the $15,000 by ADEPT and the aggregate of $30,000 by SPACE?

Mr. ALAGIA. Now, you are asking the wrong fellow for those questions.

Mr. WEITZ. I can only ask you for your knowledge.

Mr. ALAGIA. Right.

Mr. WEITZ And you have never been told how SPACE came by those 12 committees?

Mr. ALAGIA. If they have told me, I don't recall it. I mean, it is possible they could have told me those things, but when you don't live with that stuff day by day, you just don't keep track of it.

Mr. WEITZ. Now, at the time or subsequent to the time of 1971, were you ever told of a commitment by AMPI and perhaps other co-ops to—a commitment made by representatives of AMPI to contribute $90,000 a month to the President?

Mr. ALAGIA. I read that in the newspaper and was surprised.

Mr. WEITZ. You had never heard of that before?

Mr. ALAGIA. I had never heard about that.

Mr. WEITZ. Had you ever had any knowledge other than what you have read in the newspapers about a $2 million commitment by the dairy people?

Mr. ALAGIA. I most certainly do not.

Mr. WEITZ. In 1972, the records again indicate for SPACE that on August 2, 1972, $25,000 was contributed by check to Democrats for Nixon and on October 28 of that year, another $25,000 was contributed to a Finance Committee To Re-Elect the President. Do you have any knowledge—did you have any knowledge at the time of either of those two contributions either by way of your advice being asked or just being told that they were being made, or anything else?

Mr. ALAGIA. No; I didn't know they were being made. I mean after the fact, somebody might have told me about it, and I think they did, and I was upset, you know, giving money to Democrats for Nixon. I didn't know how that was possible.

Mr. WEITZ. Do you know whether, in connection with the contribution to Democrats for Nixon, Mr. Morgan or anyone else had met with Mr. Connally?

Mr. ALAGIA. I think Mr. Morgan has told you he met with Mr. Connally.

Mr. WEITZ. Do you know whether at that meeting or in connection with that meeting, that contribution was solicited?

Mr. ALAGIA. Now, I was not there and I don't know what went on and I am not the man to ask about that.

Mr. WEITZ. Well, again, I have to ask you, did Mr. Morgan ever tell you whether he was solicited for that contribution and if so, by whom?

Mr. ALAGIA. Well, now, if he told me, I don't—I mean he could have told me but I just didn't keep track of it.

Mr. WEITZ. Did he indicate that in fact, someone had asked for the contribution?

Mr. ALAGIA. I just don't recall.

Mr. WEITZ. Did you normally, after you left, did you have occasion from time to time to talk to Mr. Morgan about certain key contributions or certain key decisions by SPACE before the 1972 election?

Mr. ALAGIA. About the 1972 election?

Mr. WEITZ. Yes; certain key decisions. Not every contribution, but certain key decisions or major contributions?

Mr. ALAGIA. No, not major contributions, but if a man was running like you, you know, Senator Huddleston, who is a friend of mine, why, I brought him in, asked the committee to talk with him and support him, and he understands—at least he knows what a farmer does.

Mr. WEITZ. Now, do you have any—I believe you have indicated—let me ask you this: Was there a straw vote taken at a meeting of an advisory group for SPACE or some other type of meeting of support for one or the other Presidential candidates after Mr. McGovern's nomination in 1972?

Mr. ALAGIA. Yes, sir.

Mr. WEITZ. What was the approximate result of that straw vote?

Mr. ALAGIA. Everybody in the room voted for President Nixon except one vote for McGovern.

Mr. WEITZ. Whose vote was that?

Mr. ALAGIA. That was me.

Mr. WEITZ. And my question, was that straw vote taken to provide guidance as to Presidential contributions for the remaining part of the year?

Mr. ALGIA. No, it was obvious that the SPACE advisory group were going to go with the incumbent Republican.

Mr. WEITZ. With the President. OK.

Do you recall approximately when that meeting took place and that straw vote took place?

Mr. ALAGIA. Do you know?

Mr. WEITZ. I think I know, but let me ask you this.

Mr. ALAGIA. If you know, tell me and we will save some time.

Mr. WEITZ. Do you connect it with some time shortly after the Democratic National Convention or many months thereafter or several months thereafter?

Mr. ALAGIA. It was about the time. It could have been before even he was the nominee.

Mr. WEITZ. Before the President was the nominee?

Mr. ALAGIA. Yes.

Mr. WEITZ. But after Mr. McGovern was the nominee?

Mr. ALAGIA. Mm'hmm.

Mr. WEITZ. So if it is indicated that the meeting and the straw vote took place on July 25, 1972, is that consistent with your recollection, which would have been a couple of weeks after the Democratic Convention?

Mr. ALAGIA. It was either before the convention when he was the front runner or shortly thereafter.

Mr. WEITZ. So would it be a fair characterization that your recollection is that it was in the summer of 1972, sometime in the summer, June or July, perhaps?

Mr. ALAGIA. Yes, give or take a few months either way.

Mr. WEITZ. Let me ask you this: Can you explain why no contributions were made to the Committee To Re-Elect or the Finance Committee To Re-Elect the President until just prior to the election?

Mr. ALAGIA. Can I?

Mr. WEITZ. Yes.

Mr. ALAGIA. No.

Mr. WEITZ. Do you attach any significance to the fact that October 28, the date of the $25,000 contribution to the finance committee, is after the final reporting date before the election to the GAO?

Mr. ALAGIA. You would have to check with Mr. Mueller on that.

Mr. WEITZ. No one has ever talked to you about it since that time, of any significance as to the date of that contribution or the timing of that contribution.

Mr. ALAGIA. Let me ask you, did the GAO make an inquiry about that?

Mr. WEITZ. I don't know.

Mr. ALAGIA. I am not trying to ask you questions, but the GAO, if they would make an inquiry—and you know, they have made some.

Mr. WEITZ. Let me step back for a minute and explain. There is nothing illegal about making a contribution on October 28 and reporting it when the next reporting date calls for it.

Mr. ALAGIA. I am glad to know that.

Mr. WEITZ. At least not to my knowledge. I am not giving you free legal advice. That is my understanding.

Mr. ALAGIA. I am sure you are not giving me free legal advice.

Mr. WEITZ. My question is, however, in the context that if a contribution was made in fact on October 28, 1972, then existing law did not require that it be reported prior to the election of November 7, 1972.

My question is, although there was nothing illegal about the timing of the contribution, do you attach any significance to it or did anyone ever tell you of the significance of the timing of the contribution?

Mr. ALAGIA. I attach nothing sinister to it and no one has told me or consulted with me on that that I know of on this October 28—is it October 28?

Mr. WEITZ. Yes, I believe so.

Mr. ALAGIA. What was the contribution?

Mr. WEITZ. $25,000.

Mr. ALAGIA. Oh, that one I don't have anything on.

Mr. WEITZ. Did Mr. Morgan tell you of any meetings he had in 1972 with Mr. Kalmbach?

Mr. ALAGIA. I knew he went, you know, from one of his depositions, to see Kalmbach. I haven't, you know, sat down and asked him about those meetings.

Mr. WEITZ. Was the purpose of those meetings to solicit money from SPACE?

Mr. ALAGIA. You are asking me the purpose of the meetings when I didn't go.

Mr. WEITZ. Did Mr. Morgan ever tell you whether solicitations were ever made or contributions discussed at that meeting with Mr. Kalmbach?

Mr. ALAGIA. I think he has reported to your people on the Senate Select Committee what transpired at those meetings and I am not going to be trying to second-guess him. He was there.

Mr. WEITZ. And one final question. Do you have any knowledge of any contributions, your knowledge either being direct or from hearsay or other indirect sources, of contributions made by the other two co-ops during 1972 for the President's reelection?

Mr. ALAGIA. You mean other than what I read in the newspaper and all that stuff?

Mr. WEITZ. That is right, yes.

Mr. ALAGIA. You know, I—no. I would say no I don't. I have tried to give you what I know and I just don't keep, you know, track of those things any more.

Now, I mean, there may be some that I am supposed to be aware of that I don't now recall, but I don't know what they would be. I just didn't—when I resigned on March 10, 1971, I was getting back into law practice and trying to maintain what I had.

Mr. WEITZ. All right.

Mr. PLOTKIN. Off the record just a minute.

[Discussion off the record.]

Mr. PLOTKIN. On the record. Do you know of SPACE, ADEPT, TAPE, or any of the co-ops providing any services or funds to any Democratic candidates or contenders for the Presidential nomination, to the best of your knowledge?

Mr. ALAGIA. During what period of time?

Mr. PLOTKIN. The 1972 election?

Mr. ALAGIA. In 1972——

Mr. PLOTKIN. For the 1972 election. It might have started back in 1971 or 1970, whenever everybody started running for office.

Mr. ALAGIA. Well, now, I mean I have read in the newspapers about AMPI providing apartments for some, I don't know whether they were announced or unannounced, candidates up here. I mean I have read something.

Mr. PLOTKIN. Do you have any personal recollection of any services or any funds contributed by cash or by check that you were aware of at the time that the services were provided or the cash or checks were provided to any Presidential contenders?

Mr. ALAGIA. No. I mean in the 1972 election, I just was not, you know—well, I was interested in some of the senatorial candidates running, like in Kentucky. I didn't spend my time, you know, trying to run this kind of stuff down.

Mr. PLOTKIN. Now, I would like to ask the same question with regard to any senatorial congressional elections that took place in 1972 where goods or services or cash or check contributions were provided by any of the dairy co-ops or any of the political arms of the dairy co-ops?

Mr. WEITZ. May I just, before the witness answers, I don't want to impede or I will not ask that the witness not answer. I think he should go ahead and answer it for a complete record. But let me just note for the record that I believe the question calls for testimony that falls outside our mandate and I just do want it noted for the record, so that

if at a proper or appropriate time, some similar question, either at a public session or use of this executive session for the public record, will conform to the mandate and a proper ruling will be requested from the committee.

Mr. PLOTKIN. A further clarification of the question. Some people who were congressional or senatorial candidates may have been informal or unofficial candidates for the Presidency while at the same time they were standing for reelection for the congressional or senatorial offices. For that reason, if it has subsequently come out that they were never really official Presidential candidates, I just want to establish whether they received any of these finances or services for their senatorial or congressional elections.

Mr. ALAGIA. As I say, the only ones I would have read about would have been in the newspaper involving AMPI or those apartments for Mr.—I think it was Mr. Mills, I am not sure.

Mr. PLOTKIN. You have no independent recollection. OK.

Now, with regard to the 4 a.m. meeting in the airport in Louisville. Without rehashing everything you stated before, was it your intention at the time of that meeting to in any way ever give any considertaion to loaning SPACE funds, arranging for the loan of SPACE funds to ADEPT?

Mr. ALAGIA. Absolutely not.

Mr. PLOTKIN. OK. Would you tell me for the record what your personal impression was of Mr. Nelson?

Mr. ALAGIA. You mean at that meeting?

Mr. PLOTKIN. At that meeting and in general?

Mr. ALAGIA. Well—well, of course, at that meeting—you know, I am just sorry you fellows can't experience something like that, have four of them descend on you at the airport. I wanted to gracefully, you know, get out of there, to leave. I didn't appreciate that type of descent at that hour of the morning.

My impression of Mr. Nelson, whether that is material or not—I don't know what good that will do—but it was quite apparent to me at this time, with what I now have knowledge of, that they, the AMPI group, would have done anything to have merged Dairymen, Inc., into AMPI. And he might play one member of a management team against the other.

Mr. PLOTKIN. He isn't someone you would care to deal with?

Mr. ALAGIA. Well, at this time, I would say no.

Mr. PLOTKIN. Are your feelings similar toward Mr. Parr and Mr. Lilly?

Mr. ALAGIA. Toward who?

Mr. PLOTKIN. Mr. Parr and Mr. Lilly.

Mr. ALAGIA. I never had any dealings to speak of with Bob Lilly. He was at the airport this morning, you know, and he was at some of these meetings. They are always at meetings.

And Dave Parr, if he would stay in the management field as a marketing man, a milk man, he is a good marketing man. And Harold Nelson is a promoter.

Mr. PLOTKIN. It is absolutely clear for the record that your meeting with them in the airport was contrary to anything you would have wanted under those circumstances at that time and that there was never any intention to further investigate or participate in any request or effort on their part to obtain funds from SPACE?

Mr. ALAGIA. Absolutely. I mean, they sought me out and descended on me and I wanted to get up and leave and I got up, if I was sitting down—I am not even sure I sat down. If I sat down, it sure was not for long.

Mr. PLOTKIN. Just two final questions. Is Mr. Morgan a lawyer?

Mr. ALAGIA. No, he is not; he is an economist.

Mr. PLOTKIN. Did you advise him at the time that you passed on the events of the meeting at the airport that it was your opinion that loaning SPACE funds of $100,000, or any amount, to ADEPT would be illegal in your opinion?

Mr. ALAGIA. In my judgment, I told him, he should not even consider that, because that law didn't say that in my book.

Mr. PLOTKIN. Thank you.

Mr. WEITZ. I just have three questions.

First of all, were you aware that TAPE in fact made a loan the following month, April 1971, to ADEPT, of $50,000?

Mr. ALAGIA. April what?

Mr. WEITZ. 1971, to ADEPT. Were you aware of that?

Mr. ALAGIA. Well, looking over the records, yes, I am now aware of that. I am aware that talking with DeVier Pierson, he called me about, you know, whether SPACE was going to lend money. I said, I don't think, in my judgment, the law permits that, and I tell you right now we are not going to do that.

Mr. WEITZ. Was that shortly after the meeting at the airport?

Mr. ALAGIA. I think it was, you know, a week or so.

Mr. WEITZ. Did you ask him to call or did he call you?

Mr. ALAGIA. No, he called me.

Mr. WEITZ. Did he tell you who told him to call you or who had informed him of this possibility?

Mr. ALAGIA. No, but I can only—you know, I don't want to assume, but it had to be somebody from AMPI or Mid-America.

Mr. WEITZ. Did he indicate that TAPE was going to in fact or might make a loan to ADEPT?

Mr. ALAGIA. No, he didn't tell me that.

Mr. WEITZ. Did he indicate that there was an urgency in the context of the 29th of March such as they had at the airport with you?

Mr. ALAGIA. No, he didn't indicate that to me. I just remember a telephone call from him along those lines and I told him that SPACE was not going to—you know, I didn't think it proper for one committee to lend to another.

Mr. WEITZ. Is David Parr now employed by DI?

Mr. ALAGIA. By Dairymen.

Mr. WEITZ. Do you know in what capacity he now serves as an employee?

Mr. ALAGIA. The board of directors of Dairymen employed him and I don't know the exact date, sometime in 1972. I think you were furnished the information on that, Mr. Weitz. I think Mr. Morgan gave you an explanation of what he does. I don't follow him. I know he talks to producers at producer meetings and different things. I mean I am aware of that.

Mr. WEITZ. I have no further questions.

Thank you, Mr. Alagia.

We will recess the session.

[Whereupon, at 5 p.m., the proceeding was concluded.]

MONDAY, JANUARY 28, 1974

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

The Select Committee met, pursuant to notice, at 10:10 a.m. in room 442, Russell Senate Office Building.

Present: Senator Inouye.

Also present: James Hamilton, assistant chief counsel; Donald Sanders, deputy minority counsel; Benjamin Plotkin, minority investigator.

Senator INOUYE. Would you raise your right hand, please?

Do you swear that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TOWNSEND. I do.

Senator INOUYE. Thank you, sir.

Mr. HAMILTON. Well, Senator, what I was going to do was to raise a matter of procedure, even before we start the initial questioning. Mr. Vanet has made a dual request to us. One: That he be allowed to tape record this morning's executive session, and two: In regard to a prior executive session, that he be allowed to read it, and as I understand it, to make verbatim notes out of the session.

Now, it is my understanding of the rules of procedures of the committee, that this would not be allowed, because executive sessions are only released by a majority vote of the committee, and this, in effect, would be the releasing of an executive session. But Mr. Vanet has made this request, and I think that he should be allowed to put it formally to you, so that you can make a ruling on this request.

Senator INOUYE. Well, the transcript he is speaking of is what, now?

Mr. HAMILTON. This is an earlier transcript, Senator, of Mr. Townsend. We are calling him back, because we now have some other matters.

Senator INOUYE. Were you present at this?

Mr. VANET. Yes, I was. The way I read the rules we are entitled to a transcript of his testimony. We requested a transcript prior to giving the testimony, and we have not received a copy of it. We have been advised we probably would not get a copy, and we have cooperated and testified before. And we are here, ready, and we want to testify, but I am going to insist on my right to take a copy of what he testifies today; and what I would like to do, although I'm not going to hold up his testifying today, if I can't; but I would like also to have a ruling that I may dictate, after the hearing today, the transcript that Mr. Hamilton has from the prior hearing. Otherwise, I am just going to advise my client not to testify today, and take the fifth. I don't want to do that. I want him to testify. He is here, he has cooperated.

Senator INOUYE. Well, I have never heard of any person being permitted to take in a tape recorder during executive sessions. I presume—

not presume, I would think—that the interpretation of the rule, as you set forth, is correct in that sense; but there is no rule prohibiting counsel to take notes during executive sessions. And so, as to one part of your request, that you be permitted to take notes from that transcript——

Mr. VANET. I just wanted to redictate them into my recording machine after the fact. In other words, the rules expressly provide I am entitled to a copy of the transcript.

Mr. HAMILTON. I don't believe that is right, Senator.

Mr. VANET. It is the way I read it, and if we're going to get a copy of both transcripts, well then fine, I've got no objection. But, you know, down the road, in case something comes up——

Senator INOUYE. Copies of the transcript, sir, as I recall the rule, have never been provided to any person other than appropriate staff and members of the committee. Do you have a copy of the rule there?

Mr. VANET. Senator, it says if it is made public——

Mr. SANDERS. I just asked my secretary to bring one. She will be here in just a moment with a copy.

Mr. HAMILTON. I believe the rule is, Senator, that if the transcript is going to be made public for one reason or another, perhaps for submission into the record, that takes a majority vote of the committee.

Senator INOUYE. Has this been made public?

Mr. HAMILTON. This has not been made public yet. You asked for some type of precedent, and I think the main precedent I can think of is in regard to the Chester Davis matter. You remember there was a vote of the committee in regard to making that available, certain transcripts available to Mr. Davis for his court litigation, and Mr. Davis only got it because the committee authorized his having it for that purpose. I think it is rule 24, but I am not sure.

Mr. VANET. I thought I understood that one witness had a stenographer present when his testimony was given.

Mr. HAMILTON. Well, there may have been for one reason or another some change in the rules. I think I know what you're talking about. I don't know under what circumstances that was done, but certainly the normal situation—I believe I mentioned the wrong rule—the normal situation is that executive sessions are not made public.

Senator INOUYE. That is rule 27.

Mr. HAMILTON. Would you like to see this?

Senator INOUYE. Rule 30.

Mr. HAMILTON. Would you like to see rule 27?

Mr. VANET. Yes. I remember it says, if it is going to be made public——

Senator INOUYE. Rule 30 says the witness shall, upon request, be given a reasonable opportunity, before any transcript is made public, to inspect, in the office of the committee, the transcript of his testimony to determine whether it was correctly transcribed, and may be accompanied by his counsel during such inspection. If the witness so desires, the committee will furnish him a copy of his testimony at no expense to the witness.

In this case, does the committee plan to make public this transcript?

Mr. HAMILTON. Well, Senator, we don't know that yet. But we will let Mr. Townsend and his counsel read the last transcript, and this one, too, of course, after it is transcribed. And it has been procedure

that counsel can make notes, not verbatim notes, but can make notes on the content of the transcript. What we have proscribed in the past, and will continue to do so unless the committee, of course, votes otherwise, is to prohibit counsel either from making verbatim recordings, or from taking a transcript and reading it verbatim into a tape recorder.

Mr. SANDERS. Senator, I think that rule contemplates that the furnishing of the transcript, when requested by the witness' counsel, would occur at such time as the committee thinks that it would make it public.

Mr. TOWNSEND. Well, I don't have any hesitation in terms of proceeding anyway. I am perfectly willing, if counsel would agree to waive the objection.

Senator INOUYE. In view of rules 27 and 30, I would have to deny the request of counsel, but as noted by committee counsel, I see no objection to the witness' counsel taking notes during the executive meeting.

Furthermore, I see no objection to counsel taking notes from the transcript of the prior hearing.

Mr. HAMILTON. Well, Mr. Vanet, if you——

Mr. VANET. Well, if Tom doesn't mind, we will go ahead, then. If it's all right with him, it's fine with me. Irrespective, it's my inclination to say "no", but if he wants to go ahead, fine.

Mr. HAMILTON. All right.

I think we should recess this session, and move to 334, if that's all right; so then we won't take up any more of the Senator's time.

[Whereupon, at 10:20 a.m., the Select Committee recessed, to reconvene in Room G–334, Dirksen Senate Office Building.]

Mr. VANET. I would state for the record that I would include herein, and incorporate by reference, the objections made at the first testimony of this witness before this committee, in order to save from repeating them again at this time.

Mr. HAMILTON. OK. Mr. Townsend, just for the record again, would you state your full name?

TESTIMONY OF THOMAS W. TOWNSEND, ACCOMPANIED BY M. RANDALL VANET, COUNSEL

Mr. TOWNSEND. Thomas W. Townsend.

Mr. HAMILTON. I am going to avoid going into your background, as we did earlier, but just so I can be completely clear; as I understand it, you worked for AMPI from the beginning of 1970 until sometime in 1972. Is that correct?

Mr. TOWNSEND. That is correct.

Mr. HAMILTON. Sometime in April 1972, I believe?

Mr. TOWNSEND. February.

Mr. HAMILTON. February 1972.

Mr. TOWNSEND. And it started—my employment with AMPI started when AMPI started, not 1970.

Mr. HAMILTON. And for a certain period of time, you were special assistant to Mr. Nelson. What was that period of time?

Mr. TOWNSEND. Gosh, I really don't recall when it began. I would think probably sometime in 1970, until Mr. Nelson was relieved as general manager in 1972.

Mr. HAMILTON. And I believe that you told us last time, even though you were assisting Mr. Nelson that you worked primarily for Mr. Parr. Is that correct?

Mr. TOWNSEND. Yes, that is correct.

Mr. HAMILTON. Now, Don, I'm not going to go into any more background unless you want to, because I think it is fairly fully covered in this earlier session.

Mr. SANDERS. Go ahead, Jim.

Mr. HAMILTON. Mr. Townsend, in 1971, do you recall, or do you have any knowledge of, any cash contributions being made to Congressman Mills?

Mr. VANET. Excuse me, and again, at this time, I'm going to advise the witness, that at any and all times, questions asked encompass only the 1972 Presidential campaign, and answer any questions accordingly. If there's any confusion in your mind about the scope of the question——

Mr. HAMILTON. Well, that is the scope, but I think that——

Mr. VANET. Well, because it could go back to 1940, maybe he knew something.

Mr. HAMILTON. Well, I am talking now about contributions made to Mr. Mills in 1971. I'm not asking about contributions made in 1940, but if the witness has any knowledge of any contributions made in 1970, I wish he would answer, and we can discuss them. And if he thinks they were not related to the Presidential campaign, then either he or you can say so.

But my question is, in 1971, do you have knowledge of any contributions, for any purpose whatsoever, going to Mr. Mills?

Mr. TOWNSEND. You mean, cash versus checks. You don't mean checks?

Mr. HAMILTON. I'm talking about cash at the moment.

Mr. TOWNSEND. Yes. I took an envelope that contained, as I understand it, as I was told, some cash and some checks from Little Rock to Washington one time, when I was coming to Washington from Little Rock.

Mr. HAMILTON. Can you date this?

Mr. TOWNSEND. Well, not very precisely. I would say sometime in the fall or winter of 1971.

Mr. HAMILTON. Well, are you sure that wasn't in August of 1971?

Mr. TOWNSEND. No, I'm not sure it wasn't in August of 1971.

Mr. HAMILTON. But your best recollection is that it was the fall or winter of 1971?

Mr. TOWNSEND. Yes, sir.

Mr. HAMILTON. Can you remember that the weather was chilly?

Mr. TOWNSEND. I just don't have any recollection. It didn't seem much out of the ordinary to me. There is nothing that I recall about it.

Mr. HAMILTON. Under whose instructions did you do this?

Mr. TOWNSEND. Mr. Parr's.

Mr. HAMILTON. Did Mr. Parr tell you, or did you look in the envelope, to determine what was in the envelope?

Mr. TOWNSEND. I did not look in the envelope, that I recall. He said that it was some checks and some cash. I had the idea, I'm not sure what he said, exactly, but I think that it was a whole group of small contributions. It may have been that the check that I wrote for Chair-

man Mills was in the group. I wrote a $50 check to the Mills campaign.

Mr. HAMILTON. Did he tell you how much cash there was?

Mr. TOWNSEND. I believe he said there was slightly less than $5,000 total, and I don't have any idea of how much of that would have been in cash, and how much of that would have been in checks.

Mr. HAMILTON. What was the nature of the envelope? A small, white envelope?

Mr. TOWNSEND. Yes, it was a small, regular, letter-size envelope.

Mr. HAMILTON. And was it chocked full, was it bulky, or was it reasonably——

Mr. TOWNSEND. I would say that it was maybe half an inch.

Mr. HAMILTON. Half an inch?

Mr. TOWNSEND. Slightly less than the thickness of my thumb, I would say.

Mr. HAMILTON. What I'm trying to get at—did you have the impression that there were 20 or 30 checks, 20 or 30 bills in there, or that——

Mr. TOWNSEND. I would say there were more than 20 or 30. Gosh, I would hate to guess—it was fairly thick, as I indicated to you. I had the impression there might be—oh, 100 checks or bills.

Mr. HAMILTON. The envelope, I take it, was sealed?

Mr. TOWNSEND. Yes, it was.

Mr. HAMILTON. And you didn't look at it at any time?

Mr. TOWNSEND. No, I did not.

Mr. HAMILTON. Did Mr. Parr say anything to you about whether it was mostly cash or mostly checks?

Mr. TOWNSEND. I don't recall that he did.

Mr. HAMILTON. Did he tell you the source of the money?

Mr. TOWNSEND. No, he did not.

Mr. HAMILTON. Where did you get your impression that it was small contributions, like the one you had made?

Mr. TOWNSEND. From Mr. Parr.

Mr. HAMILTON. What exactly did he say?

Mr. TOWNSEND. I don't remember exactly what he said. I think it was something like, "I've got some contributions that I would like to have you take up to Washington," and I said, "OK;" and he said, "Now be careful, because some of it is cash," and I said, "Well, is it a large amount of cash?" and I think he said, "No, there is some cash and some checks, and it's less than $5,000," or something along that line.

Mr. HAMILTON. Did he mention to you that there were any contributions in there from AMPI per se?

Mr. TOWNSEND. Oh, no, no.

Mr. HAMILTON. Did he tell you where the contributions were from? Did he indicate that they were from people like you in AMPI, perhaps?

Mr. TOWNSEND. I don't recall what he said. That was, I think, my conclusion, from something he said—there is some cash, and there is some checks, and it may have been that this was after I gave $50, and I may have—it may be all my assumption, you know. This is 2½ years ago, and it may be all my assumption that it was small contributions, a whole bunch of them. But it was, as I say, a very substantial envelope.

Mr. HAMILTON. To whom did you deliver this money?

Mr. TOWNSEND. I gave it to Gene Goss.

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Mr. HAMILTON. Did you tell Mr. Goss what it was when you gave it to him?

Mr. TOWNSEND. Yes, I think I said that it came—that Dave asked me to bring this up to Washington.

Mr. HAMILTON. You did bring it to Washington? Goss was in Washington at this time?

Mr. TOWNSEND. Yes.

Mr. HAMILTON. Did you tell him how much was in there?

Mr. TOWNSEND. I don't recall that I did, no.

Mr. HAMILTON. Did you tell him what the nature of the contributions was?

Mr. TOWNSEND. I don't recall that I did.

Mr. HAMILTON. Did he open the envelope in your presence?

Mr. TOWNSEND. I don't believe that he did.

Mr. HAMILTON. What did he do with it?

Mr. TOWNSEND. I think it just sat on the corner of his desk until after I left, but he may have picked it up and put it in the desk drawer. I just don't recall.

Mr. HAMILTON. Do you recall if he said what he was going to do with it?

Mr. TOWNSEND. No, I don't recall.

Mr. HAMILTON. I mean, for example, did he say, "Well, I will send this downtown to the Draft Mills for President office"?

Mr. TOWNSEND. I just don't recall.

Mr. HAMILTON. Now, in placing the date of this transaction, do you know if it was in proximity to the appreciation meeting or rally that was held for Mr. Mills in Little Rock?

Mr. TOWNSEND. I don't remember when that was.

Mr. HAMILTON. Well, I think that was in August of 1971. Did you attend that?

Mr. TOWNSEND. Yes, I did. I don't remember whether it would have been before or after. I just really don't remember.

Mr. HAMILTON. Well, you were in Little Rock, I believe. Now, I may be wrong in this. I don't want to shape your testimony, but didn't you participate in the planning for that appreciation meeting?

Mr. TOWNSEND. No, sir, I did not.

Mr. HAMILTON. You did not?

Mr. TOWNSEND. No.

Mr. HAMILTON. Were you in Little Rock several days before then?

Mr. TOWNSEND. I think that I was, but I have submitted my calendar to the committee, and I'm sure that it would accurately reflect where I was on my expense reports.

Mr. HAMILTON. I take it your testimony is that you did not participate in any way in the organization or planning for, or getting out of participants for the Mills rally?

Mr. TOWNSEND. Boy, I just don't recall a darn thing that I personally did. I knew that the rally was going on. I may have run a few errands or something like that, but as far as really having anything to do with the rally, I didn't feel that—and when I attended the rally, I went as a spectator. I took my wife and my two children along, and just sat up in the stands.

Mr. HAMILTON. Well, you said you ran a few errands, do you remember perhaps making a delivery of some money to the rally organizers, some money given to you by Mr. Parr?

Mr. TOWNSEND. Well, I just don't know who the rally organizers were. Could you tell me a name or something?

Mr. HAMILTON. Well, I believe the name—I believe the State party chairman down in Arkansas was running it. Don, was his name Purcell?

Mr. PLOTKIN. Mr. Purcell.

Mr. HAMILTON. I believe Mr. Purcell was the organizer; Mr. Ward was participating, Mr. Charles Ward.

Mr. TOWNSEND. I know Charlie Ward, but I'm not sure I ever met Mr. Purcell. What was his first name?

Mr. HAMILTON. Frankly, I've forgotten.

Mr. TOWNSEND. I don't believe I've ever met Mr. Purcell.

Mr. HAMILTON. Well, do you remember making a delivery for Mr. Parr to anyone in the Mills' organization of some moneys that would go to cover the expense of the rally?

Mr. TOWNSEND. Boy, I just sure don't. It's possible I may have, but I sure don't remember.

Mr. HAMILTON. Do you know if AMPI in any way financed that rally or meeting for Mr. Mills?

Mr. TOWNSEND. No, sir, I do not know.

Mr. HAMILTON. You know of no expenses that they paid for, no contributions that they made?

Mr. TOWNSEND. That AMPI would have made?

Mr. HAMILTON. Yes, that AMPI would have made.

Mr. TOWNSEND. No, sir, I do not.

Mr. HAMILTON. Well, it is true, is it not, that they supplied some milk for that rally? Isn't that right?

Mr. TOWNSEND. If they did, I'm not aware of it.

Mr. HAMILTON. Well, was your perception of that rally that it was a Mills for President rally? It was a rally to start the bandwagon rolling for Mr. Mills' candidacy?

Mr. TOWNSEND. Boy, really, you're just going into details that I just honestly don't—I really didn't participate to any considerable degree on the—on that Mills rally, and really, you're just in an area that I can't honestly answer.

Mr. HAMILTON. I understand that. I am really asking for your perceptions as a spectator, how you viewed it.

Mr. TOWNSEND. I think that I can recall generally overhearing some conversations in terms of Mills for President, and I can't honestly remember whether it would have been at that time or August. I think it would have been at that time, or previous to that time. I'm sorry that I just can't be any more helpful on that.

Mr. HAMILTON. We are still on contributions, Mr. Townsend. Were you, in 1971, in the airport at Austin, Tex.?

Mr. TOWNSEND. Yes, sir.

Mr. HAMILTON. Do you know at what time?

Mr. TOWNSEND. Yes. The committee asked me some questions last time. That is really the only thing that I wanted to look at in the record of my previous testimony, and I said at that time—that was, you know, a completely new thing to me—and I said that I was, and I believe there was one time, and at that time it was at a time when Chairman Mills spoke to the joint session of the Texas Legislature, and there were questions relating to Jake Jacobsen. And I said that I

just couldn't remember, and since that time, I thought back quite a little bit about that, and I believe that there were two times that I was at the Austin airport.

The one time, when Mills spoke to the joint session of the Texas Legislature, and I believe I feel quite sure now that there was another time that I was there. I flew in with Dave Parr, and we, I think inadvertently, saw Bob Lilly at the airport, and Jake Jacobsen was there, yes, sir.

Mr. HAMILTON. When was the occasion?

Mr. TOWNSEND. I don't recall when that was.

Mr. HAMILTON. Might that have been in November of 1971?

Mr. TOWNSEND. It might have been in November of 1971, but you know, it might have been back in the spring or summer, or in the fall. I just can't place it in reference to any time period.

Mr. HAMILTON. Well, the first trip was in the spring. Wasn't it in April of 1971? I believe that's what you testified to last time.

Mr. TOWNSEND. OK, if that's what I testified to. I had my calendar at that time, and I did have it on there.

Mr. HAMILTON. And that was the speech to the legislature?

Mr. TOWNSEND. Yes, it was.

Mr. HAMILTON. What was the purpose of the second trip?

Mr. TOWNSEND. It was a stopover on the way to San Antonio, to the best I can recall. It was strictly a stopover that Dave wanted to visit with Jake Jacobsen.

Mr. HAMILTON. Do you know why he wanted to visit with Jacobsen?

Mr. TOWNSEND. No sir, I do not.

Mr. HAMILTON. Do you remember if anything passed hands between Jacobsen and Parr?

Mr. TOWNSEND. No sir; I don't remember anything passing between Jacobsen and Parr.

Mr. HAMILTON. Do you remember Mr. Long coming up in the airport?

Mr. TOWNSEND. Since these questions were asked at the previous hearings, I thought about that, and I just honestly don't. I don't know whether—I kind of think that Mr. Long was there, but it really just doesn't ring a bell to me. I kind of think he was, but I'm just not absolutely certain.

Mr. HAMILTON. Well, do you remember his coming up, that Jacobsen was there, and then Mr. Long came up subsequently and gave something to Mr. Jacobsen? Does that ring a bell?

Mr. TOWNSEND. No, sir, it does not ring a bell; I don't recall anything that was unusual about that particular stopover at all in Austin.

Mr. HAMILTON. Do you think it was unusual that Parr would stop in Austin to see Jacobsen? Was that unusual?

Mr. TOWNSEND. To the best of my knowledge, it was the only time that I was with Dave, to the best of my knowledge, when we stopped in Austin and saw Mr. Jacobsen.

Mr. HAMILTON. Well, you were flying in a private plane, then; the AMPI plane?

Mr. TOWNSEND. Yes. It was not an AMPI plane, it would have been a leased plane, a chartered plane, probably from Central Flying Service in Little Rock, Ark.

Mr. HAMILTON. Well, you didn't ask Mr. Parr why you were putting down?

Mr. TOWNSEND. I don't recall that I asked him. I think that in the process of the flight, he said that he was going to stop and see Jake for a minute in Austin. I think he volunteered.

Mr. HAMILTON. And you didn't say, "why do you want to do that?"

Mr. TOWNSEND. Not that I recall. No.

Mr. HAMILTON. Do you remember when Mr. Parr, when he got off the plane, did he take anything with him? Can you recall that?

Mr. TOWNSEND. No, I sure don't.

Mr. HAMILTON. Well, when he got back on the plane, do you remember if he had an envelope or something of that nature?

Mr. TOWNSEND. I sure don't.

Mr. HAMILTON. And he didn't tell you, for example, that he just picked up some money from Mr. Jacobsen?

Mr. TOWNSEND. Boy, I sure don't recall that he said anything about any money.

Mr. HAMILTON. He didn't mention the amount of $5,000?

Mr. TOWNSEND. I sure don't recall it at all.

Mr. HAMILTON. You have no further recollection of why Mr. Parr wanted to visit with Mr. Jacobsen?

Mr. TOWNSEND. No, sir, I don't. I remember that—the only thing that I can really remember about it was that we were sitting at the counter at a little restaurant there, and I believe that I was on a stool, and Mr. Parr was on the next stool, and I believe Mr. Jacobsen at the next one, and Mr. Lilly may have been on the one on the other side of that. And the heads were generally—like, we are here, I would have been sitting here, and then Mr. Parr and Mr. Jacobsen, and if Mr. Lilly were there, he would have been on the other side, and I don't recall whether he was sitting over there or not. And the conversations would have been Mr. Parr looking this way and Mr. Jacobsen this way.

But I recall no conversation. I just don't have any recollection, and I think that if there would have been anything in relation to money that I overheard, or would have seen anything, I think that I would have recalled it.

Mr. HAMILTON. Well, if Mr. Jacobsen had given Mr. Parr some money, do you think Mr. Parr would have told you about it?

Mr. TOWNSEND. Not necessarily.

Mr. HAMILTON. After that time, did you ever hear Mr. Parr say that he had another $5,000 to give to somebody, to give to Mr. Mills?

Mr. TOWNSEND. Not that I recall.

Mr. HAMILTON. Well, did you ever hear Mr. Parr say anything about contributing AMPI money to Mr. Mills?

Mr. TOWNSEND. Contributing AMPI money?

Mr. HAMILTON. Yes.

Mr. TOWNSEND. No, sir, not that I recall. I sure don't.

Mr. HAMILTON. OK. I have one more set of contribution questions, and then I will let Don ask you some questions about the same thing.

Do you recall receiving $5,000 in cash from Mr. Stuart Russell?

Mr. TOWNSEND. Yes.

Mr. HAMILTON. When was that?

Mr. VANET. Excuse me.

This doesn't have anything to do with the 1972 Presidential campaign, does it?

Mr. TOWNSEND. No.

Mr. HAMILTON. Well, I would like to get into it.

Mr. VANET. Get into it? There's nothing to get into. If he says clearly it doesn't have anything to do with the 1972 Presidential campaign, then it is beyond the scope of the authority and inquiry of this committee, and he could testify about things for weeks that he knows about, but I'm not going to let him testify to anything outside the scope of the inquiry. Anything within it, I would be glad to have him testify to.

Mr. HAMILTON. I think we have a right to inquire about the circumstances of this and then make our own judgments. I mean, if we let witnesses spoon feed us, so to speak, and counsel, we wouldn't have gotten a heck of a lot of the information we have gotten.

Mr. VANET. Well, that might be. But you can ask him questions about hundreds of things that are outside of the authority on the pretense, well, we want to hear about it and then we will decide if it is relevant, and that is going beyond your——

Mr. HAMILTON. I think the determination of relevance is up to the staff and the Senators and, you know, we can go back for another ruling of Senator Inouye if you want, but I don't think we're going to ask him about hundreds of things. We're going to ask him about a few specifics, and we do have some information that there was a $5,000 delivery of money from Mr. Russell to Mr. Townsend.

We just want to find out what it is about, because we know that Mr. Russell was involved in some other matters involving Presidential campaigns.

I think it is a very fair question. We're not asking a blind question.

Mr. VANET. Well, is this the same time period as 1970 and 1971?

Mr. TOWNSEND. Yes; it's in this time period.

Mr. VANET. What you are saying is, you have information that it may well be that he was obtaining money not for himself but for a Presidential candidate?

Mr. HAMILTON. Well, I don't want to state it too strongly. We know that there was some transferral of money; we know that Mr. Russell was involved in transferral of money for Presidential campaigns.

Mr. VANET. This is already of record?

Mr. HAMILTON. Yes. And because of those two facts, we would just like to inquire into this.

Let me say I don't think that this interrogation this morning is going to be that sweeping. I don't think we're going to spend 5 or 6 hours going into every conceivable aspect of Mr. Townsend's affairs. I don't think you have any worry about that.

Mr. VANET. Well, I can see where there would be relevancy if there is some possibility it could have been not for him but for someone else.

Go ahead, Tom, and answer.

Mr. TOWNSEND. Go ahead and answer?

Mr. VANET. Yes.

Mr. TOWNSEND. I forgot the question.

Mr. HAMILTON. The question was whether you received some money, I believe, and you said yes; and then I asked you what was the time frame. That is as far as we have gone.

Mr. TOWNSEND. I am going to say September 1970. If I could look at my calendar, I could pinpoint it.

Mr. SANDERS. I am looking at 1971 here. I will have to dig out 1970.

Mr. TOWNSEND. I would say it's on September 17, 1970.

Mr. HAMILTON. How about describing the circumstances surrounding this delivery of cash, the amount, the reasons for it, et cetera.

Mr. TOWNSEND. Could I confer with counsel for a minute?

Mr. HAMILTON. Sure, please. In fact, if you want to step outside——

Mr. TOWNSEND [confers with counsel]. I was attending a board meeting of the Oklahoma divison board of directors of AMPI, and I called the office, my office in Little Rock, to see if there were any messages. There was a message for me to call Page Belcher at his office in Tulsa.

I called that office some time in the afternoon, as I recall, and talked to Page, and I think we talked probably about the weather and football, and I asked if there was anything I could do. And he said, "yes; I would like to have $5,000."

And I said, "Fine, I feel sure that I can make a call and get a check sent today." And Mr. Belcher said, "No; I would like to have it cash."

And I said, "Well, I don't know if I can do that. I will have to make a couple of calls and call you back." And he said, "OK."

And so then I called Mr. Parr, told him the circumstances, and Mr. Russell's name came up in the conversation. And I believe I said something like, "Do you want me to call Stuart Russell?" and he said "Yes."

So I called Mr. Russell, who was in Oklahoma City. He was in his office. I told him that I would like to have $5,000. He was somewhat reluctant. He asked who it was for. I said "for Page Belcher," and he asked who had authorized it, and I said "Dave." And he said, "OK, drop by the office." And I said, "OK, I'll come by this afternoon."

And then I called Page Belcher back and asked if he would be in his office. I said it would probably be a little bit after 5 o'clock by the time I got over there. He said he would wait on me.

After the Oklahoma board meeting was over, I went down to Stuart Russell's office. He had a client with him. I talked to his secretary. His secretary handed me an envelope. I took the envelope and went out to the airport, got my plane, went over to Tulsa, took the envelope down to Page Belcher's office, gave it to Page. It was a little bit after 5 o'clock, as I recall. I don't believe there was anybody in the Federal Building, at least not very many people.

And he said, "Thanks, Tom," and took the envelope and put it in a coat pocket, and then we walked out of the building together. As I recall, it was Mr. Belcher and a long-time administrative assistant who since has died. And I got in a cab, went back to the airport, and went back to Little Rock.

At—oh, I would say about 4 months ago when I first—I don't know what time period, 3 or 4 months ago, when I first heard this—I mean, heard of Stuart Russell's name coming up in terms of some other contributions, I asked advice of my attorney, and told him about this situation, and he suggested that it might be a good idea to go to the district attorney, go forth and volunteer this information.

And I said, "Well, that will be fine. Let me consider that." And I talked to—at about that time, I talked a couple of times with him and

suggested that it might be good not to have the same attorney as corporate counsel, that is how I got in touch with Randy Vanet, and talked to him about it, and he thought that it would probably not be best to do so.

I talked with Stuart Russell about it, and he said he didn't care one way or the other, that the money was all his own personal, it didn't have anything to do with AMPI, and he didn't care whether I went forward with the information or not.

And on the advice of counsel, I did not go forward with that information to the U.S. Attorney's office.

Mr. SANDERS. Can we take a 5-minute break, please?

Mr. HAMILTON. Sure.

[A brief recess was taken.]

Mr. HAMILTON. I only have one more question on this matter, and that is, Mr. Townsend, in regard to the $5,000 delivery from Mr. Russell to you to Mr. Belcher in 1970, have you got any information that this money was used in support of any Presidential candidate in the 1972 campaign or election or any proceeding or any campaign or canvass leading up to 1972?

Mr. TOWNSEND. No; I do not.

Mr. HAMILTON. OK, Don.

Mr. SANDERS. I assume, from the way you have phrased your answers, Mr. Townsend, that your $50 check for Mills was given probably just shortly before you brought this envelope to Washington for Parr?

Mr. TOWNSEND. No; I am not sure of the date of that check. I think I said I am not sure whether it was included in that group or not. It may have been.

Mr. SANDERS. Could you tell us the circumstances of your making that contribution to Mills? Were you solicited by Parr?

Mr. TOWNSEND. Yes; I believe I was solicited by Mr. Parr, and I was happy to make a contribution.

Mr. SANDERS. Was it payable to the Mills Campaign Committee to the best of your recollection?

Mr. TOWNSEND. The best I can recall, it was made out payable to the Draft Mills for President campaign.

Mr. SANDERS. Did Parr suggest an amount to you?

Mr. TOWNSEND. I don't recall that he did, but he may have. I just don't recall.

Mr. SANDERS. Were you aware that he was soliciting other AMPI employees at that time?

Mr. TOWNSEND. I have no personal knowledge of anyone else that made a contribution to that campaign.

Mr. SANDERS. Were you aware that he was making calls around to AMPI board members and other employees to solicit contributions for Mills?

Mr. TOWNSEND. You know, I have difficulty in terms of the time frame. I have heard that that was done. I am not sure that I knew about it at the time that he talked to me about it. I don't believe that I personally have heard him ask any other employee or any board member, but I wouldn't be surprised if other employees were asked, yes.

Mr. SANDERS. Well, have you at any time been told by other AMPI employees or board members that they were solicited by Parr?

Mr. TOWNSEND. I don't recall a board member mentioning it to me. I think probably one or two employees have. I think probably—shoot. I am thinking that maybe Joe Murphy mentioned this to me, but I am just not absolutely certain.

Mr. SANDERS. Did you ever learn of any AMPI employee or board member complaining that Parr had coerced them to make a contribution to Mills?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. Did you receive from AMPI any reimbursement for your contribution?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. Did you in any way enter that into your expense account?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. Have you at any time learned that any contributions by other AMPI employees were reimbursed by AMPI contributions for Mills?

Mr. VANET. You're talking about during this same time frame?

Mr. SANDERS. 1971, 1972.

Mr. TOWNSEND. I don't recall any conservations along that line.

Mr. SANDERS. Perhaps you have stated this in your previous testimony, but I would like to ask you where you were officed in 1971.

Mr. TOWNSEND. In Little Rock, Ark.

Mr. SANDERS. During the entire year?

Mr. TOWNSEND. Yes.

Mr. SANDERS. Did you have any sort of an office in San Antonio?

Mr. TOWNSEND. No, sir; I did not.

Mr. SANDERS. During the year of 1971, did you consider that you were responsible most directly to Parr?

Mr. TOWNSEND. Most directly, yes. I think there were probably some—most likely there were some projects that Mr. Nelson asked me about that I would have reported directly to Mr. Nelson, but for the most part I reported directly to Mr. Parr.

Mr. SANDERS. Were there any printed or handwritten or letter markings on the envelope which Parr gave you to take to Goss?

Mr. TOWNSEND. I don't recall anything being on the envelope. Gosh, there might have been some writing on the envelope, but I just don't recall if there was or not.

Mr. SANDERS. Was this delivered to Goss in his office?

Mr. TOWNSEND. Yes; it was.

Mr. SANDERS. Was anyone else present?

Mr. TOWNSEND. Not that I recall.

Mr. SANDERS. In all of 1971, did you deliver to Goss any other envelopes or packages which were indicated to you to contain any checks or cash?

Mr. TOWNSEND. Yes.

Mr. SANDERS. On how many other occasions?

Mr. TOWNSEND. One other occasion. I brought an envelope which I was told contained some checks to Washington.

Mr. SANDERS. Who gave it to you and what was said to you?

Mr. TOWNSEND. To the best I can recall, Mr. Parr gave it to me; and he said it was some checks for Mills' campaign.

Mr. SANDERS. Did he say how much was in it?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. Was it also sealed?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Was it similar in description and size to the previous envelope you explained?

Mr. TOWNSEND. I believe it was a manila envelope rather than a white, letter-size envelope. I believe it was an envelope that probably would have been 8½ by 11 and thin.

Mr. SANDERS. Did you deliver it to Goss?

Mr. TOWNSEND. To the best I recall, yes.

Mr. SANDERS. Was this before or after the first one you have mentioned?

Mr. TOWNSEND. I just honestly don't—I believe it was after.

Mr. SANDERS. All right. Now, have you at any time learned the approximate value of the contents of that enevelope?

Mr. TOWNSEND. No, I have not.

Mr. SANDERS. Did you have any occasion to open it?

Mr. TOWNSEND. No, sir; I did not.

Mr. SANDERS. Did you personally deliver it to Goss?

Mr. TOWNSEND. I believe I did.

Mr. SANDERS. Did you observe him opening it?

Mr. TOWNSEND. No.

Mr. SANDERS. Do you know what he did with it?

Mr. TOWNSEND. No, I do not.

Mr. SANDERS. What conversation did you have with him when you gave it to him?

Mr. TOWNSEND. To the best I can recall, it would have been something like, "Dave asked me to drop this off to y'all," and he probably would have said, "OK, thanks." And that would have been the extent of the conversation.

Mr. SANDERS. Did Parr make any mention to you of cash in the envelope?

Mr. TOWNSEND. No; as a matter of fact, I believe that he probably would have said checks, because I sure had the distinct feeling that it was all checks.

Mr. SANDERS. Can you place this into any time frame in reference to the Mills' rally in Little Rock?

Mr. TOWNSEND. I really can't. I can't tell you whether it would have been before or after. I think probably after, but I'm just not certain.

Mr. SANDERS. To your knowledge—I should say, to your recollection—did you deliver any package to Goss in 1971 which contained solely cash?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. It is my understanding that Mr. Parr has a walk-in vault in his Little Rock office. Is that true?

Mr. TOWNSEND. It's in the Little Rock office, there is a walk-in vault; yes, sir. It wasn't in Mr. Parr's office.

Mr. SANDERS. It wasn't in his office. OK.

Mr. TOWNSEND. No.

Mr. SANDERS. Were you aware in 1971 of any sums of cash kept in there by Parr of $1,000 or more?

Mr. TOWNSEND. No, sir; to the best of my recollection, that vault contained only records, and I don't recall ever walking by that vault door when it wasn't wide open.

Mr. SANDERS. Was there within it any other smaller safe or locked box with a combination or key lock?

Mr. TOWNSEND. Not that I recall.

Mr. SANDERS. At any time in or about August 1971, did you learn that cash had been delivered to Norma Kirk at the Little Rock airport?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. Or did you learn that Norma Kirk had brought cash into the office to Parr in August?

Mr. TOWNSEND. No, sir; I have no recollection along that line.

Mr. SANDERS. Did you have any knowledge that Parr was keeping any cash, any cash sums, in that vault for Wilbur Mills?

Mr. TOWNSEND. No, sir; well I would be just completely surprised if there were, because, as I say, I just don't recall ever walking by that vault door when it wasn't wide open.

Mr. SANDERS. Do you have any recollection that Bob Lilly came to Little Rock any time around the Mills rally?

Mr. TOWNSEND. I don't remember seeing Bob Lilly around in Little Rock at that time, but I don't recall seeing Bob Lilly—I just don't recall seeing Bob Lilly in Little Rock, period.

Mr. SANDERS. Your calendar indicates the words "Mills rally" on August 26, 1971.

Would that indicate to you that was the day of the rally?

Mr. TOWNSEND. I would assume that it was. I would think that would be the day.

Mr. SANDERS. Now, it is my information that Lilly traveled to Little Rock on August 17, 1971.

Does your calendar contain any notations on August 17 which would stir your recollection of that day?

Mr. TOWNSEND. No; I would say I was in Little Rock on that day. I indicate that there was a hearing in the Twin Cities, Minneapolis-St. Paul, but I don't recall going to that.

Mr. SANDERS. Is that a milk hearing?

Mr. TOWNSEND. Yes, it would have been a milk hearing.

Mr. SANDERS. Although you have no recollection of attending it, does the notation indicate that you did attend?

Mr. TOWNSEND. No, I just said my notation says that there was a hearing on voting on diversion limitations and lowering supply plant requirements and also location differentials. I don't recall whether I was at that hearing or not.

Mr. SANDERS. Is there any indication from your calendar that between August 17 and August 26 you traveled to Washington?

Mr. TOWNSEND. No, sir. I would say—well, let me look. I feel relatively certain that I did not. Sometimes I have notations on this calendar which I've never followed through, or notations for Dave, or as a reminder of some kind of a meeting which I did not attend. For instance, just on the 16th, I have got Nelson, Parr and others, North Holiday Inn at St. Louis. I went to that meeting.

I sometimes have notations on here where I didn't go to the meeting at all. I think this, in combination with my expense account, gives a real accurate indication of where I was. But from looking at this, I would say I did not go to Washington between August 16 and through the end of August.

Mr. SANDERS. It is my understanding that there was an office in Little Rock which was handling responsibilities for the Mills rally.

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Do you recall that office?

Mr. TOWNSEND. Yes, I do.

Mr. SANDERS. Were you ever in that office?

Mr. TOWNSEND. Yes, I think I was there probably twice.

Mr. SANDERS. You said you were acquainted with Charles Ward?

Mr. TOWNSEND. Yes, I've met Charles Ward maybe three times.

Mr. SANDERS. Do you also know an individual named Jernigan who served as treasurer?

Mr. TOWNSEND. I believe I met Mr. Jernigan maybe twice. I don't know Mr. Jernigan well at all, or Mr. Ward well at all, either.

Mr. SANDERS. Did you ever take any envelope or package from the AMPI Little Rock office to the Little Rock office for the rally?

Mr. TOWNSEND. Not that I recall. I sure don't recall doing so, and I think if I had I think I would remember it, but I don't have any recollection of doing so.

Mr. SANDERS. At the time, on the occasion that you took the two envelopes to Washington, D.C., to Goss that you have already told us about, to your knowledge, was there any office in Little Rock operating for a Mills' Presidential candidacy?

The reason I ask you that, is because I want to know if it went through your mind to wonder why you were making the delivery all the way to Washington, if there was some local operation that it could have been given to.

Mr. TOWNSEND. I don't recall any office in Little Rock in that regard, other than this Mills rally office.

Mr. SANDERS. Did that close up right after the rally?

Mr. TOWNSEND. It surely must have been shortly after, because I remember driving by the office, I don't recall when, but it was all open. The office, as best I recall, was on a corner of a main street in downtown that had windows completely along two sides of it, and I believe the office had been vacant for some time, and I don't think that it was open for very, very long.

Mr. SANDERS. You have no recollection of a Little Rock Draft Mills office?

Mr. TOWNSEND. A Little Rock Draft Mills office?

Mr. SANDERS. Yes.

Mr. TOWNSEND. No, sir; I do not.

Mr. SANDERS. Since the committee questioning concerning any travels to Washington carrying any checks or cash for Mills, have you perchance had occasion to review or search your logs to see if you could match any trips to Washington with those occasions of delivering them?

Mr. TOWNSEND. No, sir; I have not and I kind of doubt—I think it would be rather fruitless on my part to try to do so, because I came to Washington quite a few times. And I think before making the copies that I looked through there, and I just don't think that there is anything in there that would shed any light on that time period.

Mr. SANDERS. In your calendar for July of 1971, there is a note at the beginning, Mills-Kennedy.

What is the significance of that?

Mr. TOWNSEND. I think probably I had my calendar out the first time that I heard the names of Mills and Kennedy as a possibility on the Democratic ticket, and I suspect that I was just doodling and wrote down the names, Mills-Kennedy.

Mr. SANDERS. On July 24, there is an entry, "Ark-Div," Arkansas Division, I presume, "Mills, Conway," which I assume is Conway, Ark.

Do you know the significance of that entry?

Mr. TOWNSEND. Could I look at it? [Pause] I believe this was a time period when the southern region of AMPI had its normal yearly division meetings, and I would say that on the 24th of July 1971, that the Arkansas division had their annual division meeting in Conway, Ark., and that Chairman Mills was the speaker at that meeting.

Mr. SANDERS. Would having the meeting in Conway be an ordinary event, or would that be unusual?

Mr. TOWNSEND. That would be very ordinary. I have attended three Arkansas division annual meetings; they were all held at one of the colleges there at Conway, Ark. And I know that last year, I received an invitation to go, and it was also held at Conway.

Mr. SANDERS. An entry for July 30 says "Washington."

Would that indicate that you were in Washington on that date?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Do you know for what purpose?

Mr. TOWNSEND. I would not have any idea. Sorry.

Mr. SANDERS. And the entry for July 31 says, "Mills, January 14, San Antonio." Is that correct?

Mr. TOWNSEND. Yes, that's correct. I believe that is probably the first time that I heard that Chairman Mills was to make some kind of a speech before some group in San Antonio, on January 14.

Let me look back at the end. I think I also wrote it—yes, in December, which is the last entry, on a little blank spot. I also have "Mills, January 14, San Antonio."

I am quite sure he was to speak before some civic group on January 14 in San Antonio. I don't know if it ever took place, but I feel sure it was scheduled.

Mr. SANDERS. The entry for August 3 says "Washington."

Do you know for what reason? Did you travel to Washington that day, and do you know for what reason?

Mr. TOWNSEND. I would say I did travel to Washington on that day, and I don't have any idea why. I did quite a little work in Washington in terms of, you know, working with various—oh, gosh, Agriculture people, and I was kind of in charge of the development of white papers in terms of price supports, imports, the economic justification, and background, that kind of stuff. And I think if—you know, looking through my old calendars, you could say I came to Washington quite often. I would say that I was in Washington on that day.

Mr. SANDERS. An entry on August 25 says, "Butterbrodt."

Do you know the reason for that entry?

Mr. TOWNSEND. No, I really don't. It could be that I was supposed to call John Butterbrodt on that day. I would say that would be the most likely, but I am not positive on that.

Mr. SANDERS. Did you have occasional business dealings with him?

Mr. TOWNSEND. Yes, I did.

Mr. SANDERS. Just to take it a little beyond the period of the Mills rally, your calendar indicates in September that perhaps you were in Washington for several days, the first full week of that month.

Mr. TOWNSEND. Yes, sir; I would say that I was.

Mr. SANDERS. For what dates would you judge?

Mr. TOWNSEND. I was there on September 8, 9, and 10. I possibly came in on the 7th, or possibly stayed over and came home on the 11th. I feel relatively certain that I was out of or away from my home for 3 days that week, 3 nights.

Mr. SANDERS. Can you tell from that why you were here?

Mr. TOWNSEND. No, I cannot. I can't tell from this.

Mr. SANDERS. Do you now know why you were here?

Mr. TOWNSEND. No, I don't recall.

Mr. SANDERS. Jim, I have got a few more questions I want to ask, but I assume you're going to go back into the Iowa rally. I will get into that when it comes up.

For the month of November 1971, your calendar indicates San Antonio on the 10th and 11th. I see no indication here of Austin. Can you refresh your recollection for the 10th and 11th?

Mr. TOWNSEND. On the——

Mr. SANDERS. 10th and 11th.

November 10 is the Marine Corps birthday, in case you want to put a reference on that.

Mr. VANET. A little trivia.

Mr. TOWNSEND. I can't remember whether I was in San Antonio on the 10th and 11th or not. I believe that I was in there on the 11th. I am not sure about the 10th. I also have a notation of a supply and management committee meeting in Dallas on November 10.

I also see that there were Canadian people in San Antonio on the 11th and 12th. I believe that Jim Reeves talked to the Canadian people in San Antonio, or Dr. Mehren, or maybe both. I know that I did not talk to the Canadian people who were in San Antonio.

My expenses would indicate that I was probably in San Antonio on the 11th anyway. I don't recall.

Mr. SANDERS. Can you possibly relate to the 10th and 11th the events you have told us of meeting Lilly in the Austin Airport?

Mr. TOWNSEND. No; I really can't.

Mr. SANDERS. The reason I asked that is, it is our information that it was on November 10 that Lilly met you, or saw you, in the airport with other AMPI personnel.

Mr. TOWNSEND. It could have been, but it sure doesn't ring a bell. There just isn't anything about that Austin Airport deal that really rings a bell with me, or I am sure I would remember it.

I am not saying that it wasn't on that day. I am just saying that I just—I don't have any—I can't help in terms of that date.

Mr. SANDERS. Now, with respect to your remarks about being in Austin with Parr whenever the date was, on that occasion, would you have flown to Austin with Parr?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Did he make any mention to you on the way that he was to receive anything from Jacobsen?

Mr. TOWNSEND. No, sir, not that I recall. The only thing I can recall is, I think what I said earlier was that he said he wanted, if we were

going to stop in Austin, he wanted to talk to Jake a little bit. And I think it was purely accidental that Bob Lilly was there—purely accidental.

Mr. SANDERS. Do you recall, then, flying from Austin to San Antonio?

Mr. TOWNSEND. I am not positive where we went from Austin. I think it was to San Antonio, but I am just not positive.

Mr. SANDERS. In relationship to that occasion, were you at any time thereafter given any package or envelope by Parr to deliver to any Mills personnel?

Mr. TOWNSEND. You mean like immediately after?

Mr. SANDERS. I mean, within the same day or within a few weeks?

Mr. TOWNSEND. Oh, certainly, not on the same day, and nothing that I could ever tie back to that Austin stop.

Mr. SANDERS. Well, now, just—this was November 10. Well, I am saying we were told November 10. You don't remember that it was that date. But within about 60 days thereafter, there was a complete change of management in AMPI.

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. At any time between your seeing Lilly in the Austin Airport and the time of change of management in AMPI, did you deliver anything to Washington for Mills?

Mr. TOWNSEND. Well, I think—as I say, I can't tie any time periods in terms of delivering to Washington, so it may have been after November 10; it may not have been. We could look at the calendar and see how many times I was in Washington after that.

Mr. SANDERS. Your calendar indicates Washington on November 16, Washington on November 23. Maybe you could do a better job of covering the next month there than I can. There might be something besides "Washington" that would indicate that you went to Washington.

Mr. TOWNSEND. Yes. I would say I did come to Washington on the 23d of November.

Mr. SANDERS. Also on the 16th?

Mr. TOWNSEND. Also on the 16th of November. [Pause.]

This would indicate that I did not come to Washington the entire month of December. But, again, I think it would be good to look at the expense reports. I don't believe I did come to Washington in December 1971.

Mr. SANDERS. Or January 1972?

Mr. TOWNSEND. No; not in January of 1972.

Mr. SANDERS. And you don't know the purposes for your trips on November 16 or 23?

Mr. TOWNSEND. No; I really do not.

Mr. PLOTKIN. I don't believe Mr. Sanders asked you, with regard to the second envelope that you gave Gene Goss in Washington, was that delivery in his Capitol Hill office?

Mr. TOWNSEND. To the best I recall, it was, yes.

Mr. PLOTKIN. Was there anyone else present in the room at the time, or that might have been present and was sent out of the room?

Mr. TOWNSEND. Oh, there was no one sent out. I don't remember anything peculiar about it. Gene Goss' desk is separated by a—at that time, it was separated by a partition, and I believe it most likely that

I would have just gone back and I would have been the only one behind this little partition. It was, oh, 5 feet high.

Mr. PLOTKIN. Is there a secretary that sits on the other side of the partition?

Mr. TOWNSEND. On the other side of it, yes.

Mr. PLOTKIN. Was she there when you came in?

Mr. TOWNSEND. Oh, gosh, I can't remember.

Mr. PLOTKIN. If she was there when you came in, do you think she might have overheard any conversation you might have had with Mr. Goss?

Mr. TOWNSEND. Oh, I doubt it, I think she probably would have been typing letters.

Mr. PLOTKIN. OK. You also said that you were pretty sure that the envelope contained checks?

Mr. TOWNSEND. Yes.

Mr. PLOTKIN. What causes you to think that?

Mr. TOWNSEND. I think Mr. Parr said that there were some checks.

Mr. PLOTKIN. Did he say they were all checks, or did he say there was no cash, or did he say, "Here are some checks?"

Mr. TOWNSEND. I don't remember. I feel relatively certain it was after that first time that I felt that there was some cash and some checks in the envelope, and I know I felt on the airplane a little bit apprehensive in terms of the cash. And I know that I didn't feel any apprehension in terms of this second time, because I, in my own mind, felt that they were all checks made out to the Draft Mills for President Committee.

Mr. PLOTKIN. But in fact you don't know there was——

Mr. TOWNSEND. No; I didn't look in the envelope for a fact. I couldn't verify that there were cash or checks in either one of the envelopes.

Mr. PLOTKIN. So then it's just as possible that it was cash in that second envelope as there was in the first one?

Mr. TOWNSEND. It's possible that there was cash.

Mr. PLOTKIN. All right. That's all.

Mr. HAMILTON. OK. I want to get on to a few other subjects, and I will move as fast as we can.

I want to focus on——

Mr. TOWNSEND. We just missed the airplane I really wanted to catch.

Mr. HAMILTON. I want to focus on this rally in Ames, Iowa, on the 2d of October. Your calendar indicates that you were out in Iowa a couple of weeks before that. Now, what were you doing out there?

Mr. TOWNSEND. I was in Iowa to help whatever I could to try to get a crowd for the Iowa Cooperative.

Mr. HAMILTON. Why was it so important to get a crowd?

Mr. TOWNSEND. Well, I think there was a couple of reasons. One, Iowa has been messed up in the dairy industry ever since I have been in the dairy industry. It has been a rather noncooperative area. It has been a low-priced area, and we wanted to try to get a crowd, get people together and see if we couldn't develop some more cooperation.

And then I think, too, I knew that Chairman Mills was going to be one of the speakers at that meeting, and anything I could do to help Chairman Mills I would be happy to do.

Mr. HAMILTON. Was that the official position of AMPI, "Let's help Chairman Mills"?

Mr. TOWNSEND. I don't know as I would say it was the official position of AMPI. I think that may be an unofficial position or something of—any time that we could do anything for Chairman Mills that was, you know, honest and legitimate, I think that we would make every effort to do so.

Chairman Mills, at least in my opinion, has probably more knowledge than any other single individual on the Hill in terms of the dairy industry and some of the technicalities of the dairy industry, including Federal orders. And he was helpful to us in terms of the dairy industry, and, at least I felt that any time there was anything we could do that would be helpful to Chairman Mills, that it would be done.

Mr. HAMILTON. Let me be a little more specific. Was it your view, and was it the general perception of the people at AMPI, to your knowledge, that the Ames rally was at least in part a Mills for President rally?

Mr. TOWNSEND. I can't speak for others, but I felt that the primary purpose was the Iowa Cooperative, the milk thing, but it was an opportunity for Mills to appear in Iowa.

Mr. HAMILTON. But you perceived it as a vehicle to promote Mills' candidacy? Is that correct, or is it not correct?

Mr. TOWNSEND. Yeah, I guess I perceived it as——

Mr. HAMILTON. Do you think Mr. Parr perceived it as that way?

Mr. TOWNSEND. Gosh, I wish you would ask Mr. Parr that question. I would think that he would have perceived it as an opportunity to help Chairman Mills; yes.

Mr. HAMILTON. How about Mr. Nelson?

Mr. TOWNSEND. I would say the same with Mr. Nelson.

Mr. HAMILTON. And Mr. Johnson, Joe Johnson?

Mr. TOWNSEND. I would think that probably Mr. Johnson—I don't know whether Joe Johnson would have thought of it in the same—I don't know; maybe a lesser degree or something.

Mr. HAMILTON. Well, take Parr and Nelson. Did either one of these gentlemen say anything to you indicating that they perceived this as a Mills for President rally that you can now recall?

Mr. TOWNSEND. I don't recall any specific instances where it was said that this would be a Mills for President rally.

Mr. HAMILTON. Well, did you ever help prepare, or was there prepared, campaign items to promote Mills' candidacy that were distributed at the Ames rally?

For example, were there balloons that said "Mills for President," or was there a banner? Was there Mills for President literature available there?

Mr. TOWNSEND. I was not at the rally and I just honestly don't know.

Mr. HAMILTON. You weren't there?

Mr. TOWNSEND. I was not there; no, sir.

Mr. HAMILTON. Well, how shortly before the rally did you leave? Do you remember?

Mr. TOWNSEND. I don't have anything on here that indicates when that rally was held. Was it on October 2?

Mr. HAMILTON. The 2d, yes.

Mr. TOWNSEND. I think that I was there on September 30—that would have been the last day. I tell you, all during 1971 and the—let's say from Thanksgiving of 1970 on through almost all of 1971 was an extremely trying period of time for me. My wife was in an extremely depressed situation, to the point that I had to have my mother come down and take care of my children along about Thanksgiving of 1970 through, I think—after Easter of 1971. And from that period on I tried to be home a great deal more, and it was constantly on my mind.

And, as a matter of fact, I think on September 30, I—probably I got a call indicating that I should get home right fast, and I went home that night and stayed there and did not go back for the rally itself. And I will just be honest with you, that was very much on my mind, and it still is. It's a period of time that I will never forget. It is, I think, a period when I finally realized what some of the important things in life really are.

I think I was a pretty mixed-up kid for quite a while, and I think it is unfortunate that it took that to get some proper perspective in my own personal life.

I'm sorry I digressed on that.

Mr. HAMILTON. That's all right.

Mr. TOWNSEND. But it would indicate—my records would indicate that I was in Iowa.

Mr. VANET. I think, Tom, you answered the question about 10 minutes ago, but if you want to miss your next plane, you can just keep talking.

Mr. TOWNSEND. Thank you, counsel.

I was just going to say it looks like I was in Iowa about 3 days the week of September 13, 2 days the week of September 20, and either 2 or 3 days the week of September 27, and that was the extent of my involvement in Iowa.

Mr. HAMILTON. Well, while you were there, did you see anybody blowing up Mills balloons?

Mr. TOWNSEND. No, sir, I did not see anyone blowing up Mills balloons. I recall that there were some banners being made. I don't know what the banners said or how large they were. I don't recall anything about balloons.

Mr. HAMILTON. Well, that may sound like a trivial question, but the point is, how much was this rally focused toward electing Wilbur Mills President? That is the overall question. Do you know how much money AMPI put into this rally?

Mr. TOWNSEND. I wouldn't have any idea.

Mr. HAMILTON. I take it there were contributions by the other dairy cooperatives, too?

Mr. TOWNSEND. I don't think there were any contributions in terms of any cash, at least none that I am aware of. I think that there were people that were involved. There were people involved from AMPI, from Mid-America Dairymen, from Land O'Lakes Velco division, and I believe the Rural Electric Cooperatives, Farmland Industries, and probably other cooperatives, you know, that I am just not aware of.

Mr. HAMILTON. Is it your understanding that the outlays of cash that were necessary were made by AMPI? When I say outlays of cash, I mean outlays of money to pay for the—in terms of the expenses.

Mr. TOWNSEND. In terms of the——

Mr. HAMILTON. Renting the hall, et cetera.

Mr. TOWNSEND. No, I am not aware of that.

Mr. HAMILTON. OK. On the trip to Texas for the speech to the legislature, that was in April, I believe? Can you pinpoint that?

Mr. TOWNSEND. I think I did it the——

Mr. HAMILTON. You may have.

Mr. TOWNSEND. Yes, I would say it was April 30, 1971.

Mr. HAMILTON. Now, did you travel down there to the rally with Chairman Mills?

Mr. TOWNSEND. To the best of my knowledge, I did, sir.

Mr. HAMILTON. How did you travel?

Mr. TOWNSEND. By a private jet from Little Rock.

Mr. HAMILTON. Was that the AMPI jet?

Mr. TOWNSEND. No, it was not.

Mr. HAMILTON. It was a rented jet?

Mr. TOWNSEND. I don't have any idea what the source of the plane was.

Mr. HAMILTON. Do you know who paid for the plane?

Mr. TOWNSEND. No, I do not.

Mr. HAMILTON. And did Mr. Mills travel back to Little Rock on the plane?

Mr. TOWNSEND. I am not sure how we got back. [Pause]

I see a notation of our Project P Committee meeting in the Executive Inn in Dallas, and I don't remember whether Mr. Parr went to that Project P Committee, which stands for "promotion," or whether we went back to—whether we went back to Little Rock. And I don't remember whether we went back with Chairman Mills or whether we did not go back with Chairman Mills.

Mr. HAMILTON. I take it——

Mr. TOWNSEND. My notation shows that we went to the LBJ ranch the same day, and I am just not sure of the mode of transportation.

Mr. HAMILTON. How did this speech to the Texas Legislature come about?

Do you know who made the arrangements?

Mr. TOWNSEND. I wouldn't have any idea.

Mr. HAMILTON. Do you know if this speech was a device to promote Mr. Mills' candidacy for the Presidency?

Mr. TOWNSEND. No, and I'm not sure of the time frame. I'm not sure that I was aware in April 1971 that there would be a Mills for President candidacy. I am not sure of the time period, and I think that Chairman Mills spoke to several joint sessions of the legislatures, and I think—I am not positive——

Mr. HAMILTON. Do you remember the topic of his speech?

Mr. TOWNSEND. No, I sure don't.

Mr. HAMILTON. Can you remember any facts that would indicate that this was sort of a campaign appearance?

Mr. TOWNSEND. None that I recall, but I am really not a campaign advance man or any of that kind of thing. That isn't really the role that I played in any way or any advance man for anybody. And what may be obvious to some people as something that is very political might not seem political to me, and particularly in relating time periods—well, it is difficult in the whole line of inquiry to separate

what I knew at the time, what I've heard about, what I have read in the newspapers.

Boy, in terms of some of the whole funding deal, I have learned a lot more since I left AMPI than I ever knew when I was in AMPI.

Mr. HAMILTON. But you don't remember any discussion on the plane going down as to how this would be a great boost to Mills' candidacy or anything like that?

Mr. TOWNSEND. I don't recall. There may have been some, but I don't recall any.

Mr. HAMILTON. Who was on the plane?

Mr. TOWNSEND. To the best I can recall, it would have been two pilots—I wouldn't have any idea who they were, because it was not a plane that I was familiar with.

Mr. HAMILTON. Who were the passengers?

Mr. TOWNSEND. Chairman Mills, Dave Parr, Carl Arnold, and myself.

Mr. HAMILTON. Why was Carl Arnold on the plane?

Mr. TOWNSEND. Pardon?

Mr. HAMILTON. Why was Arnold on the plane?

Mr. TOWNSEND. I don't know.

Mr. HAMILTON. He was in Mills' office?

Mr. TOWNSEND. Carl Arnold? Not that I'm aware of.

Mr. HAMILTON. What was his position, and what was his connection with the Mills organization?

Mr. TOWNSEND. I don't have any knowledge that he was. He was—I think Carl Arnold was an attorney here in Washington, and I don't know who his clients are or anything.

There may have been somebody else on the plane. There may have been one other person. If there was, I do not—it is the first time I ever saw him and the last time I ever saw him.

Mr. HAMILTON. And you can't recall?

Mr. TOWNSEND. No.

Mr. HAMILTON. Don, let me ask just a couple more questions, just to finish up Mills if that's all right.

Were you aware that there were any AMPI employees working for Mills in 1971?

Mr. TOWNSEND. In 1971?

Mr. HAMILTON. Yes. People on the AMPI payroll working for Mills.

Mr. TOWNSEND. I knew that Joe Johnson had been an AMPI employee and worked for Chairman Mills. I don't know when he switched from being an AMPI employee to a——

Mr. HAMILTON. Well, he was a fully paid AMPI employee until January of 1972. Was it your understanding that before that time he was working for Mr. Mills?

Mr. TOWNSEND. Well, I would think he would be working for AMPI.

Mr. HAMILTON. What was your understanding at that time? Were you told at that time, or did you know by some means, that he was in Washington working for Mr. Mills?

Mr. TOWNSEND. I knew that he was in Washington. I don't know that he was spending all of his time working for Mr. Mills.

Mr. HAMILTON. That's what I'm asking, your perception. Did you have an understanding——

Mr. TOWNSEND. My perception was that Joe Johnson was in Washington, he was doing some work for Wilbur Mills, but it was not my perception that he was spending full time working for Wilbur Mills.

Mr. HAMILTON. So it was your understanding he was still doing some work for AMPI?

Mr. TOWNSEND. Yes, sir.

Mr. HAMILTON. Is the same true of Betty Clements, his secretary?

Mr. TOWNSEND. I don't think Betty Clements—to the best of my knowledge, Betty Clements was not on the payroll, not on the AMPI payroll, after she came to Washington.

Mr. HAMILTON. Well, I think she came around November 1971, and she was still on the AMPI payroll. What was your perception of what she was doing up here?

Mr. TOWNSEND. Well, I thought that she was—I thought she was working for Draft Mills for President campaign.

Mr. HAMILTON. And not doing any AMPI business for Mr. Johnson?

Mr. TOWNSEND. I don't have any knowledge of—I don't recall. I didn't think she was on the AMPI payroll.

Mr. HAMILTON. So the answer to that is, you did not think she was doing any work for AMPI, for Mr. Johnson, after she came to Washington?

Mr. TOWNSEND. No, I don't think—I thought she was, but she could very well—could have been.

Mr. HAMILTON. Do you know if any AMPI employees were sent to New Hampshire to work for Mr. Mills?

Mr. TOWNSEND. I believe that there were, yes.

Mr. HAMILTON. And who were they?

Mr. TOWNSEND. AMPI employees? I don't know if I can say if I know who the AMPI employees were or not.

Mr. HAMILTON. Neither AMPI employees nor people whose expenses were paid by AMPI?

Mr. TOWNSEND. Joe Johnson was in New Hampshire to my knowledge. I don't know of any other.

Mr. HAMILTON. What about a fellow named George—last name of George, Charles George?

Mr. TOWNSEND. I don't think I know anybody named Mr. George.

Mr. HAMILTON. How about Mr. Holmes?

Mr. TOWNSEND. Johnny Holmes?

Mr. HAMILTON. Do you know if he was in New Hampshire?

Mr. TOWNSEND. I'm not sure whether he was or not. When you mentioned that name; he may have been.

Mr. HAMILTON. Do you know of anybody else who was, let's say, working for Mr. Mills, either on the AMPI payroll or financed by AMPI?

Mr. TOWNSEND. Well, I sure don't recall any.

Mr. HAMILTON. OK, Don.

Mr. SANDERS. Do you get the feeling that this is like tag wrestling?

Mr. TOWNSEND. I get the feeling that you all are asking me an awful lot of questions that I just don't—I may have overheard some of these things, but I had no direct contact with——

Mr. VANET. That's what they're finding out, Tom.

Mr. SANDERS. You shouldn't infer that we presume that you have any knowledge to all of these questions we ask. We just feel that we have an obligation to cover the field as long as you are here, and if you don't know anything about it, that's all you can——

Mr. TOWNSEND. It makes me feel like there must have been an awful lot I didn't know about.

Mr. SANDERS. When you traveled to Iowa to work on making preparations for the event on October 2, did you do that at the direction of Parr?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. What, if anything, did he tell you when he asked you to go up there concerning Wilbur Mills?

Mr. TOWNSEND. I viewed my prime role in going to Iowa as to see what Joe Johnson was doing, and see if I could hold down—see if any money was being expended unnecessarily, not knowing whether—with no indication of——

Mr. SANDERS. Other than Joe Johnson, were there any AMPI employees besides yourself working in Iowa on arrangements for this event?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Let me say, other than Iowa-based people.

Mr. TOWNSEND. Yes, sir; Terry Shea, Betty Clements, Robert Radel, R-a-d-e-l.

Mr. SANDERS. Is he from Little Rock?

Mr. TOWNSEND. He is in Little Rock at the present time. At that time, he lived somewhere in the Houston, Tex., area. Those are the ones that come to my mind.

Mr. SANDERS. Was any of your work in Ames directed toward generating attention to the public that Wilbur Mills would be at this event?

Mr. TOWNSEND. I was aware—I don't know that any of my work was directed in that regard. I was aware that there was publicity being put out; I think newspaper and radio advertisements advertising the Iowa Cooperative Month that Wilbur Mills would be there, that Governor Ray would be there. I believe Senator Miller was there. I believe all of the congressional delegation was invited; now, I'm not sure who all attended.

Mr. SANDERS. Did you have any awareness that advertisements were being prepared which would state the Mills Presidential efforts? In other words, any bumper stickers saying, "Mills for President," any newspaper advertising?

Mr. TOWNSEND. I don't think there was any advertising stating anything relating to Mills for President. I believe I saw some bumper stickers that were there, but I don't think they would have been prepared there, or under——

Mr. SANDERS. Did you have any involvement in the preparation of any Mills for President advertising?

Mr. TOWNSEND. Not that I can recall.

Mr. SANDERS. To your knowledge, did Joe Johnson or Terry Shea have?

Mr. TOWNSEND. Mills for President? Boy, there may have been, but I am not aware of it.

Mr. SANDERS. Did you see Charles Ward while you were in Iowa in September?

Mr. TOWNSEND. No. I don't think Charles Ward was in—I just feel real certain Charles Ward was not in Iowa when I was in Iowa. If he was, I didn't see him. Now, I'm not saying he wasn't in Iowa, but I sure don't recall seeing him.

Mr. SANDERS. Have you ever been to the St. Paul or Waverly home of Senator Humphrey?

Mr. TOWNSEND. No, I have not.

Mr. SANDERS. In 1970 or 1971?

Mr. TOWNSEND. I've never been to any of Mr. Humphrey's homes in Minnesota.

Mr. SANDERS. Do you have any knowledge that—first of all, let me ask you, do you know John Valentine?

Mr. TOWNSEND. No, I do not.

Mr. SANDERS. Do you know Norman Sherman?

Mr. TOWNSEND. No, I do not.

Mr. SANDERS. While you were with AMPI, did you have any contact with the firm, Valentine, Sherman?

Mr. TOWNSEND. None that I can recall.

Mr. SANDERS. While you were with AMPI——

Mr. TOWNSEND. It's possible that I may have called somebody at the Valentine, Sherman office, but I just don't recall it.

Mr. SANDERS. While you were with AMPI, were you aware that that firm existed?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. And how did you know that, and in what connection?

Mr. TOWNSEND. I'm not sure when I first knew about it. The only direct knowledge that I had of Valentine, Sherman was with—in connection of an obligation with Governor Docking, of Kansas.

Mr. SANDERS. Would you explain, then, your previous testimony?

Mr. TOWNSEND. I had forgotten it was there, and I think I relayed pretty much everything I know about Valentine, Sherman. If I mentioned that, did I also mention in there—the only time that it was brought up by AMPI people formally to me was at a restaurant someplace, and I don't know where it was, and Mr. Parr, Mr. Nelson, Mr. Lilly, and Mr. Isham were sitting at a table—the four. And there was a group of the rest of us sitting at another table, and they called me over, and they asked me if I knew anything about any commitments to Valentine, Sherman for anything other than Docking. And I said, "No, I do not," and they said, "OK," and I went back to the other table.

Mr. SANDERS. Did you ever have any conversation with Lilly concerning work done, or to be done, by Valentine, Sherman for AMPI?

Mr. TOWNSEND. For AMPI?

Mr. SANDERS. Yes.

Mr. TOWNSEND. No, I don't believe so.

Mr. SANDERS. While you were with AMPI, did you have any knowledge that Valentine, Sherman was doing work for AMPI?

Mr. TOWNSEND. I think that they did some surveys—ran some surveys for AMPI.

Mr. SANDERS. How did you learn that?

Mr. TOWNSEND. I think that I just overheard it. It possibly could have been in a board meeting.

Mr. SANDERS. Can you explain in any greater detail what survey work was done?

Mr. TOWNSEND. No, I really can't.

Mr. SANDERS. Or where?

Mr. TOWNSEND. No, I do not know.

Mr. SANDERS. Do you know who would have been handling it in AMPI?

Mr. TOWNSEND. Probably Mr. Nelson, but I'm not sure; I'm just not sure. I had one other conversation about Valentine, Sherman—relating to Valentine, Sherman with Bob Lilly within the last 6 months, and that was when I called Bob Lilly and asked him if the obligations to Governor Docking had been met and he said, as far as he knew, that they had. And I said, "OK; I will be in a meeting where Governor Docking will be present, and I just want to know, because he may ask me something about it, and I just want to know." And he said, "As far as I know, they have," and that was the extent of it.

Mr. SANDERS. While you were with AMPI, did you learn that Valentine, Sherman was doing work for the Humphrey campaign?

Mr. TOWNSEND. I really don't think that I knew that Valentine, Sherman was doing work for the Humphrey campaign. This is all just on, you know, maybe little things that I overheard. Somehow or other, I think it's possible that a fellow by the name of Jack Chestnut was—I have him associated with Valentine, Sherman some way. I'm not sure whether he worked for Valentine, Sherman or was an associate, or something, and I believe that Jack Chestnut at one time worked for Senator Humphrey, but don't hold me to that. I'm not positive of that. But I associate the name Jack Chestnut in some way with Hubert Humphrey.

Mr. SANDERS. I still don't—from your answer, I'm not sure if I have an understanding of my question of whether, while you were with AMPI, you knew that Valentine, Sherman was doing work for the Humphrey campaign.

Mr. TOWNSEND. I guess I would just have to say that I honestly don't have any direct knowledge. I'm not sure whether I have any indirect knowledge, you see. I'm not sure of the time period we are talking about, and I just—really, nothing to my knowledge that can tie Hubert Humphrey to Valentine, Sherman. There is nothing that I have ever heard other than just passing comments that would just—or it leads me to believe that there may have been something with Valentine, Sherman, Jack Chestnut, and Hubert Humphrey. That's really the extent of my knowledge on the thing.

Mr. SANDERS. Did you ever learn that Valentine, Sherman was doing anything—any work of benefit or value for the Mills campaign?

Mr. TOWNSEND. Not to my knowledge.

Mr. SANDERS. Do you recall ever remarking to Lilly that AMPI had some commitment to Valentine, Sherman?

Mr. TOWNSEND. Yes, sir; the one I just related to you, in terms of the Docking——

Mr. SANDERS. Only the Docking?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. No other?

Mr. TOWNSEND. No others.

Mr. SANDERS. Do you ever recall remarking, or do you recall ever remarking to Lilly, that the value of the AMPI commitment to Valentine, Sherman would be for the benefit of Hubert Humphrey's campaign?

Mr. TOWNSEND. No, sir, I don't recall ever having made such a statement.

Mr. SANDERS. Or for the Wilbur Mills campaign?

Mr. TOWNSEND. No, sir; I do not recall ever making such a statement.

Mr. HAMILTON. While you're looking, can I ask a couple of questions, Don?

Mr. SANDERS. Sure.

Mr. HAMILTON. Do you know if AMPI had made—if AMPI made, in the summer of 1971, any type of financial commitment to Hubert Humphrey to be elected President?

Mr. TOWNSEND. No, sir; I do not.

Mr. HAMILTON. Do you recall telling Mr. Lilly that there was a substantial commitment to Humphrey by AMPI?

Mr. TOWNSEND. No, sir, I don't recall making that statement.

Mr. HAMILTON. If I mentioned a $140,000 commitment to Mr. Humphrey by AMPI, would that make any sense to you? Would that ring a bell?

Mr. TOWNSEND. It does not ring a bell to me at all.

Mr. HAMILTON. Have you ever heard before this time that AMPI had a $140,000 commitment to Hubert Humphrey?

Mr. TOWNSEND. No, sir; I have not.

Mr. HAMILTON. You certainly would not have told Mr. Lilly at any time that AMPI had made a $140,000 commitment to Humphrey?

Mr. TOWNSEND. No, I don't see how—no, because I'm not aware of any $140,000 commitment, and I couldn't have made such a statement to anybody.

Mr. HAMILTON. You are drawing a blank?

Mr. TOWNSEND. Yes, sir.

Mr. HAMILTON. All right, Don.

Mr. SANDERS. Well, you may know this already, but to sharpen the question to you, I think I am obligated to state to you, perhaps as a help in refreshing your recollection, exactly what was said to us by Lilly involving, or relating to you; and this is in the time frame of July 1971.

He says that at about that time, Nelson, Parr, Chestnut, and possibly Townsend met at the home of Humphrey in Waverly, Minn.

Mr. TOWNSEND. I have never been at the home of Hubert Humphrey in Waverly, Minn.

Mr. SANDERS. And then, he says:

Shortly after this meeting, Nelson, Parr, and Townsend told me in San Antonio that we were committed to $140,000 to Humphrey and Mills through Valentine and Associates.

Mr. TOWNSEND. I am just flat not aware of that.

Mr. SANDERS. And you deny—whether it is true or not, you deny ever saying that to Lilly?

Mr. TOWNSEND. Yes, sir. You see, I'm not aware of any commitment for any amount of money to Hubert Humphrey for the 1972 cam-

paign from anyone, and under those circumstances, it would have been just completely beyond my recollection of any possibility that I could have made such a statement.

Mr. SANDERS. If you had said something like that to Lilly, you would probably be able to recall saying it?

Mr. TOWNSEND. Boy, I sure think I would.

Mr. SANDERS. So your statement is not that you don't recall saying it to Lilly, but that you did not say that to Lilly, or anything to that effect?

Mr. TOWNSEND. Well, gee, I mean, I just don't want to, I don't see any way that I could have. But maybe I was—I may have been visiting with Bob some time and he may have told me something about it, and asked if I knew about it or something, and I may have nodded my head. But, boy, I just have no absolute knowledge of any commitment by AMPI or anybody else to the campaign of Hubert Humphrey. I just don't have any knowledge of it.

Mr. SANDERS. I hate to belabor the point, and I don't want to split hairs, but the way you are answering my question is by saying you have no knowledge of any such commitment. My question goes to the matter of whether you made any such statement to Lilly, without regard to——

Mr. TOWNSEND. To the best of my belief, I did not make any such statement to Mr. Lilly in that regard.

Mr. SANDERS. Do you have any knowledge of any funds going to the 1971 and 1972 Presidential campaign of Hubert Humphrey which originated with corporate assets of AMPI?

Mr. TOWNSEND. No sir, I do not.

Mr. SANDERS. Or any such funds going to the Presidential campaign of Governor Wallace?

Mr. TOWNSEND. No, sir, I do not.

Mr. SANDERS. Or to the Presidential campaign of Senator Muskie?

Mr. TOWNSEND. No, sir, I do not.

Mr. SANDERS. Are you acquainted with Bill Connell?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Could you just briefly describe the nature and extent of your relationship?

Mr. TOWNSEND. Most of the relationship with Bill Connell has been in connection with Concept Films, Inc. There was a contract from AMPI to Concept Films to do two films, one related to the dairy farmer and his plight. I believe it was called "Mailbox Money."

Mr. SANDERS. You don't need to go into detail about that.

Mr. TOWNSEND. OK. That is the main contact. To the best of my knowledge, I had met Bill Connell before that and knew who he was. He was a former administrative assistant, I believe, to Senator Humphrey, and the main contact that I had with him was in connection with these films.

Mr. SANDERS. And in any of your contacts with Connell, has there been any discussion concerning contributions to the Presidential campaign of Senator Humphrey?

Mr. TOWNSEND. Boy, there may have been. But I have no recollection of any specific instance where there was.

Mr. SANDERS. Did he at any time solicit contributions from you?

Mr. TOWNSEND. From me?

Mr. SANDERS. From you as an individual or as an employee of AMPI?

Mr. TOWNSEND. No, neither way. No.

Mr. SANDERS. Or make any solicitation of AMPI?

Mr. TOWNSEND. Through me, no.

Mr. SANDERS. Or from TAPE?

Mr. TOWNSEND. No; not that I can recall. You know, there were only three people that could make a TAPE commitment. That was Parr, Nelson, and Lilly. And I think that was fairly well known.

Mr. SANDERS. But I would assume that other persons working for them could make suggestions or recommendations?

Mr. TOWNSEND. Oh, yes. And I'm sure, I feel confident that they did.

Mr. SANDERS. Did any of your contacts with Connell relate to Valentine, Sherman?

Mr. TOWNSEND. Yes; I was trying to think of whether it was more than one. I remember one, and that was about 4 weeks ago, and I was visiting with Bill Connell about a film project, another film project, and I said that I had been up before this committee and they had asked about Valentine, Sherman. And I didn't know a darned thing about Valentine, Sherman. I didn't believe I had ever met Jack Chestnut or Valentine or Sherman. And I said that I had been inquiring, and that, I said that there was a——

Mr. VANET. Excuse me, Tom. He's not asking all the things that you said to him. He's asking you a simple question, a question that I have forgotten.

Mr. TOWNSEND. Do you want me to go ahead with my——

Mr. VANET. Just answer his question.

Mr. TOWNSEND. OK.

Mr. SANDERS. The question is: "Did you have any conversation with Connell relating to Valentine, Sherman." And your answer is, "Yes; about 4 weeks ago."

In this conversation, did Connell advise you of the nature and extent of his relationship with Valentine, Sherman?

Mr. TOWNSEND. No; he said that he made a trip into Kansas. I told him about the Docking thing, and he said that he made a trip down to Kansas to explain what the program was. And that was the extent of the conversation with him.

Mr. SANDERS. Did either of you in this conversation mention the matter of benefits for the campaign of Humphrey?

Mr. TOWNSEND. No, sir. Not that I can recall. I don't recall anything being said about it.

Mr. SANDERS. Your calendar for January 29, 1971, has a notation "HHH, Parr, HSN to Louisville."

Mr. TOWNSEND. Oh, yes. I believe——

Mr. VANET. Excuse me. There is no question, Tom. He hasn't asked you any question. Just try to listen to his questions, and we will move faster.

Mr. SANDERS. Did you travel to Louisville on that date?

Mr. TOWNSEND. No; I did not.

Mr. SANDERS. And do you know the purpose of your, or the reason for your entry?

Mr. TOWNSEND. I think it was very minor, that Hubert Humphrey was to speak to the board of directors of Dairymen, Inc. on that date.

Mr. SANDERS. At or about that time, did you learn that Parr had received a proposal from Valentine, Sherman for work which could be done for AMPI?

Mr. TOWNSEND. No; I am not aware of it.

Mr. SANDERS. On your calendar there are notations of "Connell" or "Bill Connell" in October on the 9th and 16th, and another one on January 17, 1972. Do you have a recollection for the reason of any of these entries?

Mr. TOWNSEND. Yes, sir. We were talking about these films I was talking about.

Mr. SANDERS. Was any aspect of your discussion with him on any of those days in relation to Valentine, Sherman?

Mr. TOWNSEND. No, sir. Not that I can recall.

Mr. SANDERS. All right. I want to clarify a point with regard to all you have told us about a meeting in the Austin airport restaurant. In your first testimony before the committee you gave some indication that this may have occurred at the time of a Mills speech to the Texas Legislature.

Am I correct in assuming that you now completely disassociate those two events?

Mr. TOWNSEND. Yes, I do. And I was going to tell you why, but——

Mr. SANDERS. You are now certain that they occurred on two different dates?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. You lead me to ask the next question. What is it that makes you able to say so certainly that they were on two different dates?

Mr. TOWNSEND. Because just this morning in trying to—I wracked my brain, since this was asked the first time, and just this morning I remembered the mode of transportation on both occasions, and they were different. So I feel certain that they were two different occasions.

Mr. SANDERS. One was the AMPI jet?

Mr. TOWNSEND. No, sir. One was a charter plane from Central Flying Service in Little Rock, and the other one was a jet that we went to Austin with Chairman Mills. So I just feel confident that they were two different times.

Mr. SANDERS. What is the extent of any personal relationship you have with Congressman Mills?

Have you had occasional personal conversations with him?

Mr. TOWNSEND. Oh, sure. Yes, sir.

Mr. SANDERS. Ever alone, or always with a group of others?

Mr. TOWNSEND. No, I have been with the chairman alone.

Mr. SANDERS. Were you acquainted with him before your employment with AMPI?

Mr. TOWNSEND. No, I was not.

Mr. SANDERS. Have you ever talked with him about contributions from AMPI employees?

Mr. TOWNSEND. Boy, not that I recall. Yes, I don't believe that I have.

Mr. SANDERS. Or have you ever talked with him about funds from TAPE?

Mr. TOWNSEND. No, I don't believe that I ever have.

Mr. SANDERS. Has he ever asked you for any contributions?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. From TAPE or from AMPI?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. Has Gene Goss ever asked you for contributions for Congressman Mills' Presidential campaign?

Mr. TOWNSEND. No, sir. No, sir.

Mr. SANDERS. In your previous testimony, you remarked about an aborted checkoff system for Chairman Mills. Was this idea initiated by Parr?

Mr. TOWNSEND. I am not certain. I think that it was.

Mr. SANDERS. Was the checkoff to be made among AMPI employees or AMPI members?

Mr. TOWNSEND. AMPI employees is the only thing that I recall.

Mr. SANDERS. And was the idea that a certain amount of their paycheck be withheld and collected and delivered to the Mills campaign?

Mr. TOWNSEND. I do not know that an amount was suggested. I know I signed an authorization to deduct—I don't recall the amount—from my check to be sent to the Elect Mills for President campaign.

Mr. SANDERS. Well, what I'm trying to get an understanding of, is whether Parr's idea was that this was to be made known to all AMPI employees everywhere, and that it was to be, they were to be asked if they would authorize a checkoff to Mills, or whether this was just to be handled among a selected group of employees.

Mr. TOWNSEND. I really can't answer that. I know that it was brought up in a meeting in McAllen, Tex., that's where I signed an authorization form. And at that meeting there were—I don't know, maybe 100 employees of AMPI from the southern region of AMPI. As I recall, they were all from the southern region. And I don't recall anything in addition to that.

Mr. SANDERS. Did Parr make a presentation of this idea to that assembly?

Mr. TOWNSEND. I don't recall whether he did or not.

Mr. SANDERS. Do you know for what reason it was aborted?

Mr. TOWNSEND. No; I am not sure. I am not sure today. I got a letter back from Bob Isham saying this was against AMPI policy that had my authorization receipt enclosed.

My understanding—I just don't know why it was, and I still don't.

Mr. SANDERS. Have you at any time learned that anyone working for Mills, either in his congressional office or in his campaign offices, were aware of that intended system?

Mr. TOWNSEND. No, I have no knowledge if they were aware of it or not.

Mr. SANDERS. Did you have any personal involvement in generating congressional support for the dairy cooperative effort to increase the milk support level in March of 1971?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Did you personally contact any Congressmen?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Approximately how many?

Mr. TOWNSEND. I was probably in groups—that maybe I contacted 20, if I had to just guess, you know.

Mr. SANDERS. Did you talk with any Congressmen alone?

Mr. TOWNSEND. I don't believe that I ever did. I can't recall any instance where I did.

Mr. SANDERS. In your contacts with Congressmen in these groups, were you acting as the AMPI liaison?

Mr. TOWNSEND. In some cases, yes, I did. In some cases, I was there strictly as a resource person. If they wanted factual information, I had it.

Mr. SANDERS. Were you the only AMPI employee in those groups?

Mr. TOWNSEND. No; I would say I was not. There were probably some instances where I was, but some instances where I was not.

Mr. SANDERS. And we are speaking of March 1971?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Was this before or after the March 12 decision?

Mr. TOWNSEND. I feel relatively confident I had contact both before and after. The bulk of it was after the March 12 decision.

Mr. SANDERS. In February or March 1971, did you have any conversation with Chairman Mills concerning the milk support level?

Mr. TOWNSEND. Yes, sir. None that I can recall where I was the only one there.

Mr. SANDERS. Did you have any contact with him other than in the presence of a number of dairymen? And by dairymen I mean cooperative members, as opposed to employees.

Mr. TOWNSEND. Oh, yes, I think that I probably did.

Mr. SANDERS. Perhaps in the presence of Parr or Nelson?

Mr. TOWNSEND. Yes; I think that I probably did.

Mr. SANDERS. Are you aware that Chairman Mills met with Speaker Albert early in February concerning the milk support level?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Were you present?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Who initiated that meeting?

Mr. TOWNSEND. I think Speaker Albert called Chairman Mills, and I am not sure, you know, what the conversation was between those two.

Mr. SANDERS. Well, did AMPI, anyone in AMPI, ask that this meeting take place, to your knowledge? How did it begin?

Mr. TOWNSEND. Well, you know, we were working on price support clear back in January—you know, developing resource papers and that kind of thing. We finally finished one up the 24th of February. And we were calling on various Congressmen, as I recall, probably in February and early March, before the March 12 decision, in terms of trying to get support for price support. And I think that—I am kind of confused in terms of my dates. There was a time—or even the subject matter—there was a time when Chairman Mills and the Speaker got together and asked somebody from the White House, a liaison man, to come up at a meeting in Speaker Albert's office right off the floor of the House. There was somebody there from the White House, I believe Bill Galbraith. I am not positive.

Mr. SANDERS. One would tend to think that that type of a meeting occurred because a dairy cooperative, perhaps AMPI, asked that it take place, perhaps asked Congressman Mills to set it up. Do you know of any facts to support this?

Mr. TOWNSEND. I think, in terms of generating, you know, ways to get support for an increase in milk price support, which was badly

needed, I think this would have been very logical. I suspect that this would have been one avenue, in terms of various alternative methods, of generating support that would have come from AMPI, yes, sir.

Mr. SANDERS. Did Dave Parr ask Chairman Mills to schedule this meeting?

Mr. TOWNSEND. I just really don't know. I think it would be reasonable to assume that he would, yes.

Mr. SANDERS. Were you present at any conferences with Chairman Mills before the meeting with Albert when a discussion occurred concerning meeting with Albert?

Mr. TOWNSEND. I could have been. I just don't have any recollection of it, but I sure could have been. If there was one there, and they wanted to have somebody that had, you know, that knew the numbers thing in terms of the economics of it, I think that I would have been there.

Mr. SANDERS. And you said that you were present when Albert and Mills met?

Mr. TOWNSEND. I recall two meetings of Albert and Mills.

Mr. SANDERS. Were you present at both?

Mr. TOWNSEND. I think there were two meetings. Now, I may be confused, but I think there were two meetings in Speaker Albert's office. But I don't think that they related, at least one of them I don't think related entirely to price supports, and I'm not so sure it did at all. I know it related to a—oh, three- or four-point program of the dairy industry, and things that were needed including, I think, price supports.

Mr. SANDERS. Was the White House liaison present at but one?

Mr. TOWNSEND. I am not sure. I know that he was at one of them, and I'm not sure about the other one. The person that did most of the talking at the one was the White House—I'm sure that the White House representative who was there was—I am embarrassed—the name of the ranking Republican on Ways and Means in 1971. Oh, John Byrnes from Wisconsin was there and did most of the talking.

Mr. SANDERS. What was the overall purpose of the meeting? How did it appear to you?

Mr. TOWNSEND. Well, the farmers were in relatively bad—the dairy farmers were in a relatively bad position.

Mr. SANDERS. No, that would be a reason—I mean, what was the objective of the meeting?

Mr. TOWNSEND. Oh, the objective would have been to get the support of the White House liaison man to the program that we wanted.

Mr. SANDERS. Which was statutory increase in the support?

Mr. TOWNSEND. I think that was part of it. There was about three parts to the program. Dr. Mehren was also there. I think imports was a part of it. I think some additional statutory authorty in terms of cooperatives and doing business was a part of it. And I think the price support was part of it. To the best I can recall, there was about three or four points.

Mr. VANET. Tom, I should have told you a long time ago, just because there is a pause in the questioning, you don't have to fill up that pause with something if you have already responded to the question.

Mr. TOWNSEND. OK.

Mr. SANDERS. So your main interest in February, March 1971 was the impending decision on the milk support level, I assume?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. What, if anything, did Chairman Mills and Speaker Albert represent to AMPI that they were personally willing to do for the dairymen?

Mr. TOWNSEND. Well, I think, lend support to the bills that were being introduced.

Mr. SANDERS. Chairman Mills, of course, never introduced or sponsored any such legislation.

Mr. TOWNSEND. I thought that he did.

Mr. SANDERS. He may have been vocal in expressing support for it. But I don't believe he sponsored a bill.

Mr. TOWNSEND. OK.

Mr. SANDERS. I may be wrong on that.

Mr. TOWNSEND. I was under the impression that he had, and that this was a—whoops—Poage did, and it was unusual for the chairman of the committee to do so, and we thought that was significant. And I thought the same was true of Mills, but maybe he did not.

Mr. SANDERS. All right. If he did sponsor any legislation, did he represent that he would do anything further to enhance the likelihood of passage?

Mr. TOWNSEND I don't recall anything specifically that he said, but I sure had the distinct impression that he would try to be helpful in terms of advising the administration and other Members of Congress to generate support.

Mr. SANDERS. Did he represent that he would call influential persons in the administration?

Mr. TOWNSEND. I'm having some difficulty in terms of the white paper that the administration put out 2 weeks ago. Reading that and newspaper accounts and remembering back there, I am not sure that I know that he said that he would call any member of the White House staff.

Mr. SANDERS. What if anything did Speaker Albert represent that he would do to enhance the likelihood of legislation?

Mr. TOWNSEND. I don't recall anything specifically that the Speaker said that he would do.

Mr. SANDERS. Did he express a viewpoint?

Mr. TOWNSEND. He said that he believed that we had a problem, and that dairy farmers were on the short end, and that our facts, he thought, justified a price increase.

Mr. SANDERS. Were you a party to any conversations among officials or employees of AMPI wherein it was said that any contributions made or to be made by TAPE were in consideration of—and here I'm talking contributions to Congressmen and Senators—were in consideration of their support of the milk support bills?

Mr. TOWNSEND. No, sir.

Mr. HAMILTON. Why don't you ask the same question regarding administration support while you're there?

Mr. SANDERS. The same question applies to whether you were a party to any conversations between officials or employees of AMPI wherein it was stated that any contributions to the reelection campaign of

President Nixon were in consideration of the administration's reversal of the March 12 decision?

Mr. TOWNSEND. No, sir.

Mr. SANDERS. Ben, do you have some questions? I might have a few more.

Mr. HAMILTON. I have one more. Were you informed in the fall or winter of 1971, that Mr. Nelson and Mr. Parr had made a $50,000 pledge to Hubert Humphrey's campaign?

Mr. TOWNSEND. No, sir. I'm not aware of that.

Mr. HAMILTON. OK, then I am through.

Mr. PLOTKIN. Mr. Townsend, you stated before that you were at President Johnson's home following the trip to Austin by Representative Mills for a speech to the joint session?

Mr. TOWNSEND. Yes.

Mr. PLOTKIN. OK. Who went to LBJ's ranch besides yourself?

Mr. TOWNSEND. Dave Parr and Carl Arnold.

Mr. PLOTKIN. Did Chairman Mills go?

Mr. TOWNSEND. Yes. Excuse me, and Chairman Mills.

Mr. PLOTKIN. All right. Now, do you recollect any conversation at the President's home with regard to campaign contributions?

Mr. TOWNSEND. No, sir. I do not.

Mr. PLOTKIN. You have no recollection about the President being asked how a commitment by AMPI to President Nixon's campaign should be handled?

Mr. TOWNSEND. No, sir. I have no recollection of anything on that.

Mr. PLOTKIN. Was there any time, while you were there, that any of you left the President's company and he was alone with one of you? Was he alone, for example, with Mr. Parr or Mr. Lilly, and you and Chairman Mills and Mr. Arnold might have been someplace else?

Mr. TOWNSEND. Mr. Lilly was not there.

Mr. PLOTKIN. Oh, excuse me. I apologize. Was there any time that you were split up?

Mr. TOWNSEND. There was a lot of time that I was split up from the others, because I had a camera and I was taking pictures. So my role was a little bit different from the others in the group. And I did take pictures, and there was quite a little time, you know, that I was not physically in the immediate proximity.

Mr. PLOTKIN. So while you were taking your pictures the President might have been engaged in conversations with Mr. Parr or Arnold and Chairman Mills?

Mr. TOWNSEND. Oh, yes.

Mr. PLOTKIN. Did any of them discuss with you or mention to you the gists of any of the conversations they might have had with the President while you were out of the room?

Mr. TOWNSEND. Not that I recall. No, we weren't inside a house. This was all outside, from the time we got there.

Mr. PLOTKIN. All right. What, to the best of your recollection, was the purpose of the visit?

Mr. TOWNSEND. Gosh, the main thing that was talked about, that I overheard, was a lot of recollections between Chairman Mills and the President in terms of situations where they were both involved when he was President, and the Chairman was Chairman of the Ways and Means. And most of the time was taken up—I was in the back

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seat of the car and was driving around the ranch looking at the animals, and we stopped and judged the weight of the new bull that the President had bought.

Mr. PLOTKIN. Then what you are saying—this was primarily a social call?

Mr. TOWNSEND. Oh, to my knowledge I heard nothing other than social.

Mr. PLOTKIN. There was no effort on Chairman Mills' part to solicit advice from the President with regard to how the dairy producers' problems should be handled before Congress or before the administration?

Mr. TOWNSEND. No, sir. Not in my presence, there was not, not that I overheard, and I would seriously doubt if there was.

Mr. PLOTKIN. But you really have no recollection of any significant conversation having taken place?

Mr. TOWNSEND. No, sir, other than I was closest to judging the weight of the bull.

Mr. SANDERS. What is your present position with Mid-Am?

Mr. TOWNSEND. Director of special projects.

Mr. SANDERS. And your office is in Springfield, Mo.?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. You have been with them since April 1972?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. Same position?

Mr. TOWNSEND. Yes, sir.

Mr. SANDERS. To whom do you report?

Mr. TOWNSEND. Gary Hanman, H-a-n-m-a-n.

Mr. SANDERS. Do your duties entail legislative liaison?

Mr. TOWNSEND. Part of it, yes.

Mr. SANDERS. Do you have any responsibilities with regard to the allocation of funds from ADEPT?

Mr. TOWNSEND. No, I really don't. I make some recommendations from time to time.

Mr. SANDERS. An entry on your calendar for December 4, 1971, says "airport: Mills." I wonder if you might recall the purpose of that? I will show it to you.

Mr. TOWNSEND. Yes, I remember that. There was the dedication of the Little Rock airport scheduled for that date. I don't believe that it ever took place. I don't believe the airport was ready to be dedicated at that time. I'm not sure when the airport was dedicated, or if Mills was there, or spoke or anything.

Mr. SANDERS. There is an entry on December 6, 1971, which is stricken. Do you know what was blocked out?

Mr. TOWNSEND. It looks like up at the top, U-D-I-A, and it looks like in some Quality Motel. I'm going to say it's Atlanta, and I believe the meeting was called off.

Mr. SANDERS. Did you have any responsibility with respect to the October 1971 Iowa rally for the authorization of funds to be paid by AMPI for expenses of the rally?

Mr. TOWNSEND. No, I don't believe that I did.

Mr. SANDERS. Were you involved in any conferences or meetings with representatives of other cooperatives where the allocation of expenses was discussed?

Mr. TOWNSEND. I believe that I was.

Mr. SANDERS. Could you give me some understanding of what AMPI undertook to underwrite for the event?

Mr. TOWNSEND. I don't recall that there was anything that was underwritten by AMPI.

Mr. SANDERS. What sort of division of expenses was made?

Mr. TOWNSEND. I think in terms of the—I believe that in terms of the total Iowa cooperative month expenses, that there were, I think there were expenses that—boy, you're getting on the real fringes of me, of my memory.

In terms of, I think, expenses or some of the costs that were, in terms of that Iowa cooperative month through the Iowa Institute of Cooperation, I believe there was a special account. When I think back, I think there was a special account set up, and I think some of the money that was used in that special account came from AMPI, and some came from Mid-America Dairymen. And I think I had a conversation with Gary Hanman one time in terms of those expenses, and trying to get Mid-Am to pay to the Iowa Institute of Cooperation to cover some of those expenses. And I'm not sure, but what I didn't ask Farmland Industries also if they could make some contributions in terms of the Iowa cooperative month campaign. And I may have made them also to Land-O-Lakes, or the Philco Division of Land-O-Lakes.

Mr. SANDERS. Well, would you not have been the one, on behalf of AMPI, to agree to accept any, or a certain proportion of expenses?

Mr. TOWNSEND. I could have been. Yes, sir.

Mr. SANDERS. Who else could have been besides you?

Mr. TOWNSEND. Joe Johnson, I would think. I would think Dave Parr, Harold Nelson, Bob Isham.

Mr. SANDERS. But I mean, in terms of the reality of who was on the scene and having meetings with other cooperative people.

Mr. TOWNSEND. Oh, I think either Joe Johnson or I could have.

Mr. SANDERS. Do you have some concept of the overall cost of it?

Mr. TOWNSEND. I have no idea of the overall concept.

Mr. SANDERS. Does $50,000 or $60,000 sound reasonable?

Mr. TOWNSEND. No, sounds way, way high.

Mr. SANDERS. Do you have some concept of what was ultimately paid by AMPI?

Mr. TOWNSEND. No, sir. I do not.

Mr. SANDERS. Does about $6,000 sound reasonable?

Mr. TOWNSEND. I just really don't have any concept.

Mr. SANDERS. I have no further questions.

I thank you for your patience.

[Whereupon, at 1:35 p.m., the hearing in the above-entitled matter adjourned.]

MONDAY, JANUARY 28, 1074

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

The Select Committee met, pursuant to notice, at 2:30 p.m., in room 342, Russell Senate Office Building.

Present: Senators Weicker and Talmadge.

Also present: James Hamilton, assistant chief counsel; Donald Sanders, deputy minority counsel; Benjamin Plotkin, minority investigator.

Senator WEICKER. Do you swear that 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. ARNOLD. Yes, I do.

Senator WEICKER. All set?

Mr. HAMILTON. Yes.

[A brief recess was taken.]

Mr. PLOTKIN. For the record, I am personally serving Mr. Carl Arnold a subpena issued by the Senate Select Committee on Presidential Campaign Activities, returnable today, January 28, at 2 p.m.

I should further like to point out that Mr. Arnold is appearing here voluntarily, notwithstanding the subpena.

Mr. SANDERS Would you state your name, please?

TESTIMONY OF CARL F. ARNOLD, ACCOMPANIED BY J. D. WILLIAMS, COUNSEL

Mr. ARNOLD. Carl F. Arnold.

Mr. SANDERS. Would you state your residence and office addresses?

Mr. ARNOLD. My legal residence is 867 Canal Drive, McLean, Va. I have got a couple of offices. The one here in Washington is 1100 Connecticut Avenue.

Mr. SANDERS. How many other offices do you have?

Mr. ARNOLD. One other.

Mr. SANDERS. And what is that address?

Mr. ARNOLD. That's in the Murphy and Arnold Building in Batesville, Ark.

Mr. SANDERS. And what is your principal business activity or professional activity?

Mr. ARNOLD. It is hard to define principal. Can I just sketch the major ones?

In Arkansas I am in the farming and real estate business. At various places in this country and in Canada I am in the business of trying to find new supplies of oil and gas—exploring for oil and gas. In Washington, two things: looking after investments, and as a business consultant.

Mr. SANDERS. Do you have a firm name?

Mr. ARNOLD. No, sir, just my name; no associates or anything else.

Mr. SANDERS. Unincorporated?

Mr. ARNOLD. Just Carl F. Arnold.

Mr. SANDERS. Are you in business with any other persons?

Mr. ARNOLD. I am in a lot of partnerships, and I own stock in a lot of corporations.

Mr. WILLIAMS. May I inquire? We would like to request a transcript of this session. I could not tell from the rules. It states even——

Mr. SANDERS. Why don't we go off the record?

[Discussion off the record.]

Mr. SANDERS. Mr. Arnold, did you serve in any official capacity with any adjunct of the Mills for President effort in 1971 and 1972?

Mr. ARNOLD. No, sir.

Mr. SANDERS. Did you serve in any unofficial capacity, assisting the Mills Presidential effort?

Mr. ARNOLD. Well, I served in the same capacity I would serve with any friend, where I could be of some help.

Mr. SANDERS. It is my understanding that the draft Mills effort began in mid-1971, principally at the initiation of Mr. Charles Ward. Are you acquainted with him?

Mr. ARNOLD. Yes, sir.

Mr. SANDERS. Or did you serve in the draft effort in conjunction with Mr. Ward?

Mr. ARNOLD. Well, I have to explain that. I never did work for him or with him but we had frequent conversations. You know, I would say, "How are things going?" and he'd tell me, but he had a headquarters set up. I had no connection whatever with the headquarters.

Mr. SANDERS. Do you have a home in Arkansas also, or is your present place of residence here?

Mr. ARNOLD. Well, I have three of them part time. It depends on whether they are occupied. I have got three houses down there, but I am down there an awfully lot.

Mr. SANDERS. In what manner did you assist the Mills Presidential effort?

Mr. ARNOLD. Well, the only real manner would be asking friends to help the campaign. Here again, let me emphasize it was no different than if any member of this committee who was a friend of mine——

Mr. SANDERS. I am not imputing anything wrong with your activity. I just wanted to get an understanding of what your involvement was.

Mr. WILLIAMS. I had understood there were four areas we were going to go into. Was I correct?

Mr. SANDERS. Yes; but I am trying to find out what the nature and character of his involvement was in the Mills campaign.

I don't think I can intelligently go into the others until I explore the relationship he had with the campaign. Did the support that you have mentioned that you tried to develop among friends of yours—did that extend to financial support?

Mr. ARNOLD. Yes, sir.

Mr. SANDERS. Did you seek—did you solicit financial contributions for the Mills campaign?

Mr. ARNOLD. Yes; in the sense that anybody I knew—if they inquired about it, I would tell them that I understood the campaign needed some financial assistance, and if they could be of any help——

Mr. SANDERS. Was this all by personal contact, or did you do any by mail?

Mr. ARNOLD. I don't recall doing any by mail.

Mr. SANDERS. Did your fundraising activities extend up to the time of the Democratic Convention?

Mr. ARNOLD. Prior to April 7, I was more active than after April 7. After April 7, if somebody asked me, then, yes; I would say I understand they have got a deficit and any help would be appreciated.

[Discussion off the record.]

* * * * * * *

Mr. SANDERS. Well, you did make a trip to New Hampshire during the preprimary period?

Mr. ARNOLD. Yes, sir.

Mr. SANDERS. Did you make two trips to New Hampshire?

Mr. ARNOLD. To my recollection, I made two.

Mr. SANDERS. One of them with Chairman Mills?

Mr. ARNOLD. Yes, sir.

Mr. SANDERS. Was he on a speaking trip?

Mr. ARNOLD. He had a speech scheduled that day. I think I made a trip with Mr. Mills.

Mr. SANDERS. Was that to the New Hampshire Legislature?

Mr. ARNOLD. I don't recall exactly who he spoke to.

Mr. SANDERS. Well, on the occasion of either of your trips to New Hampshire, did you deliver any cash to some persons in New Hampshire working with Mr. Mills?

Mr. ARNOLD. I don't recall doing that ever, no, sir.

Mr. SANDERS. Did you take any cash with you of $1,000 or more for the purpose of making it available for the Mills Presidential effort in New Hampshire?

Mr. ARNOLD. I don't recall doing that, no, sir.

Mr. SANDERS. Or did you deposit to any New Hampshire banking institutions any funds for the Mills campaign?

Mr. ARNOLD. No, sir.

Mr. SANDERS. Did you at any time send any funds to New Hampshire for the preprimary effort?

Mr. ARNOLD. Not to my knowledge; no. Maybe this money of Mr. Wild's ended up there, but——

Mr. SANDERS. I wanted to know if you did.

Mr. ARNOLD. No, sir.

Mr. SANDERS. We have information, Mr. Arnold, that in about August of 1971, a sum of cash was delivered to persons in Washington on behalf of Chairman Mills, money originating from AMPI, the Associated Milk Producers, Inc. This sum of money was $5,000. Were you contemporaneously aware of the delivery of that money?

Mr. ARNOLD. No, sir.

Mr. SANDERS. Have you at any time up to the present talked with anyone in the Mills congressional or campaign offices concerning the delivery of that money?

Mr. WILLIAMS. Your question is limited to the Mills campaign office?

NOTE: Stars indicate portions of testimony on another subject which was omitted, but will be printed in a later volume.

Mr. SANDERS. I said congressional or campaign offices.

Mr. ARNOLD. At some point recently, I have heard about inquiries being made into that subject. When I say recently, I mean within the last week or two, and that is the first, to my knowledge, that I have ever heard of it anywhere.

Mr. SANDERS. At any time in 1971 or in 1972, did you have any contact with any officers or personnel of AMPI to solicit from them money for the Mills campaign?

Mr. ARNOLD. I don't recall soliciting ever from any AMPI officials.

Mr. SANDERS. Are you acquainted with Dave Parr?

Mr. ARNOLD. Yes.

Mr. SANDERS. With Harold Nelson?

Mr. ARNOLD. Yes, sir.

Mr. SANDERS. At any time in 1971 or 1972, did you learn that AMPI, as opposed to their political action arm, TAPE, had contributed any funds to Chairman Mills?

Mr. ARNOLD. No, sir, I don't recall hearing anything like that, but that is a typical subject that I wouldn't get into anyway, not being my business.

Mr. SANDERS. Are you acquainted with Tom Townsend?

Mr. ARNOLD. I believe I have met Mr. Townsend, but I can't put the face in front of the name right now. But I believe I have met him.

Mr. SANDERS. Did you meet him in connection with your work in the Mills campaign in 1971?

Mr. ARNOLD. Well, I don't recall that exactly. Since I can't put the face with the name, it could have been there or I could have just seen him at Mr. Mills' office, if he ever went to see Mr. Mills, or I could have met him in Little Rock, Ark., if he is stationed in Arkansas.

Mr. SANDERS. Are you acquainted with Jake Jacobsen?

Mr. ARNOLD. I have met Jake Jacobsen I believe one time.

Mr. SANDERS. Do you know of any contributions that he made available for Chairman Mills?

Mr. ARNOLD. No, sir.

* * * * * * *

Mr. SANDERS. You understand, I am sure, what TAPE is.

Mr. ARNOLD. I've heard of TAPE and I know it is the political arm for some dairy association. I don't know which one.

Mr. SANDERS. It is the political arm for AMPI and the successor to TAPE called CTAPE contributed $25,000 to the Mills for President campaign on June 13, 1972. Did you have any involvement in the arrangements for the delivery of those funds?

Mr. ARNOLD. No, sir.

Mr. SANDERS. Did you have any participation in the solicitation of it?

Mr. ARNOLD. No, sir.

Mr. SANDERS. Were you contemporaneously aware that it was sent to the Mills campaign?

Mr. ARNOLD. No, sir.

Mr. SANDERS. Have you at any time learned why that particular sum was contributed?

Mr. ARNOLD. No, sir.

Mr. SANDERS. That's all.

[Whereupon, at 4:10 p.m., the hearing in the above-entitled matter adjourned.]

THURSDAY, JANUARY 31, 1974

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

The Select Committee met, pursuant to notice, at 10:15 a.m., in room G–3, Russell Senate Office Building.

Present: Senator Baker.

Also present: David Dorsen, assistant chief counsel; Barry Schochet, assistant majority counsel; Benjamin Plotkin, minority investigator.

Senator BAKER. Would you hold up 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. PALMBY. I do.

[A brief recess was taken.]

TESTIMONY OF CLARENCE D. PALMBY, ACCOMPANIED BY ARTHUR L. LYMAN

Mr. DORSEN. Could you give your present position and address for the record?

Mr. PALMBY. My present position?

Mr. DORSEN. Yes.

Mr. PALMBY. I am vice president of Continental Grain, New York. Do you want my home address?

Mr. DORSEN. Yes, please.

Mr. PALMBY. 45 Sutton Place South, New York.

Mr. DORSEN. Mr. Lyman, could you identify yourself for the record?

Mr. LYMAN. I am appearing as counsel for Mr. Palmby. My name is Arthur L. Lyman, and I am a member of the firm of Paul, Weiss, Rifkind, Wharton & Garrison of New York.

Mr. DORSEN. Mr. Palmby, what was your position immediately prior to your present position?

Mr. PALMBY. I was an Assistant Secretary of Agriculture.

Mr. DORSEN. How long did you hold that position?

Mr. PALMBY. From January 22, I believe it was, 1969, to June 7, 1972.

Mr. DORSEN. What did you do immediately prior to that?

Mr. PALMBY. I was executive vice president of the U.S. Feed Grain Council.

Mr. DORSEN. How long did you do that?

Mr. PALMBY. Nearly 8 years.

Mr. DORSEN. What is, briefly, your expertise in terms of education and training in the agriculture area?

Mr. PALMBY. My training is in animal science.

Mr. DORSEN. In the period 1970 and 1971, what were your duties as an Assistant Secretary of the Department of Agriculture?

Mr. PALMBY. In the period when?

Mr. DORSEN. 1970 and 1971.

Mr. PALMBY. For the full period of time that I was in the Department of Agriculture, the first 3½ years or thereabouts of the Nixon administration, I was Assistant Secretary for International Affairs and Commodity Programs.

Mr. DORSEN. What did that involve?

Mr. PALMBY. It can best be explained by the agencies that reported through me to the Secretary. There were four such agencies. One, the Foreign Agriculture Service; two, the Agriculture Stabilization and Conservation Service; three, the Export Marketing Service; four, the Federal Crop Insurance Corporation. Plus I had a very small international organization staff. And, in addition, of course, to those agencies reporting to me, I was a member of the Board of Directors of the Commodity Credit Corporation and the last few months of my tour of duty on the board of the rural telephone—I am not quite sure—I believe it is the Rural Telephone Bank or some such that was just organized shortly before I left.

Mr. DORSEN. What other positions have you held with the Federal Government?

Mr. PALMBY. I served the Government from 1953 to January 20, 1961. Also, you will note I just had an 8-year interim.

And during that earlier tour of duty, I was State chairman of the agriculture stabilization conservation committee in the State of Minnesota for about 3 years, from about March, March of 1953, until March of 1956, at which time I came to Washington as Associate Director of the Grain Division, later Director of the Grain Division, and Deputy Administrator of the Commodity Stabilization Service, later as Associate Administrator of Commodity Stabilization Service, a position which I occupied when I resigned shortly after the election of November of 1960, effective January 20, 1961.

Mr. DORSEN. Over the course of the last few years, 1969, 1970, 1971, and 1972, were you involved at all in the price support decisions with respect to dairy products?

Mr. PALMBY. Yes. As a member of the Board of Directors of the Commodity Credit Corporation.

Mr. DORSEN. Was that your only involvement?

Mr. PALMBY. You have to understand that the Agency—may I now call it the ASCS to save work?

Mr. DORSEN. Yes.

Mr. PALMBY [continuing]. Is really the work arm of the Commodity Credit Corporation. Consequently, the Administrator of that Agency reported to the Secretary through me, as was the custom in the Department at that time, run strictly as a straight-line type of department, so that the Agency reported through me to the Secretary, and in turn the policy went down from the Secretary to that agency. So to the extent that there was action in any of these programs, the price support programs, including this one on manufactured dairy products, which was administered by that Agency, sought policy guidance from me in the straight-line type of operation.

Mr. DORSEN. According to the USDA records on March 12, 1971, the price support level for manufactured milk products was announced at $4.66 per hundredweight.

Could you please describe your knowledge of the events leading up to that announcement?

Mr. PALMBY. Yes, I will do the best I can. Remember it has been 3 years ago. The records I have are on the table.

Mr. DORSEN. It should be clear that Mr. Palmby is indicating that he did not bring any records with him and, apparently, he has no records.

Mr. PALMBY. The date at which the decision on the level of price supports for manufactured dairy products, as I recall, must be announced by April 1 of each year. So, historically, during the time that I was there, and, of course, in the earlier tour of duty, in the years between, as I recall it, there has always been a good big deal of publicity given as to what the level of price support might be, consistent with the terms of the statute with which I believe, at that time, made it mandatory that manufactured dairy products be supported at a level somewhere between 75 and 90 percent. I believe that was the statute at that time, that the language in the act which, really, in my opinion, was most meaningful, was that the level should be established at a level—that price supports should be established at a level that would assure an adequate supply of dairy products.

So, finally, in answer to your question, we had a considerable amount of what I would call informal discussion, both in Secretary Hardin's immediate family staff sessions in the morning, and I believe we did at an established meeting of the Commodity Credit Board, even though the item was not in the agenda, we discussed the dairy situation, and there were a couple of unusual factors.

Counsel, am I taking too long?

Mr. LYMAN. Answer it as fully as you can.

Mr. PALMBY. There were several unusual type of situations that existed at that time, and I am going into detail.

Mr. DORSEN. I want you to, please.

Mr. PALMBY. No. 1—not necessarily in order of importance—the year 1970 we had a southern corn leaf blight problem which did rather drastically affect the volume of corn that was produced and in turn was reflected in higher prices for corn which, to a degree, had what I choose to call a rub-off effect on the price of all feed ingredients, which of course is the raw material for dairy production.

Mr. PLOTKIN. What do you mean, a "rub-off effect"?

Mr. PALMBY. On other feed ingredient prices that responded to a degree to the higher corn prices. I am speaking of protein supplements, to the extent of roughage, so there was an increase in the cost of feed ingredients utilized for dairy herds. That is really No. 1.

No. 2, the Commodity Credit Corporation had acquired what I would choose to call somewhat of a troublesome surplus supply. That is always a cost item and traditionally butter, the surplus butter, that must go through the disposal route, has been a rather costly thing for the Commodity Credit Corporation.

No. 3, there was rather a peculiar situation happening in the world dairy markets at that time. New Zealand, which is the largest single dairy exporting country, had suffered a drought. The country also had had continuing contracts for export of butter to the United King-

dom, so the United Kingdom, whether this came through a formal route, I cannot be sure of this, but I know our agriculture attaché at that time fed the information that the British would be receptive to buying surplus butter at some price from the Commodity Credit Corporation.

It also later developed that the Canadians had a shortage of butter, and there were some other countries, too, to a limited amount, one being Algeria.

Whether it was at that particular time or before March 12, or somewhere after, I do not know, but a decision was made by the Commodity Credit Corporation—it was a joint decision with the Office of Management and Budget—we discussed it thoroughly with the State Department—that Commodity Credit should, in the best interests of the Nation and the best interest of the Commodity Credit Corporation, offer that butter for export.

A price was arrived at using the best judgment that we could consistent with what other butter was selling for on the world market. As I recall, the butter that was finally sold was exported at 50 to 54 cents a pound, which would be a loss of 30 cents to Commodity Credit. I do not remember the amount, but it seems to me it was around 125, 140 million pounds. But I am not sure; you can get this from the Department.

Mr. LYMAN. A 30-percent loss on what?

Mr. PALMBY. A pound, I estimated in my judgment.

A No. 4 item which I must also list is that the number of dairy herds at that time were really diminishing in number very rapidly, and this is an important item, because I looked upon Secretary Hardin and the Under Secretary, Campbell, as being better authorities in the dairy industry than I. I would not be so modest on all commodities. They anguished a good deal about that there was a diminution of herd numbers, even though many herds were getting much larger, that there should be a sufficient incentive to keep production coming or sooner or later we would run into a dairy shortage in this country.

I believe I have listed about all the things that I remember that strike me as being policy consequence at that time. I mention these four items because they weighed rather heavily on us, I think weighed more heavily on the two gentlemen I mentioned.

So, finally, leading up to the day when the decision was made, I had, as I remember, cleared that decision with the Office of Management and Budget. I believe it was Don Rice at the time; he was the man I worked with. It was their recommendation, along with the Council of Economic Advisers, because they also almost always had an input on these price support decisions regardless of commodity. And they concurred in that price support staying where it was, $4.66, I believe you said it was. And OMB looking at it largely from the fiscal standpoint, and the Council of Economic Advisers perhaps more from the standpoint of the statutory intentions of the act itself, to insure an adequate supply of dairy products.

Mr. DORSEN. This information was presented to the board in one form or another and was known by the board prior to the March 12 decision?

Mr. PALMBY. What decision?

Mr. DORSEN. Well, these considerations, including the corn blight and other factors?

Mr. PALMBY. They were all good students of agriculture, certainly.

Mr. DORSEN. Within the Department of Agriculture, do you know of the procedure by which the recommendations in the ASCS was made and transmitted up through the lines to the Commodity Credit Corporation?

Mr. PALMBY. At that time, I cannot speak for today, there has been at least up to that time a historical pattern of doing these things in what I think is a very acceptable and very businesslike manner. The Commodity Credit Corporation operated on the basis of dockets as per the custom.

A docket on this particular subject was prepared and the docket contains the economic justification. It contains an opinion by counsel consistent, giving an opinion whether it is or is not consistent with the language of the act. And that docket goes through what we call the preboard clearance, and the preboard members, on what I call this preboard, for lack of a better word, are not policy people. They are simply civil servants and what I call qualified technicians in the Department.

Mr. DORSEN. Were you aware of any substantial controversy within the Department of Agriculture as to the appropriate supply level—the price support level? Excuse me.

Mr. PALMBY. No; I was not. And I did tell you this, and I want to repeat it again. But it was my personal feeling that Secretary Hardin anguished a good deal on this. They can speak for themselves, but it is my personal feeling that he and to a degree the Under Secretary did have a good deal of anguish on this matter.

Mr. DORSEN. Is what you are saying, then, this was more in the nature of anguish on the part of the Secretary, rather than a source of controversy within the Department?

Mr. PALMBY. I am not aware of any controversy. You understand, nobody ever sees these things exactly alike. During my tour of duty, I certainly never discouraged anybody from telling me I was crazy or telling me I was wrong. The best inputs are not good enough on something like this.

Mr. DORSEN. In addition to Mr. Rice, what officials in the Department of Agriculture on a staff level, as far as you knew, participated in the decision and gave you input on the basis of which you participated in the decision?

Mr. PALMBY. You are speaking now of the agency that reported?

Mr. DORSEN. That is correct.

Mr. PALMBY. The docket originated in the dairy division and came on up through the Associate Administrator and Administrator of ASCS. It is those two gentlemen that I dealt with; namely, Mr. Frick and Mr. Brunthaver.

If you ask me which one the more, I don't remember, because an associate administrator meant to me just what he is. He is an associate. I do not recall which one of those two that I worked with more on this docket.

Mr. DORSEN. Do you recall any other significant events that were connected with the price decision announced on March 12, 1971, on the manufactured dairy products?

Mr. PALMBY. I do not believe that I recall what I would call, other than what would be normal for that time of the year. I was aware that there was some correspondence at the end suggesting that the price support be at different levels, most of it, as you would expect, at a higher level, of course, than what was announced, and this came from various quarters. AMPI, I would think there was probably more correspondence from them, although the National Milk Producers, as I recall, had some correspondence in on it. Believe me, it was 3 years ago. I do not consider that really unusual at the time you set support price levels.

Mr. DORSEN. I have marked as exhibit 1 a two page letter dated February 12, 1971, or a copy thereof.

Mr. PALMBY. What date?

Mr. DORSEN. February 12, 1971, from the National Milk Producers Federation, what appears to be a copy of a reply by you to the secretary of the federation.

I would like you to take a look at it and see if you can identify those two documents.

[Whereupon, the document referred to was marked Palmby exhibit No. 1 for identification.*]

Mr. LYMAN. Your question is whether he can identify this.

Mr. DORSEN. Yes, can you identify those documents?

Let me put it a different way. Does that appear to be a letter that you received, and a copy of a letter that you sent?

Mr. PALMBY. First of all, it is to Secretary Hardin. The reply seems to me that it probably is accurate. I also note that my deputy's name is on here, which is quite often the case, that he reviewed it before I signed it. It looks perfectly logical to me. That is all I can say about it.

Mr. DORSEN. Is this typical of the correspondence that was received during that period, would you say?

Mr. PALMBY. It is typical of one side of the correspondence. You see, I cannot say for sure whether we received correspondence, for instance, from the American Farm Bureau Federation and Land O'Lakes, but I—but these two, Land O'Lakes being a Minneapolis cooperative, it is my memory that the American Farm Bureau Federation and Land O'Lakes were in favor of continuing the price-support level at the present level. You know how farm organizations—maybe you don't. I would suspect that there are other farm organizations that sent in similar letters, but I don't remember. But that is very often how the lineup quite often was.

Mr. DORSEN. Is it fair to say that a number of farm organizations supported a higher level than $4.66 per hundredweight where other organizations were satisfied, were in favor of $4.66 level?

Mr. PALMBY. Yes. I want to paint this picture a little more. As I reread that letter, there was a transition taking place that continues to take place. One, of course, butter consumption per capita was going down. Cheese consumption was going up. I believe the letter states that the surplus was in butter and nonfat, and one school of thought by well-meaning people on the outside, producer groups, was that the marketplace is functioning, cheese consumption is going up. Consequently there will be a move towards more cheese production out of butter production. So there was one good school of thought by well-

*See p. 7152.

meaning people, don't fool around with the price levels. Let the market do this. The other school of thought is, we need the guarantee as an incentive to be sure that there is an adequate supply.

I would hasten to say, as one gets more mellow, both sides have logical arguments, generally by well-meaning people.

Mr. SCHOCHET. Mr. Palmby, were you familiar with the Interagency Dairy Supply Estimates Committee?

Mr. PALMBY. I was aware of it.

Mr. SCHOCHET. Could you please explain for the record what its function was?

Mr. PALMBY. I would rather you would get it from somebody else. I am not being coy when I say this.

Mr. SCHOCHET. Could you just please, then, state the nature of your awareness?

Mr. LYMAN. What was that?

Mr. SCHOCHET. The Inter-Agency Dairy Supply Estimates Committee, that was the official title.

Mr. PALMBY. This is a true civil servant body from within, true technicians or civil servants, call them what you will, who are pooled from different agencies as the Economic Research Service, I believe, the Statistical Reporting Service, I believe the Agriculture Marketing Service. Their function is one of projecting supply, demand, or disappearance. Their findings and their recommendations are widely used by policy people. I use them myself.

Mr. SCHOCHET. Is this preboard clearance of which you were speaking?

Mr. PALMBY. No.

Mr. SCHOCHET. Could you please distinguish between the Supply Estimates Committee's functions and the preboard clearance function?

Mr. PALMBY. They served two different functions. The Supply Estimates Committee is a long-standing group within the Department that is set up to utilize the best expertise there is within the Department to project the supply and demand requirements of agricultural commodities. The preboard docket committee that I am talking about is a group that also had been set up for a long time to review a docket for technical sufficiency, and then finally working with counsel for legal sufficiency to be presented to the board for policy determinations.

Mr. SCHOCHET. Who would have been the members of the preboard clearance group?

Mr. PALMBY. I believe the gentleman who was chairman was a man by the name of Richard Moody. He has since retired. I believe he was still there at that time, and he had held that function for many, many years, through several administrations.

The people that made up the group, that I called the preboard group, were not only people who prepared the docket in ASCS, but also representatives from other agencies, because other agency interests—they are interested in what is happening in the price support programs.

If I may give an example, for instance, the Foreign Agricultural Service has the expertise on the demand requirements from overseas, and is there going to be an outlet for x volume of exports or not?

And so this is the type of thing that was all discussed in this preboard docket.

Mr. SCHOCHET. Is it proper then, to state, to your recollection, that in this instance the preboard clearance group approved the recommendation of the $4.66 level?

Mr. PALMBY I would not put it that way.

Mr. SCHOCHET. They did not disapprove of it, did they?

Mr. PALMBY. No. That is not a policy group. What I quite often did, particularly in this type of sensitive policy decision, was to have the preboard supply the costs, No. 1, of maintaining the price support level at this level, or at this level, or at another level, No. 1, the cost. No. 2, the production response, No. 3, the consumption response, because this is the kind of information that very frankly I would have had to have had to talk with the Office of Management and Budget and Council of Economic Advisers.

So, the preboard is a working group and it was really not their role, even to make recommendations, but to supply the information for policy determinations.

Mr. SCHOCHET. This information on cost, productions, and consumption responses at different levels——

Mr. PALMBY. Yes.

Mr. SCHOCHET [continuing]. Was prepared and given in the 1971 period?

Mr. PALMBY. We had it as we made the decision.

Mr. SCHOCHET. Was it an input into your decisionmaking?

Mr. PALMBY. Yes. If I could add one more thing, I only recall from memory, but it seems to me that it was the projection at this time to move up to about 85 percent of parity, which I believe was $4.92 or $4.93 at the time, from $4.66, would cost somewhere near $100 million more money. To a degree, this reflects the anguish, I say, in my opinion, that the Secretary was going through.

Mr. LYMAN. What was that?

Mr. PALMBY. About $100 million more, because, as I said, the best judgment is not good enough on these matters because there was this feeling that with the trend that was taking place in the dairy industry, that No. 1, the added cost would not be that much more. No. 2, the higher support level is necessary to bring forth the needed production and to keep dairymen in business, not necessarily looking at 1 year. And I would say, ironically, that I think that the Secretary was more right than I was on this matter, because of what has now happened to dairy production. This is obvious for anyone to see. Our cheese consumption continues to go up on the trend that I mentioned to you earlier, and actually our importation is becoming substantial now.

Mr. SCHOCHET. When you mentioned as to added costs of $100 million, are you referring to costs to the CCC?

Mr. PALMBY. Let me clarify that. That does not mean an outright loss. If it is an accumulation of butter and nonfat, if that is the disposal cost, it of course would lessen.

Mr. LYMAN. You said, Mr. Palmby, that the Secretary was more right that you were. It is not clear on this record what you mean as to what your position was at the time.

Mr. PALMBY. I told you that the Secretary anguished. I should have put this—that his anguish had proved to be quite well founded. It was my feeling at the time, as it was by the rest of the board members, but not quite to the degree of my own, that by maintaining it at the $4.66, sufficient production would be forthcoming, and that the trend toward increased cheese production at the expense of butter would continue to take place.

Dr. DORSEN. Was part of the input that led to the Secretary's anguish political pressure or contact by Members of Congress?

Mr. PALMBY. He can best speak for himself on that. I find it difficult to speak for him on that. Obviously there was great interest on the Hill, a great deal of pressure on the Hill.

Mr. DORSEN. And was this pressure that was discussed from time to time within the Department of Agriculture at your level and higher?

Mr. PALMBY. Of course.

Mr. DORSEN. You also indicated that the Secretary may have been right in terms of his anguish.

Is it what you are saying that, based on subsequent events, the facts turned out that a higher price level was not as costly as was anticipated?

Mr. PALMBY. Yes. I do not have those cost figures here. Certainly they are readily available. What I had more in mind was the fact that dairy cow numbers have continued to go down really at an alarming rate in this country. As the result of that, we are turning more and more to foreign supply and the imports have gone up.

Mr. DORSEN. As far as the data within the Department of Agriculture was concerned, that all led, in your opinion, at maintaining the level at that time of $4.66.

Is that a fair statement?

Mr. PALMBY. That is a fair statement. That is right. But I want to say again that there is particularly in the manufacturers' dairy price support program, and the trends that have been taking place and the trends that were quite apparent at the time, that believe me, there is a good deal of room for well-meaning people with their best judgment that they have, there is a good deal of room for disagreement.

Mr. DORSEN. To return to the $100 million figure which I think you explained, I gather that that figure does not take into account added possible costs to the private sector in addition to the CCC.

Is that correct?

Mr. PALMBY. That is correct. To the extent that it would he effective. Do not jump at conclusions here because I think that you will find—I have not researched this, but I think you will find that the increased level of price support had a minimum impact on the price of cheese because cheese was already above support prices.

Mr. DORSEN. At least some of the products were resting on the price support level.

Mr. PALMBY. Of course.

Mr. DORSEN. I would like to move ahead now to another important date: namely, March 23, 1971, which according to testimony and records was the date of two meetings at the White House, a morning meeting attended by Government officials and the dairy industry rep-

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resentatives, and an afternoon meeting involving just Government officials.

Did you attend either meeting?

Mr. PALMBY. I attended the one with the dairy industry group in the morning.

Mr. DORSEN. Prior to that meeting, in the period March 12 through March 23, do you recall any significant events or discussions in the Department of Agriculture or in the Government concerning the dairy industry problem or the price support level decision?

Mr. PALMBY. Yes, because—and I talked before to this—the items that I recall that we discussed were how we would respond in hearings in the event that there would be hearings on the several bills that were introduced by the Members of the Congress, and while every Government witness as a matter of habit said he was delighted to appear before the respective committee, I never enjoyed testifying and defending price-support decisions. It was always tough. So that was really the framework or the frame of reference that I remember that the discussions took place in staff meetings during that period of time.

Mr. DORSEN. Was there any feeling that the price-support level would be changed prior to the April 1 effective date?

Mr. PALMBY. There was not on my part.

Mr. DORSEN. Were you aware of any such sentiment or discussion involving anybody else in the Department?

Mr. PALMBY. No.

Mr. DORSEN. Up until the March 23 meeting, were you aware of any growing dissatisfaction with the March 12 decision?

Mr. PALMBY. To the extent that Members of Congress were climbing on the bandwagon to make it mandatory to increase the support price, I was certainly aware of that, and it was a worry.

Mr. DORSEN. A worry in what sense?

Mr. PALMBY. I did not want to see mandatory legislation that it be pushed up to 90 percent of parity. It was my feeling that it would be devastatingly bad for the dairy industry.

Mr. DORSEN. Were you familiar in any detail with the bills that were introduced at that time?

Mr. PALMBY. Only as I remember them. My memory does not serve me too well here. I believe the vast majority of those bills would make it mandatory to support manufactured dairy products at 90 percent of parity. I don't remember the time period, a 1 or 2 years of limitation or not.

Mr. DORSEN. You may be incorrect in that. I think all but two Members of the Congress supported bills that would make it mandatory at 85 percent for the following year, but I think the record will speak for itself.

Mr. PALMBY. I am only quoting from memory. If you say it is 85, I certainly don't question it.

Mr. LYMAN. You said 75?

Mr. PALMBY. The $4.66 would figure out at about 80 or slightly under as of April 1. I believe that's right.

Mr. DORSEN. Could you describe as best you can what occurred at the March 23 morning meeting?

Mr. PALMBY. First let me say, as I remember from the Department, in addition to the Secretary and the Under Secretary. Assistant Secre-

tary Lyng was there and the Congressional Liaison, Bill Galbraith, if there are others, I do not remember.

Mr. DORSEN. Excuse me.

Did you prepare any memorandum or other document for the President or the President's aide in connection with this meeting?

Mr. PALMBY. Not to my memory. I was invited to the meeting on a very short notice. I had not known that there was going to be a meeting. I just cannot believe that I helped participate in preparing any document.

Mr. DORSEN. Do you recall who was present from the dairy industry at this meeting?

Mr. PALMBY. No, but I think their names have been in the paper. I say to you, I was not well acquainted with that dairy group. I have already explained that.

Mr. DORSEN. Did you know any of the persons who were at the meeting from prior contacts or conversations or meetings?

Mr. PALMBY. If I saw the list I could tell you which ones I know. I just do not feel that my memory is good enough to tell you who those people were.

Mr. DORSEN. Let me ask simply about two, Harold Nelson.

Mr. PALMBY. I knew Harold Nelson.

Mr. DORSEN. Did you know David Parr?

Mr. PALMBY. I did.

Mr. DORSEN. How extensive were your contacts with these two gentlemen?

Mr. PALMBY. Very, very limited. In fact, I am quite positive that they were never in my office. I would run into them on a couple of occasions in the Secretary's reception room. We called it the glass cage. Whether they were there at that time to see the Secretary or the Under Secretary I do not know.

Mr. DORSEN. Did you ever attend any meetings with either of them, at which the price support level was discussed, other than the meeting that we are about to discuss?

Mr. PALMBY. I did not.

Mr. DORSEN. Please tell us to the best of your recollection what occurred at the March 23 meeting?

Mr. PALMBY. As I have stated before, when your staff visited on this matter, the President made the usual, what I will call nicety remarks, and the one thing that particularly sticks in my mind was that the President, if I recall correctly, asked in a couple of different ways what assurance they could give of restricting or not overproducing, I guess is a better word, dairy products; that in the event that the support price had been set up at a higher rate. And it was a general comment by several of those speaking, and they were representatives from several States as I remember; that it was their feeling as they expressed it, that overproduction would not be a problem. That was the gist of the conversation as I recall.

Mr. DORSEN. Were any reasons given as to why it would not be a problem?

Mr. PALMBY. Yes. There is contained in the Agriculture Act of 1970, which was amended in 1970, a provision—I believe it is called the dairy basis provision. This provision really allocates a great amount of power to what I call a milkshed area, and actually it is

tantamount to a license to produce, and if administered to the extreme tightness, it could conceivably control production.

Mr. DORSEN. Are you familiar with the mechanics of how this base system goes into effect?

Mr. PALMBY. No, I do not. That was not under my jurisdiction. That is the reason that I am having trouble with it. I frankly cannot tell you.

Mr. DORSEN. Are you familiar with how effective such a system is in practice?

Mr. PALMBY. No; I do not. I would rather not comment.

Mr. DORSEN. You would defer to other experts as to the feasibility of that as a solution to the President's concern.

Mr. PALMBY. Yes. That was being administered under really the Consumer Marketing Service that reported to Assistant Secretary Lyng. I had enough worries of my own. I never did understand the delicate features of this basic plan.

Mr. DORSEN. Was there any suggestion at that meeting that the price-support decision might be reconsidered or the level changed?

Mr. PALMBY. Not to my memory, I thought about this many times. I cannot recall that any mention was made that it might be changed.

Mr. DORSEN. I believe you did tell the staff at an earlier time that there was no discussion, in any direct form certainly of political contributions at that meeting.

Is that correct?

Mr. PALMBY. That is correct, not that I heard.

Mr. DORSEN. Was there any discussion that you heard concerning the support that the dairy industry wanted to give the President or had given the President or was prepared to give to the President?

Mr. PALMBY. I believe when the President made his—what I call nicety remarks, opening remarks is perhaps a better term, that he thanked this group for their support. I am going into detail a bit here.

This group did support the Agriculture Act of 1970. It was not easy to get agricultural legislation at that time, and I worked very hard working with the Congress to get the Agriculture Act of 1970 myself. In fact, I was the one responsible. I, too, thanked the many groups for helping me work with the Congress to get that legislation and to work with the Congress. So I am only relating this to you because this group was helpful in securing that part of the Agriculture Act of 1970, which did help the administration acquire the entire package of agriculture legislation.

Mr. DORSEN. Was this what you interpreted the President to mean when he thanked them for their support?

Mr. PALMBY. That is what I interpreted it to mean.

Mr. DORSEN. Were you aware of any discussions between the representatives of the administration and the President or the dairy industry concerning contributions to the President's reelection effort at that time.?

Mr. PALMBY. No.

Mr. DORSEN. That was not something that you could have taken into account when you considered what the President's remarks meant.

Mr. PALMBY. It was the furthest from my mind.

Mr. DORSEN. Do you recall anything else that was said at the March 23 morning meeting?

Mr. PALMBY. No, I do not.

Excuse me. I will say one thing. After the President left, the Under Secretary did quite an eloquent job in many ways of lecturing this group a bit on the limitations of Government to help any particular sector of agriculture. I remember that.

Mr. DORSEN. Was that kind of statement one that was frequently made by the Nixon administration officials?

Mr. PALMBY. Which statement?

Mr. DORSEN. That the limitations—regarding the limitations of Government assistance to agricultural groups?

Mr. PALMBY. It certainly is, and I have heard the same thing in every other administration. There is nothing novel about that statement.

Mr. DORSEN. The two administrations you were in was the Eisenhower and Nixon administrations.

Is that correct?

Mr. PALMBY. That is correct.

Mr. DORSEN. Is it fair to say that the Republican administrations were less prone to have price support levels and involve the Government in agriculture than the Democratic administrations?

Mr. PALMBY. If you had asked me that question 20 years ago, I would have said yes. Today I would say no.

Let me tell you why I say no. The support prices for grains were dropped more drastically under the Democratic administration, 1961 to 1969, than any period in history. I am talking loan rates. I am not critical of it. They developed a good program.

Mr. DORSEN. What about price-support levels in such products as dairy products?

Is there a difference in philosophy there?

Mr. PALMBY. If there is, I have not found it because Secretary Bentson got burned, Secretary Freeman got burned, and by being burned, the costs just went up in a bubble when the price support, the incentive, was set at too high a level. And I believe in both the Bentson and the Freeman years they actually had to lower the support price rather than to maintain it. I believe you will find that to be true.

I cannot give you the specific years. So that was a production-consumption response.

Mr. DORSEN. To expand that one point, at the meeting, the morning meeting, was there any indication that you could detect on the part of the administration officials as to a weakening of their position on the $4.66 level?

Mr. PALMBY. At what meeting?

Mr. DORSEN. The morning meeting.

Mr. PALMBY. That morning meeting, no.

Mr. DORSEN. What did you do after the meeting broke up?

Mr. PALMBY. I went back to my office and I have not researched whether I went to Kansas City that afternoon or the next morning early because I had a meeting in Kansas City. My wife and I were going to Kansas City. I am not sure whether I went that afternoon or the next morning, and I have not researched it, but I spoke out there on the 24th. I think I went out there the afternoon of the 23d, but I would not swear to it.

Mr. DORSEN. Do you have records that would clarify that?

Mr. PALMBY. I do not have them.

Mr. LYMAN. The Department?

Mr. PALMBY. The Department must have them. You are free to get them.

Mr. DORSEN. Do you recall any discussions or events between the time the March 23 morning meeting broke up and the time you left for Kansas City?

Mr. PALMBY. No.

Mr. DORSEN. Were you aware, at that time, of the afternoon meeting on March 23?

Mr. PALMBY. No.

Mr. DORSEN. When did you first become aware of it?

Mr. PALMBY. Quite some time afterward, because, as I stated before to staff, I found out about the increase in support prices when it was phoned to me in Kansas City by Mr. Frick.

Mr. LYMAN. You did not state it on the record, you stated it to the investigators. You may now state it.

Mr. PALMBY. My wife and I were attending the annual meeting of the National Grain & Feed Association in Kansas City. I was in the program. And, as I left the meeting out there with my wife, I was being paged. And I took the phone call in a phone booth in the lobby, I believe, of the hotel. And Mr. Frick had told me that the price support was going to be increased to, I believe, this $4.93 level and that it would be announced shortly.

I believe he called me before the announcement went out. That is the first I heard about it. I, at that time, had no idea that there were future meetings, nor would I have any way of knowing.

Mr. DORSEN. Do you recall what time of day you received the phone call?

Mr. PALMBY. No; I do not. I tried to check that. I frankly do not know. I was in a meeting—I think I was participating in a panel and the meeting broke up. If that is the case it had to be somewhere around noon, or thereabouts.

Mr. DORSEN. It is your recollection that you got that phone call before the public announcement of the increase?

Mr. PALMBY. It is my recollection, but I would not be sure of that. That was the 25th.

Mr. DORSEN. If the decision was announced about noon in Washington, would that tend to indicate to you—I do not want to overstate it—that you heard the information around noon in Kansas City, that it was indeed a morning panel that was breaking up?

Mr. PALMBY. I do not quite get your question.

Mr. LYMAN. The meeting at the White House was on the 23d. You went to Kansas City either the 23d or the 24th. This meeting was on the 25th that you were interrupted. It was 2 days after the White House meeting.

Mr. PALMBY. Yes. As per custom, again, price support decisions are not made when markets are open. Frankly, again, I told you I'm not the authority on dairy products that others are, but the price-support decisions on dairy products, and the release of them, was timed to the closing of the cheese market in Wisconsin.

Mr. DORSEN. Do you recall participating in any discussions concerning the price support level for manufactured dairy products between the time of the breakup of the morning meeting on March 23d, and the time that you left for Kansas City?

Mr. PALMBY. No, sir.

Mr. DORSEN. Do you know of any such discussions that took place, from your own knowledge?

Mr. PALMBY. No.

Mr. DORSEN. Did you have any conversations on that subject during that period, with Secretary Hardin, Under Secretary Campbell, or Assistant Secretary Lyng?

Mr. PALMBY. No; I did not.

Mr. DORSEN. Did you know, at the time, that the matter was being reconsidered at all?

Mr. PALMBY. No.

Mr. DORSEN. Was that a customary way of reviewing price-support decisions?

Mr. PALMBY. What do you mean by that?

Mr. DORSEN. The fact that you were not at all involved in the decisionmaking process.

Mr. PALMBY. No, it was unusual, but I was out of town, I would say that.

Mr. DORSEN. Do you know whether the Commodity Credit Corporation was involved in the decision to raise the price-support level to $4.93?

Mr. PALMBY. What do you mean Commodity Credit, being involved?

Mr. DORSEN. The Board, excuse me.

Mr. LYMAN. Do you mean, were they consulted?

Mr. DORSEN. Yes.

Mr. PALMBY. I have already answered those questions.

Mr. LYMAN. About the increase.

Mr. PALMBY. I have answered that.

I, as one Board member, was not consulted. I do not know about the other Board members. The Commodity Credit Board is nothing but Board members, so I am speaking of one-seventh.

Mr. DORSEN. For the record, who are the other members of the Board?

Mr. PALMBY. The Secretary is Chairman of the Board by statute. The Secretary designated me as President. In addition to that, the Under Secretary of—Campbell, was the Director. Assistant Secretary Lyng; Assistant Secretary Cowden; the Director of Agriculture Economics, Don Paarlberg; Administrator of ASCS, Kenneth Frick.

Mr. DORSEN. What were your specific duties as President of the Board?

Mr. PALMBY. I presided at Board meetings, in the absence of the Secretary. That is largely it, and it was the flow of documents. It is not unlike, really, the public corporation.

The Secretary of Agriculture is chief executive officer, but the president of the corporation acts in his place. And all of the actions that are taking place by the Commodity Credit Corporation Board bear the signature of the President.

Mr. DORSEN. Is it fair to say that if a meeting were held, of the Board, prior to the public announcement, on March 25 of the price

increase, that that meeting would have come to your attention at some time?

Mr. PALMBY. Oh, sure.

Mr. DORSEN. Did such a meeting come to your attention?

Mr. PALMBY. No.

Mr. DORSEN. According to our understanding, the 85 percent of parity level works out at $4.92 a hundredweight of manufactured milk.

Were you aware, during March of 1971——

Mr. LYMAN. 1971–72?

Mr. DORSEN. March of 1971—of the particular levels, dollar levels, for each parity level?

Mr. PALMBY. First of all, I do not recall what parity was at that time, but I discussed this some with your staff before and tried to explain the rationale for $4.93 which was the decision that was later made.

The statute calls for a 75–90 percent of parity as of April 1 and it could easily be that civil servants in the Department were projecting $4.93 to be about 85 percent of parity come April 1.

Mr. DORSEN. Do you have an specific knowledge of this?

Mr. PALMBY. No.

Mr. DORSEN. Do you know of any other possible explanation for the price level of $4.93 as opposed to $4.92 per hundredweight?

Mr. PALMBY. No.

Mr. DORSEN. Do you know of any new information that was brought to the attention of Secretary Hardin between March 12 and March 25 decisions that related to the economic desirability using the statutory criterion of the particular support level?

Mr. PALMBY. I know of no new information, no.

I know what I call a "rap session." Secretary Hardin operated very informally, as I mentioned before, to this group and it was not uncommon at the close of business that three or four of us would sit around and compare notes of how poorly or how good we had done during the day.

And Secretary Hardin made a comment, at least on one occasion, that something along the lines that he hoped that that decision was right. Again, I am illustrating the anguish that I know that he was experiencing.

Mr. DORSEN. He certainly had no high degree of confidence in the March 25 decision, is that fair to say?

Mr. PALMBY. I want to explain another problem.

Mr. LYMAN. You said that—when you say that he hoped that decision was right, are you referring to the March 25 decision, or March 12 decision?

Mr. DORSEN. The 12th.

Mr. LYMAN. I think your question was probing—March 12? What happened between March 12 and March 25?

Mr. DORSEN. There was a misunderstanding. You are referring to the March 12 decision?

Mr. PALMBY. Correct.

We were worried, frankly, at that time as to what kind of a corn crop we would have in 1971 because the seed trade was apprising us that their quality of seed was not what they would like to have and it was not immune from southern corn leaf blight. Anybody, who was

Secretary of Agriculture and the rest of us, for that matter, were truly worried about what might happen to the 1971 corn crop.

And, remember, corn is "it" in this country, as an agricultural commodity.

Mr. DORSEN. Did you have any discussions with Secretary Hardin or Under Secretary Campbell concerning the way in which the March 25, 1971, decision was arrived at?

Mr. PALMBY. No; I did not.

Mr. DORSEN. In view of your prior statement concerning Secretary Hardin's informality and rap session, can I ask you why not?

Mr. PALMBY. Yes; and I can answer.

I felt that I had pushed pretty hard to keep it at $4.66. And I was obviously overruled. To me, the subject was closed. I had an excellent working relationship with Secretary Hardin. I am very fond of him as a person, and when it was announced, the subject was closed. There was nothing more to talk about as far as I was concerned.

Mr. DORSEN. You differentiate that type of announcement from the March 12 announcement?

Mr. PALMBY. I was part of the March 12 announcement. I was not part of the later announcement.

Mr. DORSEN. Did you feel excluded from the March 25 announcement?

Mr. PALMBY. How would you feel? After all, I have served in Government, at that time it approached about 9 years, and I used a little swear word out in Kansas City when I found out about it.

Then, you shake the dust off your suit coat and go back to business.

Mr. DORSEN. Was this an unusual occurrence for you not to be consulted concerning a decision of this importance?

Mr. PALMBY. Yes.

Mr. DORSEN. Can you think of any other instance when it occurred?

Mr. PALMBY. Yes—one that was not as far reaching.

I was in Europe at one time, shortly before I left, and with full concurrence, we had made a decision on the level and the extent to which we would make grain sorghum available within the confines of the establishment.

And, in my absence, I was overruled. I think it happens to everybody.

Mr. DORSEN. This was certainly one of the few instances and probably the major instance that you can recall, is that correct?

Mr. PALMBY. Yes.

Mr. DORSEN. Do you recall when you returned from Kansas City?

Mr. PALMBY. No; I do not. I think—I don't know if I threw that note away—do you remember what day of the week the 25th was?

Mr. SCHOCHET. The 25th was a Thursday.

Mr. LYMAN. Would you have something that would indicate it? You would be able to give that information to them later?

Mr. PALMBY. I think you can get it from the Department.

Mr. DORSEN. It would be in departmental records to indicate when you returned?

Mr. PALMBY. Yes.

Mr. DORSEN. Was it before April 1? Do you believe?

Mr. PALMBY. Oh, yes.

Mr. DORSEN. Do you know of any other instance when the price-

support level decision was reversed prior to the effective date of the first decision?

Mr. PALMBY. In our administration?

Mr. DORSEN. Yes.

Mr. PALMBY. No, I do not believe there was.

Mr. DORSEN. You are suggesting there may have been one in another administration?

Mr. PALMBY. I would not know. I just would not know.

I can tell you we came awfully close to one, reversing one, once that was on honey.

Mr. DORSEN. On what?

Mr. PALMBY. Honey.

Mr. DORSEN. Maybe we should take a few minutes of recess now.

[A brief recess was taken.]

Mr. PLOTKIN. With regard to various dairy cooperatives that would be interested in increasing milk price support, is it not true that there are certain co-ops, of which Land O' Lakes is one of them, that operates on a flat rate for the sale of milk, and that it is not affected particularly by price supports?

Mr. PALMBY. I would not agree with that.

What do you mean by flat rate?

Mr. PLOTKIN. I am not exactly sure because I do not understand the economics involved. I was under the impression from another witness, that there are certain areas in the country, milk co-ops or however you refer to them, that are not as keyed in to the price-support system as others, that some sell milk on a flat rate—that is the only phrase that I can think of to use—on a flat rate basis that would not subject them to the fluctuations of other dairy producers that they may be subjected to.

Mr. PALMBY. I hardly feel qualified to respond on that question. Certainly there are plenty of people that are more qualified than I am on how to respond when you talk about flat rate price. I do not feel competent to respond.

Mr. PLOTKIN. If the dairy herd decreased at a tremendous rate, which apparently it has been doing for the last 20 years——

Mr. PALMBY. That is correct.

Mr. PLOTKIN. [continuing]. Would it be possible to reach a point where having obtained maximum production——

Mr. PALMBY. Per cow.

Mr. PLOTKIN. [continuing]. Per cow, and having reached the minimum number of cows to provide the maximum amount of milk that we need——

Mr. PALMBY. Yes.

Mr. PLOTKIN [continuing]. Would that then create a situation where we would not need price supports?

Mr. PALMBY. There are two schools of thought. In my judgment, yes, you would not need price supports. I have thought for quite a few years that the price-support program for manufactured dairy products could be phased out with a minimum of harm to the dairy industry. But again, you have well-meaning people on the other side who are of course very much married to the price-support concept of manufactured dairy products. So you can get a first rate controversy going on this matter.

Mr. PLOTKIN. Can you give me, generally, the reasons why people would be opposed to phasing them out if circumstances were as I outlined them?

Mr. PALMBY. As feed costs again go down, and it should be accompanied by lower prices for beef, where these are competing agricultural commodities, then it is conceivable that resources might, under those conditions, flow back into the dairy industry, and without any floor under the price of dairy products, that school of thought says it would head the dairy industry, or many dairy producers to bankruptcy.

Mr. PLOTKIN. The loss at which the excess butter was sold, and one of the factors that we were considering prior to the making of the price-support decision for 1971 was that loss, within a general range, what the CCC customarily sells surplus dairy products.

Mr. PALMBY. You have to understand the CCC's authority to sell surplus dairy products are what I recall restricted for export uses. In other words, if they were sold domestically, you would break the domestic price and you would accomplish nothing. You would just be recycling through the Commodity Credit Corporation, so that the authority to price commodities competitively in the export market is very, very broad, and for many years, really, the London price of butter, in England, which is the big world butter market in that they have a very limited butter production of their own, hovered around the 30 cents or 30 cents plus. So that when a situation developed that they actually wanted butter from this country, the New Zealanders asked us to sell butter so that the British would not forget how to eat butter.

When we could get 52 cents, 54 cents, that was considered, at least in my judgment, a pretty good price.

Mr. PLOTKIN. For export purposes we made money, but in relationship to the excess butter that was being sold, you would be selling it below the market price. In this country, you lost money.

Mr. PALMBY. Absolutely.

And to the extent that 30 cents is a loss, it is a subsidy, it is an export subsidy which I in principle abhor. In this particular case, it seemed the proper thing to do.

Mr. PLOTKIN. Thank you.

Mr. DORSEN. Mr. Palmby, when, for the first time, did you become aware of the fact that representatives of the dairy cooperatives were making political contributions to the President?

Mr. PALMBY. When I read it in the paper. I am not sure that I was aware of it until after I left Government. I left Government, as I told you, in June 7, 1972. I knew it when it first began to be in all the papers and I began to suspect that it was true.

Mr. DORSEN. I believe you testified that you know Dr. Don Paarlberg.

Mr. PALMBY. Indeed, I do. I know him well.

Mr. DORSEN. How long have you known him?

Mr. PALMBY. Eighteen years.

Mr. DORSEN. Have you worked with him regularly during that period?

Mr. PALMBY. To a limited degree in the Eisenhower administration. Of course, I saw very little of him in the 8 years of the Democratic administration. He was back at Purdue most of that time. He came into the Nixon administration early, after the President was first

inaugurated. So I would think that he came in in February or thereabouts, so I worked with him for over 3 years and rather closely in that period of time.

Mr. DORSEN. Have you ever had a conversation with Dr. Paarlberg?—let me confine myself to the year 1971—concerning contributions by dairy cooperatives or other representatives of the milk industry to the President's reelection campaign?

Mr. PALMBY. I do not recall any such conversation.

Mr. DORSEN. Do you recall a conversation in which you told Dr. Paarlberg several weeks or several months after the milk price decision of March 25, 1971, that the dairy industry political contributions were a factor in the decision to raise the price-support level?

Mr. PALMBY. No, sir, I do not recall such a conversation now.

Could I make a comment?

Mr. DORSEN. Please do.

Mr. PALMBY. I reflected on this a good deal, as you would expect. Don Paarlberg and I officed rather closely together in the Department, and as per custom we both attended the Secretary's policy staff meetings, sometimes every day of the week, sometimes 2 or 3 days a week, and we quite often walked down the hall together back to our offices. I spouted off more to Don Paarlberg than anybody else in the Department because Don was, and is, a great distinguished economist of great experience, and he and I agreed on many issues. You must remember at this time that when we were peddling butter around the world and increasing, and then in turn the decision was made to increase the price support, that it bothered me on a couple of counts, one that I have not mentioned. That is, in my capacity at that time I quite often was either negotiating informally or to a degree formally with the Common Market and the United Kingdom people on several of their agriculture policies. Theirs is what is known as a common agriculture policy, and it provides for high target prices or high price supports, in our terminology, and under normal times, and what they were doing at that time, would pay very heavy subsidy to export grain or other items that were in surplus, occasionally butter, not at that particular time.

I had one ambition in serving my Government at that time, and I still have that ambition. That is, that finally, under the auspices of the general agreement of tariff and trade, or under some multilateral framework we will all grow up enough in our agricultural policy that we agree not to subsidize exports.

And I could easily have spouted off to Don and said I find this terribly embarrassing because here I am pleading, I am criticizing, I am talking to our European friends about their lousy policy, about paying excessive subsidy, exporting barley, wheat, and now we got caught—at the same time increase their internal target prices, so that the differential between target price and export price widens. And so here is a case where we did the same thing.

I for 1 minute would not deny that I spouted off along these lines with Dr. Paarlberg, but as far as any reference or any knowledge that I had on contributions, I have told you before what it is.

Mr. DORSEN. If he made the statement which I indicated to you Dr. Paarlberg stated to me, it would not have reflected knowledge on

your part but merely a state of mind concerning the wisdom of the decision and other considerations?

Mr. PALMBY. Plus one other thing. I am sure that you are aware of the famous March meeting of this dairy group in Chicago. Was it 1970 or 1971, I am not sure.

Mr. DORSEN. In March?

Mr. PALMBY. The famous fly-in meeting.

Mr. SCHOCHET. That Secretary Butz spoke at?

Mr. PALMBY. The dairy convention in Chicago.

Mr. DORSEN. The dairy conventions are basically in September.

Mr. PALMBY There was a convention where roughly 40,000 dairymen, according to their figures, were flown in. There were a great number of Congressmen and Senators that were flown out—attended. I don't know if they were flown out. I was invited. I refused to go. Some of our people in the Department went. I do not know who, but I was uneasy about attending that convention, and with the general, let's say the general attitude regarding—I used the expression myself a couple of times—it looked like when they came into town, $20 bills were dropping out of their pockets. Frankly, they scared me. It is that simple.

Mr. DORSEN. If you were, as you indicated, dissatisfied with the price- support decision and other policies which the dairy cooperatives at least heavily supported and pushed for, is it likely that you would have tied together the March 25 decision and political decisions?

Mr. PALMBY. Me?

Mr. DORSEN. Yes.

Mr. PALMBY. No. I was not working on the campaign. I was not going to work in the campaign. I had already at that time thought I would not stay around to go through a political campaign. I really was not interested.

Mr. DORSEN. I am talking about in your own mind, discussing it with Dr. Paarlberg.

Mr. PALMBY. Yes.

Mr. DORSEN. Would you have been likely to have linked the two together?

Mr. PALMBY. No. I certainly could have linked the free money together as regarding what the fees that at least we thought they were paying certain Congressmen and Senators to appear in their convention on their convention programs. This was common gossip around the city. I know I made the comment, as I say again, there seems to be a lot of money here.

Mr. DORSEN. I was present when Dr. Paarlberg was interviewed. I think it is a fair statement that he was quite emphatic in terms of his recollection of his conversation with you.

Mr. PALMBY. I suspected that from your phone conversation.

Mr. DORSEN. Do you have any explanation as to how he could receive the impression he did; namely, as to the statements you made concerning the linking of that price decision with the political contributions, and second, that it was his impression that you had information that you were basing it on?

Mr. PALMBY. I have given you all I can tell you. That is all. I just cannot.

I suspected in your conversations with Don Paarlberg he, too, expressed some uneasiness on how this group handled themselves on the whole. That is for him to say, not for me.

Mr. DORSEN. Did it ever come to your attention prior to the publication of the White House white paper on the milk price-support decision that it was the President rather than Secretary Hardin who was apparently primarily responsible for the March 25, 1971, decision?

Mr. PALMBY. No. To this day I do not really know who was in on that decision. I only know what I read in the White House paper.

Mr. DORSEN. This is a rather general question, but have you read the President's white paper on the milk price decision?

Mr. PALMBY. Not carefully.

Mr. DORSEN. The general question was actually going to be, do you have any comment on it that you wish to make on the point of view of what we have already covered here?

Mr. PALMBY. I do not think so.

Mr. DORSEN. Did it ever come to your attention as to why the decisions was reversed on March 25, 1971, as opposed to a later date or an earlier date, for that matter?

Mr. PALMBY. I discussed this matter with your staff earlier, too. The answer is no. I think we went on a bit in detail at that time, that through the years in different administrations, language has been utilized in the press release by the Secretary, stating that along the lines that I will continue to observe the dairy situation, and there has been occasions when a commitment was made that every quarter it would be reviewed to see whether the proper production is coming forth, and to see whether the increase should be made. That is as near as I can come to answering your question.

Mr. DORSEN. Were you at all involved in the decision in late 1970 or January 1, 1971, concerning import quotas for dairy products?

Mr. PALMBY. I was the USDA representative together with staff from the Department, along with other departments of Government, in putting together the options for Presidential consideration.

Mr. DORSEN. Do you have any knowledge as to how the final decision was made?

Mr. PALMBY. No.

Mr. DORSEN. Did you ever see or hear anything about a letter from Patrick J. Hillings to the President, dated December 16, 1970, which related to both import quotas and campaign contributions?

Mr. PALMBY. No.

Mr. LYMAN. Is this the first you have heard of that?

Mr. PALMBY. No. I read it in the paper.

Mr. DORSEN. I gather that was fairly recently.

Mr. PALMBY. Not long ago.

Mr. DORSEN. Mr. Schochet?

Mr. SCHOCHET. No questions.

Mr. PLOTKIN. For the record, I want to clarify. I also attended the interview with Dr. Pearlberg, and although I do not take issue with what Mr. Dorsen said with regard to what Mr. Paarlberg said, I myself did not get the impression that he was implying that you had specific knowledge of any contributions that would have influenced the decision of March 25.

Have you spoken to Dr. Paarlberg subsequent to the meeting on the issue of exports?

Mr. PALMBY. No. I listened to Dr. Paarlberg speak right after the first of the year in New York, at an Economics Association meeting. I shook his hand. That is the only time I have seen him for at least 7 or 8 months.

Mr. LYMAN. You have not discussed the subject of your testimony with him or talked to him about it.

Mr. PALMBY. No.

Mr. PLOTKIN. Thank you.

Mr. PALMBY. My comment is this, and this has to do with presumably the Paarlberg conversation. I guess we all have some human weaknesses. I like to blow once in a while, particularly when I feel that I am under undue pressure, and poor Paarlberg was the one that I had, the best listener I had, at the time that I was in the Department, and if, in fact, I made mention of the level of the manufactured dairy price supports and moneys from that group, if he says I did, I believe I did, and I can tell you, if I did, it was made in a cynical manner, and I can be pretty cynical at times. That is my explanation.

Mr. PLOTKIN. Do you tend to think of yourself less as having been a political appointee and more as a public servant when you held these offices?

Mr. LYMAN. I guess he is asking you if you are a professional.

Mr. PLOTKIN. I do not have any doubt of that in my mind.

Mr. PALMBY. I considered myself a very highly qualified political appointee.

Mr. PLOTKIN. Did you ever feel some kind of resentment about the politics that often affected certain types of decisions you made?

Mr. PALMBY. A professional on these matters in implementing and carrying out price-support programs are against the grain, quite often, of a true professional, but on the other hand, the business of government is a matter of compromise between the legislative branch and the executive branch, particularly in securing legislation, and I think I understand that. And probably the biggest thrill I had in my tour of duty was working on the Agriculture Act of 1970 with the House Agricultural Committee and later the Senate and conference committee, and I know I made some lifelong friends of both committee members on both sides of the aisle.

Mr. PLOTKIN. Would you say that your professionalism kept you away from the convention in Chicago of the dairymen?

Mr. PALMBY. I was not interested in going to that convention.

Mr. PLOTKIN. May I ask why?

I would like you to elaborate just a little bit more on that.

Mr. PALMBY. I did not believe in their method in spending the amount of money they did. It was a pretty blatant show of free spending.

That is their business, not mine.

Mr. PLOTKIN. Would I be correct in assuming that you felt that that type of conduct would give the appearance of trying to buy people's support?

Mr. PALMBY. It is unbecoming. I will put it that way. It is unbecoming.

Mr. PLOTKIN. Thank you.

Mr. DORSEN. Thank you very much.

[Whereupon, at 12:10 p.m., the hearing in the above-entitled matter adjourned.]

PALMBY EXHIBIT NO. 1

March 9, 1971

Mr. Patrick B. Healy, Secretary
National Milk Producers Federation
30 F Street, N. W.
Washington, D. C. 20001

Dear Mr. Healy:

Thank you for your letter of February 12, 1971, urging that the dairy price support level for 1971-72 be set at 90 percent of parity and that it be announced as soon as possible.

While we realize that farm costs have risen, it is also true that milk production has been increasing over year-earlier levels for more than a year. This is due to the continued increase in production per cow and a decrease in the rate of decline in cow numbers. In the five prior years, increasing production per cow did not effect the decline in cow numbers.

Commercial consumption of milk and its products has not increased sufficiently to match the increase in production. Market removals by Commodity Credit Corporation have been substantially greater so far this marketing year as compared to last year. CCC has purchased 5.9 billion pounds of milk equivalent through February 28, compared to 4.0 billion pounds in the same period a year earlier. The product of greatest concern to us is butter. CCC purchased 249 million pounds in the first eleven months of the marketing year compared with 165 million pounds a year earlier.

In attempting to determine the level of support which will assure an adequate supply for the next marketing year, we will certainly be concerned over the increase in farm costs; but, we must also consider developments in production, consumption, stocks, prices, and program costs.

3-8-71

Sincerely,

Clarence D. Palmby
Assistant Secretary

cc: Secretary's Records
ASCS DDCO 212-W
ASCS Jones 17-W
ASCS Cohen Ld 17-W
ASCS Bogan Ld 17-W

ASCS/LD/SETH:mr/ww/3-8-71/LD-AS/Ext. 4037

A TRUE COPY

AGR. STAB. & CONS

PATRICK B. HEALY, Secretary
393-8151

NATIONAL MILK PRODUCERS FEDERATION
30 F STREET NORTHWEST ★ ★ ★ ★ WASHINGTON, D. C. 2000

February 12, 1971

Honorable Clifford M. Hardin
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Mr. Secretary:

We respectfully urge that you make announcement at the earliest possible date establishing the price support for manufacturing milk at 90 percent of parity for the marketing year beginning April 1, 1971.

The present price support level of $4.66 per hundredweight of milk, when made effective April 1, 1970, was about 85 percent of parity. Since that time, virtually all cost items faced by dairy farmers have increased and the price support of $4.66 by April 1, 1971, will approximate 80 percent of parity. The decrease in the percentage of parity represented by the $4.66 support price is evidence that farm costs have been increasing relative to prices received.

Dairy farmers have been particularly disadvantaged because of the severe shortage of capable farm labor at ever-increasing wage rates.

The corn blight also has had its effect on the availability and price of feed grains, the results of which will be felt in the next marketing year if, for no other reason, because of the shortage of blight-resistant seed corn.

It is recognized that milk production in 1970 was moderately higher than in 1969. It is estimated by the U.S. Department of Agriculture that milk production for Calendar 1970 was 117.4 billion pounds. This, however, represents a substantial reduction from the high point in milk production, which reached 127.0 billion pounds in 1964.

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On a per capita basis, milk production declined in Calendar 1970 and was the lowest on record. The United States population is increasing at a rate of over 3 million per year, and there is growing concern that the population is not meeting recommended levels of nutrition, particularly among the young and the unemployed.

There is a serious question as to whether or not milk production can be maintained at present levels. The number of farms milking cows constantly is declining. This decline has been offset thus far by increased production per farm, but this entails more hired farm labor and a greater investment, both of which make dairy farming more expensive and hazardous.

The number of milk cows on farms January 1, 1971, was 12.4 million, a reduction from a year ago and the lowest on record in over a century.

During the past year, the Commodity Credit Corporation will have purchased modest quantities of dairy products to support the price of milk. The quantities purchased, however, have been less than adequate for the School Lunch Program and for food distribution programs, when the quantities distributed are compared to those made available in recent years.

Furthermore, it should be noted that imports of dairy products for Calendar 1970 were equivalent to about 1.9 billion pounds of milk, an increase of about 20 percent from 1969.

By Presidential Proclamation, import quotas were increased in an amount representing over 26 million pounds of milk for Calendar 1971.

An increase in the price support for manufacturing milk to 90 percent of parity is necessary to maintain dairy farm income and to maintain sufficient milk production for U.S. consumers. The amount of money required to purchase dairy products to maintain a price of 90 percent of parity will not be excessive, and will be needed to further the nutrition efforts of the United States.

Again, we respectfully urge that you make an announcement at the earliest possible date, increasing the price support level for manufacturing milk to 90 percent of parity.

Sincerely,

Patrick B. Healy, Secretary
NATIONAL MILK PRODUCERS FEDERATION

THURSDAY, JANUARY 31, 1974

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

The Select Committee met, pursuant to notice, at 3 p.m., in room 1418, Dirksen Senate Office Building.

Present: David Dorsen, assistant chief counsel; Alan Weitz, assistant majority counsel; Don Sanders, deputy minority counsel; Benjamin Plotkin, minority investigator.

Mr. DORSEN. We are about to proceed with an interview of Mr. Haldeman. This is being taken verbatim, but is an unsworn statement of the witness.

Mr. Weitz, will you please proceed.

Mr. WEITZ. Thank you.

Mr. Haldeman, let me direct your attention to 1969. Did there come a time when Mr. Kalmbach discussed with you contacts he was having, or communications he was having, with representatives of some dairy cooperatives?

INTERVIEW OF H. R. HALDEMAN, ACCOMPANIED BY FRANK H. STRICKLER, COUNSEL

Mr. HALDEMAN. I am not able to identify either time or individual as to when and how I become aware of the interest on the part of the dairy industry or intention on the part of the dairy industry to supply contributions. I did at some point become aware of that. I don't believe it was in 1969. I would expect it was probably in 1970.

Mr. WEITZ. Let me ask you this. Are you aware that the $100,000 in cash was delivered by a representative of the dairy industry to Mr. Kalmbach?

Mr. HALDEMAN. In 1969?

Mr. WEITZ. In 1969.

Mr. HALDEMAN. I don't recall that. I am not currently aware of it. That is something I may or may not have known at the time, and I have no recollection of knowing it. Kalmbach reported some things to me, he generally kept me informed on what he was doing——

Mr. WEITZ. Do you recall whether in 1969, he asked your advice or notified you of any contacts he was having in connection with soliciting contributions, contributions for the trust account, or whether or not they were with regard to the trust account in general?

Mr. HALDEMAN. I don't know what you mean by the trust account. But I have no recollection of any indication that he was soliciting or receiving funds in 1969.

Mr. WEITZ. If Mr. Kalmbach has testified in a civil deposition that, in fact, he was contacted by Milton Semer, representing the dairy

people, in 1969 concerning possible contributions, would that refresh your recollection?

Mr. HALDEMAN. No.

Mr. WEITZ. If he has testified that he, in fact, notified you that they wanted to make a contribution, and he asked your approval, does that refresh your recollection?

Mr. HALDEMAN. Not in terms of 1969, nor specifically Kalmbach. I know that I was told by someone at some point that the dairy people were planning to provide major financial support.

Mr. WEITZ. But I am talking about really in 1969. You have no recollection of it?

Mr. HALDEMAN. No.

Mr. WEITZ. Did you talk with Attorney General Mitchell, do you recall, in 1969 about the dairy groups or possible contributions from the dairy industry?

Mr. STRICKLER. Mr. Weitz, I am here only as counsel to Mr. Haldeman. I would like, if I could, to obtain from you a statement of relevancy of this line of questions to the 1972 Presidential campaign.

Mr. WEITZ. Certainly.

Mr. STRICKLER. We have been afforded that courtesy by other distinguished members of this group, and they have undertaken to explain how it does fit into the relevancy point.

Mr. WEITZ. I would be happy to. We have testimony and documentary evidence that Mr. Kalmbach received $100,000 in cash from the representatives of certain dairy co-ops in 1969. And he has testified that the money was commingled with funds in his trust account, which was a trust account of surplus funds from the 1968 campaign, the surplus from which in 1972 was applied toward the 1972 campaign. In addition, I think there are various expenditures that he made from those funds in the course of his trusteeship, which I think were directly related to the 1972 campaign.

Mr. STRICKLER. All moneys are fundable, and if anything went into this trust fund it is related——

Mr. WEITZ. In fact, that is his testimony, that he was taking funds in as a general matter, and that the surplus from that account went into 1972.

Mr. STRICKLER. I was wondering about your theory.

Mr. WEITZ. It is several theories. It is both as to the disposition of the funds, and the disposition of moneys from the funds related to the 1972 campaign. And I might add also that there is some testimony and some evidence that we have gathered that the intent of the donors was not particularly toward any one campaign but to the administration. I think there are really three possible theories.

Mr. STRICKLER. And somehow you are relating this to the scope of the committee's charter?

Mr. WEITZ. I think that will cover it.

Mr. HALDEMAN. That, in a general sense, is totally consistent with my general belief, and with my testimony I think before the Senate committee, and also in another interview here, in the sense that it was my understanding that Kalmbach had a fund that was the residue of 1968 in some form; that other funds were added to that over a period of time and expended from it over a period of time; that he also undertook to raise funds in 1970 for support of candidates in

the 1970 congressional and senatorial elections, and that funds were left over from that endeavor also.

And this is all a general understanding. I don't have any specifics on this. That all fits together.

Now, as to where milk enters into it, specifically, I am not able to, in my own mind, establish a time. My feeling has been that it was in 1970. But I have no basis for that, except that that is just what my feeling is.

Mr. WEITZ. Do you recall any discussions whether they were in 1969 or 1970, of a problem as to the posture of certain dairy cooperatives of having supported democratic candidates in 1968 and thereafter trying to make overtures to the Nixon administration, become supporters of the administration one way or another.

Mr. HALDEMAN. No.

Mr. WEITZ. When you say you don't remember whether it was Kalmbach that you learned of the interest of the dairy people to make contributions from, was it probably Kalmbach, or do you have any other person that you think it is more than likely you received such information from?

Mr. HALDEMAN. No, I can't suggest any other more likely source.

Mr. WEITZ. Did you ever advise or instruct Mr. Kalmbach in seeking contributions to seek cash whenever possible?

Mr. HALDEMAN. I don't know that I advised him to. It was my understanding that this fund that was left over in 1968, was essentially a cash fund, and that what I have talked about in terms of that fund was a cash fund, in other words, it was money that was in the form of cash at the time it was donated, and it was held in the form of cash in bank deposits or something, or bank boxes.

Mr. WEITZ. Do you recall speaking to Harry Dent about the dairy people either in 1969 or 1970?

Mr. HALDEMAN. No.

Mr. WEITZ. What about Jack Gleason?

Mr. HALDEMAN. No. There again I am not sure. I don't fix sources to times very specifically. If the dairy people were involved in the funding of the 1970 congressional support thing, I would have talked with Gleason, or could have talked with Gleason about that, because he was handling it.

Mr. WEITZ. Right. But other than that?

Mr. HALDEMAN. No.

Mr. WEITZ. Do you relate, by the way, any of your conversations with Gleason to the dairy people specifically?

Mr. HALDEMAN. No.

Mr. WEITZ. Was Mr. Kalmbach reporting from 1969 forward to you as to his activities in connection with the trust account for surplus 1968 funds?

Mr. STRICKLER. By reporting, do you mean by way of a change of command?

Mr. WEITZ. Either directly or indirectly.

Mr. HALDEMAN. It was providing information. I think Mr. Strickler's point was that reporting was in the sense that he was operating under my direction or authority or something. I did not consider that he was. He was in some cases getting guidance and receiving requests from me for the use of funds. And we did talk some during that

period, at which time he would tell me in general what his fund status was, a report in that sense, provide information. Frequently, and more often than not, his communication with me was via Gordon Strachan, or Larry Higby in my office, rather than direct. They saw him considerably more than I did.

Mr. WEITZ. That would go to the method of communications?

Mr. HALDEMAN. That is right.

Mr. WEITZ. But my question is this. Who, then, had final authority with respect to the disposition of those funds? Was it Mr. Kalmbach, or was it someone else?

Mr. HALDEMAN. My view was that it was Mr. Kalmbach, but that he consulted with others before making decisions as to disbursement, and that he, I would imagine, didn't want to be in the position of making a disbursement solely on his own authority, and that he probably would in any case have consulted with someone before he actually spent money.

Mr. WEITZ. If Mr. Kalmbach has testified as follows, "I simply understood that these funds were to be expended for political purposes at the direction of Mr. Haldeman,"—and if in that context he is referring to the fund in this trust account which we have been discussing—would that be consistent with your understanding.

Mr. HALDEMAN. It wouldn't be inconsistent, because that would be at least partly what my understanding would be. It is my understanding that they could be, and I believe were, expended at the direction of other people as well.

Mr. WEITZ. Would you be informed of those expenditures, or those directions?

Mr. HALDEMAN. Not necessarily, and not totally, no, I don't think.

Mr. WEITZ. Do you know what other persons gave such directions?

Mr. HALDEMAN. I understand, for example, that he made expenditures for Tony Ulacewicz' activities, which would not have been at my direction. And I don't know whether he told me he was doing that or not. If he did, it was simply that this was a project he was taking the financing on, and let it go at that. I don't know whether he expended any funds at the direction of Mr. Mitchell.

But I would have assumed that had Mr. Mitchell or Mr. Stans instructed him to use funds for some particular purpose, that he would have done so, and would not have felt it necessary to get any approval in order to do it, and that the same would apply probably to—that would basically be the—possibly Mr. Ehrlichman—that would probably be the—John Dean, perhaps, as the President's counsel.

Mr. WEITZ. Do you know whether any moneys that were solicited or received by Mr. Kalmbach from 1969 to 1972 were used either for the purchase of San Clemente or any other personal use of the President?

Mr. HALDEMAN. I do not know that any were. And it is my very strong understanding that they were not.

Mr. WEITZ. Is it your understanding whether any of such moneys solicited were received by Mr. Kalmbach, during that period or on his behalf, were used to reimburse the President for such expenditures?

Mr. HALDEMAN. The same answer.

Mr. WEITZ. You have mentioned that perhaps the earliest time when you became aware of interest on the part of the dairy people to make contributions would have been perhaps 1970.

Mr. HALDEMAN. That is my impression, yes.

Mr. WEITZ. Now, in 1970, do you recall being told or becoming aware of pledges, particularly pledges of contributions or an amount of contributions, by the dairy industry?

Mr. HALDEMAN. Again I am not positive it was 1970. But when there was a question of an amount, it was my understanding—not that it was in the form of a pledge, but that it was a declared intention that they wanted to contribute $2 million. That is my recollection of the amount.

Mr. WEITZ. And how did you become aware of that intention?

Mr. HALDEMAN. I am not sure.

Mr. WEITZ. Do you know to whom the dairy people declared their intent?

Mr. HALDEMAN. There are various names that have come up in this regard. I have the problem now of being colored by what I have read in the papers. And it is very hard for me to sort out now whether a name that comes to mind as a result of that or as a result of the recollection of the time. But the communication to me on that, I have the feeling, came through Gordon Strachan. And I have a feeling that the likelihood is that that was via Kalmbach. But other people raised the same interest in different ways, I mean the point that the dairy industry was planning to make a major contribution.

Mr. WEITZ. Now, in the White House white paper on the milk fund and dairy contributions——

Mr. HALDEMAN. Which I have not read, if the record may so show that.

Mr. WEITZ [continuing]. There is a reference to a briefing paper by Mr. Colson to the President, in connection with a meeting between the President and two dairy industry leaders, a Mr. Nelson and a Mr. Parr, in September 1970. First of all, were you aware of that meeting?

Mr. HALDEMAN. I am sure I was at the time, because I had the basic responsibility for the President's schedule.

Mr. WEITZ. Were you told, either in advance or in connection with the meeting, of the dairy leaders' intent to make large contributions to the President's reelection?

Mr. HALDEMAN. I don't know. You say two dairy leaders. My recollection is that the meeting was with a large group of dairy people.

Mr. WEITZ. I believe there were two meetings at the White House between the President and dairy leaders.

In September 1970, there was a brief meeting, brief photo opportunity, I think that it might be referred to as between the President and two dairy leaders.

In March of 1971, there was a larger meeting. Do you have any recollection of the first meeting between the President and two of the dairy leaders?

Mr. HALDEMAN. As I say, I surely did at the time. I don't have any recollection now.

Mr. WEITZ. Who would have final authority to arrange such a meeting or short meeting such as a photo opportunity between the President and various interested industry groups.

Mr. HALDEMAN. I would have the final authority, I think I could say, because I had the final authority on the President's schedule. We allocated a segment of time each day, or as often as we could, to this photo opportunity kind of a thing, or we called it the open hour, actually—I think that that was in operation at that time—where we allocated a half hour to an hour every day that we could to brief appointments, opportunity for people to come in and shake hands with the President, and for Congressmen to bring people in that they wanted, for whatever reason, to present something to the President, or something like that.

And many of those were photo opportunities. Technically a photo opportunity is when you let the press in to take a picture. And most of these were not that. Most of them were just White House photographers. The lists for those were made up, and that was handled on a fairly routine basis by Dwight Chapin, who was the operative appointments secretary and handled the actual implementation of the President's schedule.

And so I did not necessarily review each individual appointment, especially in that category, because the President sort of left that time open. And Chuck Colson and others who were dealing with people on the outside, the congressional relations group, and so on, were free to recommend meetings.

Mr. WEITZ. Did there come a time in the fall of 1970, possibly November of 1970, in which you conferred with Mr. Kalmbach about his becoming active in soliciting contributions for the 1972 campaign?

Mr. HALDEMAN. I am sure—I don't know when it was, but I am sure there was, because there was a plan agreed upon that Kalmbach would undertake to raise a startup fund in effect for the 1972 campaign that would provide income and ability to underwrite campaign-type expenses that might be undertaken before the setting up of the formal campaign committee, and things that couldn't be properly undertaken by the White House, but that needed to be early.

Mr. WEITZ. Do you recall discussing with him, in specific or general terms, particular contributions or possible contributions from large groups, as part of that startup campaign?

Mr. HALDEMAN. The plan of what he was going to do was, as I recall it, a plan limited to large contributors. It was to work in the field of very major contributions on the basis that that would be early money. It was not a broad-based fundraising program.

Mr. WEITZ. I understand. Do you remember discussing with him contributions or soliciting contributions from the dairy industry or dairy groups?

Mr. HALDEMAN. I don't remember the dairy groups specifically. But I would not be surprised that that would be included. And I know there were discussions at some point, because I have been questioned on this subject somewhere with some memorandums that raise the question of the handling of dairy contributions.

Mr. WEITZ. We will get to that shortly.

Your logs show that on November 19 and November 20, you met with Mr. Kalmbach on successive days. And according to Mr. Kalmbach's testimony, it was in November of 1970 that you discussed with him the possibility of raising funds for the 1972 campaign. And those two dates I mentioned were the only times you met with him?

Mr. HALDEMAN. Was Mr. Mitchell in either of those meetings?

Mr. WEITZ. Is it your recollection that Mr. Mitchell was present at one of those meetings?

Mr. HALDEMAN. I have the general feeling that he was.

Mr. WEITZ. The log indicates that on November 17, which would be close to that time, you met with the Attorney General, but not with Mr. Kalmbach. It may have been a later time. Do you associate it with the other discussions with Mr. Kalmbach about him soliciting funds? This is just a summary.

Mr. HALDEMAN. It may or may not have been the same face to face meeting.

Mr. WEITZ. Is it your recollection that at that meeting you probably did discuss the dairy contributions or the dairy group as one of the possible contributors?

Mr. HALDEMAN. I can't give you a recollection. I don't know whether it was or not.

Mr. WEITZ. Is it your recollection that by that time, you were aware of this declared intent on the part of the dairy industry?

Mr. HALDEMAN. I think so. It is my impression that I was aware of—I have the impression that the dairy industry contributed to the 1970 effort, and I was aware that they had done that and were going to continue with this other support in 1972.

Mr. WEITZ. Did you instruct Mr. Kalmbach to contact the dairy people, or in the alternative, did you instruct representatives of the dairy industry to contact Mr. Kalmbach to meet with them and arrange for such contributions?

When I say "you," I mean either directly or indirectly.

Mr. HALDEMAN. That is why I raised the question as to Mr. Mitchell. There was a question as to how the dairy people had indicated whether it was to Mr. Kalmbach or someone else. But the information came in that they wanted to make these major contributions, that they wanted committees set up so that they could make them to a number of committees. And this was the question of who would set those committees up and carry out the administrative procedures and handle the receipt of the funds and the disbursement of them, and that sort of thing; it was going to be a complex effort. And it was obviously a first effort or a step in the establishment of this early 1972 money.

So at some point there was discussion, and I am sure with Herb, as to the process of setting this up, and whether he should be the contact to handle the milk thing or not.

Mr. WEITZ. Were you aware that Mr. Evans, Tom Evans of New York, was also involved in that undertaking?

Mr. HALDEMAN. Yes; generally so, in the sense of Mr. Kalmbach, I believe, using Mr. Evans as legal counsel for setting up the papers and the mechanics of these numerous committees.

Mr. WEITZ. Do you know Pat Hillings?

Mr. HALDEMAN. Yes; I do.

Mr. WEITZ. Have you ever seen the letter termed "The Pat Hillings letter of December 16 to the President"?

Mr. HALDEMAN. Yes; I have seen that in the paper.

Mr. WEITZ. Besides what you have read in the paper, do you recall ever having seen or received the letter, or a copy of the letter?

Mr. HALDEMAN. I don't.

Mr. WEITZ. We have a memorandum dated December 17, 1970, the day following the letter, from Roger Johnson to you. And the subject

matter is "Letter to the President, from Pat Hillings"—which indicates he sent a copy of the letter to you. Does that refresh your recollection as to whether or not you have seen the letter?

Mr. HALDEMAN. No; it doesn't. I had forgotten all about Roger Johnson. But he was working in this area of dealing with friends of the President and people such as Pat Hillings on the outside. And so this would be a natural routine. And I don't recall that or this letter.

Mr. WEITZ. Now, in the Johnson memo, it says that "Pat Hillings handed me the attached letter and asked that it be directed to the President."

Was the letter, in fact, directed to the President?

Mr. HALDEMAN. I don't know. I can't answer, because I don't recall the letter.

Mr. WEITZ. Do you recall whether the President was briefed on the subject matter of the letter, which would be both dairy import quotas and the subject of contributions?

Mr. HALDEMAN. I don't know that.

Mr. WEITZ. We have another memorandum, which is undated, Mr. John Brown to J. C., whom we have since been informed is probably John Campbell. And the comment, the handwritten notation is, "Would you check with E. and Colson on whether this should go in, and if so, in what form." And we have obtained an affidavit to indicate that this was attached to a letter from Pat Hillings, which would presumably be this same letter. Does that refresh your recollection as to whether the President was briefed as to the subject matter of the letter?

Mr. HALDEMAN. No, it does not. But this is exactly what the procedure should have been, which is nice to see that it went that way. A memo like this addressed to me, transmitting or purporting to transmit something to be directed to the President, would in our normal process, if it is properly carried out, have gone to the staff secretary, who at that time was John Brown, for what they called staffing, which would mean checking it out as to exactly this question, should it go to the President, and if so, in what form. And Brown's job was to decide and carry out the checking of this against the proper source, which in this case, it being a domestic policy matter, would be John Ehrlichman.

J. C. was the domestic counsel staff secretary at that time, John Campbell. And this, then, would be the route that Brown would take to get an answer from Ehrlichman on whether this should go to the President. All that fits together exactly the way it should fit together.

Mr. WEITZ. Do you remember discussing the subject matter of the letter, or the matter of the import quotas and dairy contributions, with either Mr. Colson or Mr. Ehrlichman?

Mr. HALDEMAN. I do not.

Mr. WEITZ. How about Mr. Flanigan?

Mr. HALDEMAN. No.

Mr. WEITZ. Were you involved in the decisionmaking process or aware of it in connection with the setting of import quotas at the end of 1970?

Mr. HALDEMAN. No—I am sure I was, in an abstract sense, aware that this was a matter coming before the President. I was not involved or aware of the process by which the decision was being made.

Mr. WEITZ. You notice in the Hillings letter, in the third full paragraph, it refers to the $2 million that the dairy people were attempting to raise and arrange to contribute to the President's reelection. Would that be the $2 million declared intention to which you have referred?

Mr. HALDEMAN. That would mesh with what I understood.

Mr. WEITZ. The last sentence of that paragraph refers to the fact that "AMPI also is funding a special project." Do you know what that special project was that AMPI was funding?

Mr. HALDEMAN. No.

Mr. WEITZ. Did anyone ever inform you, in a general way, as to what that might refer to?

Mr. HALDEMAN. I don't know. On that basis, no, I have no recollection of a special project that was being funded by them, with no more indication of it than that.

Mr. WEITZ. Your logs indicate that on December 14 you met with Mr. Connally. Do you recall ever discussing in 1970, before he became Treasury Secretary, or in early 1971, before he became Treasury Secretary, any matters in connection with the dairy co-ops or the dairy industry?

Mr. HALDEMAN. I recall—and I am sorry to keep doing this, but I have got to, in the interest of accuracy—I recall talking with or listening to Mr. Connally on the subject of the dairy contribution. I cannot tell you whether it was before or after he became Treasury Secretary, nor can I tell you on a calendar basis when it was. I don't know. It obviously was before the mechanics were set up for receiving the money, because the point that Mr. Connally made to me was, as I recall it, simply that the dairy people want to make a contribution, and they have been trying to work with the campaign people, or whoever is handling it, and they weren't getting the mechanics set up for them to do this. And that is kind of stupid, why doesn't somebody get it set up.

Mr. WEITZ. If the record shows that dairy industry committees were established and substantial contributions were made by the dairy, certain dairy trusts in the middle of 1971, presumably this conversation with Mr. Connally would have preceded that?

Mr. HALDEMAN. That would be my feeling, that it was before the process was underway of the money actually being donated.

Mr. WEITZ. In what connection did you discuss this with Mr. Connally? Or did he raise the matter with you?

Mr. HALDEMAN. He simply told it to me. As I recall, it was after a meeting of some kind, and he and I were walking down the hall, that is sort of the recollection I have, walking down the hall, and I was near my office, and his saying in effect what I have just said.

Mr. WEITZ. When he raised it you were already aware at that time of the declared intention and who the dairy people were, and so forth?

Mr. HALDEMAN. That is right—not who they were in terms of people.

Mr. WEITZ. As a group.

Mr. HALDEMAN. I was aware that the dairy industry was interested in making this contribution.

Mr. WEITZ. And you associated this with this declared intention that you learned of sometime in 1971?

Mr. HALDEMAN. I did.

Mr. WEITZ. Did Mr. Connally discuss the matter in connection with any particular problems or any particular previously agreed upon arrangements of the dairy industry?

Mr. HALDEMAN. No.

Mr. WEITZ. Or these dairy groups?

When you say "dairy industry," were you aware of the fact that these were dairy cooperatives as opposed to other corporations?

Mr. HALDEMAN. No, I wasn't. My understanding is that it was the milk money, the dairy people, and that kind of thing, is the way it was put to me or at least the way I understood it. And I was not in my own mind at least conscious of any particular individuals or organizations.

Mr. WEITZ. Did Mr. Connally, by the way, seem fairly familiar with the attempted arrangements on the part of the dairy industry to make such contributions?

Mr. HALDEMAN. Not particularly. I had the impression that someone had spoken to him, probably, and said, "We are trying to get this worked out to make contributions, and the Nixon people haven't worked it out." And Connally passed that along as information.

Mr. WEITZ. Before the dairy import quota decision was actually made, and at the end of 1970, do you recall meeting with Mr. Kalmbach and learning of the progress being made or the arrangements to be made for the dairy contributions.

Mr. HALDEMAN. Well, I can't put one in juxtaposition to the other. But I have the feeling that there were some discussions with Mr. Kalmbach in the process of getting this set up as to the progress reports from him as to his getting the means set up for receiving the contributions. I don't know whether that fits vis-a-vis either the calendar—I don't know when the quota decision was made.

Mr. WEITZ. Now, turn your attention to 1971. Do you recall when you first became aware of the intention of persons in the administration to arrange a meeting, or the request that the administration arrange a meeting between dairy leaders and the President?

Mr. HALDEMAN. No, that doesn't stand out as a significant event, because at that time, and over considerable time, there were a number of meetings set up with industry, labor and various kinds of groups, religious and so on, with the President. And this meeting with such people was one of such.

Mr. WEITZ. Let me show you a copy of a letter indicated January 26, from Secretary Hardin to you. And the subject is "Meeting with the President and leaders of the dairy industry."

Does that refresh your recollection as to any communications between you or your office and Secretary Hardin in the process of arranging such a meeting?

Mr. HALDEMAN. No. And again, absent any other indication that that came to me, the odds are that it wouldn't. Normally that kind of a memorandum would go to Chapin or to Dave Parker, who handles the scheduling.

Mr. WEITZ. In the white paper in that connection it indicates that preparations began in January and the meeting was in fact arranged sometime in February for a meeting. But again you don't recall any specific arrangements for the meeting or any specific knowledge as to when, in fact, the meeting was arranged?

Mr. HALDEMAN. That is correct, I do not.

Mr. WEITZ. Did there come a time, however, that you did become aware that such a meeting was to take place?

Mr. HALDEMAN. Yes, I am sure when it ultimately was put on the President's calendar as a scheduled meeting.

Mr. WEITZ. If, according to the white paper, it was arranged more than 3 weeks ahead of time, and the meeting took place the 23d of March, therefore it had to be no later than late February or the very beginning of March, when the meeting was ultimately set on the President's calendar, it was no later than that time that you would have become aware of the meeting?

Mr. HALDEMAN. I don't know what you are defining at that time.

Mr. WEITZ. The time it was set on the President's calendar, no later than late February or early March of 1971?

Mr. HALDEMAN. I don't know when it was set on the President's calendar. Normally the President's calendar was set on quite a short-term basis. This kind of meeting was not formally set up very far in advance. Some of them were, and this may very well have been. But generally a meeting of this kind was set up on only a few days' notice, because we worked to keep the calendar flexible.

Mr. WEITZ. Do you recall any discussions either with Mr. Colson or Mr. Kalmbach, again directly or through your aides, in 1971, concerning specific arrangements by someone outside the White House to oversee such contributions from the dairy industry?

Mr. HALDEMAN. I am not sure I know what you mean.

Mr. WEITZ. Was Mr. Kalmbach to be primarily responsible for arranging for the committees to receive the contributions?

Mr. HALDEMAN. That was my recollection originally. And then there was a question of whether or not Mr. Kalmbach would or should or could. He was always interested in getting out of the fundraising mechanical area. He was willing to take on this major project, but wanted to do that and then get out of fundraising. This was basically a routine fundraising thing, if that is what you mean. I am not sure I know what you mean.

Mr. WEITZ. Do you know Bob Bennett?

Mr. HALDEMAN. I do not. I know the name.

Mr. WEITZ. Do you know what function he was to play, or in fact played, in the arranging of the receipt of contributions from the dairy group in 1971?

Mr. HALDEMAN. No; I don't recall.

Mr. WEITZ. Let me show you—unfortunately it is no more than a mockup of a White House memo, since we have not obtained a copy of the memo from the White House.

Mr. SANDERS. It is a fabrication of a memo.

Mr. WEITZ. It is a fabrication of a memo. And it is described in the Kalmbach deposition.

Mr. HALDEMAN. And then I wrote "Proceed away," and then I wrote "Bob Bennett"?

Mr. WEITZ. You wrote "Proceed away," and Mr. Kalmbach was not able to identify your handwriting as to whether you wrote "Bob Bennett."

Does that refresh your recollection as to any arrangements being made or discussions in early 1971 about receipt of the contributions?

Mr. HALDEMAN. No.

Mr. WEITZ. Wasn't Mr. Kalmbach actually very reluctant to stay involved in that for two reasons? One, he hadn't solicited the contributions, and second, he didn't want to deal with these people particularly or with any special interest groups as opposed to single contributors?

Mr. HALDEMAN. I am not sure of the second point. But certainly if he says that I would accept it.

Mr. SANDERS. Is that reconstructed by Kalmbach?

Mr. WEITZ. No.

Mr. SANDERS. Does it purport to be verbatim, or is it just an estimate?

Mr. DORSEN. There were a number of exhibits described from the Kalmbach deposition, some purporting to be direct quotations, and some paraphrases. The direct quotes we put in direct phase, and the paraphrases we do not. And so we have taken whatever knowledge we have and tried to reconstruct the exhibit at this time.

Mr. SANDERS. Is it constructed solely from Kalmbach's remarks in his deposition?

Mr. WEITZ. Based on the document in front of him; yes.

Mr. STRICKLER. And you were showing this to Mr. Kalmbach to refresh his recollection.

Mr. WEITZ. Yes.

Mr. HALDEMAN. Kalmbach had the document in front of him, didn't he?

Mr. WEITZ. That is right.

Mr. HALDEMAN. Why don't you subpena the document?

Mr. WEITZ. That is a long story.

Mr. DORSEN. We have, is the short story.

Mr. WEITZ. My first point was correct, in that Mr. Kalmbach did not consider himself as having solicited the contribution, and therefore was not responsible for the contribution.

Mr. HALDEMAN. And, yes. And he was not anxious to get in a different fundraising role, dealing with a lot of fundraising activities. He had set out the goal of these prime contributors that he was going to start out a fund for. And I believe his intention was a way of getting himself out of having to stay in the fundraising business through the campaign.

Mr. WEITZ. Who in fact did you consider having been responsible for soliciting the contribution?

Mr. HALDEMAN. My general view is that it was not a solicited contribution, that it was a volunteered contribution.

Mr. WEITZ. You didn't consider Mr. Colson as having solicited the contribution?

Mr. HALDEMAN. No. I knew Mr. Colson was in contact with the milk group, as he was in contact with many other groups. But my recollection now is that this was something where they were volunteering to provide support, not where someone had gone and asked them for it.

Mr. WEITZ. Did you consider it unusual that a group without, I might say, a history of supporting Republicans, especially at the Presidential level, was pressing and seeking out and volunteering, as you put it, to contribute $2 million?

Mr. HALDEMAN. Not necessarily. And I should say that it was clearly stated in the discussions of this several times in my understanding, that they were making it very clear that their contribution

was in the nature of a campaign contribution and was not dependent upon any quid pro quo in any way.

Mr. WEITZ. Who told you that?

Mr. HALDEMAN. It was an explicitly stated sort of thing. I am not sure who told me. But obviously, an offer of a $2 million contribution is a matter of interest. And the question, if not spoken, automatically arises as to why. And the point was made that this was not contingent upon any action, nor was it as a result of any action that had been taken or would be taken by the administration.

Mr. WEITZ. Did you talk about this with Mr. Colson?

Mr. HALDEMAN. That is possible.

Mr. WEITZ. Did Mr. Colson assure you that he hadn't made any promises?

Mr. HALDEMAN. Wait a minute. I cannot confirm that I did talk about it with Mr. Colson.

Mr. WEITZ. Do you recall whether either Mr. Colson or Mr. Ehrlichman or Mr. Whittaker assured you that no promises had been made for the $2 million?

Mr. HALDEMAN. I can't give you a name on it. But I can say what I previously said. It was clearly my understanding, from whomever the information was coming, that this was a matter that was not contingent upon any promises made, nor were there any asked.

Mr. WEITZ. Were you aware that at one or more meetings between Mr. Colson and representatives of the dairy industry, at which such pledges and declarations of intent had been made, beginning in 1970, that, contemporaneously, discussions of dairy products had been discussed?

Mr. HALDEMAN. No; I don't believe so.

Mr. WEITZ. With regard to the price-support matter——

Mr. STRICKLER. Would you read that last answer back?

[The reporter read the record.]

Mr. WEITZ. With regard to the price-support question in 1971, did you have any involvement in any meetings or any communications or in any way in the decisionmaking process leading to the President's decision?

Mr. HALDEMAN. To the milk price-support decision?

Mr. WEITZ. Yes.

Mr. HALDEMAN. I do not believe I did. That is not an area in which I would be involved.

Mr. WEITZ. Your logs indicate that in March of 1971, as is probably true for most of the period when you were in the White House, you met very frequently, almost daily, with Mr. Ehrlichman. And I believe the white paper indicates, as well as other evidence we have gathered, that Mr. Ehrlichman, Mr. Whittaker, and the others were in contact with the milk people and the President on milk procedures support.

Did you discuss with Mr. Ehrlichman or Mr. Whittaker, or did you receive any communications from them either directly or indirectly, concerning the price-support question?

Mr. HALDEMAN. I don't recall any discussion with them or anyone else on the price-support question, nor communications.

Mr. WEITZ. How about communications through your aides?

Mr. HALDEMAN. I do not recall any at all.

Mr. WEITZ. The white paper at page 10 indicates that in a briefing paper to the President, in connection with the meeting on March 23 between the President and the dairy leaders, there was a reference to the fact that the dairy group had decided to spend money, and that the President's old friends, Mr. Chotiner and Mr. Hillings were involved. Did you have any knowledge of those matters?

Mr. HALDEMAN. Of what matters?

Mr. WEITZ. The fact that dairy people had decided to spend money, and that Mr. Chotiner and Mr. Hillings were involved?

Mr. HALDEMAN. I think I have already said I had knowledge—I don't know what the date of this is.

Mr. WEITZ. This would be March 22, 1971.

Mr. HALDEMAN. By then I would imagine that I did have knowledge that the dairy people were going to contribute.

Mr. WEITZ. What about the involvement of Mr. Hillings and Mr. Chotiner?

Mr. HALDEMAN. I am not sure whether I knew they were involved or not. It is quite possible that I did, as a matter of fact. Again, if you are trying to put it in a position of time, there was a question at one point of Chotiner being on retainer, I think, by the dairy people, or his law firm here being retained by the dairy people. And I did know that.

Mr. WEITZ. When you say "connection," in what connection?

Mr. HALDEMAN. Just that, the fact.

Mr. WEITZ. There was knowledge?

Mr. HALDEMAN. Yes.

Mr. WEITZ. And Mr. Chotiner left the White House, I believe the record indicates, on March 5, 1971, and became counsel——

Mr. HALDEMAN. I am not sure when he left.

Mr. WEITZ [continuing]. Became counsel to Reeves and Harrison on March 8, 1971. At that time Reeves and Harrison was on retainer to the dairy cooperatives. Is that your recollection?

Mr. HALDEMAN. That is the way that fits together.

Mr. WEITZ. Is there a question whether it would be proper for Mr. Chotiner to join with that firm at that time?

Mr. HALDEMAN. I don't think so.

Mr. WEITZ. Was there, in fact, a discussion or a notion that it would be preferable for him to join that firm and represent the dairy industry, or those dairy groups?

Mr. HALDEMAN. I do not know that there was one way or the other. I think it was just a matter of the fact that he was. And he may have been for that reason a source either directly or indirectly of the dairy people's interest in the contribution—no, that probably came before he went over there. So it would not have been.

Mr. WEITZ. It may have come before, but there was some indication that he was also involved later. On March 22, one dairy trust contributed $10,000 to several Republican committees, and on March 24——

Mr. HALDEMAN. Republican or Nixon?

Mr. WEITZ. Republican committees. And on March 24 another dairy trust contributed $25,000. This would be the day before the meeting of the President and the day of that Whittaker memo I referred to,

the briefing paper, and the 24th, the day after the meeting with the President. Do you have any knowledge of those contributions?

Mr. HALDEMAN. I don't think so.

Mr. WEITZ. Did you know whether Mr. Whittaker had any knowledge of them?

Mr. HALDEMAN. I have no knowledge of Mr. Whittaker's knowledge.

Mr. WEITZ. With regard to Mr. Chotiner, were you aware in March whether there was any discussion of Mr. Chotiner taking an active role in representing the dairy people?

Mr. HALDEMAN. I don't know. I don't recall any discussion of that.

Mr. WEITZ. Were you aware of any problems—when I say "problems," bad relations—between anyone in the White House, such as Mr. Colson, with the dairy groups?

Mr. HALDEMAN. No. I indicated earlier this general question of who would handle the contact with the dairy groups. And Colson was the normal White House man to handle contact with outside organizations. And I don't know why the question should have arisen, because, as a matter of formal routine, he would have handled it. The fact that there was some question about—but that wasn't a White House contact, that was just a question of——

[Discussion off the record.]

Mr. WEITZ. Back on the record.

We have here a copy of an exhibit to the committee's hearings. And it is dated May 18, 1971. And the subject matter is: Campaign Spending, H.R.H. and Dean.*

Mr. HALDEMAN. What does that mean, H.R.H. and Dean, H. R. Haldeman and Dean?

Mr. WEITZ. H. R. Haldeman and Dean. In other words, I believe it is the notes of a meeting taken by Gordon Strachan with you and John Dean.

Mr. HALDEMAN. I see.

Mr. WEITZ. And the subject matter is campaign spending. Now, in the memo the question comes up, Dean puts the question to you——

Mr. STRICKLER. Can you give me the page reference in the transcript?

Mr. WEITZ. Page 1229, Dean asks the question—the question before was: "What about the milk money?"

Mr. HALDEMAN. What date is this meeting?

Mr. WEITZ. May 18, 1971. "Our current thinking is to keep it totally separate and not even use the same bank." And the notation for you is "Agree," and so forth. Do you remember that discussion, or do you remember the question of what the milk money should be used for?

Mr. HALDEMAN. I don't remember this specific discussion. I remember, as I have indicated, the question of how the milk money was to be handled, and that also included the question of what it was to be used for. And I remember that it was in cash, and it was coming in early, I believe, and at the starting point of a political campaign it is obviously useful money in setting up things that you are trying to get underway in the simplest fashion. And I don't know whether it was at that meeting or a subsequent meeting, or whether it was in a meeting at all. But my view, I believe, was that the milk money should be used

*See Book 3, exhibit 34–26, p. 1226.

to set up the starting-up costs of setting up the campaign organization which at about that time was being set up, I think, by Jeb Magruder and Harry Fleming, to get various campaign activities, organizational structure and so forth underway. And I saw this as being a logical source, because it was cash in hand for financing that activity.

Mr. WEITZ. Why was it to come in cash? What was your understanding?

Mr. HALDEMAN. I don't know. I have never questioned why contributions are in cash or in any other form.

Mr. WEITZ. Did it raise a question in your mind as to the propriety of the source?

Mr. HALDEMAN. No.

Mr. WEITZ. We are talking about, I take it, close to $2 million in pursuit of their pledge?

Mr. HALDEMAN. I did not regard it as a pledge, it was a stated intent.

Mr. WEITZ. I'm sorry, stated intent?

Mr. HALDEMAN. Yes. We are talking about it as whatever they were going to provide.

Mr. WEITZ. Over what period of time did you have an understanding as to over what time period the contribution would be made?

Mr. HALDEMAN. I don't know that I did in the inception period. As the plan was put together—I have a general recollection that it was set up on a basis that they would provide $100,000 a month, or something like that, over a period of 20 months to get to this $2 million. That may not be precise, but that general kind of a thing. It would be a monthly flow. And I think that information probably preceded my point that this would be a good funding base for the setting up of the committee, because it would be presumably a regular monthly income that they could then work out a budget against and utilize.

Mr. WEITZ. Now, in the memo——

Mr. HALDEMAN. All of this—I also have the very strong feeling that there was considerable discussion with Mr. Mitchell, whom I looked to as having the basic responsibility for setting up the campaign organization.

Mr. WEITZ. Mr. Mitchell, therefore, was aware of the arrangements for this?

Mr. HALDEMAN. Yes.

Mr. WEITZ. Was this one of the largest contributions, both in terms of timing, size, and regularity, contemplated at that time?

Mr. HALDEMAN. At that time? It probably was.

Mr. WEITZ. The spring of 1971.

Mr. HALDEMAN. It probably was. I don't know. I think it was probably—of course, it was a group contribution. I don't know that there were any others of that size.

Mr. WEITZ. On page 1230 of our committee paging, but part of the same memo, Dean said: "It is my understanding that the White House is to be completely hands off the milk money." What does that mean?

Mr. HALDEMAN. Other than precisely what it says, I don't know.

Mr. WEITZ. Let me ask you this: Were there certain moneys that were being collected from whatever source that the White House was not hands-off of?

Mr. HALDEMAN. Well, I have testified in other regards, and you get into a semantic confusion to an extent on the White House and what is the White House. But some of the funds that Mr. Kalmbach administered over those intervening years between 1968 and 1973, were not hands-off by the White House. I requested the expenditure of a substantial amount of funds for polling that was done for the White House. And it was paid for by Mr. Kalmbach out of those funds. And that would be in a sense direct White House use of the funds.

As I testified in the Senate hearing, I was involved in the question of some of those funds or a substantial amount of those funds being provided as campaign support to a candidate for office in Alabama. And that was to consider White House use of the funds. But the point here was that the milk money was to be set up as campaign funds totally separate from anything as to the White House use of funds.

Mr. WEITZ. Let me ask you. You said your understanding was that it was probably $100,000 for 20 months. Some of that would be the timing and the amount of the contribution, as you recall. Would that be up to the time of the election, or up to the time of the campaign?

Mr. HALDEMAN. I haven't figured it out. I don't know when the 20 months would be up.

Mr. WEITZ. Up to the time of the election you have no recollection?

Mr. HALDEMAN. That would be to carry out their pledge. I do not know whether that runs to after the election or before it or whatever. Don't hold me on those figures. It was some division like that, in something like that time reference. Maybe it was $200,000 a month for 10 months.

Mr. WEITZ. We have a memo, which I will get to shortly, which talks about a $90,000 a month commitment. Would that be consistent with a 20-month-or-so timetable?

Mr. HALDEMAN. Yes.

Mr. WEITZ. Whatever it would take to run up to the $2 million?

Mr. HALDEMAN. Yes. And maybe some of it came in, in an original amount, so that there wasn't $2 million to run on it monthly.

Mr. WEITZ. Wasn't in fact the $100,000 in 1969 part of that?

Mr. HALDEMAN. Maybe it was, I don't know.

Mr. WEITZ. If you are not aware of the $100,000 previously in 1969, were you made aware of it in connection with being made aware of the full arrangement for the $2 million contribution?

Mr. HALDEMAN. I don't recall any reference back. My recollection would be that the $2 million that was discussed—and it was a general discussion, I don't think anybody wrote out an I O U, and I think it was considered a general figure, not a specific dollar commitment—but I think that that—at least my recollection of what my view of it was that that was what they were talking about for the 1972 campaign. And I didn't see the other money as having been part of what I understood to be a $2 million intent for 1972.

Mr. WEITZ. In the May 18 memo we just referred to——

Mr. HALDEMAN. That is the Haldeman-Dean meeting?

Mr. WEITZ. Yes. The decision as reflected in the memo was that the milk money would go to pay the operating expenses of 1701.

Mr. HALDEMAN. That is in that meeting?

Mr. WEITZ. That is in that meeting. Three days later there is a memorandum from Strachan to you—that is May 21, 1971, which I will show you—which indicates that it has been decided, or the recommendation is that the milk money would not be used to pay operating expenses.

Mr. HALDEMAN. Is that this bottom paragraph?

Mr. STRICKLER. Off the record.

[Discussion off the record.]

Mr. WEITZ. It would be to this last sentence on the recommendation.

Mr. HALDEMAN. I have read this paragraph you have indicated.

Mr. WEITZ. Under "Recommendations."

Mr. HALDEMAN. So I say I agree with that and comment, "What are they going to use the milk money for?" So that it would then indicate that the view I had come to a few days earlier, of using it for that, had been disagreed with by Kalmbach and Nunn, and so I am agreeing with their disagreement.

Mr. WEITZ. What was the answer to the question, what was it used for?

Mr. HALDEMAN. I don't know.

Mr. WEITZ. What was it to be used for?

Mr. HALDEMAN. I don't know. That isn't indicated here, I guess.

Mr. WEITZ. There are attached some handwritten notes, apparently from Gordon Strachan used in the preparation of the memo. Do you recall any involvement of Murray Chotiner at that point, or as time went on, to arrange for the contributions?

Mr. HALDEMAN. I am trying to figure out what Lee Nunn is doing at that point.

Mr. WEITZ. Were you aware that he, sometime in 1971, became affiliated with the Citizens Committee To Re-Elect?

Mr. HALDEMAN. Yes, I knew he was in their fundraising. I didn't realize that it was set up that early.

Mr. WEITZ. I think the record indicates it was set up sometime in April of 1971.

Mr. HALDEMAN. OK.

[Discussion off the record.]

Mr. WEITZ. We have a memo, dated September 11, 1971, from Gordon Strachan to you. And the subject is milk money. I would like you to take a look at it. And then I would like to ask you a few questions about it.

Mr. HALDEMAN. Am I allowed to discuss grand jury matters with you people?

Mr. WEITZ. That is on public record.

That indicates that as of that time, there was $232,500 that had been—I don't know whether it was called banked or received.

Mr. HALDEMAN Released is the euphemism. He is a lawyer, and so he cannot talk straight English.

Mr. WEITZ. It says slightly more than half the commitment, which is then characterized as $90,000 a month. Do you have any recollection of what is your understanding of the commitment?

Mr. HALDEMAN. Only what I have described to you earlier. I didn't see it as a commitment, as I told you, I saw it as an intention to contribute.

Mr. WEITZ. You hadn't dealt with these people directly?

Mr. HALDEMAN. The milk people?

Mr. WEITZ. Yes.

Mr. HALDEMAN. No.

Mr. WEITZ. $90,000 a month, is that consistent with your recollection?

Mr. HALDEMAN. It isn't inconsistent, as the example I gave you was hypothetical, but it was pretty close.

Mr. WEITZ. Do you know when the commitment or the timing of those contributions was to have begun?

Mr. HALDEMAN. No; I probably knew then. I do not recall when it was. You can extrapolate back from that by dividing 90 into 232.

Mr. WEITZ. It says that 232 is slightly more than one-half. If that were $450,000, taking $90,000, that would be 5 months back, which would be April 1. Do you remember any timing to begin with April 1, 1971?

Mr. HALDEMAN. No. But that does not sound unlikely, based on the timing of the other discussions.

Mr. WEITZ. In the middle of the second paragraph it refers to the fact that a reporter was interviewing various people associated with the contributions, and that is this sentence: "Bennett has told Nunn that no damaging information has been released." What damaging information was there that had not been released?

Mr. HALDEMAN. I don't know. I notice there was in one of the earlier things some concern about the avoidance of any language or something—I don't know why, unless it was that the milk people wanted these to be nonreported contributions and did not want it known that they were giving this support.

Mr. WEITZ. In the third paragraph he states that——

Mr. HALDEMAN. I would also say, and I have got to say, in this context, and it applies to a lot of others, that Gordon Strachan was a very capable administrative type guy, but he was also a very impressionable young lawyer, and he tended to overdramatize a lot of things, and to lay more import on the language than they really needed. Something like "damaging information" can be read as kind of colorful language that I am not sure was really an accurate description of his concern.

Mr. WEITZ. The third paragraph makes reference to an agreement, that Colson had established a separate agreement with the milk people in order to have cash available. Are you familiar with such an agreement, or have you ever received any information to shed light on whether or not such an agreement or arrangement existed?

Mr. HALDEMAN. Let me ask Frank something for a minute.

[Discussion off the record.]

Mr. STRICKLER. As the record may show, I have just left the room with Mr. Haldeman for a matter of seconds.

Mr. WEITZ. It should also indicate that you have returned.

Mr. STRICKLER. And I have returned. And his concern is that he was asked questions in this area by the grand jury, which has the document in this area. And he says, "Can I disclose what happened before the grand jury, or base some of my testimony on knowledge I acquired from the grand jury?"

My response to him is, "Yes," if you want to ask the questions.

Mr. WEITZ. Let me repeat the last question as a starter, and that is: What knowledge do you have or have you learned in connection with possible arrangements of provision of cash or moneys from the dairy people to Mr. Colson or from Mr. Colson's projects?

Mr. HALDEMAN. Simply going back to referring to this memo, I have learned that there is a followup memo to this, which perhaps you have. And in that case my answer to Mr. Strickler would be academic.

Mr. WEITZ. Is this the memo, September 16?

Mr. HALDEMAN. Yes; it is.

Mr. WEITZ. That has already been made public.

Mr. HALDEMAN. I didn't know that.

Mr. STRICKLER. Mr. Haldeman saw it this morning before the grand jury, I think.

Mr. HALDEMAN. I did. And this is a followup to this.

Mr. WEITZ. For the record, we are referring to a September 16, 1971, memo from Strachan to you, subject, milk money.

Mr. HALDEMAN. You were asking me what I knew about this. And this is basically what I knew about it.

Mr. WEITZ. Let me ask you this: Wasn't there a concern that others, other than Mr. Kalmbach or designated fundraisers, would be approaching contributors who had already contributed through Mr. Kalmbach for additional moneys for whatever purpose?

Mr. HALDEMAN. Yes.

Mr. WEITZ. And, therefore, wasn't there a concern that Mr. Colson not approach the same groups that Mr. Kalmbach and others were in contact with for contributions?

Mr. HALDEMAN. There was.

Mr. WEITZ. And therefore——

Mr. HALDEMAN. That was not limited to Mr. Colson, but Mr. Colson among others.

Mr. WEITZ. Now, with respect to Mr. Colson and the milk people, doesn't the September 16 memo reflect the fact that, yes, indeed, Mr. Colson and perhaps Mr. Ehrlichman had arranged for such an additional receipt of cash from the milk people, addition to whatever they were contributing through Mr. Kalmbach and Mr. Nunn?

Mr. HALDEMAN. It does.

Mr. WEITZ. After receiving this memo, did you have occasion to speak to others, Mr. Ehrlichman or Mr. Colson or someone else about this?

Mr. HALDEMAN. Not that I recall.

Mr. WEITZ. Wasn't that inconsistent with your attempt to provide that such double solicitations not take place on a frequent basis unless absolutely necessary?

Mr. HALDEMAN. Yes.

Mr. WEITZ. Or in any event not take place? Can you explain to us why you in fact did not follow this up in any way?

Mr. HALDEMAN. I don't recall following it up. I can't affirm that I didn't. It is quite possible that I mentioned to Ehrlichman or Colson something about it, or told Strachan to.

Mr. WEITZ. What did they tell you?

Mr. HALDEMAN. I don't know; as I said, I don't recall.

Mr. WEITZ. This September 16 memo says, "This money was committed by Ehrlichman, but never delivered in connection with a"—and

there is a quotation in the memo—"project we—Colson and Ehrlichman—worked on together." To begin with, did you recognize the handwriting after the sentence I have just read?

Mr. HALDEMAN. Yes.

Mr. WEITZ. Whose is that?

Mr. HALDEMAN. Larry Higby—I believe it to be Larry Higby's. There is not enough there to confirm the writing, but it also has an "L."

Mr. WEITZ. Does that indicate that Mr. Higby followed up and confirmed the accuracy of this report?

Mr. HALDEMAN. Yes. What it would indicate in this case is per the instruction to Strachan on the earlier one, which says, "check with Colson——

Mr. WEITZ. The September 11?

Mr. HALDEMAN. On September 11, I initiated that which instructed Strachan to check with Colson, which he did, and he is reporting back here.

Before this report of Strachan came in to me, Higby took it upon himself—seeing the statement here by Colson to Strachan that the money was committed by Ehrlichman, Higby took it on himself I assume here, apparently, that this would be the case, to check independently with Ehrlichman or Ehrlichman's office to see if this was the case, in other words, whether Ehrlichman's views of this coincided with Colson's as reported to Strachan. And his writing would indicate that he did, that Ehrlichman confirmed it.

Mr. WEITZ. It was confirmed?

Mr. HALDEMAN. Yes. That would be my impression of what that says.

Mr. WEITZ. And what was your understanding of the project referred to in that memo?

Mr. HALDEMAN. I have none.

Mr. WEITZ. Do you know the nature of the project undertaken by Mr. Colson?

Mr. HALDEMAN. Excuse me. No.

Mr. WEITZ. Did you have any knowledge either at that time or since that time, other than what you have read in the paper, as to whether or not that project refered to investigation into the background of Mr. Ellsberg?

Mr. HALDEMAN. Not other than what I have read in the paper. I have seen the report in the paper that Mr. Colson supplied the money to pay the expenses, or whatever it was, of that trip. However, this all seems to have taken place after that. So I don't know that this is referring to that.

Mr. WEITZ. It is not clear in the memos what the arrangement was and when the money was provided.

Mr. HALDEMAN. No; but it says on it, September 16, that was not expended, it says, "committed but not used."

Mr. WEITZ. But never delivered?

Mr. HALDEMAN. Yes.

Mr. WEITZ. Are you familiar with George Webster? Did you know him? Have you heard the name?

Mr. HALDEMAN. He is the lawyer?

Mr. STRICKLER. I suppose.

Mr. HALDEMAN. Is that George Webster the lawyer?

Mr. WEITZ. There is a George Webster that is a lawyer.

Mr. HALDEMAN. I know the name. I don't know the man.

Mr. WEITZ. Do you know whether he has any connection with providing any role having been played in providing moneys to Mr. Colson or Mr. Ehrlichman for this project?

Mr. HALDEMAN. I have no recollection of any knowledge of Mr. Webster in that context at all.

Mr. WEITZ. What about Joseph Baroody, did you know him?

Mr. HALDEMAN. I know that name, also. There are a lot of Baroodys, and I am not sure which one Joseph is, but I know the Baroody name.

Mr. WEITZ. Do you know the public relations firm in Washington of Wagner and Baroody?

Mr. HALDEMAN. I know that one of the Baroodys is in a public relations firm, and one is in a foundation and one is at the White House.

Mr. WEITZ. Do you know whether the Baroody that you have heard of in the public relations firm had anything to do with providing the moneys for the Ellsberg break-in?

Mr. HALDEMAN. I have no knowledge of sources of money on that at all, other than what I have seen publicly, and I do not believe I have seen that.

Mr. WEITZ. In the September 11 memo at the bottom, as written in, we see "Cashen-Mulcahy 3" and below that, "5–G separately on E committed siphoned." Can you identify that handwriting for me?

Mr. HALDEMAN. I believe that to be Gordon Strachan's writing, I am quite sure it is.

Mr. WEITZ. Both lines?

Mr. HALDEMAN. Yes.

Mr. WEITZ. Do you have any knowledge of what the meaning of those two lines is?

Mr. HALDEMAN. Yes; if you will give me the other memo. I think that this memo comes back to him with my instructions saying to do this, and that these notes are his notes as he carries out those instructions. Because his memo of September 16, I think, is a statement of what these cryptic memorandums are regarding. In other words, Cashen-Mulcahy 3, I think there is probably a .6 stricken out, because this memo says, "Cashen request for $3,600, Ireland," and Ireland could be Mulcahy, and "5–G separately on E committed siphoned," that is sort of shorthand to what he says in the first paragraph.

Mr. WEITZ. What does the "E" refer to?

Mr. HALDEMAN. Ehrlichman.

Mr. WEITZ. Not Ellsberg?

Mr. HALDEMAN. "E" is Ehrlichman in our office shorthand. I didn't have occasion to have a shorthand term for Ellsberg.

Mr. STRICKLER. Could I ask you—could I obtain copies of those? They are excerpts from the public record.

Mr. DORSEN. Yes. We will give you clean copies as they appear in the public record.

Mr. HALDEMAN. What do you have to wipe out?

Mr. DORSEN. Our own notations.

Mr. WEITZ. Are you familiar with the term "house account" in connection with the contributions?

Mr. HALDEMAN. I don't think so, no.

Mr. WEITZ. We noted in the September 11 memo—the figures used at that point, in the September 11 memo, of $232,500 from the milk people—and I have here page 121 of the Rose Mary Woods list, so-called, the list of pre-April 7 contributions——

Mr. HALDEMAN. Rosemary's babies?

Mr. WEITZ. Perhaps. And on page 121 appears the title "House account," the total $232,500. And another title, "Milk Producers Association," with the three individual dairy trusts.

Let me show it to you, although it may not be very edifying. Can you tell us what that refers to?

Mr. HALDEMAN. No.

Mr. WEITZ. Or why the designation "House account"?

Mr. HALDEMAN. Do you have any other page of this?

Mr. WEITZ. That is apparently the only page with "House account." The other pages are State by State lists of contributors.

Mr. HALDEMAN. No, I do not know.

Mr. WEITZ. Was that a reference to moneys that had been solicited, not by the State or not by regular fundraisers, but by someone in the White House?

Mr. HALDEMAN. I don't think so, but I don't know. The source on that would be Kalmbach or Stans, I would think.

Mr. WEITZ. Here we are reduced again—there was a series of memos in September 1971, to mockups, and there are two memos—three memos with quotations that I think are significant, or at least I think are worth showing to you for that purpose.

The first is September 24, 1971, from Colson to you, subject, "milk producers." And the entire portion we have here is in quotations. And I would like to read that and tell me whether you have any information or recollection of the matter discussed therein?

Mr. HALDEMAN. No.

Mr. WEITZ. Now, the memo refers to an antitrust investigation by the Antitrust Division of the Justice Department of the milk producers. The last sentence goes as follows: "If this goes too far, there will be a number of very serious adverse consequences which I would be glad to elaborate on in detail."

Did you talk to Mr. Colson about that?

Mr. HALDEMAN. Not that I recall.

Mr. WEITZ. Isn't that surprising?

Mr. HALDEMAN. That I didn't talk to him?

Mr. WEITZ. Yes.

Mr. HALDEMAN. No, Colson was wanting to come up with serious consequences all the time that I didn't discuss with him.

Mr. WEITZ. What did he mean by the reference to serious consequences?

Mr. HALDEMAN. I don't know.

Mr. WEITZ. Serious adverse consequences, I should say.

Mr. HALDEMAN. I don't know.

Mr. WEITZ. Did it have anything to do with contributions?

Mr. HALDEMAN. I don't know. I cannot tell you.

Mr. WEITZ. And then you have no knowledge, direct or indirect, of the meaning that he put on this, either through one of your aides or directly in conversations with him?

Mr. HALDEMAN. No.

Mr. WEITZ. Now, we have another memo, September 28, 1971, from Strachan to you. The subject again is "milk money." And the last quoted portion, which is quoted in our source, which is the Kalmbach deposition, says:

"Colson urges his own noninvolvement." And this refers to the antitrust investigation, and says: "John Dean is checking this report on a very low-key basis."

Mr. HALDEMAN. Checking what report?

Mr. WEITZ. The report of an antitrust investigation.

Mr. STRICKLER. Let us have time to read these things, will you, counsel?

[Discussion off the record.]

Mr. WEITZ. Did you ever discuss this directly or indirectly with John Dean?

Mr. HALDEMAN. I do not recall any discussion with John Dean or Chuck Colson.

Mr. WEITZ. What is the significance of the White House interest in the antitrust investigation?

Mr. HALDEMAN. I do not know.

Mr. WEITZ. On the part at least of Mr. Colson and Mr. Dean?

Mr. HALDEMAN. Where is the reference to a White House interest?

Mr. WEITZ. As evidenced by Mr. Colson's memos to you and Mr. Dean's low-key investigation.

Mr. HALDEMAN. Colson's memos would appear—or Colson's memo—and then this comment of a Colson memorandum to apparently someone else, saying he urges his own noninvolvement, would seemingly be, I guess, that he has been in contact with the milk producers, and, therefore, does not feel that he should be involved in any question that is being raised, if there is one. I am simply interpreting out of speculation here.

Mr. WEITZ. You don't have any recollection or knowledge, directly or indirectly, of the investigation of some concerns investigated by other than what appears in these memos by White House persons in the investigation?

Mr. HALDEMAN. I have no such recollection on the part of Colson or Dean, or anyone else.

Mr. WEITZ. Would Dean undertake such an investigation without consulting you either before or after?

Mr. HALDEMAN. Oh, sure. Dean did not consult me—Dean very rarely consulted me on matters that he was dealing with. Dean was White House counsel, he functioned as counsel to all the adjuncts of the White House, and he worked—I have explained this in other testimony—he worked directly with whatever White House division was using his services and did not have any reporting requirement to me on substance at all. His reporting to me was in the administrative area of staff and facilities.

Mr. WEITZ. I have again a mockup of a memo of November 3, 1971, from Strachan to you. And it is a cover memo for an agenda or talking paper with the Attorney General for the next afternoon, November 4. And it indicates that the Attorney General received a copy of the attached agenda. Item 11 on the attached agenda, as paraphrased and described in the Kalmbach deposition, goes as follows:

"The agenda discusses this antitrust matter with respect to the dairy contributions, or whatever they refer to, in this memorandum as the milk-money project."

Do you remember discussions at that time, or at any time, about dairy contributions and the antitrust investigation?

Mr. HALDEMAN. No, I don't. As I pointed out in other testimony, Strachan's agenda were voluminous, and my meeting with Mitchell very rarely, if ever, followed the agenda or covered anything approaching all of the items on the agenda.

Mr. WEITZ. If they were not covered in a particular meeting, if you did not reach the item in a particular agenda, how would they be handled?

Mr. HALDEMAN. In no routine fashion. Some would be ignored and some brought up again by Strachan in an agenda another time.

Mr. WEITZ. How was this matter handled?

Mr. HALDEMAN. I do not remember the matter. So I don't have any recollection of it coming up, let alone how it was handled.

Mr. WEITZ. Are you aware that in the fall of 1971 the Antitrust Division of the Justice Department recommended to the Attorney General that a grand jury be impaneled for the purpose of investigating for possible criminal indictments the dairy cooperatives?

Mr. HALDEMAN. I guess I am generally aware of that from the press accounts. But I have no personal recollection of any knowledge of that at the time or any involvement in it.

Mr. WEITZ. What about an investigation in general?

Mr. HALDEMAN. The same.

Mr. WEITZ. Other than what appears in these memorandums, if these are correct mockups.

Mr. HALDEMAN. The same.

Mr. WEITZ. Are you aware that on November 30, the Attorney General rejected the request by the Antitrust Division and suggested that they only proceed civilly?

Mr. HALDEMAN. No.

Mr. WEITZ. And you never discussed, or to your knowledge, no one on your behalf discussed the matter with the Antitrust Division or with the Attorney General?

Mr. HALDEMAN. I have no recollection of having discussed it with the Attorney General. I do not believe I ever had any discussions with the Antitrust Division, nor have I instructed anyone on my staff. I cannot speak for what someone may have done without me, but I do not have any recollection at all of anybody doing it with my knowledge.

Mr. WEITZ. Did you ever discuss antitrust matters with the Attorney General?

Mr. HALDEMAN. Antitrust matters?

Mr. WEITZ. Yes.

Mr. HALDEMAN. None that I can recall. I did not have substantive discussions with him. My dealings with the Attorney General were on—I did in areas other than Justice Department matters. He was an adviser to the President in other areas, and I did communicate with him on some of those. On substantive matters, relating to the Justice Department, the communication was through other routes in the White House and then through me.

Mr. WEITZ. Did you discuss the antitrust investigation with Murray Chotiner at the time?

Mr. HALDEMAN. I don't believe so. I have no recollection of discussing any case like that with Murray Chotiner.

Mr. WEITZ. According to your phone records, on November 3, and again on November 29, 1971, you talked by telephone to Mr. Chotiner. Do you recall what the substance or purpose of those conversations was?

Mr. HALDEMAN. No. Do you have those?

Mr. WEITZ. Just the notations.

Mr. HALDEMAN. If I can see those phone records, I can tell you whether—those have been grossly misinterpreted. Those may have been calls that I did not talk on. I don't know that they were.

Mr. WEITZ. In 1972, Mr. Kalmbach had a series of meetings with the dairy people in connection with the subject of additional contributions. We have a series of memos—perhaps I can speed things up just by showing them together. A memo of January 18, 1972, from Strachan to you, a political matter memo, and again another one on February 1, and again another on February 16.

Mr. HALDEMAN. This is Kalmbach back into the milk money thing, which would indicate he had been out of it.

Mr. WEITZ. In the January 18 memo there is a reference that starts out, "Herb Kalmbach met with Messrs. Jacobsen and Nelson." Do you know who they were?

Mr. HALDEMAN. I don't know whether I do or not. I don't think so. Are they identified as milk producers?

Mr. WEITZ. No. It is concerning milk money, but I was just curious as to whether you had heard those names before that time or had discussed them with anyone.

Mr. HALDEMAN. They are not meaningful—the Jacobsen name is meaningful to me now, because I have learned recently that he is the same Jacobsen who worked with Mr. Connally in the campaign.

Mr. WEITZ. Presumably, if you didn't know who they were, Mr. Strachan would have identified them.

Mr. HALDEMAN. Not necessarily. He may have referred to them in earlier memorandums, and if it is identified as milk in some way——

Mr. WEITZ. The reference to milk money.

Mr. HALDEMAN. What that is—it is a summary of his notes of a meeting with or a communication with Kalmbach that he is transmitting to me.

Mr. WEITZ. It indicates that Kalmbach informed Colson at the meeting, but would not tell Colson who asked him to see Jacobsen. Do you know who asked Kalmbach to see Jacobsen? Was it anyone in the White House?

Mr. HALDEMAN. I don't know.

Mr. WEITZ. And the recommendation by Mr. Strachan in the memo of January 18, is that Kalmbach be asked not to discuss the milk situation with Colson in the future. Why was that?

Mr. HALDEMAN. I don't know, unless it relates to Colson's thing of his being kept out of it, or whatever.

Mr. WEITZ. For what purpose?

Mr. HALDEMAN. I don't know.

Mr. WEITZ. Wasn't Mr. Colson concerned that if he was—if the publicity revealed his connection to the milk contributions, his other activities might be publicized as well?

Mr. HALDEMAN. I don't really know what Mr. Colson's concern was, or that I ever did know.

Mr. WEITZ. Wasn't that your concern?

Mr. HALDEMAN. I don't know.

Mr. WEITZ. You don't know what your concern was?

Mr. HALDEMAN. I don't know that I had any concern.

Mr. WEITZ. Were you aware of anyone else's concern in the White House about publicity with regard to Mr. Colson's activities, whatever they may be?

Mr. HALDEMAN. Colson was engaged in activities that were of such a nature that he did not want to publicize them, and working with Democrat groups and that kind of thing.

Mr. WEITZ. Did you concur in this recommendation by Mr. Strachan?

Mr. HALDEMAN. I don't know. Did I?

Mr. WEITZ. I am asking you. It says "approved." Does that indicate——

Mr. HALDEMAN. His recommendation that I tell Colson of the milk situation and that Kalmbach not discuss it with him in the future. So that is acceding to a request there, I guess.

Mr. WEITZ. Now, the February 1 memo which you have looked at—this is a week after the Nader suit had been filed, and Kalmbach refers to a cut in the original $2 million commitment back to $1 million. Does that refresh your recollection that there was in fact a commitment?

Mr. HALDEMAN. That is Strachan's terminology still.

Mr. WEITZ. That is the second memo that we have found with that wording. You never discussed that with him or admonished him not to use that terminology?

Mr. HALDEMAN. No; I didn't worry much about his terminology.

Mr. WEITZ. It also indicates that Kalmbach will accept the risks——

Mr. HALDEMAN. These were written as internal office memorandums, not as public documents.

Mr. WEITZ. It indicates that Kalmbach will accept the risk of being subpenaed by the court in connection with the Nader milk suit. What risk can that entail? What was your understanding?

Mr. HALDEMAN. I don't know.

Mr. WEITZ. And at the end the recommendation—and that was Strachan's recommendation—apparently the Attorney General, according to Strachan, believes that Kalmbach should continue, and your comment was, "I will discuss with the Attorney General." What were the Attorney General's views?

Mr. HALDEMAN. I don't know.

Mr. WEITZ. Did you discuss it with him?

Mr. HALDEMAN. I don't remember any discussion. I don't know whether I did or not, unless there is something that follows up on that that indicates it.

Mr. WEITZ. What follows up is that on February 16, Strachan reports to you that Kalmbach is working with the milk people to increase the 233 currently back to $1 million by April 7.

Mr. HALDEMAN. It appeared to indicate that Kalmbach was still working on the milk thing. That does not give any indication as to whether I raised it with the Attorney General or not.

Mr. STRICKLER. Is that $1,001,000 from your last question?

Mr. WEITZ. Yes.

Mr. STRICKLER. The $1,000 in the memo comes out $1 million when you read it.

Mr. WEITZ. It is not written as $1 million. I am just saving time.

Mr. STRICKLER. I understand.

Mr. WEITZ. Also on February 1, 1972, there was a memo from Dean to Ehrlichman, subject *Nader* v. *Butz*, which was the Nader milk suit referred to in the other memorandums. Do you remember receiving a copy of this memorandum?

Mr. HALDEMAN. No. And I suspect that had I, I would not have looked at it.

Mr. WEITZ. We have later memos on the same matter that go both to you and Mr. Ehrlichman. That is why I am curious as to why you may have received a separate copy.

Mr. HALDEMAN. I do not recall it. And that is the kind of thing I didn't usually read.

Mr. WEITZ. I would not question you about most of the contents, which really just reviews the factual background of the suit.

On page 3, I believe, at the bottom—I will take a quick look and show you what I want to refer to—on page 3, at the bottom paragraph, it indicates that the discovery proceeding could prove disastrous. Do you know what Mr. Dean meant by that? Did you ever discuss the discovery proceeding in the Nader suit?

Mr. HALDEMAN. No.

Mr. WEITZ. And then on page 4 of the same memorandum there is a sentence that reads, "Although these individuals" and that refers to officers of Republican committees that receive the contributions—"would quite truthfully be unable to have knowledge of any pressure brought to bear on Secretary Hardin because of those contributions, questioning about their duties with the committees and the manner in which the committees operate could prove highly embarrassing in an election year." Do you know what pressures were brought to bear on Secretary Hardin in connection with those contributions?

Mr. HALDEMAN. No; I don't think that says that anywhere, does it?

Mr. STRICKLER. Are the instructions referred to?

Mr. WEITZ. They refer, if I may characterize it, to the multiple setup in 1971, to receive dairy contributions.

Mr. STRICKLER. Was this for all elected officers or somebody?

Mr. WEITZ. I believe those would be the Committees For the Re-Election of the President.

Mr. STRICKLER. Thank you. It is too long for me to read, and I am not going to do it now.

Mr. WEITZ. Finally, we have a memo dated August 31, 1972, and this is from Dean to you and Mr. Ehrlichman, again on the subject *Nader* v. *Butz*.

And the last sentence on page 2 reads:

"As is readily apparent"—this is discussing the possibility of the depositions of Chotiner, Whittaker, and so forth—"the potential for

political embarrassment during the remaining months of the campaign is high."

That is at the bottom of page 2. I show you the memo.

What was your understanding of what embarrassment might result from such depositions?

Mr. HALDEMAN. No.

Mr. WEITZ. The record indicates that, ultimately, $1 million was not contributed by the dairy trust to the reelection effort of the President, nor $2 million, for that matter. Do you have any information and knowledge as to why those amounts were not contributed?

Mr. HALDEMAN. No.

Mr. WEITZ. Did you have occasion to discuss either with Mr. Mitchell or with Mr. Connally in 1972, or with Mr. Kalmbach—let me add, in 1972, either the timing of additional contributions or a possible decision to delay additional contributions until just prior to the election, to the general election?

Mr. HALDEMAN. I do not recall any discussion of milk money in 1972 at all. I wasn't really in the campaign money thing at all at that point, because when I was involved was when there wasn't a campaign structure. And even then it was only on a basically information basis.

Mr. WEITZ. Did you have any understanding, whether or not you have participated in such discussions, that any such decisions to delay contributions prior to the election had been made?

Mr. HALDEMAN. I do not recall any; no.

Mr. WEITZ. I have no further questions.

Mr. SANDERS. Would you just give me whatever recollection you have, if any, concerning the feeling prevailing in March 1971, with respect to the bills being introduced in Congress to statutorily increase milk price support? And what recollection you have, if any, about the congressional pressures being put on the White House to take administrative action to raise the support level, or any indications coming from Capitol Hill that legislation would, in fact, be enacted?

Mr. HALDEMAN. I really am not—I cannot be responsive to your question. It covers an area of knowledge and requests an evaluation of opinion that I am not competent to give. I was not in the mainstream of evaluation of policy or evaluation of congressional attitude or congressional pressure kind of thing in a way that I would be aware of this kind of thing. That would flow through—there are other people that you should ask that of, who would have a much better evaluation of it than I do.

I have read of some of what has been in the paper, and I have heard reference to the President's statement in this regard. I could allude to that, but from my own knowledge and recollection I cannot really add anything.

Mr. SANDERS. Do any calls from Congressmen during that time in March 1971, to the President, stand out in your recollection?

Mr. HALDEMAN. No. And it would not be likely that they would. A call from a Congressman to the President goes through the congressional office, and it would be dealt with and recorded and followed up from there rather than my office.

Mr. SANDERS. And it is not likely, then, that you would have personally received these calls from congressional leaders pertaining to the milk support problem?

Mr. HALDEMAN. It is not likely, and almost not possible. I did have calls from congressional leaders, but they were not on substantive matters. My dealings with them were on things relating to the President's schedule, or something of that sort, rather than legislative action on policy matters.

Mr. SANDERS. There have been some intimations that the March 12 decision, which was the initial one made by the Department of Agriculture to maintain the support level at the same level as the previous year, that that was early or precipitous. Do you have any recollection of the circumstances surrounding the decision, in the spring of 1969, when you first entered the White House?

Mr. HALDEMAN. No.

Mr. SANDERS. My information is that the decision for the marketing year beginning April 1, 1969, was actually made in December of 1968 while President Johnson was still in the White House. Do you have any awareness of that occurrence?

Mr. HALDEMAN. No. I am just totally ignorant on the subject one way or the other.

Mr. SANDERS. You have been asked a number of questions by Alan concerning information which might have come to you with respect to a commitment by the dairy producers to the Committee for the Re-Election of the President. There are a number of references in the documents that we have shown to you.

Do you have any recollection that any of these mentioned in any of these letters or memorandums were passed on to the President?

Mr. HALDEMAN. No, I don't. I have a general belief, assumption that the President was aware—and I cannot tell you when that the milk industry had indicated their intention of providing campaign support. I don't know when he was aware of that, and I don't believe that it was I who gave him the information.

Mr. SANDERS. And the gist of your testimony, then, is that the milk producers had a desire to contribute to the re-election of the President, and had made known the specific level of contribution, but that this was totally unrelated to any favorable action taken by the Government or to be taken by the Government.

Mr. HALDEMAN. That is my specific understanding of what the basis of their intent to contribute was, that it was not to be considered to be related to any action or any desired action or any completed action by the Government.

Mr. SANDERS. That is all I have.

Mr. DORSEN. In that connection, Mr. Haldeman, you mentioned one occasion when you believed the subject was raised as to whether there might be a quid pro quo for the contributions, and I believe you said it was made clear to you that the dairy industry expected no quid pro quo.

Mr. HALDEMAN. I don't think I said—my recollection is not that the question was raised of whether there was a quid pro quo, but rather that the positive was raised. The point was made that it was to be understood that there was no quid pro quo, there was no commitment contingency.

Mr. DORSEN. Did this come up once or more than once?

Mr. HALDEMAN. I think probably more than once. I don't know that it was discussed more than once. That I cannot put into a conver-

sation, I can only put it into a general feeling that that point was made.

Mr. DORSEN. And your recollection is that it was made on a number of occasions?

Mr. HALDEMAN. Not a number in terms of many, but maybe one or two occasions, one or a few more than one, perhaps.

Mr. DORSEN. I have no further questions.

Mr. SANDERS. Just one more. Do you have any recollection that any decisions by the Department of Agriculture affecting the dairy producers subsequent to April 1, and not necessarily related to milk price supports, but in other areas as well, such as milk marketing orders, that any decisions by the Department of Agriculture were unfavorable to the dairy producers, and that they perhaps made any complaints about the lack of attention.

Mr. HALDEMAN. No.

Mr. DORSEN. We will have a recess.

[Whereupon, at 5 p.m., the committee proceeded to the consideration of other matters.]

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TUESDAY, FEBRUARY 5, 1974

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

The Select Committee met, pursuant to notice, at 10 a.m., in room 109, Russell Senate Office Building.

Present: Senator Talmadge.

Also present: Alan S. Weitz, assistant majority counsel; Benjamin Plotkin, minority investigator.

Senator TALMADGE. Mr. Semer, raise your right hand, will you?

Do you, Milton Semer, solemnly swear that the evidence that you shall give the Select Committee on Presidential Campaign Activities of 1972 will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SEMER. Yes, sir.

Senator TALMADGE. Thank you.

Mr. WEITZ. Mr. Semer, would you please give us your full address for the record, please?

TESTIMONY OF MILTON B. SEMER, ACCOMPANIED BY CRAIG S. BAMBERGER, COUNSEL

Mr. SEMER. My name is Milton B. Semer, and I'm an attorney practicing law in Washington, D.C. My home address is Great Falls, Va., and my professional address is 1700 Pennsylvania Avenue, NW.

Mr. WEITZ. And would your counsel identify himself for the record?

Mr. BAMBERGER. I am Craig S. Bamberger, an attorney practicing in Washington at 1700 Pennsylvania Avenue, NW.

Mr. WEITZ. Now, I'd like the record to show that Mr. Semer has provided us with a statement and accompanying documents, and I would like to mark this as exhibit 1 to your testimony, and have it entered into the record as an exhibit.

[Whereupon, the documents referred to were marked as Semer exhibit No. 1 for identification.*]

Mr. WEITZ. Mr. Semer, first, by way of background, just briefly, I understand that you were at one time the general counsel to the Department of Housing and Urban Development.

Mr. SEMER. Yes, sir.

Mr. WEITZ. And that was for what period?

Mr. SEMER. 1961 through 1965.

Mr. WEITZ. And then, subsequent to that time, you were in a staff position as counsel in the White House?

Mr. SEMER. I was counsel to the President of the United States for calendar year 1966.

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*See p. 7219.

Mr. WEITZ. I see. And subsequent to that time, you entered private practice in Washington—reentered private practice?

Mr. SEMER. Yes, sir.

Mr. WEITZ. Now, in 1968, did you form the firm of Semer and Jacobsen with Jake Jacobsen?

Mr. SEMER. That was formed on January 1, 1967.

Mr. WEITZ. And that firm existed in that form, or succeeding forms, until 1972?

Mr. SEMER. Yes, sir, until May 31, 1972.

Mr. WEITZ. I believe, as you've indicated in your statement, in 1969 the firm of Semer and Jacobsen were taken on, on a retainer basis, by the Milk Producers, Inc.—MPI.

Mr. SEMER. It was then called Milk Producers, Inc., of San Antonio, Tex.

Mr. WEITZ. I see. All right. Prior to that time, Mr. Jacobsen had been representing them. Is that correct?

Mr. SEMER. My understanding was that Mr. Jacobsen had been representing a client on Texas matters.

Mr. WEITZ. What was the retainer arrangement with the client?

Mr. SEMER. The retainer arrangement was $7,500 a quarter, plus the usual expenses and disbursements.

Mr. WEITZ. What was the first time that you met any members of the client, or representatives of the client?

Mr. SEMER. The first time I met representatives of the client was on March 21, 1969.

Mr. WEITZ. And who did you meet with?

Mr. SEMER. I met, certainly, with Dave Parr and possibly Harold Nelson. Harold Nelson was in town that day—I don't recall clearly as to whether he was at that initial meeting.

Mr. WEITZ. Mr. Jacobsen was also present?

Mr. SEMER. Mr. Jacobsen, my partner, was at the meeting.

Mr. WEITZ. Now, you began—you've alluded to the fact that prior to that time, that it was your understanding that Mr. Jacobsen had represented the client with respect to Texas matters. What was your understanding of the nature of your representation to be?

Mr. SEMER. The representation of Milk Producers, Inc., by the Washington firm of Semer and Jacobsen, in contrast and as distinguished from any representation that Mr. Jacobsen would have in Texas in his law firm Jacobsen and Long of Austin, was along these lines. It would be primarily, as far as I personally was concerned, research and presentations on the merits of their problems, which included price supports, tariff problems, and to some extent organizational problems in the field of co-ops.

In addition, the client was interested in establishing liaison with the new administration, which had not been established as yet; finding out how the White House would be organized to handle special interest groups such as this milk group, who would handle their problems; and finally, they were also interested in coordinating their lobbying efforts in Washington, and felt that Mr. Jacobsen and I, who had had some experience with politics and with associations, would be able to guide them on that.

Mr. WEITZ. Did they also explain to you that they were in the process of forming a political trust for the purpose of receiving moneys from

dairy farmers and disbursing them in the form of political contributions?

Mr. SEMER. The client explained that fundraising among milk farmers would be a very high priority activity on their part, and that the money would be collected by a parallel organization called the Trust for Agricultural Political Education.

Mr. WEITZ. It's commonly known as TAPE, T–A–P–E?

Mr. SEMER. We used the acronym T–A–P–E from the start.

Mr. WEITZ. Was it your understanding that contributions by TAPE were to be reported to the Clerk of the House under the then existing Federal law?

Mr. SEMER. I have no recollection about any discussion of reporting with them on that first occasion. I was never asked as a lawyer to render an opinion on their reporting requirements, but as an active fundraiser at that time for Senator Muskie, I was familiar with reporting requirements, and did, in fact, report both when I was required to by law, and also I reported, even when not required by law, all through 1969 and 1970.

Mr. WEITZ, Now, in your statement, as exhibit 1——

Mr. SEMER. If I haven't answered your question specifically, it's because I don't have a clear recollection of that item having come up on that date when I first met them. I do have a general recollection that I had no doubt that political contributions of this type would be reported.

Mr. WEITZ. All right. Now, in your statement, you referred to having discussed certain other matters with John Mitchell in 1968, and I understand that you had known Mr. Mitchell for several years in connection with your work at HUD. Is that correct?

Mr. SEMER. I knew Mr. Mitchell professionally, because when I was General Counsel of the Department of Housing and Urban Development, he was a member of an advisory committee to the General Counsel, and he was on that committee by virtue of his prominent and leading position as bond counsel in the American Bar—probably the leading one.

Mr. WEITZ. Now, to the best of your recollection, in this first meeting, did you discuss with Mr. Nelson and Mr. Parr, Mr. Jacobsen—did you discuss your acquaintance with Mr. Mitchell?

Mr. SEMER. Yes, I did.

Mr. WEITZ. And was that discussed in connection with, perhaps, exploring the possibility of gaining access to, or finding a person to meet with, in the White House on dairy problems?

Mr. SEMER. I don't recall specifically offering the client the opportunity to work through Mr. Mitchell. I think in establishing my capacity to work with the client, I don't have any doubt at all of that the name of Mr. Mitchell came up. But I don't recall ever suggesting to them that I would go see Mr. Mitchell for them.

The way the Mitchell name came up was in connection with a description I gave the client of what I had done for another client, and what I had done was this. I had called Mr. Mitchell when he was campaign manager at the Pierre Hotel. Mr. Mitchell referred me to Mr. Stans, and Mr. Stans referred me to Mr. Jack Gleason, who was then an assistant to Mr. Stans in fundraising. This was just before the 1968 campaign.

Mr. WEITZ. Election.

Mr. SEMER. Just before the 1968 Presidential election. When I described the situation to the client, and described what I would do, my recollection is that I said I would start with Mr. Gleason, and that's what, in fact, I did.

Mr. WEITZ. So, it was subsequent to that meeting, and that was when you contacted Mr. Gleason?

Mr. SEMER. Yes; within days.

Mr. WEITZ. Now, contacting Mr. Gleason on their behalf, as you described it to them, was that in the context of arranging for a contribution in the way that you had done in 1968?

Mr. SEMER. No, it was not. The contribution of 1968 was just prior to the 1968 campaign, and at no time can I recall the client suggesting that there would be a postcampaign contribution.

Mr. WEITZ. Well, without regard to the nature of the contribution, was it, in fact, the purpose of your contact with Gleason to seek a way to make a contribution in 1969?

Mr. SEMER. It was not.

Mr. WEITZ. Or at any time?

Mr. SEMER. By the time the question of contributions came up, the ball had been passed from Gleason to Mr. Kalmbach.

Mr. WEITZ. We'll get to that in a minute.

Mr. SEMER. The principal reason I went to Mr. Gleason was that he was the only person in the White House portion of the administration, or within the Executive Office of the administration that I knew.

Mr. WEITZ. Now, Mr. Gleason at that time was an assistant to Mr. Stans at the Commerce Department. Is that correct?

Mr. SEMER. That's correct, and he later went to the White House.

Mr. WEITZ. Why didn't you contact Mr. Mitchell, who you also knew?

Mr. SEMER. I didn't think it was appropriate to call the Attorney General on this matter.

Mr. WEITZ. Well, the matter, as I understand it specifically, was to find out who in the White House would be—it would be appropriate to meet with for dairy problems. Is that correct?

Mr. SEMER. That is correct.

Mr. WEITZ. And you didn't feel that that was an appropriate matter to discuss with the Attorney General?

Mr. SEMER. I didn't think it was appropriate for me to call the Attorney General for that purpose, when Mr. Gleason is the one that I'd been working with.

Mr. WEITZ. Now, subsequent to your meeting with the dairy people, you in fact did contact Mr. Gleason. Is that correct?

Mr. SEMER. Yes, I got in touch with Mr. Gleason on March 25, just 4 days after meeting with the client.

Mr. WEITZ. And at that time, what was the nature of that discussion?

Mr. SEMER. I described to him the nature of the business of the new client and told him about the client's interest in finding out how to deal with their problems as they may relate to the White House. I told them about their fundraising efforts and their plan to contribute as money was raised to congressional, State, local, and Presidential candidates, in order to try to get political influences and means of expanding the organization. And he expressed interest in the polit-

ical fund, and he identified Mr. Herb Kalmbach, either at that time or soon thereafter, and suggested that a meeting be arranged.

Mr. WEITZ. And why did he make that suggestion, or what was your understanding of the purpose of being referred to Mr. Kalmbach?

Mr. SEMER. Mr. Gleason referred to Mr. Kalmbach as a person who was not in Government, but was outside of Government, that might have some insights, or have some information, that he, Mr. Gleason, did not have. The publicity that Mr. Kalmbach was just beginning to get at that time, coupled with Mr. Gleason's suggestion that I get together with Mr. Kalmbach, suggested in my mind that Mr. Kalmbach was emerging in the administration as an important and influential adviser to the President and the White House, along the lines that people such as Clark Clifford, Abe Fortas, Jim Rowe, and others had performed for the Democrats.

Mr. WEITZ. Was it for the purpose—was it your understanding that you were referred to Mr. Kalmbach for the purpose of pursuing the matter of political contributions?

Mr. SEMER. The question of political contribution was not that specific or pinpointed at that time.

Mr. WEITZ. Now, subsequent to that conversation with Mr. Gleason, you contacted Mr. Kalmbach?

Mr. SEMER. I'm not clear who made the first call, but a meeting was arranged for April 3.

Mr. WEITZ. Do you know where that meeting took place?

Mr. SEMER. The meeting took place, probably, in my office, in the morning; or possibly across the street in the Madison Hotel, in the coffee shop. I have entries in my log for a 9 a.m meeting in my office on April 3, and I also have entries for meeting Mr. Kalmbach at the coffee shop on one occasion at 4; and my best recollection is that, on the first meeting, he came to my office, and on subsequent meetings, we met in the coffee shop.

Mr. WEITZ. OK. Now, what was——

Mr. BAMBERGER. Excuse me.

[A brief recess was taken.]

Mr. SEMER. The entries in my log, Mr. Weitz, show the times. The entries do not show specifically whether the meeting was in the office or across the street in the hotel coffee shop.

Mr. WEITZ. But one way or the other, you, first in April and then in early May, had two meetings with Mr. Kalmbach in Washington.

Mr. SEMER. Right.

Mr. WEITZ. What was the substance of the first and second conversations with him—the first and second meetings?

Mr. SEMER. I explained to Mr. Kalmbach who the client was, its relationship to other organizations in agriculture, and its politics. I identified the issues of concern to the client, such as price supports, tariffs, and discussed the client's potential for activity in a field such as housing, and also the potential for involvement in politics.

I described to him the TAPE mechanism for collecting political funds, and discussed generally a wide variety of topics with him for the purposes of getting acquainted.

Mr. WEITZ. Did you discuss the possibility of making a political contribution?

Mr. SEMER. I don't believe that I discussed with him a specific contribution at that time, although there is no doubt, however, that I discussed as clearly as I could the client's potential for making political contributions; that the way that they would operate would be to make contributions to candidates of both parties, at all levels of government.

Mr. WEITZ. And I believe you indicated before that that would include the President or Presidential candidates.

Mr. SEMER. I'm sure that the discussion included Presidential campaign contributions, which in my mind, of course, were 3 years off. In addition, I discussed with him, I believe in some detail, the technique used by Presidential campaigners and at the White House, when the campaigner was an incumbent President, that the piggy-back contributions, particularly to Congressmen, either by taking credit for directing contributions, or by collecting money and redistributing it—redistributing the money to candidates.

Mr. WEITZ. Did you mention to Mr. Kalmbach your contact with Mr. Gleason?

Mr. SEMER. Yes; I did.

Mr. WEITZ. And did you mention to him your acquaintance, or any previous contacts, with Mr. Mitchell?

Mr. SEMER. Yes; I did.

Mr. WEITZ. Did you tell Mr. Kalmbach that Mr. Mitchell had referred you to him?

Mr. SEMER. I don't recall saying specifically that Mr. Mitchell ever referred me. On the other hand, I regarded Mr. Gleason as very close to Mr. Mitchell, and that the relationship that I had with Mr. Gleason with respect to the client who made the contribution before the election, that Mr. Gleason had ready access to Mr. Mitchell.

Mr. WEITZ. Now, in the deposition of Mr. Kalmbach, in the case of *Nader* v. *Butz*, taken on December 13, 1973, Mr. Kalmbach was questioned with regard to his meetings with you, and the contribution in 1969: and he said on pages 6 and 7 that "he", meaning you, "indicated, as my memory tells me, he indicated that they were interested in making a contribution, and that he had talked to Mr. Mitchell, and Mr. Mitchell had suggested he call me."

Now, is that consistent with your recollection, or does that refresh your recollection as to your conversations with Mr. Kalmbach?

Mr. SEMER. I don't have any doubt at all that I discussed the contributions with Mr. Kalmbach. I do not recall discussing a specific contribution at this stage: and secondly, I do not recall being in personal touch with Mr. Mitchell, or telling Mr. Kalmbach that I was in personal touch with Mr. Mitchell.

Mr. WEITZ. Now, you indicated that you talked to Mr. Kalmbach about the potential of the client's trust fund to make contributions at all levels over a period of time. What was his response to that? Did he question you further about it, or ask you for any further specifics?

Mr. SEMER. Mr. Kalmbach had an interest in what the potential was, insofar as the dollar proportions were concerned, and he also had an interest in how the decisions would be made to disburse the funds.

Mr. WEITZ. What was your response to that?

Mr. SEMER. My response to that was that the client had told me that it hoped that the potential would be $1 million a year, and that

the technique of disbursement would be on a very broad scale to both parties at all levels of government.

[A brief recess was taken.]

Mr. SEMER. Mr. Kalmbach in these early meetings struck me as a person who had no specific questions at all. He expressed great uncertainty, and a little later on some frustration, in trying himself to find out how the White House would be organized to handle matters such as the milk producers and substantive questions.

Mr. WEITZ. You did pursue that with him, but in your early contacts with him, he had no solution or answer for you in that regard?

Mr. SEMER. That is correct. From the first time that I met Mr. Kalmbach, which was, according to our logs——

Mr. WEITZ. April—I believe it was April.

Mr. SEMER. It was early April, until early August; there was never an indication from Kalmbach to myself that gave me what I would regard as a satisfactory answer to the question the client had asked me to put to him; and the general discussion I had with him consisted of generalities, rather vague guesses as to what might emerge as the White House style of operating, and also rather general expressions of interest in the administration and the party, being interested always in receiving contributions. By "party," I mean the Republican Party.

Mr. WEITZ. Yes. In that connection, did you discuss with Mr. Kalmbach the fac' that your clients had been supporters of Senator Humphrey and the Democratic Party in the 1968 election?

Mr. SEMER. I don't recall that specifically, but I did identify the clients as consisting principally of two leaders, one from Texas and one from Arkansas, who had organized the large co-op by merging, and who operated in what was primarily Democratic Party territory—Texas and Arkansas; and were hoping to expand up the Mississippi Valley to the Canadian border, where the constituency would be one that was, in rather substantial majority, a Republican Party constituency.

Mr. WEITZ. Now, this same deposition I referred to previously, Mr. Kalmbach's—on page 7, he states that, again, in reference to these regular meetings with you, "he", meaning you, said:

> His clients had made contributions in support of Senator Humphrey in 1968, and indicated that his clients now wished to contribute, and that he had been directed to see me by Mr. Mitchell.

Do you recall those exchanges with him?

Mr. SEMER. I don't recall without mentioning the pattern of contributions by the client in the 1968 campaign; my orientation to the client's political potential was the new Trust for Political and Agricultural Education then being organized, which would be the principal vehicle for making contributions, and I had no familiarity and no involvement with any contributions they made prior to that, although the client, of course, told me of their great interest and experience in making political contributions.

Mr. WEITZ. Did you also have occasion to discuss with the client their feelings as to their position vis-a-vis the new administration, in view of their support for the opposition candidate in the previous election?

Mr. SEMER. I don't recall that being discussed specifically.

Mr. WEITZ. After these first several meetings with Mr. Kalmbach, did you, in fact, report back to the client and have subsequent discussions with them with respect to your contacts with Mr. Kalmbach?

Mr. SEMER. I reported back to the client on every occasion that I met or spoke with either Mr. Kalmbach or Mr. Gleason.

Mr. WEITZ. Did you also report these meetings to your partner, Mr. Jacobsen?

Mr. SEMER. Yes, indeed.

Mr. WEITZ. Regularly?

Mr. SEMER. Yes.

Mr. WEITZ. Now, subsequent to these first two meetings with Mr. Kalmbach, in April and May, you had a series—am I correct, in May and June and early July—of telephone conversations and contracts with both the client and with Mr. Kalmbach in connection with the same matter.

Mr. SEMER. Yes.

Mr. WEITZ. Now, in any of these conversations, was there any further conversation with either Mr. Kalmbach or with your client as to a particular—as to making a contribution, not necessarily sometime in the future, but more immediately?

Mr. SEMER. I have no recollection, Mr. Weitz, of discussing with Mr. Kalmbach, in this series of telephone conversations, the making of a specific contribution. We went over the same ground, I believe, every time we talked, and one of the things that was of greatest interest to my client was whether I could find out from Mr. Kalmbach whether there was a particular person in the White House that the client could get in touch with.

Mr. WEITZ. Now, let me put it this way. Wasn't it in the context of representing a group that has supported the opponent of the administration in the previous year, the President in the previous election, and now meeting with an attorney for the President, and discussing the political potential and the potential for political contributions of your client? Without it being expressly stated, wasn't the purport of the contacts—wasn't it over time—didn't it become clear to you that the purpose of the contacts was, among other things, to arrange for some type of contribution to have the client more closely identified, or at least more bi-partisanly identified, with the new administration?

Mr. SEMER. My recollection is that the principal technique used to establish a bipartisan base for the client's representations or lobbying would be principally by contributions to Republican Congressmen, rather than a contribution to a Republican Presidential campaign that year.

Mr. WEITZ. 1969?

Mr. SEMER. 1969. There were two or three special elections that year that the client got into.

Mr. WEITZ. Directly?

Mr. SEMER. Directly.

Mr. WEITZ. Not through Mr. Kalmbach?

Mr. SEMER. Not at all. As a matter of fact, on one occasion, in response to an inquiry from Capitol Hill, I got the client in touch with a campaign chairman in one of the States where there was a special election going on; and this was without consultation with Mr. Kalmbach or anybody in the White House.

Mr. WEITZ. Now, I believe you told us in previous interviews and also it is referred to in your statement, exhibit No. 1, that on July 9, 1969, you met with Messrs. Nelson, Parr, and Jacobsen in Dallas, Tex.; and then the subsequent day, on July 10, you met with Mr. Kalmbach in California.

Can you tell us, in leading up to those meetings, what the purposes were of those meetings?

Mr. SEMER. The purpose of the Dallas meeting was to get together with the client, when we would have some time, because we had not gotten together since we were first retained, for any lengthy discussion, and to make an assessment of what the situation was with respect to their effort to establish a contact with the White House.

These things come to mind with respect to that first meeting in Dallas: First, that there did not seem to be much progress in getting any information from Mr. Gleason, Mr. Kalmbach, or anybody else as to how the White House would be organized for these matters; or if not yet organized, how the White House could be approached; second, on the question as to whether it would be worthwhile to meet with Kalmbach, I have not been able to reconstruct from my log exactly what the sequence of dates was that summer, but my impression is today that the reason I went to see Mr. Kalmbach is that there would be no occasion for seeing him in the near future; and third, I went along because this was Mr. Kalmbach's preference.

Some of the members of the client group, as I recall, suggested that perhaps we go out as a group, and I just reported to them Mr. Kalmbach's preference, stated to me earlier, that he preferred to work with one person and he hoped that person would be me.

Mr. WEITZ. Now you had met and talked with Mr. Kalmbach several times over a period of several months; and I believe you indicated that up to the time of July, certainly there was still no indication from him as to how the White House would be organized and whom the dairy people would be in contact with.

Now, he was aware of your question, and at that time you were certainly aware of his answer. What was the purpose of going out to meet with him again? Not again, but meeting with him again, this time in California, until he had some hard information for you?

Mr. SEMER. Probably frustration, both on my part and on his; or rather, the client's part and his; or, at least as he expressed it, because having worked in the White House, it was, I believe, readily apparent to him, that a mere ceremonial visit would not be adequate.

The question I was specifically putting, Mr. Weitz, ran something like this: For years the White House had been organized, and I had been a participant in that type of organization just a couple of years earlier, to handle substantive issues that would inevitably be escalated from the departments: that all through the recent administration's matters such as agricultural problems would inevitably be escalated from the Department of Agriculture to the White House. Certainly there are questions which are the direct responsibility of the President and would be handled by the White House. And my experience was that the White House would be organized along substantive lines, that in the immediate office of the President, as a matter of fact, in the west wing, sooner or later the Nixon administration would have to adopt the techniques that we did in earlier years, which is to allocate

the tough issues to members of the President's immediate staff. That in my judgment—this is what I made very clear to Kalmbach—it was just an estimate on my part, just a guess; one which, of course, turned out to be wrong, which was that the White House would ultimately have to adopt the same method of organizing itself as its predecessors had.

Mr. WEITZ. Now, at the meeting in Dallas with the client, on July 9, was there any discussion that you recall of a particular contribution or making a contribution?

Mr. SEMER. I have no recollection of that meeting pin-pointing a particular contribution.

Mr. WEITZ. Was there greater interest expressed by the client of perhaps indicating to Mr. Kalmbach that they would be willing to make a contribution, or at least the discussion of a possibility of making a contribution?

Mr. SEMER. It may have, but my recollection is that the interest that the client wanted to get across, or the point the client wanted to get across, and Mr. Kalmbach's interest in the previous months, was not so much a specific contribution as it was the client's potential.

Mr. WEITZ. And was there any discussion of making an initial start on that potential or making a good faith showing that in fact they were willing to make contributions to the Republican Party or Republican candidates?

Mr. SEMER. I don't recall that being a matter of specific decision at that Dallas meeting.

Mr. WEITZ. Now, Mr. Parr has indicated to us in executive session that his recollection that there was a discussion at the meeting in Dallas of a $100,000 cash contribution. Do you recall any such discussion?

Mr. SEMER. I don't recall the discussion being that specific. It may have been somebody's recommendation. I don't recall that meeting making a decision along those lines.

As a matter of fact, I don't recall a specific recommendation. It was not a meeting in which the focus was on the question of a specific contribution.

Mr. WEITZ. Now, up to this time you had also been in contact with Mr. Gleason again on a number of matters?

Mr. SEMER. I kept in touch with Mr. Gleason constantly.

Mr. WEITZ. And did he also express interest on a number of occasions in the organization of this trust fund and its potential for contributions?

Mr. SEMER. Yes, he did.

Mr. WEITZ. And you reported that back to your client?

Mr. SEMER. I kept the client informed of all conversations, as I recall, that I had with Mr. Gleason or Mr. Kalmbach.

Mr. WEITZ. Wasn't the natural conclusion to be drawn from these, if I may characterize them as "repeated expressions of interest" on the part of both Mr. Kalmbach and Mr. Gleason and the potential of contributions, wasn't it then—didn't it become clear to you, or is it your understanding, that the clients then felt that it would be wise to perhaps make a contribution? And that matter—wasn't that discussed at the Dallas meeting?

Mr. SEMER. I don't recall specifically, and I certainly did not feel that that was the holdup; that the whole thing revolved around an initial contribution as a price of entry to get into the White House.

Mr. WEITZ. Now, if Mr. Nelson and Mr. Parr have indicated to us in executive session that they felt the contribution which was in fact made the following month was for the purpose of gaining access to the administration, would that be consistent with your understanding of the events at the time?

Mr. SEMER. Well, it wasn't my view at the time, nor has it been my view since; that's what would have been necessary to pursue their substantive interests in Washington.

Mr. WEITZ. Now the meeting the next day, on July 10, with Mr. Kalmbach—aside from your repeated interest to gain, to find out how the White House would be organized and so forth, and his expressions of frustration—was there any further discussion of political contributions or potential of a trust fund and so forth?

Mr. SEMER. So far as I can recall, the nature of the discussion with Mr. Kalmbach on that occasion was just repetitious of everything we had said before.

Mr. WEITZ. And there was no discussion of and certainly no agreement as to the making of a particular contribution at some time in the near future?

Mr. SEMER. The only thing that I can recall that might add to the information that we have discussed so far, Mr. Weitz, is that at some point the question came up as to the technique of giving, and I gave him a description of how I was operating as a campaign treasurer and describing to him the reporting policy that I was then pursuing.

And this was one of the things that ought to be given some thought, if money were ever given by TAPE to beneficiaries or donees that he would indicate.

I think that Mr. Kalmbach on all occasions expressed interest in how the client was faring and also how the political trust was coming along.

Mr. WEITZ. When you talked about your experience in terms of campaign financing and reporting and so forth, did Mr. Kalmbach express an interest in one form of contribution over another?

Mr. SEMER. I told him I was receiving cash as well as checks, as campaign treasurer for Senator Muskie, and that I was reporting all contributions to the Clerk of the House; first, because it was required by law for a Vice Presidential candidate, which is what Senator Muskie was in 1968; and then as a senatorial candidate in 1969 and 1970. I reported contributions received to the Clerk of the House even though it was not required by law.

Mr. WEITZ. Now on page 2 of your statement, as exhibit No. 1——

Mr. SEMER. And Mr. Kalmbach, as I recall, at some point and on more than one occasion, expressed a preference for cash.

Mr. WEITZ. It was he who expressed the preference for cash?

Mr. SEMER. He expressed a preference for cash on more than one occasion, and I have a recollection of making a phone call to him, between the first time I saw him personally in California—which was on July 10—and the second time I saw him personally in California—which was on August 2. I recall asking him over the phone

just before going to California the second time whether he would take the contributions in checks, and he expressed a preference for cash.

Mr. WEITZ. I see. So therefore, Mr. Kalmbach's testimony on page 12 of the *Nader* v *Butz* suit, where he was asked, "Why did you want to receive it in cash?"—and this is in reference to the $100,000 contribution—and his answer, "That was the way—my memory tells me that was the way it was offered to me"; that would be inconsistent with your recollection?

Mr. SEMER. The only thing that I could become very specific about is that there was at least one phone call between those two dates when I saw him personally where, to the best of my recollection, the principal purpose of the call was on the question as to whether he would take it in checks.

Mr. WEITZ. And he refused?

Mr. SEMER. He expressed a preference for cash.

Mr. WEITZ. Did he say why?

Mr. SEMER. I don't recall what his explanation was. I believe there were many conversations, some of which were between secretaries trying to set up dates. The second time I met him was a complicated problem of setting up dates. I do recall, though, that the question of checks versus cash did come up in a telephone conversation before the second visit.

Mr. WEITZ. Now I take it, then——

Mr. BAMBERGER. Wait just a minute—excuse me.

Mr. WEITZ. Fine.

[A brief recess was taken.]

Mr. SEMER. This is probably a great deal, Mr. Weitz, and as recently as a week ago, I called a former associate of mine who was working just a door away from me, and I asked him what his recollection was of anything involving this thing; and he offered a recollection of two items; First, that I didn't want to make the trip because of scheduling problems; and second, that I was much concerned about getting the money in checks.

Mr. WEITZ. This was the trip in which the contribution was delivered?

Mr. SEMER. That's right.

Mr. WEITZ. Who was that individual?

Mr. SEMER. The man whom I have just been in touch with, within the last week, is Mr. Gavin O'Brien, G-a-v-i-n O'B-r-i-e-n. He is now working for the Dade County superintendent of schools, and he was then an associate in the law firm. In 1969 he was an associate in the law firm.

Mr. PLOTKIN. Your law firm?

Mr. SEMER. Yes; the law firm of Semer and Jacobsen.

Mr. WEITZ. Now, just to put this in proper chronological order, I take it as of July 10, there was no specific contribution, whether in cash or checks, that was being discussed? That's your testimony?

Mr. SEMER. Not that I can recall. I don't have any doubt at all that the technique of political contributions was constantly being discussed right from the start.

Mr. WEITZ. I understand. Now, between the time of July 10, and the time of the delivery of money to Mr. Kalmbach on August 2, could you tell us when, to your best recollection, the subject of a particular

contribution to be delivered to Mr. Kalmbach arose? Let me step back—I'm sorry—let me step back for one moment.

In your exhibit No. 1 of your statement you say that on July 10, Mr. Kalmbach told you that contributions would be appreciated by the administration.

Mr. SEMER. Right.

Mr. WEITZ. Now was that, to your understanding, an invitation to make a particular contribution or to begin making contributions?

Mr. SEMER. This is my best recollection in response to the question, what the nature was of the conversation with respect to contributions at the July 10 meeting; and I don't have any doubt that we discussed political contributing methods along with other things, and that Mr. Kalmbach indicated an attitude that the administration would welcome contributions, because Mr. Kalmbach spoke very generally from the very first time that I spoke to him. And it was never clear until the last minute that he would be the recipient of a contribution.

Mr. WEITZ. How did it come to pass, then, that in that 3-week period—how was it communicated to you—was a decision made to in fact make a contribution and deliver it to Mr. Kalmbach, rather than to designated candidates?

Mr. SEMER. I have no record or precise memory that there was a single point in that period at which a decision was made, or a decision involving me as a participant in the discussion, that such a decision was made to contribute a specific sum of money and contribute it to Mr. Kalmbach, and to contribute it in a particular form.

I have been trying, without success, Mr. Weitz, to pinpoint the precise time at which I knew that I was going to be the conduit for transmitting a political contribution in cash. I don't have such a record, nor do I have a memory of the specific point.

I do know that in conversations between my client and myself, the question did come up as to the form in which a contribution would be made. I recall that there was discussion about designated committees, probably for congressional candidates, whose names would be given to us by Mr. Kalmbach; and I also recall that the question came up as to whether the contributions would be made in checks or in cash.

Mr. WEITZ. These were discussions with the client?

Mr. SEMER. With the client. And also the discussion on whether it would be in checks or cash was a discussion with Mr. Kalmbach.

Mr. WEITZ. Did you discuss with Mr. Kalmbach the possible designation of committees for congressional candidates?

Mr. SEMER. From the start, I made it very clear to Mr. Kalmbach that the client had been contributing and would continue to contribute extensively to congressional candidates, and that this would be one of the methods for the administration to keep piggy-backing congressional races, either by Mr. Kalmbach's designating the committees and having the contributions be made directly, or having the money transmitted through some individual, such as myself, on behalf of the administration to designated congressional campaigns.

I believe one of the difficulties that we all had—that it was just after a Presidential campaign and no other campaign had begun to get going.

My own recollection is that in campaign experiences that I had, a contribution as early as 1969, in the congressional campaign, would be

welcomed by congressional candidates, particularly incumbents. And I made that point to all concerned.

Mr. WEITZ. But Mr. Kalmbach didn't indicate expressly for what purpose the contribution would be applied?

Mr. SEMER. The general impression I had with Mr. Kalmbach in 1969, and as confirmed by a chance meeting with him in the lobby of the Madison Hotel in late spring or early summer of 1973, early 1973, was that that money was targeted at that time for the congressional campaigns, and this was confirmed by him in 1973.

Mr. WEITZ. We'll get to that in a minute.

I think Mr. Kalmbach has a different account now, but for the moment, back in July of 1969, there was no discussion that you recall, other than your general understanding of the context of previous discussions, as to the purpose of the contributions?

Mr. SEMER. Other than the general purpose of all political contributions, which is to petition Government—win friends.

Mr. WEITZ. When did you first learn that the contribution was in fact going to be $100,000?

Mr. SEMER. When I picked it up in Dallas.

Mr. WEITZ. Now didn't the client ask your advice as to the magnitude of the contribution, since you were in fact the one who was in contact with Mr. Kalmbach?

Mr. SEMER. I have no recollection of the client asking me how much ought to be contributed. The general context in which contributions came up was their potential, and I was never part of the decision-making process in either the corporate entity or in the trust for agricultural and political education, on how the funds, which were then being assembled, would be disbursed.

I had no notion at the time as to what the trust for agricultural and political education had up to that point already assembled, by way of money.

Mr. WEITZ. When did you first learn, if not the amount, then that the form would be in cash?

Mr. SEMER. I knew it would be in cash, or I suspected it would be in cash, anyway, when I conveyed to the client the conversation I had with Mr. Kalmbach, where he expressed a preference for cash.

Mr. WEITZ. So, in other words, the chronology was that the client had indicated that they would like you to talk to Mr. Kalmbach about the mechanics of making a contribution at this time. You then called Mr. Kalmbach and he said "Fine, but I prefer it in cash." And then you talked to the client about that possibility. Is that the approximate way it happened?

Mr. SEMER. I discussed with both the client and Mr. Kalmbach the techniques of making political contributions, and I expressed a personal preference both to the client and Mr. Kalmbach that some mechanism be worked out so that contributions could be made in checks.

Mr. WEITZ. But Mr. Kalmbach expressed a preference for cash?

Mr. SEMER. In at least one telephone conversation, just prior to the August meeting I had with him, he expressed a preference for cash.

Mr. WEITZ. Did you already have the cash at that point?

Mr. SEMER. I did not.

Mr. WEITZ. But you knew it was being assembled, pursuant to his initial, his earlier preference, as indicated to you?

Mr. SEMER. I did not know how much was going to be assembled or how it was going to be assembled.

Mr. WEITZ. Well, then, how did you know that the cash was being assembled?

Mr. SEMER. I didn't know any cash was being assembled. The only thing that I tried to do was to maintain the communication between the client and myself and Mr. Kalmbach and myself; to make sure that both were informed as to what their information and understanding were.

Again, the conversation I had with Mr. Kalmbach a few days before going down in August is one in which I expressed a personal preference for checks as being the means of transmitting political contributions.

There is no doubt in my mind that this is what I conveyed to the client, and I called the client following the conversation with Mr. Kalmbach in which he expressed a preference for cash.

Mr. WEITZ. Why did you express a preference? You were representing the client that was making the contribution. You had the money, not Mr. Kalmbach. Why didn't you tell him they were prepared to make contributions in check when committees were available? Why did you merely express a preference——

Mr. SEMER. You said I had the money. I didn't have the money.

Mr. WEITZ. Well, the client did.

Mr. SEMER. The client had the money.

Mr. WEITZ. If you thought it was preferable and you were going to be associated with the transaction, why didn't you insist that it, in fact, be made by check in the regular manner to the designated committee?

Mr. SEMER. I thought it was preferable. I didn't think that cash contributions, which I had been receiving as a campaign treasurer and reporting—I didn't think that they were illegal. As a matter of fact——

Mr. WEITZ. No; they are not illegal if they are limited either to $5,000 to any one committee or candidate.

Did you know how much was being discussed—whether it would be at least in excess of $5,000?

Mr. SEMER. I don't think there is any doubt at all that both—certainly the client knew what the ground rules were on political contributions, and Mr. Kalmbach, I believe, knew; and if he didn't, I'm sure he knew that I knew.

Mr. WEITZ. Did you then expect the contribution to be limited to $5,000?

[A brief recess was taken.]

Mr. SEMER. I believe I indicated to Mr. Kalmbach what the ground rules were and the law for making political contributions and described to him how I was operating as a political treasurer; and that I also recall indicating to him the $5,000 limitation for any particular committee, and that probably the most prudent method would be to have designated committees ready for the receipt of any political contributions.

Mr. WEITZ. And what was his response to that?

Mr. SEMER. I don't recall any specific words that he used. I did come away with the impression that he was interested in helping in the 1970 congressional campaign. And of course I didn't have any

doubt that if people wanted to transmit money, whether it was cash or checks, to congressional campaigns, that it would be very easy to find committees to do it.

Mr. WEITZ. And then, as you say, if TAPE had been making contributions all along and had intended to do so, then such committees were in existence then, weren't they?

Mr. SEMER. Well, I'm sure there were committees in existence all over the country.

Mr. WEITZ. That's right.

Mr. SEMER. The question was which of these committees Mr. Kalmbach, as representative of the administration, would want to designate as the favorite committees for receipt of money from the milk producers.

Mr. WEITZ. And until such time as Mr. Kalmbach had made that decision or someone in the administration had made that decision, was there any need for the money?

Mr. SEMER. I don't know.

Mr. WEITZ. Other than to collect interest somewhere?

Mr. SEMER. I have no idea what the motivations of people were in trying to give money at a particular time. All I know is that money was discussed all along the way. As far as my personal involvement is concerned, I did go out and speak to Mr. Kalmbach in July, without any money; and I did go out to him in August with money. And after that, I have no information whatsoever as to what happened specifically with respect to the money along the lines that you are asking.

I can only speculate that once the contributions were made to Mr. Kalmbach or his designated committees or people, that there would be a pattern established because as I recall, my attitude at the time was that it was highly desirable to establish a pattern of contributions from organizations that had a lot of money to give.

I don't know how much money was in TAPE at the time, but I do recall getting across the point that the client had told me that it hoped for $1 million a year potential in fundraising and fund giving.

Mr. WEITZ. Now in late July, did there come a time when you made arrangements either directly or indirectly with Bob Lilly of the client to receive the money in order to take it out to Mr. Kalmbach?

Mr. SEMER. I was told—I don't recall by whom, possibly by my partner, Mr. Jacobsen—to go down to Dallas, and I believe he said it would be Mr. Lilly, but I don't recall specifically—that it would be Mr. Lilly that I would meet at the same place where the group had met a month before.

Mr. WEITZ. For the expressed purpose of the receiving of the money delivered to Mr. Kalmbach?

Mr. SEMER. Yes.

Mr. WEITZ. And at that time did you know what was to be delivered to you?

Mr. SEMER. I knew when Mr. Lilly told me.

Mr. WEITZ. Did you know in advance of when Mr. Lilly told you, and I take it that was in Dallas at the time of the delivery? Did you know that the amount would be substantial? By that I mean in excess of $5,000 or $10,000?

Mr. SEMER. I don't have a recollection of focusing on an amount before. I do know that I was surprised when Mr. Lilly told me how much it was.

Mr. WEITZ. Did you understand that it would be at least a substantial contribution?

Mr. SEMER. Well, by Muskie election committee standards, anything up to $5,000 was substantial.

Mr. WEITZ. Then anything in excess of that was certainly substantial.

Mr. SEMER. Yes. Anything $1,000 or more to the Muskie campaign was regarded as substantial. As a matter of fact, anything $100 or more was substantial.

Mr. WEITZ. On August 1, you met Mr. Lilly at the Executive Inn in Dallas; is that correct?

Mr. SEMER. Yes.

Mr. WEITZ. And was that the first time you met Mr. Lilly?

Mr. SEMER. I believe I had met Mr. Lilly before, on occasions when he had accompanied Mr. Nelson or Mr. Parr or both in Washington.

Mr. WEITZ. And did he deliver the money to you?

Mr. SEMER. Yes, he did.

Mr. WEITZ. And did he tell you then how much money he was delivering to you?

Mr. SEMER. Yes, he did.

Mr. WEITZ. The $100,000 was in cash?

Mr. SEMER. Yes.

Mr. WEITZ. It was in $100 bills?

Mr. SEMER. I don't recall what denominations they were in proportionately, but they were not all in one denomination, such as $100 bills.

Mr. WEITZ. Do you remember whether the bills were of the same uniform condition or age, or whether they were of varied conditions and ages?

Mr. SEMER. They were not all new. That's about all I can recall.

Mr. WEITZ. Some were new and some were not?

Mr. SEMER. Some may have been. I never got a good look at them until Mr. Kalmbach took them out of the container and put them on his desk in his office for counting.

Mr. WEITZ. That leads me to my next question. When Mr. Lilly delivered the money to you, did you count or in some way verify the amount of the cash?

Mr. SEMER. I did not.

Mr. WEITZ. Did Mr. Lilly ask you to?

Mr. SEMER. No, he didn't.

Mr. WEITZ. Did he explain what his understanding of the contribution was, or indicate any knowledge of who you were to deliver the money too, and for what purpose?

Mr. SEMER. To the best of my recollection, Mr. Lilly gave me the money and very quickly left. He did not indicate to me as I recall, any of the policy considerations that lay in back of the contribution or anything more specific than the fact that he knew that I was going to take this to Mr. Kalmbach the next morning.

Mr. WEITZ. What was your understanding of the source of the money?

Mr. SEMER. TAPE.

Mr. WEITZ. Now the next morning you flew to Los Angeles and met with Mr. Kalmbach?

Mr. SEMER. Yes.

Mr. WEITZ. At his office in Newport Beach?

Mr. SEMER. Yes.

Mr. WEITZ. And you delivered to him the satchel containing the money?

Mr. SEMER. It was the flight bag.

Mr. WEITZ. The flight bag. Could you tell me the substance of the conversation with him with respect to the contribution, other than the pleasantries that you may have exchanged with him?

Mr. SEMER. I told him that I had $100,000 in cash from TAPE, and I think quite a lot of the time was spent in counting it.

Mr. WEITZ. Did he seem surprised at the amount?

Mr. SEMER. I don't recall what his immediate reaction was.

Mr. WEITZ. You do recall telling him that it was from TAPE?

Mr. SEMER. Yes.

Mr. WEITZ. He counted the money?

Mr. SEMER. Yes, he did.

Mr. WEITZ. And then he placed it in his office safe?

Mr. SEMER. I don't recall what he did when he counted it.

Mr. WEITZ. Did you have any further discussion at that time about the form of the contribution, the designation of committees, or anything with respect to the procedures with respect to the contribution?

Mr. SEMER. Excuse me, I think the question came up and, as I recall it, he was reassuring me that those details would be taken care of. I believe he regarded them as details.

Mr. WEITZ. Did he indicate that he would take care of them, or that he expected you to take care of them?

Mr. SEMER. I don't believe he ever told me that he expected me to take care of them because the entire mechanism for political fundraising and contributions, which I was familiar with because I was actively engaged in it every day, meant that people who controlled the policy decisions for giving and the policy decisions for receiving, were the ones who could control the techniques used in reporting the funds.

Mr. WEITZ. Did he ever indicate to you that he preferred in connection with a contribution, that it not be reported?

Mr. SEMER. I don't recall his saying that to me.

Mr. WEITZ. Is there anything else that you can recall about the August 2 meeting, when you delivered the cash to him?

Mr. SEMER. The only thing that I can recall about that meeting that differed from the earlier ones, which was roughly the same airlines schedule out of Dallas to Newport Beach, is that we were about an hour and a half late getting together because of a misunderstanding about the place where we would have breakfast; and we were very late in meeting in his office. It was not too long after he counted the money that I had to start back to get my plane.

Mr. WEITZ. But with respect to the actual meeting and discussion with him that day, do you recall anything else that was said or anything else that was discussed?

Mr. SEMER. Well, I do recall his expressions of appreciation for the contribution.

Mr. WEITZ. What was your understanding—well, we covered this. I don't mean to constantly ask you again. Did he again indicate what the contribution would be used for, who would receive it, or how it would be applied?

Mr. SEMER. I believe that he indicated that the contribution would be applied to the upcoming 1970 campaigns. This was then August of 1969. There was more relevance in 1969 to that particular point, than there was when we first met in March.

Mr. WEITZ. Now, Mr. Nelson and Mr. Parr have testified in executive sessions before the committee that they did not know what the money was to go for. Is that consistent with your—or does that refresh your recollection in any way, as to conversations you had with them, or the discussions that you had about the contribution?

Mr. SEMER. I don't know what Mr. Nelson and Mr. Parr may have had in mind when they said that. I think they were quite experienced in giving to many different kinds of campaigns.

Mr. WEITZ. Let me add to it this way. For example, Mr. Nelson said that for all he knew it may have been a legal fee or retainer for Mr. Kalmbach in an effort to gain access to the administration, and he wasn't clear whether it was to be a contribution or legal fee. But in any event, he had no specific purpose or knowledge as to the use of the funds for any particular candidate.

Mr. SEMER. There's the possibility that a contribution which would be made to Mr. Kalmbach, a lawyer, in the form of a legal fee, never came up between Mr. Kalmbach and myself, or between the client and myself.

Mr. WEITZ. Now I believe you stated that recently last year, you by chance ran into Mr. Kalmbach, and he indicated that money was, in fact, used for the 1970 congressional campaign; is that right?

Mr. SEMER. That's correct. We met by chance in the lobby of the Madison Hotel, and he was with his partner, Mr. De Marco. Mr. Kalmbach said, not in Mr. De Marco's presence, as I recall, but privately to me, that he was on his way to an interrogation, that he expected questions to come up with regard to the milk producers' contributions in the years 1971 and 1972, and that he did not believe that the questions would be raised with respect to contributions in 1969. But if they were, if these questions were raised with respect to 1969, not to be concerned about them, because that money went into the 1970 campaign.

Mr. WEITZ. Do you remember when this conversation took place?

Mr. SEMER. I did not make a note of that meeting with Kalmbach. As I say, it was a chance meeting. I do know that he was in town for some interrogatory, and I do know that it was in 1973.

Mr. WEITZ. Now, Mr. Semer, was it in the spring? Was it almost a year ago, as opposed to 2 months ago?

Mr. SEMER. Yes. I would say it was in the spring or early summer of 1973.

Mr. WEITZ. Now, Mr. Kalmbach was deposed in the case of *Nader* v. *Butz*, which, of course, involves contributions to the President in 1971–72 by the milk producers, on April 30, 1973. Is that consistent with your recollection as to approximately the time that you may have met with Mr. Kalmbach in this chance meeting?

Mr. SEMER. Yes.

Mr. WEITZ. Now, on page 8 of *Nader* v. *Butz*—and this is the second deposition of Mr. Kalmbach, December 13 again, to which I referred earlier—on page 8 he was asked, rather he recounted what became of the money he received from you in August of 1969, and he states as follows: "Finally, at a future date, Mr. Semer came to this office in Newport Beach and delivered to me $100,000 in cash, which I placed in a safety deposit box here in Newport Beach," and he goes on to say—he was asked how long the deposit stayed in that box in specie. And his answer is:

> There were deductions, withdrawals from the box, and later additions to the box, so I regarded it really as fungible, and so I have no knowledge really as to when that particular $100,000 was totally withdrawn. There were withdrawals from the box and there were additional deposits into the box throughout that period, throughout up until 1972.

Is that consistent with what he told you?

Mr. SEMER. He didn't tell me where he was going to put that——

Mr. WEITZ. Is that consistent with what he told you in 1973?

Mr. SEMER. Well, if he took money out of that fungible source, it raises a tracing problem that is beyond my talents to figure out without any more information than what you've read.

Mr. WEITZ. And if, in another deposition, Mr. Kalmbach has testified that he used the moneys in that box in California to finance the activities of Anthony Ulasewicz and also to finance the candidacy of Mr. Brewer in Alabama against Governor Wallace in 1970, is that consistent with what he told you in 1969 or 1973?

Mr. SEMER. No, it is not. As a matter of fact, I just learned for the first time on the radio this morning, as to the possible use of that fund, and this is almost beyond belief.

Mr. WEITZ. Now, I just have several more questions in connection with the aftermath of the contribution, and then we can take a recess.

Shortly after the delivery of the money to Mr. Kalmbach, did you again speak with him with respect to making contact with a particular individual or other individuals in the White House?

Mr. SEMER. I received a message over the telephone, possibly from Kalmbach, more likely from Gleason, to call Harry Dent of the White House staff to make an appointment for the client to see Dent, and that appointment was made for August 19, when Mr. Nelson and Mr. Parr and I went to the White House and saw Mr. Dent, and possibly Gleason, who was then working for Mr. Dent.

Mr. WEITZ. Did Mr. Kalmbach tell you that he had been in contact with anyone in the White House to inform them of your interest to meet with someone there?

Mr. SEMER. He never mentioned anyone specifically that he would be in touch with, but increasingly he gave me the impression that he was not only acquainted, but influential with, the White House people.

Mr. WEITZ. Did he tell you that he called Harry Dent, or was going to call Harry Dent?

Mr. SEMER. He did not say that, as I recall.

Mr. WEITZ. But if he has testified that he, in fact, did, that would not be inconsistent with the circumstances?

Mr. SEMER. No.

Mr. WEITZ. Did he indicate that he had talked to anybody else in the White House about your client and their interest with meeting with people in the White House?

Mr. SEMER. Not that I recall.

Mr. WEITZ. Did he ever tell you that he talked to Mr. Ehrlichman about this?

Mr. SEMER. No; he did not mention Mr. Ehrlichman's name, although on one occasion, I think the first occasion in his office, it was a White House call—I don't know whether it was from the White House or whether it was one that was put in by Mr. Kalmbach—that I believe might have been Mr. Ehrlichman.

Mr. WEITZ. Did he tell you that he reported the fact of the contribution to Mr. Haldeman?

Mr. SEMER. No; he did not, that I recall.

Mr. WEITZ. What was the purpose of the meeting with Mr. Dent?

Mr. SEMER. The purpose of the meeting with Mr. Dent was twofold: First, to get the client acquainted with a White House staffer; and secondly, as indicated in the memorandum, a copy of which I have given the committee, to invite the President to attend the annual convention of the client group.

Mr. WEITZ. Now I would like to show you Parr exhibit 2,* a copy of a memorandum to Mr. Dent, dated August 19, 1969. Is this a copy of the memorandum that you prepared and was submitted to Mr. Dent?

Mr. SEMER. Yes; that's a copy of a memorandum from Harold Nelson, then the general manager of the client group, and this is a memorandum that was prepared in my office in Washington in consultation with the client.

Mr. WEITZ. Do you connect the meeting with Mr. Dent and the subsequent contacts between the dairy people and the White House people to the contribution in August of 1969?

Mr. SEMER. No; I don't, Mr. Weitz.

Mr. WEITZ. Now Mr. Kalmbach in his deposition on page 13 has stated, "I think that in my conversations with him," meaning you, Mr. Semer, "it became my belief that at some point after he had made a contribution, that Mr. Semer would come to see me and ask me to introduce him to people in the White House, or in the Government, simply so that as an attorney for this particular client, he could make a case for whatever matter he wished to discuss with these people."

Now do you remember either giving that impression to Mr. Kalmbach, or is it your understanding that he could have drawn that conclusion from the contacts that had been made throughout 1969?

Mr. SEMER. I would be very much surprised, Mr. Weitz, that Mr. Kalmbach, a very sophisticated attorney, would draw a conclusion that the contribution of the money would tie in with the meeting with a person, such as Harry Dent, in the White House.

Mr. WEITZ. Well, on page 14, in recounting what he told Mr. Dent when he called him in connection with the milk producers, he said he was asked, "What did you say to Mr. Dent?" and his response is, "I said that this is an attorney whose clients are supportive of the President, and indicated to him that I would appreciate it if he would meet with him."

Now, would not the fact that the contribution make the people, in fact, supporters of the President, whereas in fact, the previous year they had not been supporters of the President?

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*See Book 15, p. 6909.

Mr. SEMER. Well, I don't know the context with which Mr. Kalmbach says that. On the face of it, if that's what he says, then those are the standards by which he makes judgments in politics. I can't disagree with his point of view. I can't challenge that, if that's his point of view.

Mr. WEITZ. Now I have here, I believe, subsequent to your meeting on the 19th with Mr. Dent—was there a subsequent contact that you had in 1969 with either Mr. Dent or Mr. Gleason in connection with your dairy client?

Let me specifically, actually direct your attention to September 16, 1969, both to a letter of that date, and also to some type of a contact or perhaps telephone call. Does your log indicate there was, in fact, a contact with Mr. Gleason or a message from him that day?

Mr. SEMER. Yes.

Mr. WEITZ. And what was that message or contact?

Mr. SEMER. The message says—exactly quoted from the log, "Gleason—no MPI this month. What else does MPI want?"

Mr. WEITZ. What does that mean to you?

Mr. SEMER. As best as I can reconstruct that, what it meant was that Gleason and I, who had been staying in touch with one another, wanted to know what the client was interested in, and from the notation it would seem that I had not called in to Mr. Gleason so far that month.

Mr. WEITZ. Let me enter this. Is this a copy of that log, and if so, I would like to enter it as exhibit 2?

Mr. SEMER. Yes; it is.

[Whereupon, the document referred to was marked Semer exhibit No. 2 for identification.[1]]

Mr. WEITZ. Now, I also have a letter also dated September 16, 1969, from Mr. Gleason to you with respect to appointment of Associated Dairymen people to possible committees, and so forth. Is this a copy of the letter you received from Mr. Gleason?

Mr. SEMER. Yes; it is.

Mr. WEITZ. I am marking that as exhibit 3 to your testimony.

[Whereupon, the document referred to was marked Semer exhibit No. 3 for identification.[2]]

Mr. WEITZ. Did there also come a time later in 1969 when you renewed—I believe, in December of 1969—renewed efforts to extend an invitation and have the President attend some other functions, some other dairy function?

Mr. SEMER. Yes; there was an occasion around the 1st of December when the client called and asked me to get in touch with such contact as I had, which was supposed to be Gleason, and tell him that there was a meeting of the National Milk Producers' Federation scheduled for Fayetteville, N.C., on Saturday, December 6.

Excuse me; I think the convention was scheduled for that weekend beginning possibly Friday, and that to make an effort to see if the President, who was either on his way to his Florida home or coming from the Florida home, would touch down at that place and walk onto the stage of the convention.

Mr. WEITZ. I understand that he did not do so that year.

Mr. SEMER. That is right. The President did not.

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[1] See p. 7224.
[2] See p. 7225.

Mr. WEITZ. Are you aware that the subsequent year, 1970, and the following year, 1971, the President did, in fact, meet with, first Mr. Nelson and Mr. Parr, and then later with the dairy groups, and then did attend a convention of theirs?

Mr. SEMER. As I understand it, Mr. Weitz, during 1969 the President did not appear at any conventions of the milk producers, that he did not appear the following year in Chicago at the first annual convention of the Associated Milk Producers, Inc., even though a strenuous effort was made to get the President or the Vice President that year, but that the President did appear at the second annual convention in Chicago in 1971. The convention of the milk federation for Fayetteville was not the organization that Mr. Nelson and Mr. Parr were running. It was a large federation of milk producers that I believe Mr. Nelson and Parr wanted to have some influence with and believed that they could achieve that by arranging for the President to touch down in Fayetteville, N.C., for the convention.

Mr. WEITZ. You also mentioned the Vice President. Let me direct your attention to your log of September 26, 1969, and there is a notation on that day: "Bob Lilly—November 20, V.P. Dairymen's, Inc. letter to Stan Blair." Did that relate to an attempt to extend an invitation to the Vice President to attend the meeting of Dairymen, Inc.?

Mr. SEMER. It may have. I don't have any more recollection than what appears on the log.

Mr. WEITZ. Is this a copy of the log from your calendar with that notation?

Mr. SEMER. Yes, it is.

Mr. WEITZ. I'd like to, and I want the record to show that it's been excised of other irregular, irrelevant matters, of other client matters, and it's been excised as of that day, let me enter it as exhibit 4.

[Whereupon, the document referred to was marked Semer exhibit No. 4 for identification.*]

Mr. WEITZ. I just have a few more questions. First, do you have any knowledge of the arrangements begun in December 1969 for the payback to TAPE from corporate funds of the $100,000 delivered to Mr. Kalmbach in August?

Mr. SEMER. No, sir.

Mr. WEITZ. Do you know, in fact, whether that wasn't in fact accomplished?

Mr. SEMER. No, sir.

Mr. WEITZ. Do you have any knowledge of, first of all, of any meetings in 1970 between the dairy people, Mr. Nelson and Mr. Parr and Mr. Colson, and any pledges made to Mr. Colson or others at the White House, of substantial contributions, as much as perhaps $2 million to the President's reelection?

Mr. SEMER. No, sir; with one possible speculation, that sometime after Mr. Colson joined the White House staff, he had as a general assignment liaison with associations and that the milk producers was one of the associations over which he had jurisdiction.

Mr. WEITZ. I believe you met in July of 1970 with Mr. Mitchell.

Mr. SEMER. That is correct.

Mr. WEITZ. Briefly, now, did you, in the course of that meeting, discuss the milk producers or any possible contributions on their part?

*See p. 7226.

Mr. SEMER. I told Mr. Mitchell on that occasion, and that was not the principal purpose of my meeting with him, that I believed that I was blacklisted at the White House, and I regretted it very much.

Mr. WEITZ. Do you know the reason for your being blacklisted?

Mr. SEMER. I did not at the time, no.

Mr. WEITZ. Did he, in fact, at the time tell you?

Mr. SEMER. No, he did not.

Mr. WEITZ. Did you ever learn from him subsequent to the time that that was the case?

Mr. SEMER. I believe he must have made an inquiry or checked on it, because I received a phone call from Mr. Gleason sometime after that, saying that—I don't recall specifically how Mr. Gleason put it, but it was pretty obvious at the time that Mr. Gleason, who was the person who was the source of my speculation that I was blacklisted at the White House, if in fact, Mr. Gleason did not in fact specifically say I was blacklisted at the White House. He indicated that something was being done, but I don't recall whether he said it was by Mr. Mitchell or by himself.

What had happened is that an article describing my activities with the Muskie campaign was being circulated in the White House.

Mr. WEITZ. Well, maybe I don't understand you. Was his response then confirming or not confirming your suspicion that you had been blacklisted?

Mr. SEMER. Well, Mr. Gleason, I believe, was the original source of information that I was blacklisted by the White House. I believe from the very start he indicated the reason I was being blacklisted was my association with the Muskie campaign, or at least he indicated that it was a Xerox copy of a newspaper story that was being circulated in the White House, and that the content of that newspaper story was my association with the Muskie campaign.

I told him that when I talked to Mr. Mitchell I had brought this up, and I just don't recall what Mr. Gleason's reaction to that was. Mr. Gleason did not shut me out from telephone conversations. When he told me that I was blacklisted by the White House, he was having some problems of his own.

Mr. WEITZ. On the other hand, Mr. Gleason left the White House, I believe the records showed on June 30, 1970, so his being receptive to you would not necessarily mean that those still at the White House were or were not——

Mr. SEMER. Well, hindsight indicates that I was on some kind of an enemies list in the White House, and that, I'm not too sure what the protocol was among White House people for handling those of us who were on the enemies list, but I never had any problems in conversations with Mr. Gleason.

Mr. WEITZ. After the consultation with the client in 1969, with respect to contacts with Mr. Kalmbach, and the subsequent degree of payment of contribution to him, did you at any further time consult with a client about possible contributions to Republicans or Republican candidates.

Without getting specific, I'd rather you just answer in a general manner as a general matter.

Mr. SEMER. I believe I did because throughout 1969 and 1970 I was also encouraging the client to make contributions to the Muskie camp.

Mr. WEITZ. No, I said Republican candidates. My question was whether you consulted with them or they with you concerning Republican contributions.

Mr. SEMER. I don't believe so. I believe that after that August 2 meeting with Mr. Kalmbach, I had no specific discussions with a client on political contributions except those that I initiated in trying to raise money for Senator Muskie.

Mr. WEITZ. Wasn't it also your understanding that sometime thereafter in 1969 or 1970, they retained another firm that was specifically Republican-oriented and advised them with respect to Republican contributions?

Mr. SEMER. I learned much later that they had retained other counsel and representatives and I did not know that the purpose of consulting any one firm was to get advice on how to make contributions to Republicans.

Mr. WEITZ. But, in any event, they didn't consult with you concerning any such contributions after 1969?

Mr. SEMER. That's correct.

Mr. WEITZ. So the fact that you did not know of any pledges to Mr. Colson with respect to Presidential contributions in 1970 or any discussions or actual contributions to the President's reelection effort in 1971 or 1972 by the dairy people, that isn't inconsistent, that doesn't mean that they don't, that it doesn't exist, but it's rather consistent with the fact that you were not consulted with respect to any such contribution?

Mr. SEMER. I was not consulted. Well, I don't rule out the possibility that after that August meeting with Mr. Kalmbach, that the client and I discussed contributions which would include contributions to Republicans as well as Democrats. I don't rule that out.

Mr. WEITZ. You have no recollections?

Mr. SEMER. I have no recollection, and there were other contributions given by the milk producers to candidates other than Senator Muskie—Democratic candidates other than Senator Muskie.

Mr. WEITZ. Then you have some recollection of, but not necessarily——

Mr. SEMER. I have specific recollections and records of those to the extent that they were brought to my attention in my capacity as Muskie treasurer.

Mr. WEITZ. Yes, these were in 1970?

Mr. SEMER. Yes. In addition, as we discussed earlier, there were off-year elections in 1969 to which contributions were made and one specifically that I was involved in.

Mr. WEITZ. Do you know of any contributions, other than what you've read in the paper, by the dairy co-ops and the dairy trusts that either intended or used for the Presidential campaign of 1972 to either Democrats or Republicans, other than what you've read in the paper?

Mr. SEMER. No.

Mr. WEITZ. I have no further questions. Let's take a short recess.

[A brief recess was taken.]

Mr. PLOTKIN. I just want to ask you one question, Mr. Semer, with regard to the $100,000 delivery made to Mr. Kalmbach. As a point of clarification, more than anything else in your interview here on January 21, you stated that you could not recall telling Mr. Kalm-

bach that the $100,000 was from TAPE. Today you stated that you did tell him. Has something intervened in the last couple of weeks which has refreshed your recollection of this?

Mr. SEMER. What was the question to which I answered "TAPE"? I remember answering the question specifically "TAPE" today. I don't have a specific recollection whether Kalmbach asked from whom the contribution came and distinguished between milk producers and TAPE. If that question had been put, I had no doubt in my mind that the contribution was from TAPE. I think in the context that Mr. Weitz asked the question, I believe now he was trying to make the distinction between TAPE and the corporate contributor. Is that correct?

Mr. WEITZ. Well, let me just ask as a general matter, did you discuss specifically who the source was other than your client or the dairy people, without regard to corporate or noncorporate?

Mr. SEMER. No. I don't believe that question came up. It was assumed all along that this was for political contributions—was TAPE and would be TAPE as the contributor.

Mr. WEITZ. But your best recollection is that it wasn't raised——

Mr. SEMER. I don't think an issue was ever made of that.

Mr. WEITZ. Especially at the time of the delivery?

Mr. SEMER. Correct.

Mr. PLOTKIN. You made reference to blacklisting at the White House. Do you find anything, or did you find anything inconsistent in the fact that on the one hand your client had solicited your support in making connection with the White House, or the administration, I should say, and on the other hand, your active involvement of several years standing on Senator Muskie's behalf?

Mr. SEMER. I honestly don't know what the reason for the blacklisting was, if that's not an inappropriate phrase for the so-called enemies list. I don't know when the enemies list was first put together and I don't know to what extent it was just Muskie or whether it was something else, I just don't know.

Mr. PLOTKIN. But I mean, do you see anything in your own mind as being inconsistent in raising funds for one man who was potentially a Presidential candidate in opposition to the incumbent, who you were also raising funds for indirectly? In other words, when you think of it in practical matters, we're not talking about just the fact that milk producers was a client. We're thinking of it in terms of you were trying to do work for them, at the same time knowing that your past history has obviously been extensively involved in Democratic administrations and Democratic candidates. I don't see anything from the material I've read that shows any past involvement with the Republican Party affairs.

Mr. SEMER. Well, I guess I missed the import of the question. I knew nothing about enemies lists except what I read in the newspaper, and I knew nothing about a blacklisting other than what Mr. Gleason told me in 1969.

Mr. PLOTKIN. And you can't conceive of any reason why you would be on such a list beyond what you, of course, stated?

Mr. SEMER. I don't feel that I have any expertise whatsoever. Certainly not as a matter of specific information, nor as a matter of spec-

ulation as to the reason why enemies lists or blacklists were put together and how you get on and how you get off. I just don't know.

Mr. PLOTKIN. I'd like to show you a document that I believe you prepared dealing with contributions to the Muskie Election Committee, and I take it that these contributions were for 1970; although they were raised in 1970—Senator Muskie's reelection. Have you ever seen this document before?

Mr. SEMER. Yes, sir.

Mr. PLOTKIN. Can you tell us a little of the background that led to its preparation?

Mr. SEMER. This is a document prepared by me as treasurer of the Muskie Election Committee and it was prepared during the last calendar quarter of 1970. It was a chronologically arranged list of contributions from November 2 to December 29, and, if accompanied by a comparable report on disbursements, would constitute the kind of reporting I was doing to the Clerk of the House. This particular list of contributions was prepared but not reported at what would have been the January 1, 1971, reporting date.

Mr. PLOTKIN. This was never reported, in effect, then?

Mr. SEMER. That probably turned up in reports at subsequent dates.

Mr. PLOTKIN. Do you have specific recollections?

Mr. SEMER. I don't have any specific recollection, but Senator Muskie's people, who took over following my service in that role, did disclose lists of contributors that might have included some of these people. That list was disclosed in connection with the disclosure of contributions not required prior to the April 1972 change in rules for political fundraising and contributions. These were the types of reports that were not required by law and which I gratuitously filed with the Clerk of the House, and this was my practice as Muskie treasurer so long as I had any control over the function.

Mr. PLOTKIN. Do you know Stuart Russell?

Mr. SEMER. No, I don't. I have never met him. I know who he is now, which I learned in connection with the publicity given to him in the last several months.

Mr. PLOTKIN. Do you recall being contacted by Ted van Dyk with regard to the contribution that AMPI wanted to make to the Muskie campaign?

Mr. SEMER. I was not contacted by Ted van Dyk. The information about Ted van Dyk's contributions on behalf of my client was transmitted to me by Robert Nelson and the deputy director of the Muskie Election Committee staff who transmitted to me the letter that, I believe, was sent by Mr. van Dyk describing the pattern and amounts of contributions, not only from the client, but to other organizations in the dairy producer field, and I have made that available to the staff.

Mr. PLOTKIN. Do you find it at all unusual, given the subsequent information that we now have with regard to Mr. Russell's activities, that a contribution was made in his name for $5,000 after the election?

Mr. SEMER. I did not know who Mr. Russell was. The best recollection I have is that the client had used its influence with contributors to make contributions to the Muskie campaign and that one of them is, I know, say, retrospectively, in going over the records, was a Mr. Stuart Russell, whom I didn't know at the time and have never met. And, as far as the contribution being a postelection contribution, I

continued soliciting political contributions after the 1970 election as I did after the 1968 election in order to liquidate deficits.

Mr. PLOTKIN. I'd like to show you a letter. Have you ever seen this letter before, to Mr. Nicoll from Mr. van Dyk?

Mr. SEMER. Yes.

Mr. PLOTKIN. With regard to paragraph 2, would you read that please?

Mr. SEMER. Paragraph 2 of this letter of July 9 from Ted van Dyk to Don Nicoll, N-i-c-o-l-l, who was then the director of the staff of the Muskie Election Committee campaign. Paragraph 2: "I'll send you a memorandum, and list, re this special milk program. The Senator offered to help on this."

Mr. PLOTKIN. Now, can you tell us, to the best of your knowledge, if you have any knowledge of the subject, what the special milk program was that Mr. van Dyk was referring to; and what help, if any, Senator Muskie had offered?

Mr. SEMER. I have no notion of what Mr. van Dyk was talking about nor do I know of what the Senator's reaction was, if that was raised with him.

Mr. PLOTKIN. Either contemporaneous or present recollection?

Mr. SEMER. That is correct.

Mr. PLOTKIN. Now, a letter that you sent to Mr. Parr, which is apparently undated, but he apparently received it July 20, 1970—would you please look at this letter and see if you can identify it and endeavor to explain to us what it says or what it means; this is totally ambiguous to me?

Mr. SEMER. Well, in this letter from me—is from me to David Parr. The following points are being made and obviously, as it says, as a followup to a telephone conversation that I had with Mr. Parr. As I recall, this was what was then in the works in the summer of 1970. First, I was trying, obviously, with Bob Lilly to help the client, AMPI, or Associated Milk Producers, Inc., to coordinate; and I guess the language that we use today and we didn't use in 1969 or 1970 was the inputs from people that they worked with, with regard to the substantive intelligence and also in the way that they made political contributions. There was a pattern of political contributions which is reflected in another set of materials that I made available to you in which three dairy organizations divided the burden of political contribution in mathematically precise thirds so that it came out to rather unusual numbers, and, I believe, this is what the import of this is in the sentence.

Although the figures are mathematically precise, they raise questions of logic and credibility which we may find difficult to answer, and this is with regard to checks received in these unusual amounts by the Muskie Election Committee and these are the checks that Mr. van Dyk gave to the Senator's people either at or following a meeting, or before, for all I know, a meeting with the Senator which was then routinely transmitted to me by Mr. Bob Nelson, the No. 2 man in the Muskie staff.

Mr. PLOTKIN. What problems of credibility did you foresee in view of the fact that these were——

Mr. SEMER. Well, the problem of credibility at that time was that there purported to be contributions from three different sources, some

of which, I believe, were personal in nature or appeared to be personal that seemed to be coordinated from a common policymaking source, and, that, although, I had no problem with it since I immediately put it into the public domain, I didn't know what they had in mind and also, if I couldn't explain it, perhaps others couldn't and that leads to the second paragraph which also contains one substantive and another probably protocol point and that was by way of telling Mr. Parr, in writing, that I thought the procedure for dealing with the Senator's campaign was not correct; that I was a little miffed which I had indicated to him over the telephone, and that the approach to the Senator and his campaign should be principally substantive and intellectual. which is a phrase used here, and that if this were a significant contribution, then I'd see what I could do to get them together with the Senator personally because the Senator, in my judgement, as a campaign man for him, was not only interested in, but should be interested in what is called here the entire agri-political scene. Since the milk producers were quite ambitious in what they hoped to cover geographically, that is, go right up the Mississippi Valley, form alliances with people in the Southeast, which, I believe, is called Dairyman's Inc., and perhaps in other parts of the country as well, that they would be important, influential, knowledgeable beyond milk. That they would, because they had worked with rural co-ops, the other farm organizations, that they were people who could help us.

The significant contribution I was talking about was a significant, substantive, intellectual contribution but was not a significant financial contribution, which was the phrase used in that paragraph, and that's what it means because there was great difficulty in getting everybody in the Muskie camp briefed as to the nature of agriculture outside of his own home State of Maine.

Mr. PLOTKIN. I don't want to nitpick but your reference to private session at his cottage in Maine or his home in Maryland, why not his office?

Mr. SEMER. Because I think we had just seen him in his office and what I was saying was that I thought that the way to get acquainted with the Senator as a person, according to my experience, would be a substantive approach that would lead to his being interested in what they had to say intellectually. This was my experience with the Senator from the years that I had spent with him and this was my recommendation as to how the milk people should approach the Senator in contrast to the approach that was used just a few days before.

Mr. PLOTKIN. I have a very difficult time reconciling in my mind during a political campaign when the Senator was in great need of contributions, that he would be so terribly concerned at that specific moment in time in sitting down and developing an intellectual rapport rather than trying to raise campaign funds or trying to worry about the intellectual aspects of it at a future time. I don't want to disparage the Senator in any way, I don't doubt the man's integrity, but it just seems that under these circumstances it raises a question. It raises a question of credibility in my mind as to how at this particular moment in time, he was more concerned with their intellectual attitudes with regard to subjects of mutual interest.

Mr. SEMER. This is my opinion which was not checked with the Senator personally and, not only my opinion as the treasurer for the Muskie election committee, but also my opinion—my opinion to a client, that this was the approach that I would recommend to getting acquainted with Muskie and his campaign.

Mr. WEITZ. I just want to make two comments for the record. One, I think, although sometimes it's hard to adhere to it closely, that counsel and investigators for the staff should limit ourselves to questions rather than our own conclusions or opinions of the evidence or the testimony before the committee. And second, although I will not object to the point of preventing the questioning, this is now the second time that the staff had had an opportunity to interview Mr. Semer and particularly with respect to the contributions, that he has been questioned about, to the Senator in 1970; again, as I think before, there has been no basis, either in evidence that we have or in the testimony here today, that the contributions were anything but contributions to the Senator's 1970 senatorial campaign and, thus, I would like to note it for the record that our position would be that this questioning and this testimony fall outside of the mandate of the committee, but in so saying, I don't want, for the purposes of investigation, to foreclose the questioning, but also to make it very clear for the record what our position is.

Mr. PLOTKIN. Counsel's nonobjection is noted. Mr. Semer, did you raise, or seek to raise, any campaign funds for Congressman Mills in either 1970 or 1972?

Mr. SEMER. No, sir.

Mr. PLOTKIN. Did you seek to raise any campaign funds for Congressman Poage or Melcher in 1970?

Mr. SEMER. No, sir.

Mr. WEITZ. The brevity of that response precludes or moots the need for me to comment on that too.

Mr. PLOTKIN. Now, just a couple of final points. We were talking about the $5,000 contribution made by Mr. Russell in 1970 and I see that you wrote him a thank-you note December 1, 1970. Would you just quickly look at this and see if that's something that was sent to him?

Mr. SEMER. Yes; that was a thank-you note that we sent to all contributors.

Mr. PLOTKIN. Now, was it your policy to send a thank-you note to each and every contributor, a form letter, or was this an individually dictated letter, which was the impression I would get?

Mr. SEMER. It is a letter that the girls in my office sent to all contributors unless some special effort was made to vary it. That was the form letter.

Mr. PLOTKIN. Is that in fact your signature, or is that a stamp, or did one of the secretaries sign for you?

Mr. SEMER. It's pretty close. I tried to sign all of them. If on some occasions I didn't, I take the responsibility for my girls signing my name to it. Usually they would put a little notation on it, but it could have been either. The general style of acknowledging contributions is to personalize the acknowledgement.

Mr. PLOTKIN. Now, a copy of another thank-you note was sent to Mr. Russell in care of Harold Nelson dated December 22, 1970, signed by Senator Muskie, and the letter was then forwarded to Bob Lilly

by Mr. Russell on January 13, 1971. Would you look at these two letters and see if you can tell us whether the letter from Senator Muskie was a form letter that he sent to all contributors or all individuals who made sizable contributions, or whether it was just an individual letter with regard to the specific contributions. Additionally, I'm not asking you to identify that second letter, just to look at it.

[Whereupon, the first letter referred to was marked Semer exhibit No. 5 for identification.*]

Mr. SEMER. I don't believe that this particular letter from the Sentor to Mr. Russell has the ring of being unique or different from most other letters that I recall his sending to contributors.

Mr. PLOTKIN. Then you don't know for a fact whether that's a form letter or whether it's a dictated letter?

Mr. SEMER. I don't recall; I would have to do some research in my files, which I believe would help me determine that. I can only give you my general impression that this letter looks familiar—as the kind of letter that would be a supplement to the initial thank-you note that I would send out, and the other letter——

Mr. PLOTKIN. I wasn't asking about that.

Mr. SEMER. Excuse me.

Mr. PLOTKIN. Now the gist of all of these questions, and I'm just trying to sum this up, I don't want to flog you to death, is that a contribution was made by Stuart Russell after the election; a contribution was apparently solicited by AMPI or its employees, and graciously received and acknowledged by the campaign committee.

Now, I'm not suggesting any impropriety on the committee's part at all. Is there anything, any thought that you have with regard to this contribution and the circumstances that were now covered that, had you been aware of them at the time, would have made you think that the contribution was from corporate funds?

Mr. SEMER. No.

Mr. BAMBERGER. If I may, I think the premise of the question is, "if you knew everything that you know now," and since we've read in the newspapers about Mr. Russell, I think that's really not a fair question.

Mr. PLOTKIN. No; the premise is related just to what we're talking about here. I'm not asking for your outside knowledge from newspapers.

Mr. SEMER. The recollection that I have is that the two waves of contribution—one is, the contributions, I believe, aggregating $10,000 before the senatorial election; and the one which is hindsight tells us also is related to the same source, which is a contribution in the form of a contribution from an individual—that in both instances, as Muskie treasurer, they were legal on the face of the transmissions; and in the case of the contributions before the election, they were duly reported, they would have been reported in that form after the election if we had continued that reporting policy.

Mr. PLOTKIN. Do you know when the Muskie election committee officially closed its books?

Mr. SEMER. It was probably sometime in 1971.

Mr. PLOTKIN. You have no specific recollection about the time?

Mr. SEMER. I could research that for you.

*See p. 7227.

Mr. PLOTKIN. Do you know whether there were any outstanding sums in the account at the time it was closed out?

Mr. SEMER. I don't know that as a matter of specific recollection; I would have to research that for you.

Mr. PLOTKIN. Do you think that it is possible that there was a balance in the account?

Mr. SEMER. At the time I had control over the income and outgo of the Muskie election committee, I always had a deficit. There were times that I continued to be a signatory, during a transitional phase; but I mean that quite literally, that when I had control over it, I always had a deficit.

I continued to sign certain documents as treasurer following that, during a period in which I did not have control over the income and outgo of the funds.

Mr. PLOTKIN. When did you officially resign as treasurer?

Mr. SEMER. There was no official resignation.

Mr. PLOTKIN. When did you end, unofficially?

Mr. SEMER. For all practical purposes, I transferred control about the end of the year.

Mr. PLOTKIN. 1970?

Mr. SEMER. 1970, right.

Mr. PLOTKIN. I have no other questions, thank you.

Mr. WEITZ. I have two further questions. First, relating back to a matter we discussed before our earlier recess, with respect to the contribution to Mr. Kalmbach in 1969. From the time you delivered the money to him in August until the end of the year or any time thereafter, did you have any further conversations either with the client or with Mr. Kalmbach with respect to the designation of committees or any other procedures for reporting the contribution?

Mr. SEMER. No; I did not, that I recall. If the question came up, it may have come up in a general way, but not in a specific form.

Mr. WEITZ. With the client, or with Mr. Kalmbach?

Mr. SEMER. Certainly not with Mr. Kalmbach.

Mr. WEITZ. Finally, Mr. Semer, you've understood the areas that we've covered with you in the questioning, particularly with regard to the transactions with Mr. Kalmbach and its aftermath, and in general with regard to the matters we've covered, is there anything else that—cognizant of the mandate of the committee—is there anything else relevant to the questioning which you feel is pertinent and which would amplify or make further complete or accurate your answers that you've given today?

I'm just trying to elicit, in case there is something else you think is peculiarly relevant to the questions, but the questions do not particularly cover your knowledge.

Mr. SEMER. Well, I appreciate the question, Mr. Weitz, and if I seem unprepared for it, it may be that you've been so thorough in your questioning up to now.

Mr. WEITZ. I have no further questions.

Mr. PLOTKIN. Off the record for a second.

[Discussion off the record.]

Mr. WEITZ. That concludes our executive session.

I thank you, Mr. Semer.

[Whereupon, at 1:10 p.m., the hearing in the above-entitled matter adjourned.]

SEMER EXHIBIT NO. 1

IN EXECUTIVE SESSION

TESTIMONY OF MILTON P. SEMER
BEFORE THE SELECT COMMITTEE ON PRESIDENTIAL
CAMPAIGN ACTIVITIES, U. S. SENATE
FEBRUARY 8, 1974

My name is Milton P. Semer; I am an attorney practicing law in Washington, D. C. I am appearing to describe my relationship with a former client, the Associated Milk Producers, Inc. of San Antonio, Texas.

From discussions with your staff, I understand your interest in my testimony to center on representation of the client during 1969 and 1970.

Also, in light of your staff's interest, I should note that in 1968 I was Treasurer for Senator Muskie's Vice Presidential campaign, and when Senator Muskie ran for reelection to the Senate in 1970, I was Treasurer of the Muskie Election Committee.

Attached to my statement are copies of letters from the client to this Committee's staff setting forth the extent to which the client has waived the attorney-client privilege in connection with my testimony.

My relationship with the client commenced on March 21, 1969, when representatives came to see me in Washington. We discussed how our Washington firm might assist them, when circumstances required, in making a persuasive case on the merits to the Federal Government on substantive issues of interest to them, including price supports and import competition. In part, it appeared that this would involve presenting their arguments to the White House — which, during the Kennedy and Johnson Administrations, had actively participated in decisions on such issues, and presumably would continue to do so.

At the same time, it was explained to me that the client was organizing a political fund, the Trust for Agricultural and Political Education, to raise funds from their members for distribution to candidates of both major parties in local, State, Congressional, and Presidential campaigns. TAPE was described to me as a fund modeled after the AFL-CIO's Committee for Political Education, COPE, whose purpose would be to support and win friends on Capitol Hill and in the Administration and promote the milk farmer's position on the issues.

Shortly after my initial meeting with the client, I began an unsuccessful effort to help it find out how the White House was to be organized, and to whom it should make its case.

I have related the details of these efforts to your staff, and my purpose in this statement is to highlight the basic events in the chronology.

On October 25, 1968, just before the Presidential election, I called Mr. John Mitchell who had served on an advisory committee when I was General Counsel of the housing department in the early 1960's. I phoned him at the behest of a client wishing to contribute to the Nixon campaign. Mr. Mitchell had put me in touch with Mr. Maurice Stans, who in turn referred me to Mr. Jack Gleason.

On March 25, 1969, following my initial meeting with the client, I called Jack Gleason at the White House to describe my firm's new client and its interest in finding out to whom at the White House it should direct its case. Mr. Gleason in turn suggested I deal with Mr. Herbert Kalmbach, and it shortly was arranged for me to meet Mr. Kalmbach in Washington.

On April 3, 1969, I explained to Mr. Kalmbach the interests of my client. Mr. Kalmbach did not ask for a political contribution, but did inquire about the contribution potential of the client's political trust fund, TAPE.

On July 10, 1969, I visited with Mr. Kalmbach at his office in Newport Beach, California. On this occasion Mr. Kalmbach inquired how TAPE's fund-raising was progressing. When I explained that my client hoped its trust fund would collect sufficient funds to make contributions to a large number of candidates of both parties at all levels of government, Mr. Kalmbach told me that contributions would be appreciated by the Administration.

At this time it was my understanding, and I thought it was Mr. Kalmbach's, that the client would be making, through its trust fund, a series of political contributions to committees for 1970 Congressional candidates, to be reported by TAPE and by the recipient committees. It had been a common practice for past Administrations to "piggy-back" such contributions — that is, to transmit them through the incumbent Administration, allowing it to share credit for the contributions with the donor — and I had discussed this political technique both with the client and with Mr. Kalmbach.

Thus it was that on August 1, 1969, I flew to Dallas, Texas, to receive from the client for delivery to Mr. Kalmbach the next day a contribution of one hundred thousand dollars in cash. Although more than a little surprised at the amount, which was much larger than I had supposed it would be, I delivered the funds to Mr. Kalmbach as I had agreed to do. Neither then nor later did he tell me anything inconsistent with my understanding of the nature of this transaction, as summarized above.

ASSOCIATED MILK PRODUCERS, INC.
HOME OFFICE
TELEPHONE 512/341-8651 TWX 9105711072
P.O. BOX 32287 SAN ANTONIO, TEXAS 78284

October 31, 1973

Mr. Alan Weitz
Senate Watergate Subcommittee
G-308 Dirksen
Senate Office Building
Washington, D. C. 20510

Dear Mr. Weitz:

On October 29, 1973, you orally requested that Associated Milk Producers, Inc. ("AMPI") waive in part its right to maintain the privilege of attorney-client confidentiality as to its communications with certain named attorneys concerning certain specified subjects. The attorneys named by you are: Milton P. Semer, Richard Maguire, W. DeVier Pierson, Stuart H. Russell, E. Jake Jacobsen, Joe R. Long, E. C. Heininger, Anthony Nicholas, Marion E. Harrison and all attorneys of their respective law firms who have performed legal services for AMPI.

The subjects specified by you are:

(1) The amounts of legal fees and other amounts paid to any attorneys by AMPI;

(2) Any disbursements by attorneys for AMPI including but not limited to direct or indirect political contributions; and

(3) Contacts by attorneys for AMPI with government officials, including any communications, relating to milk price supports and/or import quotas.

AMPI will agree to waive its privilege in accordance with your request. However, AMPI does not waive any privilege which it may have as to any other individuals or subject matters.

We believe the above statement fully and completely complies with your request. We would appreciate your written confirmation of this understanding.

Very truly yours,

JOHN E. BUTTERBRODT, PRESIDENT

GEORGE L. MEHREN, GENERAL MANAGER

cc: All attorneys listed above

ASSOCIATED MILK PRODUCERS, INC.
HOME OFFICE
PHONE: A/C 512 341-8651 TELEX 76-7446
P.O. BOX 32287 SAN ANTONIO, TEXAS 78284

November 2, 1973

Mr. Alan Weitz
Senate Watergate Subcommittee
G-308 Dirksen
Senate Office Building
Washington, D.C. 20510

Dear Mr. Weitz:

You have requested that in addition to those persons and entities enumerated in our letter to you of October 31, 1973, that Associated Milk Producers, Inc. waive its right to maintain the privilege of attorney-client confidentiality as to any communications with certain additional named attorneys concerning certain specified subjects. The attorneys named by you are: Arthur Mitchell; Frank Masters; William Heatley; Clark, Thomas, Harris, Denius and Winters; and Vinson, Elkins, Searls, Connally & Smith.

This waiver is limited to any communications on the subjects specified by you as follows:

(1) The amounts of legal fees and other amounts paid to any attorneys by AMPI;

(2) Any disbursements by attorneys for AMPI including but not limited to direct or indirect political contributions; and

(3) Contacts by attorneys for AMPI with government officials, including any communications, relating to milk price supports and/or import quotas.

AMPI will agree to waive its privilege in accordance with your request. However, AMPI does not waive any privilege which it may have as to any other individuals or subject matters.

We believe the above statement fully and completely complies with your request. We would appreciate your written confirmation of this understanding.

Very truly yours,

George L. Mehren

GEORGE L. MEHREN, GENERAL MANAGER

cc: All attorneys listed above

ASSOCIATED MILK PRODUCERS, INC.
HOME OFFICE
TELEPHONE 512/341-8651 TWX 9108711072
P.O. BOX 32287 SAN ANTONIO, TEXAS 78284

November 13, 1973

Alan Weitz, Esq.
Senate Watergate Subcommittee
Dirkson Senate Office Building
Room G-308
Washington, D.C. 20510

Dear Mr. Weitz:

Reference is made to my letters (copies of which are enclosed) of October 31, 1973, and November 2, 1973, in which Associated Milk Producers, Inc. ("AMPI") waived its attorney-client privilege with regard to certain named attorneys and certain specified subjects.

On November 7th you orally requested that a subparagraph be added to the list of subjects in which AMPI has waived its attorney-client privilege:

"(4) Any communications concerning direct or indirect political contributions for Presidential candidates by Milk Producers, Inc. ("MPI"), Associated Milk Producers, Inc. ("AMPI"), Trust for Agricultural Political Education ("TAPE"), or Committee for Thorough Agricultural Political Education ("C/TAPE"), its officers, employees or representatives during the period from 1969 to 1972 inclusive."

AMPI hereby agrees to waive any attorney-client privilege it may possess with regard to this additional subject matter as it pertains to the attorneys named in our previous correspondence.

Very truly yours,

George L. Mehren

GEORGE L. MEHREN, GENERAL MANAGER

Enclosures

cc: All named attorneys

SEMER EXHIBIT NO. 2

SERVICES PERFORMED TODAY

TUESDAY
259th DAY • SEPTEMBER, 1969
16

HOURS	FOR:	IN RE:	DESCRIPTION OF SERVICES	TIME HRS	TIME 1/10
8					
9					
10			Gleason - 2 MPI this month. What else does MPI want?		
11					
12					
1					
2					
3					
4					
5					
NIGHT HOURS					

PRINTED IN U.S.A.

SEMER EXHIBIT NO. 3

THE WHITE HOUSE

WASHINGTON

September 16, 1969

Dear Milt:

Are there any people in the Associated Dairymen's group whom we ought to give priority consideration for a position on some of the Department of Agriculture Advisory Boards or Commissions? We can play this pageantry pretty far if you've got any suggestions for people in that group whom we ought to push for that kind of appointment.

I will need their names and some kind of biography on them, but I think we can pretty well get this in hand over at Agriculture.

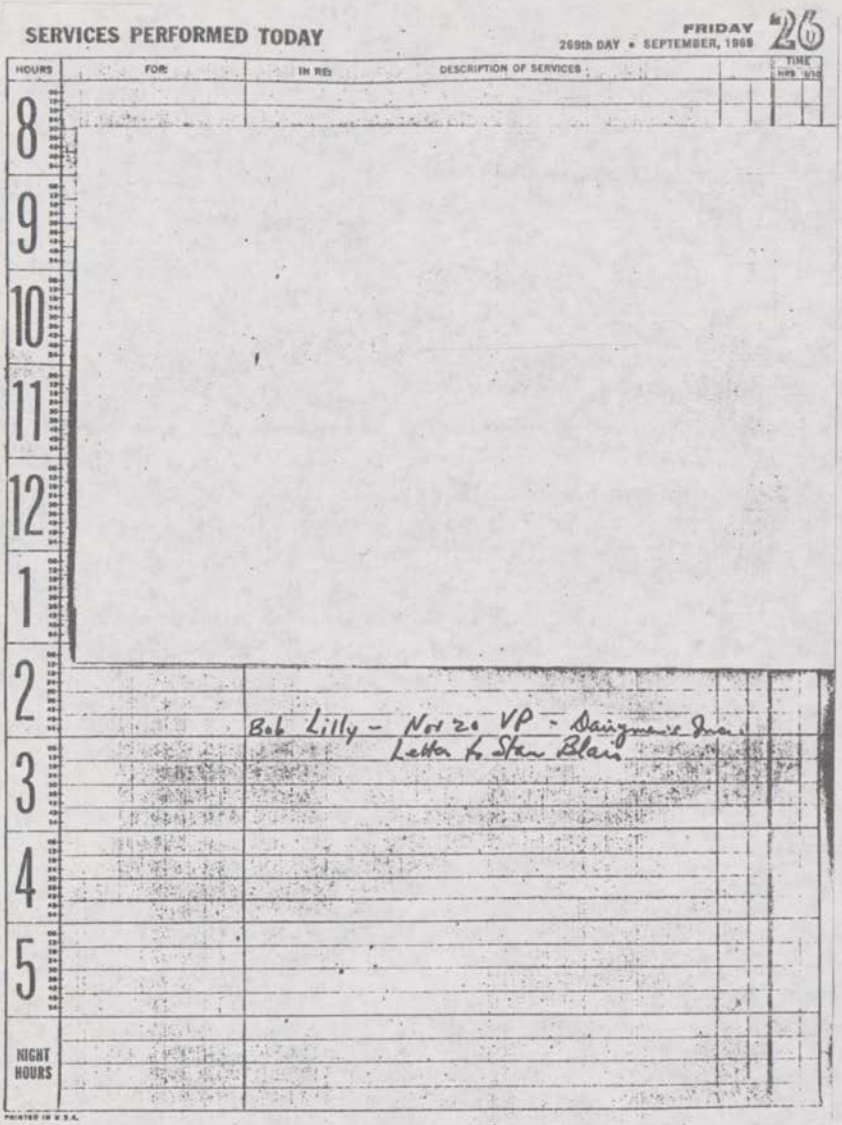
Regards.

Sincerely,

Jack A. Gleason

Mr. Milton P. Semer
Attorney
1156 15th Street, N. W.
Washington, D. C.

SEMER EXHIBIT NO. 4



SEMER EXHIBIT NO. 5

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

THURSDAY, FEBRUARY 7, 1974

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

The Select Committee met, pursuant to notice, at 10:25 a.m., in room G-334, Dirksen Senate Office Building.

Present: Senator Howard H. Baker, Jr.

Also present: David Dorsen, assistant chief counsel; Alan Weitz, assistant majority counsel; Donald G. Sanders, deputy minority counsel; Benjamin Plotkin, minority investigator.

Senator BAKER. Do you solemnly swear the testimony you are about to give will be the truth, the whole truth and nothing but the truth, so help you God?

Dr. MEHREN. I so swear.

Senator BAKER. Will you please state your name for the record?

Dr. MEHREN. George L. Mehren, M-e-h-r-e-n.

Senator BAKER. The further inquiry will be conducted by the staff. Thank you for coming by.

TESTIMONY OF GEORGE L. MEHREN, ACCOMPANIED BY ERWIN C. HEININGER, COUNSEL

Mr. WEITZ. Dr. Mehren, for the record, would you please give us your address?

Dr. MEHREN. 406 Country Lane, San Antonio, Tex. 78209; that is my home address.

Mr. WEITZ. And would your counsel please identify himself for the record?

Mr. HEININGER. I am E. C. Heininger of Mayer, Brown & Platt in Chicago.

Mr. WEITZ. Dr. Mehren, just by way of background, I understand you were Assistant Secretary of Agriculture from 1963 until 1968; is that correct?

Dr. MEHREN. Yes, sir.

Mr. WEITZ. What was your specific title with Agriculture?

Dr. MEHREN. I had two titles most of the time, Mr. Weitz. I was Assistant Secretary for Marketing and Consumer Affairs, and I was also Director of Science and Education.

Mr. WEITZ. Now, from June 1968, until March of 1971, you were president of Agri Business, Inc.; is that correct?

Dr. MEHREN. I believe it was April 1971, I am not certain; yes, I was.

Mr. WEITZ. And during that period, after you left the Department of Agriculture, for that approximately 3-year period, you were also a consultant for Associated Milk Producers, Inc., AMPI?

Dr. MEHREN. I believe at the initial stage I was consultant to Milk Producers, Inc., and was transferred to Associated Milk Producers, Inc., after that organization was founded.

Mr. WEITZ. Just to complete the chronology, from April 1971, until January 12, 1972, you were then, as I understand it, director of programing for AMPI?

Dr. MEHREN. Yes, sir.

Mr. WEITZ. And then, from January 12, 1972, to the present time you have been general manager of AMPI.

Dr. MEHREN. Yes, sir.

Mr. WEITZ. Could you tell us, in connection with the period 1968 to 1971, as consultant, what your principal responsibility was?

Dr. MEHREN. Primarily in preparing documentation for submission by Associated Milk Producers, Inc., and its predecessor, Milk Producers, Inc., principally in conjunction with other cooperatives, and often with the Central America Cooperative Federation with respect to such matters as market orders, price support dockets, legislative submissions; that, generally, was the subject matter.

The technical contribution was generally of two types, one was the assured economic validity; and the second was to try to make the submissions and the method of submission as compatible with normal governmental procedures as possible. In general, to be explicit, it was more of an editing function than anything else.

For the record, I think it's useful to say here that the procedure that was followed by AMPI and its related cooperatives in general, was to use a team of land grant university professors, supplemented by staff people, from any one of the related cooperatives, who would then bring in preliminary documentation to me to be appraised for validity and for formal submission.

Mr. WEITZ. Now, during the 8, or 9 months during which you were director of programing, 1971, what were your principal responsibilities?

Dr. MEHREN. The principal responsibility as I understood it, upon accepting the invitation to come to work on a full-time basis, was to do long-range planning, basically, to try to determine and to project some 5 years into the future, what we would like AMPI to be; what we would like it to be able to do, and how it would do it.

As a matter of fact, it sort of shook down, ultimately, into a procedure to pick up "bon-fires," whatever was assigned to me by Mr. Nelson. The long-range planning never really worked out as I expected it would.

Mr. WEITZ. In fact, you had during that period, a substantial amount of involvement in day-to-day operations; did you not?

Dr. MEHREN. No; not in the operational sense, Mr. Weitz. Not in the sense of allocating milk, or putting prices on milk, or adjusting milk to various order terms.

It would be such things as appraisal of the original submission to NFO with respect to economics, which would be such things as basic market order legislation, price legislation. Very, very little contact, quite truly, with the routine of the day's operations.

Mr. WEITZ. Now, prior to your becoming general manager in 1972, did you have any contact with the organization of TAPE, Trust for

Agricultural Political Education, or involvement in any decision-making?

Dr. MEHREN. No, sir. Using the word "contact" now, I knew there was a TAPE, and I knew generally what its broad outline was; but with respect to its operation, I had no activity with it.

Mr. WEITZ. What about your knowledge with respect to contributions that were made?

Dr. MEHREN. None.

Mr. WEITZ. Were you at that time a member of TAPE?

Dr. MEHREN. No; I was never a member of TAPE.

Mr. WEITZ. Dr. Mehren, do you have any knowledge, either contemporaneous, or knowledge that you received since that time—other than what you read in the papers—in connection with any contacts between representatives of MPI, or AMPI in 1969, with Herbert Kalmbach or others representing the administration, or Republican fundraising, in 1969?

Dr. MEHREN. In 1969. Do I have it now, or——

Mr. WEITZ. Either contemporaneously, or now, up to the present time, do you have any knowledge?

Mr. HEININGER. Except what you read in the newspapers.

Mr. WEITZ. First of all, contemporaneously, did you have any knowledge of any meetings, or contacts, at that time?

Dr. MEHREN. No, I did not, sir.

Mr. WEITZ. Now, since that time, have you learned of any information in connection with such contacts, or meetings?

Dr. MEHREN. I'm not certain, now. I do not believe that the questioning in the day I spent with the local grand jury ever directly referred to involvement with Mr. Kalmbach in 1968, or 1969.

Again, if I become too discursive, you tell me; but as I recall the material, the information made available to me and revealed to me through that questioning process, from which I could adduce conclusions from that, went back to 1967, as a matter of fact. There were references to contributions in 1968 and 1969.

But I do not think that the name of Herbert Kalmbach was used in that transcript. I could be wrong, but my recollection is that it was not specifically mentioned.

Mr. WEITZ. Other than what you learned from the grand jury, you have no other knowledge of such contacts?

Dr. MEHREN. No.

Mr. WEITZ. What about knowledge of delivery of moneys to either Mr. Kalmbach, or other representatives of the Republican fundraising in 1969 by AMPI, or AMP?

Dr. MEHREN. I have learned of such deliveries, Mr. Weitz. I can't give you the date, but within the last 60 days.

Mr. WEITZ. And what is the source of that information?

Dr. MEHREN. Mr. Heininger.

Mr. WEITZ. Do you know what his source of information is?

Mr. HEININGER. Do you know?

Dr. MEHREN. No.

Mr. HEININGER. My basic source of information was the Wright report. In other words, we have not gotten the Wright report yet.

Mr. WEITZ. That is an attorney who has been retained by AMPI to investigate prior matters?

Mr. HEININGER. That is correct.

Dr. MEHREN. I think the record should show that he has been explicitly retained by the board of directors.

Mr. WEITZ. All right. Have you ever discussed that delivery of money with either Mr. Lilly, Mr. Nelson, Mr. Parr, or Mr. Jacobsen?

Dr. MEHREN. Mr. Lilly, on one occasion, perhaps 2 months ago, made an indirect allusion to such a delivery. And to my knowledge that is the only time that I have heard of it. As I recall he said something to the effect that the staff of this committee, and the grand jury—to use his language—"knew everything." He then said something, as I recall it, to the effect that they "even know about the big one." Again, that is a quote.

And then he said "the big one" was the West. That is about as much as I knew prior to, I think, fairly detailed information from Mr. Heininger.

Mr. HEININGER. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Dr. MEHREN. In addition to the one reference that I recall having been made by Mr. Lilly, Mr. Heininger, who was counsel for AMPI, did on one occasion read verbatim excerpts from the deposition of Mr. E. J. Jacobsen, relevant to this matter.

Mr. WEITZ. Do you have any knowledge—let me start it this way: Did you have any knowledge in 1970 of any contact between representatives of AMPI and representatives of the White House?

Dr. MEHREN. I can't think of any, Mr. Weitz, truly.

Mr. WEITZ. Since that time, have you heard of any information with respect to any such meetings, or contacts?

Dr. MEHREN. The information that I have had, to the best of my recollection, again, is exclusively newspaper information; and its validity or accuracy I cannot say. That is 1970, now; in 1971, I did hear things.

Mr. WEITZ. Just with respect to 1970. Did you at the time, or have you since that time heard any information—other than what you read in the newspapers—in connection with any pledges of campaign contributions by representatives of AMPI to people in the White House, or representatives of the Republican fundraising?

Dr. MEHREN. We have discussed that various times, you and I, in various talks; and being questioned on this by Bill Dobrovir—I still do not know of any instance in which anybody associated with the White House, anybody associated with the election campaign, or anybody associated with AMPI told me that a pledge had been made for the contribution of anything to the 1972 campaign.

Now, I believe I also told you that in the first 2 or 3 weeks of my tenure as general manager, I did seek to determine the nature, the magnitude, of any and all commitments of any kind. I did this primarily because the organization was near bankruptcy.

I was required in the first 2 weeks to reduce the home-office cost of this organization by something, I think, well over $10 million; it was for that reason that I inquired about commitments.

Now, at some stage within the first week, and certainly by the end of the second week, I was advised that David L. Parr had stated that there was a commitment of $2.6 million made by him to Mr. Colson.

And in the presence of John Butterbrodt whom you also know, Mr. Weitz, the president of the board of AMPI, I asked David Parr quite explicitly whether such a commitment had been made.

Among other reasons, I asked it because by that time, Mr. Weitz, I knew there was only about $1.3 million in the funds. His answer was equally explicit. He said that no such commitment had been made, and he further said that he was not acquainted with Mr. Colson. That was the only direct reference I know as to commitments to political contributions.

Now, there were many, many other commitments that were exposed in this process of inquiry, some of which I felt—and the board with me felt—should be kept, and others were not kept.

Mr. WEITZ. OK. We will return, I think, to that period of 1972. I take it you also had no knowledge, other than what you just related, to a pledge of $2 million in 1970, to the President's reelection campaign?

Dr. MEHREN. I have no explicit knowledge of that, no, other than the Wright report, to my recollection.

Mr. HEININGER. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

I take it also, however, that during that period you were not apprised, as a consultant of AMPI, of their meetings with people in the White House, if there were any such meetings; or of any discussions of campaign contributions, of pledges, if there were any such discussions?

Dr. MEHREN. That is correct.

Mr. WEITZ. Now, turning to 1971, I take it that you had some involvement in assisting AMPI and the other cooperatives in an effort to obtain a price-support increase for the 1971–72 marketing year.

Dr. MEHREN. That is correct, sir.

Mr. WEITZ. Could you tell us what role you played in that effort?

Dr. MEHREN. Yes. The first role I played was again to edit the submission that was made to the Secretary of Agriculture, which I think we have given to you. That was a rather comprehensive activity, because as I recall when it came to me, it wasn't in very good shape.

The basic purpose was to put it into a form which would be relevant to the factors required to be considered by the Secretary in setting a price-support level.

The second was to work primarily with Mr. Mills, and assuring the dissemination of this kind of information to other Members of the Congress.

Mr. WEITZ. Now, was there a letterwriting campaign that was instituted that you were aware of?

Dr. MEHREN. Yes, I was aware of the letterwriting campaign.

Mr. WEITZ. The letterwriting campaign was both to the Department of Agriculture and to various Members of Congress?

Dr. MEHREN. I believe to the Executive, also.

Mr. WEITZ. You say to the "Executive."

Dr. MEHREN. The President's Office at the White House.

Mr. WEITZ. I see. And there was also a visitation program of constituents to various Members of Congress?

Dr. MEHREN. A rather large-scale one.

Mr. WEITZ. Were you also aware of meetings taking place both at the staff level, and with the top officials of the Department of Agriculture during that period, in connection with obtaining the increase?

Dr. MEHREN. To the best of my knowledge, I never participated in those. I am not certain whether I was aware of them calling upon such people as Dr. Hardin, the Secretary; I'm not certain, but I expect I was. It's not firm here, but I believe I was.

I should add to that. I am not at all certain that they ever went over to the Department of Agriculture. I think I heard them say so, but I have no certainty.

Mr. WEITZ. You think it's likely if we have independent evidence of meetings with a number of people in the normal course.

We are talking about a certain period now. Would this period have begun as early as 1971, January 1971, with a view to extending the effort up to the time, some time in March, when the price-support level would be set?

Dr. MEHREN. I think it would have been later than January 1, Mr. Weitz. I know—not with certainty, but I'm reasonably certain—that at least two or three times from the 1st of March to the 23d of March, I came down here to help these people with their formulations.

I would guess probably it would have been in February that the submissions were made to me; and probably that would have been done in New York, but I'm not certain.

Mr. WEITZ. When was the general time in March that you expected the decision to be publicly announced?

Dr. MEHREN. There is a certain time limit on this matter. The market year begins on April 1; prior to that, the Secretary must provide notice in the Federal Register. But generally, March 20 would be about the last time, March 20 to 25, that a price-support docket would be issued; and therefore it would be generally between the 1st of March and perhaps the 25th of March, as a routine matter over the years, that the dairy price-support level would necessarily be announced.

Mr. WEITZ. In these contacts, both on the Hill and the submission that you prepared, for whatever purpose they were ultimately used, did that address itself to all phases, all economic aspects of the problem?

Dr. MEHREN. Yes. You have that memorandum, I think.

Mr. WEITZ. And did it also, for example, refer to the impact of increasing costs to farmers upon production, and their capacity to remain in business?

Dr. MEHREN. Well, to be helpful I have just told our economics people what to write for the submission on price support this very year; and generally there is a standard procedure.

One is to specify the nine governing standards to which the Secretary must refer in setting the price support.

The second step is to set the facts that are relevant to each of those standards out as precisely as one can.

The third, then, is to derive conclusions that would be derivable from the placing of the facts against the standards.

Nearly always one then takes whatever special issues may be involved. This year it would be a matter of imports; it would also be a matter of relative prices for dairy products. Then one goes into what

might be called a traditional counterargument, Mr. Weitz, and that nearly always is what the Secretary must look at; and the consequence of once having been through that oneself, one knows reasonably well what the Secretary must have. As I recall, that is how I organized for that submission, the documents that went in to the Secretary, and up to the Members of Congress in 1971.

Mr. WEITZ. All right. Let me take about a 2-minute recess to get an exhibit which I thought I had brought, and which I would like to show you.

[A short recess was taken.]

Mr. WEITZ. Back on the record.

Dr. Mehren, I am showing you Townsend exhibit 3*, I believe, to his executive session before this committee; and I want to ask you whether you recognize that as one of the submissions, or the principal submission of the cooperatives in 1971, with respect to the price-support question.

Dr. MEHREN. I believe it is, sir.

Mr. WEITZ. Now, I want to direct your attention to pages, principally 9 through 11, where there is some written material and charts referring to increased costs to farmers. Is that some fairly complete and relevant data, available at that time, as to the question of increased costs, including increased feed costs to farmers?

Dr. MEHREN. Well, apparently the materials on page 9 come from Anthony Mathis, who I know to be the official in the Department of Agriculture, who at that time was responsible for determining such costs from the data.

Similarly, the material I see on page 10, exhibit D, these reports come from "Dairy Situation," and therefore, could be expected to be replication of official data from departmental publications.

If I may take a moment to skim page 10, please?

Mr. WEITZ. Certainly.

Dr. MEHREN. I think, Mr. Weitz, the materials on pages 9, 10, and 11 appear to be accurate and basically from official sources.

Mr. WEITZ. All right. Now, you notice the date on the document is February 24, 1971. I think you said you were in Washington several times in March of 1971 in connection with this matter.

Dr. MEHREN. Either two, or three times between the 1st and the 23d.

Mr. WEITZ. You left Washington on the 23d, and did not return before the decision was announced with respect to price support?

Dr. MEHREN. That's correct.

Mr. WEITZ. In fact, you went to Europe and left the country.

Dr. MEHREN. Yes.

Mr. WEITZ. Now, until the time of the 23d, was there any information that you became aware of, economic data, with respect to price support, the price-support question, that was new, or shed further light on the question of increased costs, subsequent to this document dated February 24?

Dr. MEHREN. I have already testified, I believe, before Bill Dobrovir, that I had no such information; and I still don't have any.

Mr. WEITZ. All right.

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*See Book 14, p. 6332.

Dr. MEHREN. What you are really asking me, was there any change in the basic economic structure, or any basic change in number or analyses that would lead to a different conclusion from the number set here. Is that what you are asking me?

Mr. WEITZ. That is the relevant question.

Dr. MEHREN. I don't know of any. But, I would also say that the numbers here, considering the nature of the standards that govern secretaries do provide latitude for any secretarial offices to make alternative decisions.

Mr. WEITZ. And I understand to the best of your knowledge these submissions were made available to people in the Department of Agriculture, or whoever the dairy people were meeting with during that period?

Dr. MEHREN. I can't, of my personal knowledge, say they went to the Department of Agriculture, because quite meticulously I stayed out of the Department of Agriculture for some 2 years after I left the office; but I think that others did take them there. I do know that these are made generally available to quite a few people in the Congress.

Mr. WEITZ. Now, in March of 1971—February–March of 1971, were you aware which lawyers in Washington were representing AMPI in assisting them in their efforts in connection with the price-support matter?

Dr. MEHREN. I don't think I can truthfully say that I knew at that stage of all of the lawyers who were apparently, or nominally, at least, associated with AMPI; I knew some. I knew that DeVier Pierson was associated with it because DeVier Pierson actually helped in the drafting of some documentation.

I knew that Jacobsen was involved because I saw him on one or two occasions during this period; and I knew that Marion Harrison was involved. But I don't think I could say that—well, yes.

Mr. WEITZ. Is Ted van Dyk a lawyer?

Dr. MEHREN. He was a consultant. I know he was involved; I know Bill Connell was involved.

Mr. WEITZ. Did you have occasion to meet in March of 1971 with Mr. Harrison and others from AMPI?

Dr. MEHREN. I was at the meeting on March 23d, I think, for about a half hour in duration, prior to the movement of the delegation over to the White House.

Mr. WEITZ. You did not attend the meeting at the White House, however?

Dr. MEHREN. No, I did not.

Mr. WEITZ. Other than that meeting, was there any other meeting that you can recall with Mr. Harrison and others from AMPI in March of 1971, that you attended?

Dr. MEHREN. I have a vague recollection, Mr. Weitz.

Mr. WEITZ. How about Jake Jacobsen, did you meet with him during that period?

Dr. MEHREN. I have a somewhat less vague recollection that on one or two occasions Jake Jacobsen was in the so-called headquarters room in the Madison Hotel.

Mr. WEITZ. And you were aware that both Mr. Harrison and Mr. Jacobsen were assisting AMPI, advising them, and so forth, in respect to obtaining a price-support increase?

Dr. MEHREN. I was, sir.

Mr. WEITZ. Do you know who Mr. Harrison was meeting with in the administration on behalf of AMPI?

Dr. MEHREN. Not with any precise recollection. I believe he did say he had contact with Clifford Hardin; whether he met with him I cannot truthfully say. I think he alluded once or twice to contact with White House staff, but I cannot say which ones.

Mr. WEITZ. All right.

Dr. MEHREN. But there was a general tone—you want me to be helpful—there was a general tone that he did know, generally speaking, the staff around the President's office. But, I don't recall any case where he said, "I saw Mr. so-and-so," or "Mr. so-and-so." I did not participate in that part of the activity at all.

Mr. WEITZ. Did you meet with, or know of any meetings taking place with Murray Chotiner in March of 1971, in connection with the price-support matter?

Dr. MEHREN. I have never met with Mr. Chotiner. Ex post I did learn of meetings, and well ex post, but not at the time. This part was not made known to me at all. Long, long afterward I can recall Harold Nelson saying something to this effect: "That of all of the people on the White House staff, the one that could really make the ball move was Mr. Chotiner." I think other records will show I have never met Mr. Chotiner; in fact, I have never even seen him. But those were ex post conclusions, Mr. Weitz.

Mr. WEITZ. I take it then, you were not aware that Mr. Chotiner was, in the last part of March 1971, house counsel for the Harrison firm?

Dr. MEHREN. That I learned ex post, and I think I can tell you when I learned this. Shortly after the change of management Mr. Harrison came to my home and spent a night, I believe, or two. At that time he did tell me that shortly after the detachment of Mr. Chotiner from the White House position, that he had become a counsel.

And for the record, I volunteer that he also told me at that stage, that the retainer from AMPI had at that time been raised.

Mr. WEITZ. More than doubled, hadn't it?

Dr. MEHREN. The number that comes to my head is $57,500—and please don't hold me to the accuracy of this later.

I think he said, as I recall the conversation, that the retainer had increased $50,000 per year; and $7,500 was contributed toward equipment, furnishings, et cetera, for Mr. Chotiner. I believe that is what he told me.

Mr. WEITZ. When Mr. Nelson talked to you, I believe somewhat after the fact, that Mr. Chotiner was a prime mover, or——

Dr. MEHREN. "Most effective," generally, to give you his exact words.

Mr. WEITZ. Was he talking with reference to the price-support question?

Dr. MEHREN. I think so.

Mr. WEITZ. Did he give you any further specifics as to Mr. Chotiner's role in the price-support effort?

Dr. MEHREN. Well, it is very difficult for me now to recall with any specificity what he said, but I will give you the general tone, and my general recollection of it was to the effect that the one person who could

make effective representation within the staff areas of the White House, and I presume therefore, into the Secretary of Agriculture's office, was Mr. Chotiner.

He seemed to feel that he was the one who could make the effective presentation and persuade people to do what Mr. Nelson wanted done. This is the tone of his statement to me.

Mr. WEITZ. How long after March of 1971 did you have this discussion with Mr. Nelson?

Dr. MEHREN. That would be awfully difficult to say, I am not slighting you—I believe it would have been well into the summer of 1971.

Mr. WEITZ. While Mr. Nelson was——

Dr. MEHREN. While Mr. Nelson was still manager, so, it was prior to January of 1972. I am reasonably certain it would be well into the summer because I have no recollection of any discussions with him—that's a rather puzzling thing—or anybody else with respect to the price-support activity. I learned of it from the attaché at the American Embassy at Bonn.

Mr. WEITZ. In what context was the reference to Chotiner made, how did the matter come up?

Dr. MEHREN. That would be difficult to recall. I believe it was in a general discussion of procedures in effectuating executive decisions in Washington; it was at this time when he made rather complimentary statements about Mr. Chotiner.

I think in fairness, and in accuracy, there was no direct or indirect implication that any payments had been made, or of any improper, unlawful activities.

Mr. WEITZ. Did he make any other references, or is there anything else about the conversation, relative to this matter, that you recall?

Dr. MEHREN. By this question you are asking me, did he refer to other individuals?

Mr. WEITZ. Either that, or expand in any way on the price-support matter?

Dr. MEHREN. I think he said two other people were, in his judgment, rather key individuals in the White House staff in terms of influence on ultimate decisionmaking. There is another man whom I don't know; I believe he referred to Harry Dent at one stage. He generally said something to the effect that here is a man to whom you can talk, he understands what you are saying; and broadly speaking, at least in tone, or basic conclusion from his statements, "Here is a man who gets things done."

Mr. WEITZ. Did he indicate he had met with him in connection with the price-support matter?

Dr. MEHREN. I don't recall if he did so.

Mr. WEITZ. Who else did he refer to?

Dr. MEHREN. Mr. Colson.

Mr. WEITZ. What did he say with reference to Mr. Colson?

Dr. MEHREN. As I recall now—and again, that is a totally fresh recollection here—as I recall he said that Colson was a highly organized, systematic worker who quickly understood what was being said to him; and seemed to be the kind of man who could function on an executive basis, and get the opinions of the representations made by such people as Mr. Nelson, to wherever they go for decisionmaking purposes.

Mr. WEITZ. Now, from the comments of Mr. Nelson with respect to Mr. Chotiner and Mr. Colson, was it your understanding, or impression, that Mr. Nelson was speaking from firsthand knowledge acquaintance with these individuals?

Dr. MEHREN. I think I can say this properly—I am trying to be fair as well as accurate—I think I can say this properly with respect to Mr. Chotiner. I certainly got the impression that he knew Mr. Chotiner and had talked with Mr. Chotiner.

Mr. WEITZ. How about Mr. Dent?

Dr. MEHREN. I think so, but I really can't say that in a definitive sense; but I think so.

Mr. WEITZ. And Mr. Colson?

Dr. MEHREN. To a lesser extent. I would find it very difficult to conclude that with references to the effectiveness and capacity of these people to function, one could not conclude that he had some contact with them, because otherwise it would be rather difficult for him to make such appraisals. That is the only basis on which I can conclude he had talked to them; he never told me this.

Mr. WEITZ. Now, in your meetings with Mr. Jacobsen, did he make any reference to Mr. Connally?

Dr. MEHREN. I think so. I am not sure—I think so.

Mr. WEITZ. Were you aware in March of 1971, of what I think I may safely refer to as a longstanding friendship and acquaintance between Mr. Jacobsen and Mr. Connally?

Dr. MEHREN. Only in terms of one-sided purported relationship. I might say, without ever directly saying so, it was my impression from the year or two earlier that I had become acquainted with Mr. Jacobsen that he was closely related on a personal basis with Mr. Connally.

Mr. WEITZ. Were you ever present at any strategy meetings, or any other types of meetings in March 1971, with the dairy people, in which conversations covered such matters as contacts in the White House, and alternative contacts with other Cabinet, or other high officials in the administration?

Dr. MEHREN. I think so; I don't have any specific recollection. Again, for the record purposes, the procedure that was generally followed by Mr. Nelson, as I presume others have told you, was kind of a segmented distribution of information. There were sessions in which I know I sat, on occasion, in the Madison Hotel in Mr. Nelson's suite, in which there was kind of an evaluating what they had done one day; sort of a strategic projection what might well be done the other.

I think—but again, it's not a precise recollection—that I have heard Mr. Jacobsen say that Mr. Connally probably would be willing, given the appropriate facts and bases for action, to make representation to help in the matter. But this, again, is not a precise recollection.

So, I think that you probably understand that neither then nor now do I—nor could I—orient my activities in long and difficult days where these political matters were——

Mr. WEITZ. Without respect to particular words, or pinpointing particular meanings, this was a major effort in which you were present two or three times in Washington in March of 1971.

Dr. MEHREN. Yes.

Mr. WEITZ. And you, being astute and intelligent, can you recall being aware, or in fact being involved in decisions with respect to how best to procure the increase, whether through the administration, or otherwise?

Dr. MEHREN. My activity, really, I think—going back, came down to two major sets of functions, Mr. Weitz. One was argumentation, or the supporting documents, to use the bureaucratic language here——

Mr. WEITZ. The economic data?

Dr. MEHREN. Yes; in a price-supported docket, above and beyond all other things, the economic data are also appraised in terms of political consideration; and has been, to my knowledge, in all administrations. That was one.

The other one was as a sort of a collaborator with Mr. Mills in terms of appraising the progress of the bills in the House, and to a lesser extent in the Senate.

But there is very little in the sense of working the Hill as a departmental liaison officer regularly worked the Hill. No, I had none of that.

As I recall it, I think I testified earlier, that during this period I may have talked with four or five people; but they are just the four or five people I happen to know well in Congress.

Mr. WEITZ. Now, on March 23, 1971, when you left Washington, was there optimism among the dairy people with respect to an increase by the administration of the price-support level?

Dr. MEHREN. It's a difficult thing. As I recall, I rather thought—this is ex post of what all of them have told me since, I don't think I saw them; I packed up and went to New York.

Mr. HEININGER. Your question is directed before——

Mr. WEITZ. That's correct. From your knowledge when you left Washington, was it your feeling that it was probably, or there was a good possibility that there would be an increase in the price-support level by the administration?

Dr. MEHREN. I don't think so, and this is a difficult question to answer. I don't think so because as I recall it, they were reasonably well aware that while there was always much discussion, much clearance, occasional amendments or either a reversal of preliminary submissions from the Secretary's office to the White House. That to actually promulgate a finding and officially to send an order and then to reverse it would be a most unusual matter.

I think they were aware of that, and certainly I was. To my knowledge that has not occurred before. Perhaps it has, but I don't know.

I suppose the answer to your question would be that in view of the fact—what was the date on which the initial finding was made?

Mr. WEITZ. March 12, probably.

Dr. MEHREN. My departure was March 23. A reasonable man would be required to assume that the likelihood of reversal would be remote.

Mr. WEITZ. And you had known from your personal contacts and meetings, and so forth, during the period when you left, on March 23 no basis to think otherwise, from what a reasonable man would conclude?

Dr. MEHREN. Only one basis, and that was that the number of Members of the House, and I guess of the Senate, who had endorsed or

sponsored, as the case may be, bills setting a minimum floor to the price support, as they did this year, was impressive.

This much I did think, that there was rather good likelihood of passing a bill which would change the minimum from 75 percent parity, to whatever the level was being sought by the group. But beyond that, I think your question really goes to the point, is it a typical matter, or would it frequently occur that the Secretary, probably with the acquiescence of the White House had made a finding, and then it would be reversed shortly afterwards. I quite agree, that would be a most unusual matter, and it has never occurred in my personal experience.

Mr. WEITZ. Before the time you left, did you have any knowledge or information of any political contributions that were made, or were being made, or being contemplated, I should say; that were made, or being contemplated by any of the dairy trusts, or dairy cooperatives to the Republican——

Dr. MEHREN. I cannot recollect any such discussions whatever. I think, and this is a backward judgment, that had anyone come to me and said that lawfully and properly in the period of seeking a price-support level, or in the period seeking an amendment, or a reversal of the price-support level, you should also be contributing political funds I would say, "This is not merely indiscreet, but this is perhaps lawful, but stupid."

I don't think so. The memory I have of the association, attempt of the association at least, of political contributions in 1971, and price-support amendment in 1971 was substantially later, and basically through the press. I don't recall when that first became public.

Mr. WEITZ. All right. Now, when you returned——

Dr. MEHREN. Also, to answer this—and if I become too discursive you tell me—I think it was when the association, or at least the temporal sequence of political contributions, amendment of a price support, and apparently further political contributions became public, Mr. Nelson made the remarks, or statements with respect to who had been useful, and who had not. I think it was in association with the publication of these facts that this discussion with Nelson occurred.

Mr. WEITZ. I see. But, in light of the segmentation—if that is the proper word—the propensity of Mr. Nelson to segment functions and knowledge of activity in the organization, was it surprising to you that you were not told of any such contributions, or contemplations, if they were in fact made?

Dr. MEHREN. No, it isn't really. I think that Mr. Nelson looks upon me as what might be called virtuous; he looked upon me as a person with a professorial background and academic reputation. I can't recall any time at which he discussed these kinds of things with me.

Mr. WEITZ. Did there come a time in May 1971, when you met with certain officials in the Department of Agriculture, specifically Assistant Secretaries Lyng and Palmby?

Dr. MEHREN. There came a time, I think, when I met—I think prior to that, Mr. Weitz—with Mr. Lyng, Don Paarlberg, and there may have been others; which was antecedent, I'm pretty sure, to the meeting with Dick Lyng and Don Paarlberg.

Mr. WEITZ. And at this prior meeting, this was after you returned, it would be sometime in April or May of 1971?

Dr. MEHREN. I can't be certain of the sequence, but I believe I met in a rather heated session one afternoon with Richard Lyng, an old friend and colleague. Don Paarlberg was Director of Agricultural Economics, another old academic colleague. I think it was prior to my meeting with Dick Lyng and Clarence Palmby, I'm not certain.

Mr. WEITZ. And at that meeting, was the matter of price support of the previous March discussed?

Dr. MEHREN. At the meeting with Don Paarlberg and Richard Lyng, I don't think it was so much the price support as it was a general implication that "your people are playing too rough", something of that sort.

Mr. WEITZ. What was he referring to, do you know; did you know at the time?

Dr. MEHREN. Yes, not specifically. I think what he was referring to was what later became the issue of the Oklahoma metropolitan order area difficulty—I think that's what it was.

Mr. WEITZ. Nothing to do with price-support level.

Dr. MEHREN. I don't recall it as such.

Mr. WEITZ. Was there any mention or reference, directly or indirectly to political influence?

Dr. MEHREN. You are talking now of the meeting with Don Paarlberg and Dick Lyng, which I think was the first meeting, I'm not certain of it. I don't recall that as being a thrust of the meeting.

Mr. WEITZ. Now, your subsequent meeting with Assistant Secretaries Lyng and Paarlberg—did you discuss the question of price-support matter?

Dr. MEHREN. There is a memorandum, I think, which has been made available to you; in which I advised Nelson basically what this discussion was.

Mr. WEITZ. Let me show you this memorandum that I believe you are referring to, exhibit 15* to the Nelson executive session. It is a memorandum to Mr. Nelson from you, dated May 19, 1971. I believe you have been shown this before.

Dr. MEHREN. Yes, I have.

Mr. WEITZ. I want to direct your attention to two paragraphs, paragraph 4 and a portion of the second paragraph, item No. 15—let's begin with No. 4.

Dr. MEHREN. Yes.

Mr. WEITZ. There is a reference there to the fact that Mr. Lyng and Mr. Palmby are upset about the boasting and bragging with respect to the reversal to the price-support matter. Do you know what this is referring to?

Dr. MEHREN. Really, I don't think this one came so much from Dick Lyng and Clarence Palmby as it did from the Secretary.

Mr. WEITZ. Secretary Hardin?

Dr. MEHREN. As I recall it, when I finished this discussion here, which had in fact been generated, if I recall, by invitation from Dick Lyng; I walked downstairs and met Clifford Hardin, who also was an old academic colleague of many years on the apron of the administration building.

I really think it was the Secretary who said something to the effect that the reversal, or the amendment had occurred, and that he regarded

*See Book 15, p. 6750.

the amendment of the Secretary's decision by the President as one of the occurrences that is associated with being a Secretary; but, that he did not like, as he put it, our people boasting, or bragging.

I asked him, as I recall, who was doing it, and he said, "Well, it's various personnel out there in your field, the field people."

I responded, as I recall, to Dr. Hardin to the effect that when I was in the Department it was frequently quite impossible to prevent such activities, or such statements from our own field personnel; and that to my knowledge there had never been any central discussion of this sort; and there hadn't. But that I would do everything I could to terminate it.

Mr. WEITZ. Now, in a previous interview with members of this staff, I believe with respect to that conversation with Dr. Hardin in May of 1971—at least our understanding of your previous interview—was that you said that Dr. Hardin had made a point of telling you that he had changed his own mind with respect to the price-support matter.

Dr. MEHREN. Yes.

Mr. WEITZ. Now, in your statement that you just made, I think you made a reference to the fact that Dr. Hardin was referring to a decision by the President. Can you clarify, or——

Dr. MEHREN. No, no.

Mr. WEITZ. Can you clarify, or amplify on what Dr. Hardin told you on that occasion?

Dr. MEHREN. I think I can clarify it out of my own experience. I really don't know of any important price-support decision that doesn't almost routinely go over to the White House. It may be occasionally on honey, or tung nuts, or some very minor thing that the Secretary is given total latitude, although I have seen it go on honey more than once to the White House.

In the progress quite frequently, from my own experience, the original submission of the Secretary has been amended. The difference has been that it was never made as a finding, and published, and then amended.

Mr. WEITZ. My question is specifically this: Did Dr. Hardin make a statement to you as to whether or not the March 25 decision was his own decision, or the President's decision?

Dr. MEHREN. I believe he made it as his own decision; and technically speaking it was his own decision.

Mr. WEITZ. What did he tell you about it, though?

Dr. MEHREN. As I recall he said something to this effect—and this is again most difficult—as I recall he said something to the effect that—

I did make the amendment, and I published it, and it's done. But now I don't want people saying I was pushed, or forced.

Mr. WEITZ. That was it?

Dr. MEHREN. Yes, that's basically it, what was discussed—his saying:

I don't like your boasting and bragging, and saying we made you do it.

That was the thrust of his statement to me.

Mr. WEITZ. Did he make any reference to the fact that the President had ordered him to do it?

Dr. MEHREN. None.

Mr. WEITZ. Did he give you the contrary impression?

Dr. MEHREN. He really said that he made the amendment, and he so published it in the Federal Register. Basically, what he said to me was in the Federal Register, on the new data respecting costs, as I recall.

Mr. WEITZ. From your experience in February-March of 1971 in connection with the submission that was prepared for relevant individuals, I believe you testified here that you were aware of no such new data that was available.

Dr. MEHREN. There may have been new data, but I will say this, I would be very surprised if any totally compelling data on costs would have been discovered, or would have been analyzed to reach conclusions different from the first one.

But, I must also say again, as I said during your short recess, that out of my own prior experience the governing standards of that statute are such that they can—with agreed sets of facts, there is latitude for secretarial or Presidential decision.

You see, you cannot take the facts of output, price, cost, revenue, treasury cost, acquisitions, imports, et cetera, and come out with a unique single determinate finding. So, there is always latitude for revision.

Mr. WEITZ. Now, in 1971, did you have any knowledge of any contributions by AMPI, or any of the cooperatives, or their political trust to the President's reelection effort?

Dr. MEHREN. Prior to the price-support matter?

Mr. WEITZ. No; at any time in 1971.

Dr. MEHREN. I think so—I think so.

Mr. WEITZ. Would your knowledge have come through Mr. Nelson, or through TAPE reports? From what source?

Dr. MEHREN. I think, and that has to be the best of my recollection, it came whenever the Nader matter started; and the press began to note what they considered a remarkable interrelationship of temporal sequence between submission of data, a price-support finding, political contributions, the price-support amendment, and political contributions.

Let me say again, I do not recall any of them, either in Government, or out of Government, referring to political contributions prior, I think, to the public knowledge of that.

Mr. WEITZ. Now, the public knowledge would be some articles on that sequence of events; it was published as early as September of 1971, the beginning of 1971.

Now, beginning in September of 1971 until you became general manager in January 1972, did you have occasion to discuss this matter with anyone in AMPI?

Dr. MEHREN. Well, I have already stated that I discussed it at least once with Harold Nelson. I know his answer, at least in a general——

Mr. WEITZ. What was his answer?

Dr. MEHREN. This is the thrust, at least in tone or conclusion, these aren't the words he used, that people just don't go around doing things like this. Professionally competent people don't go in and associate political contributions with administrative decisions because that's not the way things are done. From my earlier experience, that statement was correct.

Mr. WEITZ. Now, directing your attention to 1972——

Dr. MEHREN. You have 15, that you wanted me to look at.

Mr. WEITZ. I think we covered that. Both matters essentially cover the same topic.

Before we leave that, before we leave 1971, I have here an exhibit to one of your depositions.

It is a report of the general manager, AMPI to the board of directors, dated December 1, 1971. Now, on page 14 of that report it states as follows, the paragraph reads as follows: "What we have done has been worth the doing," that refers to the TAPE program. "Adjustments in price supports were worth at least $300 million in income to dairy farmers."

I have two questions: First of all is that, to your knowledge, a fair estimate of the impact of the price-support increase on dairy farmers?

Dr. MEHREN. No.

Mr. WEITZ. Didn't you write this report?

Dr. MEHREN. I helped write it, but I'm not sure I put that number in; no.

Mr. WEITZ. Did you have a chance to review this before it was distributed?

Dr. MEHREN. Yes. I wrote parts of it, I am not sure which, the parts that I actually drafted. I am certain I read the whole thing; but as of now I am quite certain that number is at least twice as high as it should be.

Mr. WEITZ. When you say "as of now," what about at the time in 1971 when the decision was made; was it a fair estimate?

Dr. MEHREN. Yes, I suspect it probably would have been a fair estimate then, because no one was aware that the market price by December of 1971, certainly by January 1971, would have exceeded the support level.

Mr. WEITZ. January of 1972.

Dr. MEHREN. 1972, yes. I think the way this was done, that they projected on the basis of the first quarter of the marketing year the acquisitions and outlays by the Federal Government that would be associated with them. But in the meantime, by December of 1971, as I recall, late December of 1971, the market price had exceeded the support price. There were virtually no acquisitions, and no governmental additions to incomes in the last part of the marketing year.

The number that I had worked out—I asked that question of Elrod and Miller, who are economists down there, and they come out with about $124 million as the maximum.

Mr. WEITZ. As you say, that is concluded with hindsight.

Dr. MEHREN. Yes.

Mr. WEITZ. Subsequent data.

Dr. MEHREN. Yes.

Mr. WEITZ. Now, turning your attention to 1972. You became general manager on January 12 of that year; is that correct?

Dr. MEHREN. Yes.

Mr. WEITZ. Now, I believe you testified—probably a number of times—that when you became general manager, and I think you repeated it again today, that you made an effort to determine from those prior management people, and current management people, existing commitments and responsibilities of the cooperative. Is that correct?

Dr. MEHREN. Yes. I believe the order was written on February 3, as I recall. I believe I wrote a memorandum saying I wanted our people to let me know what commitments and contracts, and so on, were outstanding, good, or bad.

Mr. WEITZ. Now, did you have an occasion to discuss with anyone what outstanding political commitments, if any, then existed?

Dr. MEHREN. I had the one specific discussion with David L. Parr to which I referred earlier. I think I asked Nelson, and I think I asked everybody else if we had such political commitments; the only one that I ever was given, as I recall it, was the $2.6 million, nominally from articles; that is not a money commitment.

Mr. HEININGER. He doesn't believe that.

Dr. MEHREN. There were two commitments that I know about, they are in the record, in that not only Nelson, but other participants of that March 23 meeting told me that they did make two agreements with the President. At least they said something to that effect, if the price support was put at the level they wanted it, which I vaguely remember was $4.93, as opposed to $4.66, (*a*) they would undertake to comply with the President's apparent request that they control production, and not load the Government up with stocks; and (*b*) that they would not intervene or ask a price support in 1972. Now, that commitment I did keep because I asked Nelson bluntly if those two commitments had been made, and he answered quite bluntly "Yes"; and therefore I did not, or AMPI did not participate in representation for price-support adjustment in 1972.

Mr. WEITZ. To your knowledge, did the other cooperatives?

Dr. MEHREN. Yes, I am quite certain they did.

Mr. WEITZ. They did seek it?

Dr. MEHREN. Yes, they did.

Mr. WEITZ. What caused you to ask Mr. Nelson whether these commitments had been made?

Dr. MEHREN. I don't think I asked him whether those two commitments had been made because it would have been quite impossible, not having participated in a meeting of this sort, to ask two questions like that, I am quite certain that certain producer people who participated in that meeting, perhaps Nelson himself in telling me what the President had said, let me know that these two quasi-commitments, at any rate, had been discussed.

Mr. WEITZ. Now, with respect to political commitments, or commitments with respect to political contributions, did you ask him of any of such commitments, and did he inform you of any such commitments?

Dr. MEHREN. This much I can say to you, and again, for the record, I would like to have you personally, as well as professionally understand this: I do not, as a general matter, falsify myself on anything, nor have I, nor shall I.

Second, I see nothing wrong with a commitment; and if they had told me they had a commitment, I would tell you they had told me so. There were other commitments of rather dubious nature that I was told about; some of which I kept, and some of which I didn't.

But again, I can tell you that I cannot recall any instance in which any of them said anything to the effect that they had made an agree-

ment, with or without quid pro quo to participate in the financing of Mr. Nixon's 1972 campaign.

Mr. WEITZ. Now, you say commitment, agreement; I am asking you whether they told you of any discussions, or representations that involved a discussion of contributions to the Republican Party, or to President Nixon's reelection.

Dr. MEHREN. I don't think so.

Mr. WEITZ. All right. Now on page 144 of the December 19 executive session when Mr. Nelson was before this committee, he was asked the following: "In your conversation with Dr. Mehren, either before the first meeting in January, or between the first and second meeting with Mr. Kalmbach, did he ask you whether any commitments had been made for political contributions?"

Mr. Nelson's response is: "I think he asked me what we were committed to do." And then he said, "I asked him what he told you," and he said, "What we had told him"; and I said "what did you tell him?" and Mr. Nelson's response on page 145 is: "I told him the same thing I told everyone else, it was indicated that we would make large contributions and had been unable to get the committees."

Dr. MEHREN. Now——

Mr. WEITZ. Wait a second, further down I asked him: "Did you indicate that these intentions or commitments, however you want to characterize them, had been fully satisfied?" And Mr. Nelson's response was, "No, I told him they had not been." Do you recall any such conversation?

Dr. MEHREN. No, no. And again, now, I have no personal or professional reservation in telling you if there was such a commitment.

The only thing I know of is the reference by Marion Harrison to the difficulty of meeting commitments; but that, I think, was 1971, in getting committees put together. But I do not have any recollection—in fact, I have adverse recollections of Nelson and Jacobsen ever telling me that they had made any agreement, specific, indirect, or otherwise, to contribute to the 1972 campaign. There would be no point in my telling you this unless it's so.

Mr. WEITZ. That would include any discussions, or representations without regards to agreements, or commitments?

Dr. MEHREN. I think so. I don't have any recollection of it; and if I did, I would give it to you quite without reserve.

Mr. WEITZ. And if you did, you would have a recollection of it.

Dr. MEHREN. I think so. I can't answer yes, or no.

Mr. HEININGER. For the record, the document to which he referred was not discovered by us, and I am sure not seen by him until your search through the file.

Mr. WEITZ. Are you aware that Mr. Parr has denied under oath even discussing the $2.6 million matter with you?

Dr. MEHREN. I am now aware, that you ask me the question; but I wasn't until this moment. The discussion was in the presence of another person.

Mr. WEITZ. Who was that?

Dr. MEHREN. John Butterbrodt.

Mr. WEITZ. Did you talk with Mr. Butterbrodt about what commitments had been made, or what discussions, or representations with respect to contributions had been made?

Dr. MEHREN. Yes; I talked to him many times about it.

Mr. WEITZ. What did he tell you?

Dr. MEHREN. He told me first that he knew nothing about the apparent commitments in 1971; that appeared to have been a decision made individually by Mr. Nelson, or by Mr. Nelson and a group, a group in which Mr. Butterbrodt did not participate. Mr. Butterbrodt and any of the other board people to whom I have talked said they have no knowledge of any agreements with quid pro quo, or bereft of quid pro quo, associated with earlier price adjustments, or also future price adjustments with respect to 1972.

Mr. WEITZ. When did this conversation take place with Mr. Butterbrodt?

Dr. MEHREN. Well, there have been many conversations with Mr. Butterbrodt.

Mr. WEITZ. When was the first time that you discussed that with him?

Dr. MEHREN. Well, I suppose, and I will have to say this out of guess, rather than precise recollection, I suspect when the rumor about the $2.6 million with respect to David Parr came up, I asked John if he knew anything about any of this, and his answer was, "No."

Mr. WEITZ. Now, on page 159 of your antitrust deposition, which is still underway, that particular questioning took place on December 13, you were asked whether as new general manager you had asked management, prior management, of what the Republican Party and Mr. Kalmbach expected; and your answer was, "No, I didn't; I had no reason to believe there were any commitments of the sort we discussed this morning," and you went on to say that you didn't ask him about it.

I take it from what you are saying that you, in fact, did ask Mr. Nelson.

Dr. MEHREN. I really asked Mr. Nelson and everybody else, as best as I could, what commitments of any sort there were, whether they were personal contracts, of which quite a few came up; some of which were alleged to exist and never were found; business commitments, the works.

But primarily, Mr. Weitz, in the context of saying, what are the areas, or the functions in which I can cut costs; this was my overriding necessity in the first weeks. I wanted to know what was owed there.

I will agree that political matters at that time, in that environment, considering the urgency of the other decisions I had to make, were of relatively minor importance. But, I think I asked them one by one, and I think Butterbrodt was certainly there the first 3 weeks of this set of inquiry, "What do we owe the people?"

You see, again, I had to go from approximately, as I recall it, something like $15 million of home-office cost, I had to get it down to about $6 million.

Mr. WEITZ. Yes; we will get to the specific meetings in a minute; but you testified, and it is a matter of public record, at least sometime in early February of 1972, you did meet with Mr. Kalmbach for the purpose of discussing the general way of campaign contributions. At that meeting you were accompanied by Mr. Nelson and Mr. Jacobsen.

Dr. MEHREN. Yes.

Mr. WEITZ. Didn't you take that occasion, when you made a special trip from San Antonio to Los Angeles and back again, to at least dis-

cuss with Mr. Nelson and Mr. Jacobsen what, if any, commitments or representations had previously been made?

Dr. MEHREN. No; I didn't do it quite that way, as I recall it. I said something—what I did ask them was, "Are we under pressure, or are we under requirement; and why are you people apparently in effect acting as intermediaries with Kalmbach?"; and the answer they gave me was, "We have to live with those people for another 4 years."

But nothing more direct than that; and that statement I can remember quite explicitly in the airplane going out—incidentally a commercial plane, going out to Los Angeles.

Mr. WEITZ. Did he indicate there had been a $90,000 a month commitment made the previous year?

Dr. MEHREN. I have never heard of a $90,000 a month commitment until it appeared in the press about 2 or 3 weeks ago. I am not sure now that there was any such commitment.

Mr. WEITZ. Did he tell you how much had been contributed in 1971?

Dr. MEHREN. I don't recall Nelson or anybody else telling me. I believe the press had discovered what had been contributed in 1971 through TAPE.

Mr. WEITZ. Did you ask Mr. Nelson why that amount had been contributed?

Dr. MEHREN. Probably not. It was contributed, it was done with.

Mr. WEITZ. With respect to meeting with Mr. Kalmbach——

Dr. MEHREN. Yes.

Mr. WEITZ [continuing]. Did the matter come up as to, we contributed that amount, do they want more, or why do they want more; or was the feeling, we should contribute more in order to live with them for another 4 years?

Dr. MEHREN. Mr. Kalmbach went to great lengths, really, to make two points very clear to me in that discussion, which nearly all of the others always did. That there was no quid pro quo of any sort here. Mr. Kalmbach, I believe, later testified under oath, to Bill Dobrovir that when he said he would not make further representations that there would be no breach of commitments.

It was not at the first meeting with him, I think, but the last one; but the matter of commitments came up, and I do recall saying to him: "Now the abstention from any further representation, or seeking of funds here is not to be taken as a breach of any commitment," and he said "there was no commitment;" and he so testified.

Mr. WEITZ. Let's take those meetings——

Dr. MEHREN. Let me just put this on the record. I can only tell you what was said. I cannot tell whether there was a commitment in the sense that you now say it. My own strong feeling now is, yes, there was; and I said that to you in private conversations.

But your question is: "Did they ever say this to me?" and the answer is, "No."

Mr. WEITZ. Now, I would like to take these meetings with Mr. Kalmbach in sequence, so that we can perhaps bring out the specific matters with respect to each meeting.

Dr. MEHREN. Sure.

Mr. WEITZ. Were you told, either before or after January 14, 1972, a meeting was going to take place between Mr. Nelson, Mr. Jacobsen, and Mr. Kalmbach in California?

Dr. MEHREN. No.

Mr. WEITZ. Can you explain why Mr. Nelson in his executive session before us, on page 144, when asked about the meeting said that, "Mr. Jacobsen and I flew out in that jet and flew back, and then I reported to him"—meaning you—"about the meeting?"

Dr. MEHREN. Yes, I can.

Mr. WEITZ. All right.

Dr. MEHREN. When I heard, or had adduced from the questioning of the grand jury that this meeting had occurred, quite truly, this was my first knowledge of it.

The next morning I reported to counsel, Mr. Heininger, that this information had been made known to me; and it was as impressive to Mr. Heininger as it was to me.

Immediately upon going back to San Antonio I asked the comptroller to check the log of the company jet, to see whether it in fact had gone to Los Angeles. The log was last indicated on January the 12th of 1972. The last logged flight of that jet was from San Antonio, to Mexico City, to Houston, to San Antonio on January 12. I therefore, as I think, told you on the telephone, and I certainly told Mr. Heininger that apparently the jet was not used.

Then I heard, oh, a week ago from Mr. Heininger that Harold Nelson had said I gave him permission to use that jet, whereupon I told our people to go out and search for fuel records. Having searched for fuel records they found a fueling of the jet in Los Angeles on January 14, I think.

I said then, "search again"—they had been through expense accounts—and I said, "search them again to find out if we have any records of Nelson and the pilot being in Los Angeles." They found an expense record of Harold Nelson on the night of January 13, I think, at the Beverly Wilshire Hotel. They found, at another hotel, an expense record for Mr. Paul Blanton, who is the pilot; but not for the copilot, as I recall it.

So, the flight obviously occurred. It was not logged, and it still is not logged. The last log flight on that jet was January 12, 1972; the tanks were drained on January 18, as I recall.

Mr. WEITZ. Can you provide us with copies of the fuel record and expense records for that date?

Mr. HEININGER. I don't think they are expense records, I think they are hotel bills. I think it was a charge on an Express card, or something. We will provide that.

Mr. WEITZ. Whatever you are able to find.

Dr. MEHREN. I have two things, I have the hotel bills for Blanton and for Nelson; and I have the fueling in Los Angeles. In fact, I can tell you now——

Mr. PLOTKIN. Just for clarification, are you saying that Nelson never filed an expense account covering those expenses?

Dr. MEHREN. Nelson paid for his Beverly Wilshire on an AMPI credit card, which on the first inquiry was not discovered. Immediately after November 15, or whenever we were last here I asked Gary Woods, our comptroller to check and see.

Now, Heinie then asked me, "Did you give him permission to use the jet?" and I give you the best recollection of that I have, and I think the answer to that is "Yes." But I would like to put this on the record,

too. After the board meeting at which Mr. Nelson was detached as general manager and I was installed, the executive committee and the officers of AMPI met out in our office, which is way out from town; they met in my old office.

Shortly after we met there Parr came down and said, almost pleadingly, "Will you give me 2 or 3 minutes with you"; and I did, primarily for tranquility, I guess, it had been a very difficult day. I went up to the office I now occupy, which was then occupied by Mr. Nelson. As I recall there was Mr. Nelson, Mr. Parr, Mr. Howard, Mr. Townsend, and Mr. Ball. There were perhaps others, but those I remember.

I recall very well Mr. Parr saying to me that he would be most deeply grateful if I would make two immediate agreements with him; one is that Mr. Ball would become the manager of the north Texas division; the second was that I would leave Mr. Howard and Mr. Townsend with him for his thinking operation in Little Rock.

I know very well what my answer to that was. My answer was: "That this is January 12, it's a difficult day, these are matters which will have to be considered in conjunction with many other things; and I would certainly make no such agreements one way or the other now."

I think at that time Harold Nelson asked me if he could use the jet to clean up odds and ends; and I think I said "Yes." Now, I next saw Harold Nelson, to my knowledge, some 10 days later.

Mr. WEITZ. Did he tell you at that time of his meeting?

Dr. MEHREN. No. Let me proceed. I know this now, and I knew this 3 months ago. They went from San Antonio that night to Dallas, all of them; this group.

Mr. WEITZ. All right.

Dr. MEHREN. As far as I can find out—Parr told me that he had gone up there with them in order to quiet the wounds and heal the difficulties, et cetera—I know that Parr went up and came back, so I rather believe his story.

They apparently went out that evening, late that evening from San Antonio to Dallas——

Mr. HEININGER. That was the 12th.

Dr. MEHREN. The 12th, yes; I know that to be true. I think that Nelson did say, more or less anxiously, "Can I use the jet to clean up odds and ends?" I think I said "Yes." Again, this has gone back 2 years with the use of the jet. I might say for the record, I never used the jet after January 12 at all.

He did not show, as I recall it, and I think I can establish it also, because Butterbrodt was there every Monday for the following three Mondays for the purpose of seeing what we could do to find out what really needed to be encompassed in the next few weeks.

I think it was at least a week, or 10 days before Nelson came back; and I have no recollection of any statement about going to Los Angeles. And I do not, to this date, recall any one of them ever telling me this. In complete truth, as I have told you in an informal session, Mr. Weitz, the first knowledge I had of this was in the deduction from the question that Mr. Sale asked me.

I will also say, if I had known, I think my procedures from there on would have been substantially different from what they were, for very good reasons.

Mr. WEITZ. Now, sometime around January 26, or 27 did you have an occasion to discuss with Mr. Jacobsen arrangements for a subsequent meeting with Mr. Kalmbach?

Dr. MEHREN. There is very great doubt that I discussed arrangements with him personally. I think, as best I can reconstruct it, that there were telephone discussions. The reason I am reasonably sure is because this was the day I first met general counsel—I mean legal counsel.

Mr. WEITZ. You are reasonably sure you didn't meet with him?

Dr. MEHREN. With Mr. Nelson?

Mr. WEITZ. No, we are talking about Jacobsen.

Dr. MEHREN. Oh, on January 26, no.

Mr. WEITZ. How about on January 27, do you recall meeting with Jacobsen on that day?

Dr. MEHREN. I was in Chicago then, also.

Mr. WEITZ. Did there come a time, then, sometime before February 3, when you discussed with Mr. Jacobsen, and agreed to meet with Mr. Kalmbach?

Dr. MEHREN. Very obviously, but I am not sure that was a personal meeting. I know there were several conversations on the telephone with him—what does the calendar show?

Mr. HEININGER. I think the record, as I reconstructed it, there undoubtedly were some telephone conversations with Mr. Jacobsen. And the final arrangements for going over to Los Angeles apparently were worked out between Mr. Jacobsen's secretary——

Dr. MEHREN. And Mrs. Jamiesen. I have records to that effect, if you want that, I will give it to you.

Mr. WEITZ. Now, when Jacobsen talked about this matter what did he tell you?

Dr. MEHREN. Basically that Kalmbach wanted to talk to me about the support of the President in 1972; and that Mr. Kalmbach was in effect the major fund collector for the Nixon campaign. And that in all likelihood, as he put it, that is, "Nelson reaffirmed we would have to live with these people"; and that it would be highly desirable that I get to know him and discuss this matter with him. That, generally, was the thrust of it.

Mr. WEITZ. Did he indicate how he came to be the intermediary, or came to the position where he wanted you to contact Mr. Kalmbach?

Dr. MEHREN. Only to this extent, that as I recall it he said to me that Mr. Kalmbach wanted to talk to me about this.

Mr. WEITZ. How did Mr. Jacobsen—did he explain how he came to that knowledge?

Dr. MEHREN. No. Had he done this in December 1972, I would have asked him that question; in January 1972 I didn't worry.

Mr. WEITZ. Mr. Jacobsen is a life-time Democrat, is he not?

Dr. MEHREN. In terms of party registration, or what?

Mr. WEITZ. Affiliation and activities.

Dr. MEHREN. No, not to my knowledge. He was a major fundgatherer, I think, of Democrats for Nixon, wasn't he?

Mr. WEITZ. I said Democratic affiliation.

Dr. MEHREN. Was he a member of the party, you mean?

Mr. WEITZ. Yes.

Dr. MEHREN. But I also say to my knowledge that he apparently sparked the collection of Democratic funds for the reelection of Richard Nixon in 1972.

Mr. WEITZ. Did you perceive, or did he explain this role in January of 1972 as that role?

Dr. MEHREN. Well, I think it was generally known, publicly known that he was a fundraiser for Democrats for Nixon.

Mr. WEITZ. Democrats for Nixon were not organized until the following August. What did he tell you in January?

Dr. MEHREN. Precisely what I said, that this is a man who wanted to talk to me.

Mr. WEITZ. You didn't express surprise and say, "Jake, what are you doing talking to Herb Kalmbach"?

Dr. MEHREN. No, I didn't.

Mr. WEITZ. Did you know who he was?

Dr. MEHREN. Yes, but only vaguely.

Mr. WEITZ. And did you ask Jacobsen how he came to know him?

Dr. MEHREN. No, I didn't because—look, now, Mr. Weitz, I knew Jacobsen had been a participant in a variety of political campaigns, which incidentally I had never participated in; that he did have connections across the board. When Jake said to me "Mr. Kalmbach wants to talk to you as the new chief of AMPI about political contributions," I took it for what it said, that Mr. Kalmbach had asked him to do it.

I didn't know why he picked Jacobsen instead of somebody else, Jacobsen obviously had had a long and close connection with our preceding management. It was entirely likely that if Kalmbach did in fact want to speak to me, Jacobsen would be the person to whom he would go to set it up.

I repeat now, Kalmbach testified that Jacobsen went to him.

Mr. WEITZ. Now, did there come a time in late January 1972, when you met with Marion Harrison in San Antonio?

Dr. MEHREN. I think it was late January, I can't give you dates.

Mr. WEITZ. Sometime early in 1972.

Dr. MEHREN. Do we have a record of that?

Mr. HEININGER. I don't think we do.

Dr. MEHREN. The point is, I don't think it's January.

Mr. WEITZ. Do you recall him spending the night at your house?

Dr. MEHREN. I certainly do. Do you want to know why?

Mr. WEITZ. No, I would like to know the purpose of the visit.

Dr. MEHREN. The purpose of the visit, as he put it to me, was to establish a relationship with me as the new general manager, and through me with the board of AMPI, different and more effective than what he had been able to establish with Harold Nelson and Dave Parr.

Without any disparagement of Parr and Nelson, in essence what Mr. Harrison said to me was that he gave them excellent advice with respect to political procedures in Washington, and frequently they didn't adhere to it.

Mr. WEITZ. Did he indicate how?

Dr. MEHREN. Well, the one I can recall at this stage is that he would arrange appointments, he would arrange discussions, which most often, as you recall, they would go ahead and do; but then they would

go around left end and meet with other people, which made it very difficult for him effectively to function as a door-opener and arranger of discussions.

His basic request, if it can be so defined, of me was that if I would be working with him, I would give very careful consideration to his overall strategic recommendations, and not take collateral or outside action, which would diminish the effectiveness of what he was doing.

Mr. WEITZ. He didn't try to impress upon him the fact that he was a key Republican lawyer with contacts in the administration that you would do well to retain; wasn't this the thrust of his conversation?

Dr. MEHREN. That was implicit in his conversation, and again, with no disparagement of Marion Harrison, that has been implicit in any conversation I ever had with Marion Harrison.

Mr. WEITZ. Did he also explain that he had played a major role in the 1971 contributions to the President's reelection?

Dr. MEHREN. I'm not sure he explained it, but by that time I knew it because it was in the press.

Mr. WEITZ. I think in your antitrust deposition, on page 151, you referred to the fact that Harrison told you that.

Dr. MEHREN. Not just then.

Mr. WEITZ. But he told you that.

Dr. MEHREN. I think the main thrust was how he and I would work together.

Mr. WEITZ. Wasn't he worried that you would cut off his firm's retainer; and didn't you discuss that?

Dr. MEHREN. I expect he was. I don't recall his definitely saying this, but I think by then, I think by February he certainly knew that I had required the comptroller of AMPI to give me detailed records on public relations people, lawyers, anybody on the collateral payroll at AMPI; and I expect by the time that Marion Harrison came to my home he knew that I had detached quite a few of them.

Mr. WEITZ. Didn't he make some reference to the fact that he was necessary, and for you to continue to fulfill the commitments that had been made by prior management?

Dr. MEHREN. To my knowledge, again, Marion Harrison never said that there were commitments. Again, if he had said it, it would not be disturbing to me, I would tell you so. I cannot recollect, and I will not fabricate recollections any more than fail to recollect what I know.

Mr. WEITZ. Now, we have a White House memo of January 1972, which makes reference to the fact that the milk people do not want to continue to deal with Reeves and Harrison. Do you have such knowledge of any such decisions, or discussions on the part of your cooperative?

Dr. MEHREN. Not with any great precision. I think that there was, both with Mr. Nelson and Mr. Parr, a feeling that he had not effectively handled the committee machinery through which those TAPE funds were apparently allocated; that it had been provocative of massive trouble, which might have been avoided by rather more effective activity by Mr. Harrison. But I had heard nothing prior to my initiation of tenure, Mr. Weitz, that would indicate firing him, or anything of that sort.

Mr. WEITZ. Did Mr. Harrison mention Mr. Jacobsen in that conversation when he was at your house?

Dr. MEHREN. Truthfully, I can't recall; he may have.

Mr. WEITZ. Did he refer to Mr. Kalmbach?

Dr. MEHREN. I don't recall any reference to Mr. Kalmbach at all. It was basically the two points to which you yourself have referred, or which I have discussed in response to your questions.

Mr. WEITZ. How about Mr. Chotiner, did he make reference to Mr. Chotiner?

Dr. MEHREN. I am not sure it was at that meeting that he made reference to Mr. Chotiner; it may well have been. But this I can tell you, I do recall that at that, or some other meeting, Mr. Harrison told me about Mr. Chotiner becoming of counsel to Reeves and Harrison.

I suspect it probably was at that meeting, because at that time I knew what the retainer fees were. Again, I am probably reconstructing, which is dangerous and foolish. I rather think I asked him why, sometime in 1971, the retainer had gone from $50,000 to $107,500; but I believe there is a response to that question, that he told me the arrangement in respect to Mr. Chotiner.

Mr. WEITZ. Now, before we move to the February 3d meeting, just one other area. You mentioned the fact that you discussed commitments in general, and prior obligations and so forth, of management when you took over with Mr. Nelson, at least with respect to one matter with Mr. Parr. How about Mr. Lilly, did you ask him about any such prior obligations, political——

Dr. MEHREN. No, I did not.

Mr. WEITZ [continuing] or otherwise?

Dr. MEHREN. Not to my knowledge, anyway.

Mr. WEITZ. Did you know that Mr. Lilly had substantial political responsibility under prior management?

Dr. MEHREN. It was my understanding that he had a political responsibility primarily with respect to two types of political entities; one was the State governments; and the other one was associated with the Animal and Product Health and Sanitation. That was my understanding then.

Mr. WEITZ. Do you remember meeting with Mr. Lilly, or seeing him in Washington in March of 1971, with respect to the price-support matter?

Dr. MEHREN. I don't have any memory of Mr. Lilly being present, but that doesn't mean he wasn't.

Mr. WEITZ. Now, on February 3, you, Mr. Nelson, and Mr. Jacobsen flew out to Los Angeles and met with Mr. Kalmbach.

Dr. MEHREN. Yes.

Mr. WEITZ. And also present was Mr. DeMarco, and others of his law firm; is that correct?

Dr. MEHREN. I am quite certain that Mr. DeMarco was there, and I think there were three others; I don't know their names.

Mr. WEITZ. I see.

Dr. MEHREN. I'm not sure it was three.

Mr. WEITZ. The meeting began, as I understand it, in Mr. Kalmbach's office, and then you proceeded to go to lunch; is that correct?

Dr. MEHREN. Not quite. As I recall it, we walked about the area a bit because we were early, and discussed the architecture of the new Bank of America Tower. We then went upstairs, and I believe were

met by Mr. DeMarco. I would say it might have been 30 minutes after first meeting Mr. DeMarco that Mr. Kalmbach came in.

Then, I think, we proceeded to DeMarco's offices.

Mr. WEITZ. Now, in the earliest, the first contact with Mr. DeMarco, did he discuss contributions in any way, before Mr. Kalmbach's arrival, or was it just pleasantries?

Dr. MEHREN. No, it was no more than pleasantries, as I recall. These were pretty things, discussion of certain furnishings, certain art; I think there was discussion of the development of Kalmbach's firm, who they were, where they were.

Mr. WEITZ. There were no discussions of contributions?

Dr. MEHREN. No, only in the broad sense that we were there to discuss contributions with Mr. Kalmbach; but no specifics were discussed, as I recall it, Mr. Weitz, until the arrival of Mr. Kalmbach.

Mr. WEITZ. Now, when Mr. Kalmbach arrived and you proceeded to Mr. DeMarco's office, could you tell us in a general way the substance of the conversation?

Dr. MEHREN. Yes. I have a memory which I am not sure is precise, but be it correct, I believe Mr. Jacobsen introduced Mr. Nelson to Mr. Kalmbach.

Mr. WEITZ. To each other?

Dr. MEHREN. That is my memory, it could be wrong. But, I remember, for what it's worth, accurate or inaccurate, a discussion of Mr. Kalmbach and Mr. Jacobsen, the tone of which indicated they knew each other; and then in reference to Mr. Nelson as if they did not know each other. That was the first part.

The next part, as I can reconstruct this discussion by Mr. Jacobsen at some length, maybe 5 minutes, or so, with respect to the total detachment of any political contributions, including those about to be discussed from any action by any element of the Government prior to such discussions, simultaneously therewith, or thereafter. To the extent that I recall, and I think I so testified to Bill Dobrovir, that this was a sort of a civics lecture, and I had for one reason or another taken two or three political science courses in my life; this is unnecessary, and get on with the business.

Then there was specific disclaimer, and rather eloquently stated, genteelly stated, civilly stated by Mr. Kalmbach at substantial length, Alan, that this did not in any measure indicate adjustment to anything that had been done in the past or anything that would be done in the future. He went to very great lengths, and did it rather well, to indicate that this was a discussion of the possibilities of contributing to the reelection of Richard M. Nixon solely for the purpose of the reelection of Richard M. Nixon in the interest of the people of the United States; and carefully, not merely did not affirmatively refer to agreements, to commitments, to quid pro quo, but carefully laid the groundwork that no such constituent elements were by any construction involved in these discussions.

Mr. WEITZ. Now, if White House members, either at that time or earlier, had made reference to commitments of $1 million, $2 million, $90,000 a month, what does that indicate to you in connection with Mr. Kalmbach's conversation with you? And I might add, referring to Mr. Kalmbach, again, he was reportedly aware of such commitments.

Dr. MEHREN. You are aware that I was not aware of such memos.

Mr. WEITZ. Yes. Let me ask you this: Doesn't this indicate to you, then, that Mr. Kalmbach's references to you were cosmetic in nature, without regard to whether understandings had either ever been made, or ever been contemplated, or were to be made?

Dr. MEHREN. As of now do I so consider, or did I on January 12, 1972?

Mr. WEITZ. Well, I take it that as of January 12, or as of February 3, you did not take these to be cosmetic?

Dr. MEHREN. No, I did not; I didn't have any reason to do so. Let me say again, and perhaps those of you who are attorneys here can correct me. I would not have been deeply shocked if they had said directly and unequivocally, "Your predecessors have agreed to support the candidacy of Richard Nixon in 1972." To my knowledge there is nothing unlawful about such an agreement, there is nothing necessarily improper about such an agreement. If they had said that to me, then I would have had to do exactly what I did with respect to other commitments, say that from Congressman James Jones, who most vehemently, orally, by telephone, by letter indicated to me that this was a flat handshake contract with Harold Nelson; who did put a lawyer on my tail when I said I wouldn't fulfill the commitment, so-called. I would have done the same thing here.

And, if I might say, perhaps to facilitate the discussion, if there had been reference to agreements to contribute in 1972, first I would have adjusted to it as best I could, I would have gone back to discuss that with my colleagues; and I would have told you so. I would have no reason not to tell you.

Mr. WEITZ. Well, let me ask you this, I am trying not only to determine with respect to your testimony, but also with respect to your knowledge from these other individuals, their reasons to tell you, or not to tell you.

Now, the previous week, in January 1972, the Nader suit was filed; and this was in the same vein as the adverse publicity in the fall of 1971. Now, that publicity focused at that point on contributions of approximately $300,000 to the Republican Party, and a somewhat lesser amount directly to the President's committees. Now, I'm not sure of that—approximately $300,000.

Dr. MEHREN. I think $422,500 to the committees, if I recall.

Mr. WEITZ. That is including 1972; but as of January 1972, there was upward of $300,000. Now, in light of the publicity, and in light of the suit that had been filed, was there not in fact a reason either not to discuss, or to try to minimize, or conceal on the part of someone a commitment that substantially exceeded the amount that had already been contributed and publicly reported?

Dr. MEHREN. I can only conclude—and this is a dangerous conclusion which could never be established empirically one way or another—that these people thought that if they told me there had been a commitment, I would on my own, or with my colleagues, say that we won't need it.

Mr. WEITZ. Well, they testified that they did.

Dr. MEHREN. Well, I can testify——

Mr. WEITZ. At least Mr. Nelson testified.

Dr. MEHREN. I have no such recollection, and I give you the best recollections I can.

Mr. WEITZ. Now——

Dr. MEHREN. Let me finish because I think there is a point that you need here. The question of the Nader matter and the public reaction to the earlier contributions in 1971 did come up, and I so testified, I think—I'm not sure I testified before.

Mr. WEITZ. My next question, then, will be: Was there not discussion of procedures that might be followed if additional contributions were made in 1972?

Dr. MEHREN. Yes, there was.

Mr. WEITZ. Who said that, and what was said?

Dr. MEHREN. This was at lunch, and not, as I recall it, in the office of Mr. Kalmbach.

Mr. WEITZ. Well, at the office of Mr. Kalmbach, after he made these disclaimers, what, exactly, did he say?

Dr. MEHREN. Well, what he said, that the President and he would be quite grateful if we found it possible for the good of the country to contribute to the support of the campaign for the reelection of Richard M. Nixon.

Mr. WEITZ. Did he mention any amounts, or quantity; did he characterize it in any way as substantial contributions?

Dr. MEHREN. Well, I knew this, and I think he understood I knew it. By that time I certainly knew that Herbert Kalmbach didn't deal with $50 contributions or $100 contributions. But the magnitudes came up only with respect to the question you are about to ask me, and those are disjunctive.

Mr. WEITZ. Before we get to that, what was your response in his office?

Dr. MEHREN. My response was that I would listen to whatever suggestions would be made, whatever requests were made; that I would take it back and discuss it with my colleagues, and would respond later. This is what I do in every such matter that comes to me.

Mr. WEITZ. Did he make any further suggestions, other than the general request that you indicated?

Dr. MEHREN. Nothing that was specific. He didn't say—among this now you are really asking me indirectly, "Your people have agreed to give me $1 million or $2 million," the answer is no.

Did he say, "Your people have agreed to give me anything at all," the answer is "No."

Mr. WEITZ. Did he say, "We understand your people are supportive of the President"?

Dr. MEHREN. I don't recall his saying that. I do know he testified that I had once stated in that meeting that my single motivation was to assist in the reelection of Richard M. Nixon. The fact is, on a personal basis, which I detach from my job at AMPI, I have never once availed myself of any opportunity, in California or elsewhere, to vote for Richard M. Nixon. But I do recall his having made that statement in his deposition to Dobrovir. No, it was really the security, the safety, the welfare of this country.

Mr. WEITZ. Did he mention any other contributions, or goal figures, for any other contributors?

Dr. MEHREN. I am not sure he did, I know Lee Nunn did later, in terms of total magnitude. I don't recall Herbert Kalmbach saying it.

Mr. WEITZ. Is there anything——

Mr. HEININGER. Now, this is again the conversation prior to lunch.

Mr. WEITZ. Yes. Is there anything you can recall with respect to the conversation at Mr. Kalmbach's offices before you went to lunch?

Dr. MEHREN. I can't, but if you have questions that you would like to ask me, I will try to answer them with respect to discussions prior to lunch. I think I told you what I can recall now.

Mr. WEITZ. Could you tell us the substance of the conversation at lunch?

Dr. MEHREN. Yes, I remember Herbert W. Kalmbach ordered what he called a virgin Mary; that is very firm in my mind. It moved to a discussion of how contributions, if they were made, now, should be made. It was there, and to my recollection only there, Mr. Weitz, that references to magnitude were made.

I think that it was Mr. DeMarco, and I'm not sure, I think it was he, who said that if we were to contribute $350,000, it could be sequenced in a certain way.

Mr. WEITZ. What was that sequence?

Dr. MEHREN. As I recall, he said the sequence could be, if it was, say, $700,000, you would put so much in immediately; so much prior to the 1st of March; so much during March; so much between April 1 and April 7; and then some rather minor sum thereafter.

Mr. WEITZ. What would you approximate to be the percentage of the total contribution that he suggested could be made, or should be made, prior to April 7, 1972?

Dr. MEHREN. I think, now, and I am doing the very best I can to remember accurately, I believe he said—and this again was Mr. DeMarco, and not Mr. Kalmbach—that if you, say, find it possible to contribute $700,000, then it would be sequenced something in the neighborhood of $50,000 given after April 7.

Mr. WEITZ. Didn't he in fact say $750,000?

Dr. MEHREN. He may well have; this is very difficult. I used to be most impatient with people who couldn't remember precisely—I don't know. The numbers that stick in my head are 350, and perhaps 750, or 700; those two numbers I do remember.

Mr. WEITZ. Why did he make that suggestion; did you understand the purpose of dividing up the contribution?

Dr. MEHREN. He didn't give me any specification of purpose, but even then, knowing a little about this, not very much, to be truthful; it was very obvious that what he wanted to do was disclose a certain amount of it and not disclose another amount because my understanding of the terms of the law that expired on April 7, was that contributions made prior thereto would not be disclosed.

Mr. WEITZ. Was there any direct reference to reporting, and not reporting contributions?

Dr. MEHREN. Only indirectly. Now, this is the first thing. The second thing that I responded—both of these I responded at that meeting; the first thing was the matter of the sequence.

The second was a matter of the recipient agencies, and here it was suggested—and again, that is my memory—this was Mr. DeMarco, although it could have been Kalmbach. Again, I am not being evasive, or coy, I think it was DeMarco who said that in this case they could set up State committees. That the State committees would consist of real people. They would have chairmen and vice chairmen, secretaries,

treasurers, et cetera. They would be State committees, but they would not, in any measure, be associated with the Republican State committees, wherever they were. He then said, as I recall, that what we could very properly do, and legally do would be to make contributions to these committees, report them accurately, fully in terms of complete, meticulous conformity to law; then, whatever those committees did with it thereafter was up to them.

Mr. WEITZ. Did he indicate that they were not necessarily identified as committees for the President?

Dr. MEHREN. I don't recall his saying that. I do recall his saying that they would be fully separate, detached from the normal Republican State committees.

It was at this stage that I did tell them, that I certainly made no decisions then and there, that I did immediately arrange for a complete termination of any individual decisions wtih respect to TAPE funds, or any other funds. I didn't like this, and I think I turned to Mr. DeMarco at one stage and said, "I am very surprised that you suggest a thing like this, we have been through this bloodbath of what appeared to me to be committees of dubious constituency in 1971; and I certainly don't react well to a proposal to reproduce this activity."

Mr. WEITZ. What was his response to that?

Dr. MEHREN. His response was that these would be different. These would be committees that were real committees, real people, real addresses, real everything; therefore, they were different in kind as well as function from those to which I had taken exception with respect to 1971. I did take exception, and I still take exception to what they did in 1971.

Mr. WEITZ. But they likewise would have been committees for the reelection of the President.

Dr. MEHREN. Well, I don't think there was any effort to dissemble with respect to that. I don't think he came out and said that these special committees that he would set up, real as they might be, would not direct their activities and their funds towards the reelection of the President. Certainly he didn't say the opposite of it. But these are the two suggestions that were made.

Mr. WEITZ. Is there anything else that you can recall at the luncheon meeting with respect to contributions, or any other substantive matters that were discussed?

Dr. MEHREN. That is a difficult question to answer.

Mr. WEITZ. Was there anything else with respect to contributions?

Mr. HEININGER. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Let me ask, was there a discussion of any substantive policies, or administration decisions that affected AMPI; were any such matters discussed at the luncheon?

Dr. MEHREN. Not to my recollection, as I told you a little earlier, Mr. Weitz. He did make a rather long and eloquent disclaimer of any such things. I have no recollection of the antitrust case being discussed. The only allusion to anything else was my response with respect to the proposal for temporal sequence and for committee structures.

Mr. WEITZ. Now, was there any reference to the antitrust suit?

Dr. MEHREN. I don't recall any.

Mr. WEITZ. Mr. Jacobsen, at page 159 of our executive session testimony here was asked, "Did he"—meaning you, Dr. Mehren—"refer to the antitrust suit that had just been filed against AMPI"—this is referring to the meeting with Mr. Kalmbach—Mr. Jacobsen's answer, "Yes; I am sure he did."

Do you recall discussing the matter at lunch?

Dr. MEHREN. No, I don't, and for this reason I think I am correct, Alan; I remember a certain contrast. At one stage in the late Nunn discussion I recall his saying, obliquely, "Well, it never could be quid pro quo, and never would be. It is correct that the President does remember his friends who helped him."

Now, that is as close to a quid pro quo statement as I think anybody ever came to me. I mentioned the Nunn comment because I do not recall any such comment by Mr. Kalmbach, or Mr. DeMarco.

Mr. WEITZ. Did you ever discuss—apart from this meeting with Mr. Kalmbach—let me first say, do you recall discussing the antitrust suit with Mr. Kalmbach at all?

Dr. MEHREN. I do not. My recollection is, it was an almost consciously directed effort to avoid any appearance whatsoever at any stage of this discussion to any benefit that might come from contribution; or any adverse reaction that might come from not contributing.

Mr. WEITZ. Did you hope that any benefits might accrue, whether or not they were overtly referred to?

Dr. MEHREN. This again is a question to which I could give you what I now think to be my reaction 2 years ago—is that a clear comment?

Mr. WEITZ. Well, I am asking you what you thought at the time.

Dr. MEHREN. I can now respond to you, I think, what I now think I thought at the time. Iwould have been deeply shocked 2 years ago to consider that, after having worked for administrations previously, that any reference to contributions would, in any measure, be tied to any action, or failure to act by an administration because in absolute truth, in participation in four preceding administrations at one level or another, the very thought of it would be deeply shocking to me.

Again, this was 2 years ago. So, no; as I look back on it, it seems to me now that I had a rather different response to this. Perhaps I didn't have it then, but I certainly have it now, and that is, if you don't contribute, what they might do. But to think even now that by contributing through the committee, or any other way to an administration that some affirmative action would be engendered by it, no. I think, quite aside from morals, that would be stupid.

Mr. WEITZ. In 1972 you never discussed with anyone at AMPI, or representatives of AMPI the hope and possibility that contributions would help in the antitrust suit?

Dr. MEHREN. No; I discussed with people at AMPI, and I discussed with Members of Congress quite the reverse. I have discussed with people in AMPI, and I am certain I have discussed with people in the Congress that earlier contributions and the modes in which they were made, in my judgment virtually precluded a rational, ordered procedure under law in the resolution of the troubles with which we were afflicted.

Mr. WEITZ. Then, why did you tell Mr. Isham in the spring and winter of 1972, that you felt you would probably have to end up contributing to the President?

Dr. MEHREN. I don't believe I ever said that to Mr. Isham.

Mr. WEITZ. Did you discuss the matter of contributions and the antitrust suit with Mr. Jacobsen in 1972?

Dr. MEHREN. I don't recall any discussions, there may well have been.

Mr. WEITZ. Did you ever express the hope to Mr. Jacobsen that such contributions might help alleviate the problems with respect to the antitrust suit?

Dr. MEHREN. That's not my way of doing things, no. What you are really asking me, I think, did I suggest a process of bribery to Mr. Jacobsen? It is not my procedure and my way of living that, if you will fix up an antitrust case, I will give you some money.

Mr. WEITZ. My question was, did you ever discuss with Mr. Jacobsen in 1972, the hope that by contributing, the antitrust suit would somehow be alleviated, or eased?

Dr. MEHREN. I have never, to my knowledge anywhere, tied together political contributions with the perversion of the system of justice.

Mr. WEITZ. It is Mr. Jacobsen's testimony to this committee that you did, in fact, in a private conversation with him discuss the hope that such subsequent conversations would help with respect to the antitrust suit.

Dr. MEHREN. Conversations, or contributions?

Mr. WEITZ. In conversations with him that such contributions would help with the antitrust suit; that would be incorrect?

Dr. MEHREN. I have never, to the honest and best recollection I have, ever done such a thing; and I tell you that it would be totally anathema to me. I do not believe in bribery of governmental activities, sir.

Mr. WEITZ. You are characterizing it, I am not characterizing it.

Now, there were several letters, I think, that you have been shown of February 1972, from Marion Harrison; one to Mr. Heininger, one to Mr. Russell, and one to you.

Dr. MEHREN. Can I see them?

Mr. WEITZ. The other two that are not addressed to you show copies to you. I believe you have seen copies of these letters?

Dr. MEHREN. I have to look at them first. This is some irony that they insist on expedited depositions. I have seen it.

Mr. WEITZ. I am going to mark them and ask you specific questions. I'm not going into detail.

Dr. MEHREN. You want to ask on this one, from Harrison to Russell?

Mr. WEITZ. You have seen those three letters. I am going to mark this as exhibit 1–A, a letter of February 28 from Russell to Heininger; and 1–B, a letter from Harrison to Russell; and finally 1–C, a letter from Harrison to you.

[Whereupon, the documents referred to were marked Mehren exhibits Nos. 1–A, 1–B, and 1–C for identification.*]

Mr. WEITZ. Now, these letters are all late February 1972, and the subject matter is the antitrust suit that had been filed by the Justice Department against AMPI on February 1, 1972.

Now, in the letter from Marion Harrison to you, exhibit 1–C, the first sentence begins, "In view of the changing of the guard, apart from

*See pp. 7349–7352.

Jake's reasoning, I decided, with Murray's concurrence not to talk with the incumbent but to take the matter up anew with his successor."

With respect to that paragraph, first of all, what was Jake's reasoning?

Dr. MEHREN. Well, now, I'll have to go back. Let me try to put this thing together now as best I can. As I recall this matter, Stuart Russell, out of his own volition, stated that he knew people at various levels at the Department of Justice with whom he had worked in the past.

I had, I believe, said to Russell, possibly to Jacobsen also, and certainly to Mr. Heininger and to Members of the Senate here that it appeared to me that the extreme press exposure of the alleged activities of 1971 had so hardened the position of the Department of Justice that it was virtually impossible to talk compromise, or consent, which was in fact given in the early days as a decree cited; and in fact there is an ultimatum in the original.

My interest, and I think ultimately out of Mr. Heininger, was to see whether we could counter the apparent intransigence of the Justice Department people at least to sit down and reasonably discuss the possibilities of consent.

Now, that, I believe, I said to virtually every counsel involved in this battery of litigation that I inherited. I knew what Russell suggested. What Jake's reasoning is at this stage, I don't know. I suspect that Jake's reasoning would be, if you follow the usual procedures that Jake follows, that we would find access through contacts that Jacobsen could establish, ultimately, if necessary, to discuss the possibilities of compromise with the Attorney General, as free as possible of the deeply seated preconceptions that seemed to burden the Chicago office on the working level of the Department of Justice.

Proper or not, Heinie, I think you and I discussed that.

Mr. WEITZ. What access is Jacobsen referring to?

Dr. MEHREN. Mr. Jacobsen's usual access, after the termination of the Johnson administration was Mr. Connally. Whether it was here, I can't specifically recall, but I assume it to be so.

Mr. WEITZ. Now, this letter is dated February 25.

Dr. MEHREN. Yes.

Mr. WEITZ. On March 16, 1972, you met with Mr. Connally, didn't you?

Dr. MEHREN. Yes.

Mr. WEITZ. At whose suggestion?

Dr. MEHREN. Jacobsen's.

Mr. WEITZ. Who else met with you?

Dr. MEHREN. Mr. Nelson.

Mr. WEITZ. What did Mr. Jacobsen talk to you about in connection with that meeting?

Dr. MEHREN. Setting it up. I can give it to you almost verbatim. "Mr. Connally has become a very important man in this administration; he is going to be an important man in the future. He does not know you, and it would be very desirable for you to know Mr. Connally."

That was the presentation that was made to me.

Mr. WEITZ. Did he refer directly, or indirectly to the antitrust suit?

Dr. MEHREN. I don't think he referred to the antitrust suit at all

As I testified, the reference to the antitrust suit was, as I testified, in passing, and in a battery of discussions of other points.

Mr. WEITZ. What reference to the antitrust suit?

Dr. MEHREN. I am talking about the discussion with Connally.

Mr. WEITZ. Did Jacobsen refer to the antitrust suit?

Dr. MEHREN. No. I can remember March 16, at least parts of it fairly well. There was no such statement, to my recollection.

Mr. WEITZ. Prior to March 16?

Dr. MEHREN. No.

Mr. WEITZ. There was none?

Dr. MEHREN. No, no; there was no reference on March 16 to the antitrust suit in Jacobsen's representation that he was setting up an appointment for me to meet the Secretary of the Treasury.

Mr. WEITZ. Did he tell you at that meeting on March 16?

Dr. MEHREN. I believe so, it was March 16. As I recall, and I think I am correct in this, he advised me that sometime during the day on March 16 that he had a 5 o'clock meeting. I recall telling him that I couldn't make it, and he then said he would set it at 2 p.m.; and essentially he did.

Mr. WEITZ. You were in Washington at the time?

Dr. MEHREN. Yes.

Mr. WEITZ. Why did you come to Washington?

Dr. MEHREN. I think there was a very heavy agenda in Washington. I came to meet the chief buyer of A. & P. who is one of our major customers. Not all of my work is associated with political activities. I might also say, I had discussions with the Department of Agriculture.

Mr. HEININGER. Here is the agenda that relates to that meeting, if it's of any interest to you.

Dr. MEHREN. I should say, in answer to Mr. Weitz's question——

Mr. WEITZ. A number of other meetings were scheduled?

Dr. MEHREN. Mr. Townsend, Mr. Mills, Mr. Belcher, Mr. Albert—I'm not sure I saw him. I'm very sure I didn't see these people.

Mr. HEININGER. Mr. Campbell.

Dr. MEHREN. Campbell, I'm quite sure I saw. I am sure I saw Paarlberg.

Mr. WEITZ. One at a time. What took place at the meeting with Mr. Connally?

Dr. MEHREN. On March the 16 is the only meeting I ever had with him, in fact.

Very well, Mr. Jacobsen reset the meeting at approximately 2 o'clock. At 2 o'clock Mr. Nelson, Mr. Jacobsen and I went to the anteroom. I would say we waited perhaps 15 minutes. The meeting in total would be 20 minutes at the least, and 30 minutes at the most.

There were the usual amenities of the introduction and becoming acquainted. Then the basic essence of the subsequent discussions was difficulties afflicting the dairy industry at large, and with very little specific reference to AMPI.

I think that I have stated that there were some six points, and I know what they are, in here, that we went over. Basically, these points are in the memorandum I have given you earlier. They were discussed broadly.

The point I made was that it appeared to us—not just to me, but to many people in the dairy industry—that a pattern of adverse reaction

on the part of the administration at large was needlessly and fortuitously damaging to us; and that opinion was becoming very widespread, if such was the case.

It was only in the matter of costs, a private and civil litigation with the Department of Justice that the antitrust suit was mentioned. It was not a major point.

Mr. WEITZ. Did you express the opinion to Mr. Connally that there was a negative attitude on the part of the Department of Justice, the administration, toward dairy cooperatives?

Dr. MEHREN. Yes.

Mr. WEITZ. So, it wasn't just with respect to costs that came up——

Dr. MEHREN. Oh, no, it came up as to price support; it came up here——

Mr. WEITZ. Did that include—one of those elements was the antitrust suit?

Dr. MEHREN. It was the antitrust suit as one element within a fabric of litigation.

Mr. WEITZ. Why did you include the price-support matter when in fact Mr. Nelson, according to your testimony, had committed your cooperative not to seek an increase?

Dr. MEHREN. I included that, I kept that commitment, as I told you.

Mr. WEITZ. So, therefore, it would not have been surprising.

Dr. MEHREN. No, no; the Secretary of Agriculture, quite aside from representation from AMPI, did in fact receive representation from the rest of the dairy farmers of the United States with virtually no exception. The Secretary of Agriculture made his finding at the lowest possible level that he could make it under the law; and I did say that to——

Mr. WEITZ. Are you aware that in March of 1971, the President met with representatives not only of AMPI, but a number of cooperatives. Now, unless that is a meeting we are not aware of, where Mr. Nelson made this commitment to the President, if he in fact made the commitment, would it have been at that meeting?

And are you also aware that in the White House "White Paper" with respect to the milk price-support question, the President indicated that in making his decision in March of 1971, he was setting it, essentially, for 2 years?

Dr. MEHREN. I have not really read the "White Paper", Mr. Weitz; I have read press excerpts from it. I can tell you only that in response to my questions, and the information given to me by other participants in that meeting, I was advised that Nelson had said that AMPI would not make representation for an increase in 1972. After consultation with the board, I agreed to keep that commitment. Therefore, there was no AMPI submission.

However, there were submissions from the National Milk Producers' Federations, and I believe from most of the other cooperatives in the United States.

The fact to which I referred in my discussion with Mr. Connally was that regardless of the substance of such representations, or the scope of such representations the Secretary meticulously placed the price support in 1972 at the lowest possible level; and I took that in conjunction with other decisions that had been made by the administration that seemed virtually punitive to me, and still do.

Mr. WEITZ. Does that include the antitrust suit?

Dr. MEHREN. To be truthful, I have more doubts with respect to the genesis and progress of the antitrust suit now than I had before.

Mr. WEITZ. What did you expect Mr. Connally to do with respect to this matter, including the antitrust suit?

Dr. MEHREN. I expected Mr. Connally to do precisely about these matters—not necessarily including the antitrust suit—that I had done many times when as Assistant Secretary people came in and said, "Your program is destructive to us; it is needlessly, fortuitously, wantonly destructive to us, can you do something about it?" That's what I had in mind.

Mr. WEITZ. What did you want him to do with respect to the antitrust suit?

Dr. MEHREN. I made no request for him to do anything.

Mr. WEITZ. What did you intend for him to do?

Dr. MEHREN. Well, again, the reference to the antitrust suit, and the inclusion of the antitrust suit in this rather brief and broad-ranging discussion with Connally did not involve any request for intervention, nor would I expect any.

Mr. WEITZ. You didn't expect him to intervene in any of them, the antitrust suit along with the other problems.

Dr. MEHREN. It had no greater priority than any of the others. In fact, the import matter was probably more destructive to us in terms of cost and income than the antitrust suit.

Mr. WEITZ. Wasn't it your hope that in respect to some of these matters he would pass on, as a very well respected, as Mr. Jacobsen put it, key man in the administration to those who might take favorable action?

Dr. MEHREN. Well, your language is a little bit more precise than I like. I have been in the same position many times, at a somewhat lower level as Assistant Secretary.

Yes, I would have liked Mr. Connally to understand what the reaction of our people was; what the apparent effects of the deeply adverse reaction of the administration were, and wherever he properly and lawfully could, to see if he could mitigate it, yes. There was no special reference. If you are trying to get me to say that there was——

Mr. WEITZ. I am trying to understand why you mentioned the antitrust suit, if you didn't want him to pass that message along with respect to the antitrust suit for anyone to take action.

Dr. MEHREN. I passed to him the same statement that I later said to Senator Eastland. I know, I am quite sure I said to Senator Talmadge, that there seems to be a total intransigence in the discussion of compromising this matter.

Mr. WEITZ. The antitrust suit?

Dr. MEHREN. Yes, and effectively developing a consent.

Mr. WEITZ. But, what did you want him to do about it?

Dr. MEHREN. About this one? You are asking about this one, now, instead of the 15 other points that were covered there. You don't want me to talk about the imports, or——

Mr. WEITZ. What did you want him to do on imports?

Dr. MEHREN. I wanted him certainly to see if he could make clear to his colleagues in the Cabinet of the United States that to open imports the way they have done was most destructive, not only to the

support and market-order programs, but to the income level of the farmers of the United States; and also, therefore, to the maintenance of an adequate milk supply in the United States.

Mr. WEITZ. What did you want him to do with respect to the antitrust suit?

Dr. MEHREN. The only thing I would want him to do, if it were proper and effective for him so to do, to say to anybody whom he might want to discuss this with—I certainly didn't make any suggestions of any discussions of anything of substance on any of these points to him—that if he could, to see that reasoned discussions could be reached free of the pressures of the propaganda and publicity that were then affecting both the Department of Justice and us. That's all.

But, let me say, most explicitly and firmly, that I do not and have not, and never will go to a Cabinet member and say, "You go over there and muck up our law case." Law cases get mucked up enough without it.

Mr. HEININGER. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Now, I believe you said your hope was that he would make a reasoned discussion of your position with those in the Cabinet, and elsewhere who might bring reason to bear on the problems that you mentioned, including the antitrust suit. Did he call John Mitchell at that meeting?

Dr. MEHREN. Yes; to my knowledge, he did.

Mr. WEITZ. Did he enter into a reasoned discussion with John Mitchell about the merits, the procedure by which the antitrust suit was filed?

Dr. MEHREN. I don't think he mentioned the antitrust suit; I have no recollection of it.

Mr. WEITZ. In fact, did he engage in a discussion of the merits, or reasoned discussion with John Mitchell?

Dr. MEHREN. No; he did not.

Mr. WEITZ. What did he say?

Dr. MEHREN. Essentially, what he said is, "I have a group of people here who seem to be somewhat incensed with what they seem to consider systematic punitive action of this administration." He said in essence that, "This can do us damage in the Middle West," and as I recall it he said, "You get some people out there and find out what is going on because we are going to have political trouble if we don't"; that was the essence of his conversation with Mr. Mitchell.

I do not recall, and I am quite certain of this recall, of any direct reference in his discussion with Mr. Mitchell, or his purported discussion with Mr. Mitchell of price support, of exports, of imports, or market orders, or any of the other matters with which we were concerned.

Mr. WEITZ. Did you talk with him about the political considerations, with John Connally, these various problems?

Dr. MEHREN. No, not really. I told him about the matters about which our people, the dairy farmers, generally, and the cooperatives, generally, would be deeply disturbed; and they were.

Mr. WEITZ. Did you talk about the political aspects, or considerations?

Dr. MEHREN. I don't recall my saying that; this was his reaction to what I told him.

Mr. WEITZ. Was his reaction different than what you had hoped it would be?

Dr. MEHREN. Very honestly, on a personal basis, and detached in my professional—no disrespect to Mr. Sanders, I would have had no great personal trauma if the Republicans would have lost in the Middle West; if you will forgive me, sir.

Mr. WEITZ. What generated that call, what generated that type of conversation?

Dr. MEHREN. I can give you this, again, as best and as accurately as I can recall it. We talked about 15 minutes, which fact alone precludes any detailed discussion of any single element of this rather long battery of complaints here.

As I recall it, he picked the phone up and said, "Please, give me Mr. Mitchell," and within a very short period of time, there was Mr. Mitchell. Then the conversation followed, as I gave it to you.

But it was really the political repercussions that might be associated with the attitudes I had expressed as a representative of our people. I thing he also said—and I heard this from others, too—that he did not say, to my knowledge, that it was Jacobsen, or Nelson, or me, or friends sitting here, or any particular people.

Mr. WEITZ. Is there anything else you recall that he said to Mitchell?

Dr. MEHREN. That is such a hard question to answer after 2 years. If you ask me specifics——

Mr. WEITZ. I take it your answer would be no, then.

Dr. MEHREN. I don't recall, that's right.

Mr. WEITZ. That he said anything else that you recall.

Dr. MEHREN. That doesn't mean if you ask me specifics I wouldn't recall it.

Mr. WEITZ. When he got off the phone, did you say, "Now, don't get me wrong, I am not saying that we are not going to be supporters, we just have these problems"?

Dr. MEHREN. No, the question was never——

Mr. WEITZ. Did you agree with his representation to Mr. Mitchell that they would be in trouble in the Midwest?

Dr. MEHREN. I wasn't really competent to make that decision. I knew that there was substantial adverse reaction to what was going on; and I think quite properly so. And I also think that representations to Members of the Cabinet, of Members of Congress with respect to what was considered to be inequitable, or otherwise unpleasant activity was entirely proper. I would have no reservation about doing it again, it has been done in my office many times; and I see nothing wrong with it.

Mr. WEITZ. Who else did he call?

Dr. MEHREN. As I testified before, I think he made a very, very short call to Mr. Dole.

Mr. WEITZ. In your presence. Do you recall anything of the substance of that conversation?

Dr. MEHREN. My recollection, which is far less precise there than with respect to the purported call to John Mitchell——

Mr. WEITZ. Purported call?

Dr. MEHREN. I don't know whether it was John Mitchell on the other end, or not.

Mr. WEITZ. He made some call and asked for some Mr. Mitchell, and then talked to someone on the line.

Dr. MEHREN. Yes.

Mr. HEININGER. The assumption is that it was John Mitchell.

Dr. MEHREN. Sure, I have no way of knowing.

Mr. WEITZ. And you are making the same assumption with regard to Mr. Dole.

Dr. MEHREN. I am not saying that the Secretary of the Treasury faked it; I don't know whether it was Mr. Mitchell, or not.

I recall, again, with far less precision—it was a very, very short conversation with Senator Dole, to the same effect; that, "As the chairman of the Republican National Committee you are apt to get yourself in trouble if these attitudes become more pervasive."

Mr. WEITZ. Did he call the Attorney General?

Dr. MEHREN. I don't think he was the Attorney General.

Mr. WEITZ. No, I said, "Did he call the Attorney General."

Dr. MEHREN. No.

Mr. WEITZ. Did he call the Secretary of Agriculture?

Dr. MEHREN. No.

Mr. WEITZ. Did he make any efforts on your behalf, do you know, to discuss the merits of your discussions, or the topics in a reasoned way with any other Cabinet member?

Dr. MEHREN. Not in my presence. Again, this entire session, including the social amenities, this discussion, and his later discussion alone with Mr. Jacobsen took not more than 30 minutes.

Mr. WEITZ. Did Mr. Jacobsen tell you, before or after this meeting of the substance of any private conversations he had with Mr. Connally, with respect to the dairy people, in any way?

Dr. MEHREN. I don't recall, sir.

Mr. WEITZ. Now, was there also a reference at this meeting to political contributions to the President?

Dr. MEHREN. Yes, not really to me, but just before the termination, and perhaps not taking more time than 1 minute. I think it was mainly to Jacobsen, a suggestion from the Secretary of the Treasury that if the dairy people at large—in those words precisely, there was no reference of "you, sitting here", or to AMPI, to TAPE—if you did make a decision to contribute to the campaign, in his professional judgment it would be more useful toward the end of the campaign than now.

Mr. WEITZ. Wasn't it a problem of publicity at the time; didn't he make a reference to the fact it would be better to wait until the heat is off?

Dr. MEHREN. I don't think so. My recollection is of what he said, "They'll need it worse at the end of the campaign than they do now." And that it could be put to better use.

Mr. WEITZ. How did the reference come up? Did it come up in reference to import quotas?

Dr. MEHREN. No. It did not come up in reference to these points here.

Mr. WEITZ. How did it come up?

Dr. MEHREN. As I recall it now, and again, this is a difficult thing to do; I believe it was a suggestion made directly by the Secretary, at his own initiative, and without any direct reference to anything else. It was merely "If you people decide"; and the general tone——

Mr. WEITZ. Had Mr. Jacobsen been talking about contributions?

Dr. MEHREN. He may have, not in my presence.

Mr. WEITZ. He didn't tell you about it.

Dr. MEHREN. Did Jake tell me?

Mr. WEITZ. Did he tell you about these conversations?

Dr. MEHREN. No.

Mr. WEITZ. Did Mr. Jacobsen indicate he had talked to others, besides Mr. Kalmbach, in Government, or as Republican fundraisers with respect to possible contributions?

Dr. MEHREN. No, not specifically, to my recollection. Jacobsen talked, or implied in all of the relatively few conversations I have had with Jacobsen, he had connections into the Republican administration, just as he had always implied in earlier discussions that he had such contacts into the Democratic administration, preceding Mr. Nixon's; is that he could get representation. He could get people in decisionmaking positions to hear what we had to say. I am not sure Jacobsen ever said this to me directly, with respect to the Republican administration, but certainly it was implicit in his behavior.

Mr. WEITZ. Now, in your antitrust deposition on page 219, and again at page 225, you refer to the fact that there was no discussion of intervention by Mr. Connally in the antitrust suit "in my presence"; was there any, to your knowledge, discussion with Mr. Connally outside of your presence?

Dr. MEHREN. I believe I also testified in that deposition that as we left, I think, Mr. Connally asked Mr. Jacobsen to stay by for a moment or two, and Nelson and I went out in the hallway. Mr. Jacobsen came out smiling and reported that the Secretary had taken mild umbrage with reference to his attire.

Mr. WEITZ. Did Jacobsen make any reference as to what they discussed?

Dr. MEHREN. No.

Mr. WEITZ. Did he, at any other time, discuss with you any basis for belief, or any reference, whether or not he indicated the basis for it, that Connally could help with respect to substantive matters, particularly the antitrust suit?

Dr. MEHREN. Not particularly the antitrust suit.

Mr. WEITZ. With respect to what?

Dr. MEHREN. With respect to anything. The general indication of my discussions with Jacobsen was that Mr. Connally was a man of major potency, major influence, properly exercised within the administration; and merely to get Mr. Connally to understand what our difficulties were, was to take one step toward the resolution of the difficulties.

Mr. WEITZ. Do you have any explanation as to why Mr. Connally initiated the discussion at that meeting with respect to possible contributions?

Dr. MEHREN. It didn't seem to be, at that time, an out of line matter at all. I suppose Mr. Connally knew that the TAPE people, and the other people in the industry, the dairy industry had contributed heavily before. He probably knew they had three sets

of mechanisms, at least—four, I guess, that I can think of—in which contributions lawfully could be made. He probably knew that there were rather rich treasuries involved in all of them.

He would probably, therefore, conclude that these people will have to make decisions as to whom they support, to what extent; and I would suppose that out of that general knowledge, which by then was available to almost everybody in the United States, his suggestion may have been generated. But again, there was nothing sinister in his suggestion at all.

Mr. WEITZ. Now, let me ask you this, Dr. Mehren, these rich treasuries that existed, which he certainly, if he supported the President in 1972, was interested in, why do you suppose he was so sure that you were going to support the President that he would not even ask you to contribute right away, and not wait for 6 months, when perhaps you would be predisposed to support another candidate, as yet unnamed by the Democratic Party?

Dr. MEHREN. I can only tell you what he said.

Mr. WEITZ. I know you told us what he said. I am asking you what you understood by that.

Dr. MEHREN. I understood him to be telling the truth, and to be expressing an honest professional opinion. At least at that stage in the history of the United States when a Cabinet officer said to me, or to others sitting there, that he felt that political campaign contributions would be more useful and more needed later in the campaign, I took it to mean what he said; and not to involve, necessarily, any hidden motives. I am not sure what you are asking me, I am trying to answer.

Mr. HEININGER. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Do you recall meeting with Mr. Kalmbach that day, on March 16?

Dr. MEHREN. I do not recall that day. As you know, we have tried to find out. I don't think it was that day, Alan, but your records could be right.

Mr. WEITZ. Well, let me put it this way, you met with Mr. Kalmbach one other time after the February 3 meeting, in 1972, is that correct?

Dr. MEHREN. Yes.

Mr. WEITZ. And at that meeting you were in Washington, and Mr. Nelson and Mr. Jacobsen were also in Washington, is that correct?

Dr. MEHREN. Yes.

Mr. WEITZ. And that was an occasion when you didn't fly in and out on the same day, but rather stayed in a hotel in Washington.

Dr. MEHREN. I think I left the night of the 16th of March.

Mr. WEITZ. Yes; I'm saying that was the occasion when you met with Mr. Kalmbach.

Dr. MEHREN. Well, I stayed in a hotel; yes.

Mr. WEITZ. Was that at the Madison Hotel that you stayed?

Dr. MEHREN. Yes; it was. It was in one room, and it was really in the Madison Hotel that Mr. Kalmbach came.

Mr. WEITZ. And Mr. Kalmbach also stayed at the Madison Hotel that time?

Dr. MEHREN. I don't have any idea.

Mr. WEITZ. Well, didn't you go to Mr. Kalmbach's room when he was hurriedly packing?

Dr. MEHREN. No; I did not; Mr. Kalmbach came to the suite I was staying.

Mr. WEITZ. Where was Mr. Kalmbach going to that day?

Dr. MEHREN. I don't know.

Mr. WEITZ. He didn't tell you he was going off to New York?

Dr. MEHREN. He did not.

Mr. WEITZ. Now, the records of the Madison Hotel for the first 5 months of 1972, indicate that only on one occasion were you, Mr. Nelson, Mr. Jacobsen, and Mr. Kalmbach registered at the Madison Hotel within a day, and that was March 15 and March 16 of 1972. Would that be consistent of your recollection as to having met Mr. Kalmbach in the hotel?

Dr. MEHREN. Well, you disturbed my recollection more than you think by asking me if I recall going to Mr. Kalmbach's room while he hurriedly packed; I have no such recollection whatever. I am quite certain I never was in Mr. Kalmbach's room.

Now, the second part of your question, really, I think asks me the fact if that is the only day all of us were registered at the Madison Hotel, precludes any meeting with Mr. Kalmbach on any other day, I would be required to answer no; it does not so preclude it. I don't know whether Mr. Kalmbach always stays—have you checked the other hotels?

Mr. WEITZ. Every hotel in Washington, no.

Mr. HEININGER. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record. If Mr. Nelson testified it was March 16, 1972, would that be consistent with your recollection?

Dr. MEHREN. My recollection is that it was not on March 16, but I can't tell you. This wasn't on the agenda, it wasn't on the schedule. It was arranged, as nearly all of these things were arranged, by a call from Jacobsen.

Mr. HEININGER. Alan, to his best recollection it is still April 24.

Dr. MEHREN. I think so. I am not being difficult with you, Alan, on or off the record. I am trying to give you as honest a recollection as I can give you. I do not think it was March 16 for one damned good reason above all others. After getting through with Connally, I had to go back to the Madison Hotel, pack up and make an hour trip out to Dulles—I know I was there at 5 o'clock because I got the call from Earl Tilbert out there.

Mr. WEITZ. Did you meet with Mr. Kalmbach before you met with Mr. Connally?

Dr. MEHREN. I don't think so, Alan. Again, I am not being in any manner evasive if it was that date, but I don't think it is.

Mr. WEITZ. Now, at this meeting, whenever it took place, whether it was in March, or April of 1972, what was the substance of the discussion with Mr. Kalmbach?

Dr. MEHREN. I testified before as to the substance of it, and I have no reason to amend that testimony in any measure that I know of. As I recall the matter, sometime during the day Jacobsen said that Mr. Kalmbach would be coming by. I think it was about 2:30. I also remember, with less precision than I would like, that it was a rather

miserable, rainy type of a day. He came in, and there was a very brief conversation, genteel, as had been the first one.

The thrust of it was that as a fellow Californian, would I wish some day to go home and rest in peace and tranquility; and I said, "Of course." He said, "In that case you will be happy to know that I will not proceed any further with discussions, or negotiations on political contributions."

As I recall, I had Nelson in one room of that suite, asking him in; and I think he got Jacobsen from somewhere else. I think it was in the presence of those two, I am reasonably certain, that I asked Mr. Kalmbach, "Do you agree that the termination of this representation does not involve any breach of a commitment made by anybody else, it's your own statement that you are not going to——"

Mr. WEITZ. Why did you say that?

Dr. MEHREN. Because I was beginning to get nervous about it, I thought from the beginning you are damned right there might be some kind of a commitment involved in this. If you really want to know, if there was a commitment I would have liked to know because a breached commitment would have frankly mattered to me, as I told you before.

Mr. WEITZ. And you asked Nelson, and he said that there was no commitment.

Dr. MEHREN. Yes.

Mr. WEITZ. Kalmbach had made a disclaimer in February——

Dr. MEHREN. Yes, sir.

Mr. WEITZ. Parr had specifically refuted any association.

Dr. MEHREN. Yes, sir.

Mr. WEITZ. What did you base your suspicion on?

Dr. MEHREN. Oh, the fact that it had been done in 1971, apparently. There was a remarkable temporal association of contributions and representations to the Government which was disturbing to me. It could be totally innocent, but at the very best it was most, most stupid and indiscreet.

I wanted to be very certain that I did not put 40,000 dairy farmers, who to my knowledge had not been involved in any of these activities, in a position where punitive action could ever be taken. That's putting it very bluntly, and very honestly.

Mr. WEITZ. In other words, if there had been a commitment you didn't want to take action that would be a breach of that commitment.

Dr. MEHREN. If there was a commitment, I would have wanted to resolve the commitment and do it honestly and openly; and I would either say, "I can meet it," or "Can't meet it," but not just break it.

Mr. WEITZ. Did you ever ask Mr. Kalmbach whether there was a commitment?

Dr. MEHREN. No.

Mr. WEITZ. Why didn't you?

Dr. MEHREN. Because at that time, and in that environment when he said to me there was no commitment involved in February, I took it to be his word; but I still was nervous, and I wanted to cover any possible avenue of reaction that I could cover. I considered that to be a duty for anybody that was working for the farmers that I represented.

I might also say to you, it's very easy to sit here 2 years later and say, "Why didn't you do this and that."

Mr. WEITZ. Well, you said it was a deep concern of yours, and you had the opportunity twice to ask Mr. Kalmbach.

Dr. MEHREN. I took his assertion in the first meeting that there was no commitment, no quid pro quos, commitments or agreements; that was his statement and I didn't argue with it.

Mr. WEITZ. What led then, after the first meeting, to your deep concern?

Dr. MEHREN. I think what led to my deep concern was the apparent participation by Nelson and Jacobsen, the reasons for arranging meetings and discussions that I couldn't quite understand, plus the heightening press references to the 1971 matters that made me want to be very sure then, that I could not be put in a position, acting unilaterally as I had to, which I do only when I am required to do. I had no chance for consultation with the board, or with the executive committee, or with the TAPE Committee, to make a decision that would adversely affect 40,000 people.

Mr. WEITZ. Did you tell Connally that?

Dr. MEHREN. What?

Mr. WEITZ. That there were no commitments for contributions?

Dr. MEHREN. I don't think the matter ever came up.

Mr. WEITZ. Well, the question of contributions came up.

Dr. MEHREN. Yes, but the matter of commitments, or agreements was never discussed in that meeting to my recollection.

Mr. WEITZ. Did you understand at this March or April meeting, did you understand Mr. Kalmbach to discontinue solicitations for contributions for the rest of the campaign?

Dr. MEHREN. Yes, that was my understanding, which was another reason, I think it was April, rather than March.

Mr. SANDERS. Before you leave this, I want to ask a question or two.

Mr. WEITZ. Did Nelson or Jacobsen make any statements in Kalmbach's presence?

Dr. MEHREN. I cannot recall substantive statements.

Mr. WEITZ. After Kalmbach left, did the three of you discuss it, or any two of you discuss it, to your knowledge?

Dr. MEHREN. I don't recall it. Probably, almost inevitably we must have said, "Is it good news, or bad news?"

Mr. WEITZ. Did anyone discuss the reason for this information because it was, I think, highly unusual, or somewhat unusual?

Dr. MEHREN. Not to my knowledge.

Mr. WEITZ. Mr. Sanders?

Mr. SANDERS. Now, in telling us what Kalmbach told you when he first came to the suite, you made some remarks about Kalmbach saying you could return to California in tranquility.

I wish you would repeat all that and explain it to me, because I don't understand the import.

Dr. MEHREN. I think I understand the import. I certainly cannot give it to you in any verbatim sense, Mr. Sanders, but it was a pleasantry to the general effect that here is one more matter that you may otherwise have been required to resolve, which now is resolved unilaterally by me; and the burden of making the decision is herewith lifted from your shoulders. I doubt that any more than that was meant by it.

But, you would have to ask him what he meant by that rather cryptic statement, rather than me.

Mr. SANDERS. But, on the basis of what he said, you still had this concern, or maybe had a greater concern that there were some earlier commitments. So, you called Nelson and Jacobsen to get a reaffirmation from Kalmbach that there was no commitment?

Dr. MEHREN. No, it was not so much commitment, I merely wanted these two people who by then I began to understand, and understood far more effectively later, were involved in almost every contact associated with solicitation of funds; of themselves to hear that Mr. Kalmbach, on his own, had decided that the Republican people would not ask us for any contributions.

My general reasoning there, Mr. Sanders, looking back—and maybe that is an ex-post-rationalization—was that this would resolve also any further representation from them with respect to the matter, and put us in a position where, if the TAPE Committee, and the board of directors, of their own accord decided to contribute to the Republican committee, or anybody else, they could do so.

But, it would free me, and would free my colleagues on the board of directors from any further participation in the matter, and I wanted them to know it. It was not to test him, or to find a witness to his statement, anything of that sort.

Mr. SANDERS. That was in effect what he told all of you, that the Republicans would not expect any further contributions from AMPI?

Dr. MEHREN. No, he didn't say that, as I recall it. He said that he would make no further representation with respect to campaign contributions.

Mr. SANDERS. And you didn't take that to mean that it was limited to AMPI?

Dr. MEHREN. No, I think it was limited to AMPI because he was talking to me, and I certainly could not speak for the other people, I never have in matters of this sort in any measure whatever. I think he was speaking to me. But, what he said, I take to be what he meant, that he, personally, would make no more representation to AMPI; that is what in effect he said. I am reasonably sure that is what he meant, because I understand that other dairy people did contribute to the Presidential campaign of 1972.

Mr. SANDERS. Now, when you speak of him as saying he would make no further representations to——

Dr. MEHREN. I think that was the word.

Mr. SANDERS [continuing]. AMPI?

Dr. MEHREN. To TAPE.

Mr. SANDERS. Do you think he was using the word "representations" in the sense of an attorney-client relationship?

Dr. MEHREN. No; I don't think so. I think he was using it—and again, I can't with any precision say what he meant by it—but I am quite certain that is the word he used. I think he took representation to mean that he had spoken in the past about the possibility of contribution, and that he would not do so in the future. That is what I took the word to mean.

Mr. SANDERS. Something in the nature of no further solicitations?

Dr. MEHREN. I am not even certain that I could say that Kalmbach's earlier discussions involved what could be called solicitations; it was

an exploration of the possibility of contribution. I am not sure he ever said to me "give us money," although that was the purpose of the discussion, obviously.

No; I simply took it that he meant he wasn't going to talk about this any more.

Mr. SANDERS. Did you understand there might be some time later in the year—from him, did you understand that there might be some time later in the year when contributions would be acceptable?

Dr. MEHREN. I am quite certain that my reaction was that at that time Mr. Kalmbach was speaking for the campaign mechanism of Richard M. Nixon. I took it to mean when he said, "There would be no more representation from him," that there would be no representation from the campaign machinery of Richard M. Nixon to try to obtain political funds from TAPE.

Mr. SANDERS. Not even at a later time?

Dr. MEHREN. It certainly never occurred to me that he would come back.

Mr. PLOTKIN. Did it enter your mind when Mr. Kalmbach made his statement, "There would be no further representation," he was doing it with the thought in mind that this would ease your present problem with regard to the antitrust suit?

Dr. MEHREN. No; there was never any such allusion, nor could I derive any such conclusion from his statements. I know what he said in his deposition, and I presume you do too, that it wasn't worth it, there was too much work. I don't know whether that was his real reason, or not, that is what he said.

Mr. PLOTKIN. At that specific moment, I mean you obviously—when you met with him, you didn't anticipate prior to this meeting that he was going to tell you he wasn't going to make any further solicitations. So, didn't it at some place enter your mind that in view of your current legal problem at the time with the administration, that it might have made things look bad for the administration, as well as also remove a burden from your shoulders if they made no further solicitations?

Dr. MEHREN. It certainly didn't occur to me at that time. It had occurred to me, certainly by that time, and certainly it occurred to me much later that, given the litigation, given the adverse reaction to the price support, that for us to give a contribution of any size to Richard M. Nixon would be destructive not only to ourselves, but, pious as it may sound, destructive to our system of law; and deeply inhibitory to the proper latitude of executive action, not merely by the President, but members of the Cabinet. I sincerely believe this, and I know something about this because I have sat in sub-Cabinet positions and know what kinds of inhibitions this can place upon you.

Mr. PLOTKIN. Would you care to speculate on the possibility that as a result of Mr. Connally's phone call to Mr. Mitchell, and Mr. Mitchell's position as campaign chairman, that he might have contacted Mr. Kalmbach, assuming you met with Mr. Kalmbach following your meeting with Mr. Connally, that this was to be one of these little benefits, although you were not asking Mr. Connally for any favor, would have helped you out by not asking?

Dr. MEHREN. That is a tenable hypothesis, at least a remotely tenable hypothesis; but it is also a hypothesis which is tenable in the sense that perhaps several thousand other hypotheses would be tenable.

I have no basis whatsoever to think that a telephone conversation to one end of which I listened, was transmitted to Mr. Mitchell; from Mr. Mitchell to Mr. Kalmbach, and then it was decided that this burden would be taken off our back. I have no reason to reach that conclusion at all.

Mr. PLOTKIN. To the best of your recollection, what were your initial reactions when, what was obviously a burden to you, was removed from your shoulders?

Dr. MEHREN. My immediate reaction was a hypothesis which is no more and no less tenable than the one you just posed. My immediate reaction was that the combination of the burgeoning publicity with respect to I.T. & T., compounded by the earlier and continuing publicity with respect to the so-called milk fund had probably led these people to believe that further solicitation of funds would be destructive to them; and that the adverse reaction from contributions would probably be more than offsetting any financial benefit they got from contributions.

That was my conclusion to myself which I have never transmitted to anybody else until this moment; that's it. I could be quite wrong in this, just as I think you are wrong in yours, Mr. Plotkin.

Mr. PLOTKIN. And you had no specific motivation to probe Mr. Kalmbach's——

Dr. MEHREN. I don't function that way. It's very easy for an attorney 2 years later in an interview of this sort to say, "Why didn't you ask this, why didn't you ask that". What you do in an operating sense, if there is a decision that is made, and it is a decision that appears to be basically desirable on a net basis, I do not probe into the psychological motivations of the person that has made that decision.

Mr. PLOTKIN. Well, isn't it a fact that Mr. Nelson had stated prior to that meeting that, yes, there was a definite commitment from AMPI to the campaign; and then Mr. Kalmbach has said to you what he said; would you have then probed his intentions?

Dr. MEHREN. Had I known that there was a commitment?

Mr. PLOTKIN. Had you known there was a definite commitment.

Dr. MEHREN. I think—and this again is an ex-post-rationalization—if there had been a commitment, or I had been told there was a commitment; I think I would have done what I did, in absence of any statement with respect to consideration, or agreement. I would have said, "Now, this, then, is not to be taken as a breach of any commitment, real or fancy," which is what I said to him anyway.

Mr. PLOTKIN. But——

Dr. MEHREN. Had there been a commitment, I tell you what I would have done because I did it with everything else, some of which were, I repeat, rather dubious ones. I would have gone to my colleagues on the board, executive committee, and said, "It appears that a commitment was made." In some cases I would say, "I think you should meet the commitment"; in others, as I did with Congressman Jones, and as I did with half-dozen others, I would say, "No, I think this is a commitment which could properly be made by any individual without discussion with his colleagues, and, therefore, my recommendation is we don't meet it."

Mr. PLOTKIN. I don't want to, in any way, question your intelligence, or astuteness in this matter, Dr. Mehren——

Dr. MEHREN. I become wary when you say that.

Mr. PLOTKIN. Well, I know that Mr. Weitz has done that before—but in view of what we are dealing with, the problems that existed for you at that particular time, the sums of moneys that have been bandied about, I find it a little bit difficult that somewhere along the line of your conversation with Mr. Kalmbach you wouldn't have said why he was dropping any requests for funds, regardless of whether there was a commitment, or no commitment.

Dr. MEHREN. It may be the difference in the way we work as individuals, you as an attorney, myself from a totally different background with perhaps more operational activity than you have had. It would not occur to me now, I think, to ask "Why are you doing this."

Mr. PLOTKIN. It wouldn't?

Dr. MEHREN. I'll tell you this, I have learned on this very Hill, and once learned, it was certainly a humiliating situation, that if the judge gives you a decision, close your briefcase and leave, and don't argue with it. I have learned it here personally.

[Discussion off the record.]

Mr. WEITZ. Dr. Mehren, were you aware that Mr. Kalmbach was associate finance chairman of the Committee to Re-Elect the President, from February 15, 1972, until April 7, 1972?

Dr. MEHREN. I think to be explicit and precise, I became aware of that when I first tuned in on the so-called Watergate Hearings. I did know this, that he was a major figure in the campaign matters. But I did not, I think, to be quite precise, know what his title was.

Mr. HEININGER. Will you give me the dates again, Mr. Weitz?

Mr. WEITZ. February 15 until April 7.

Are you also aware then, from these hearings, that he ceased to be, as you put it, major fundraiser, or participant in the financial affairs after April 7, 1972?

Dr. MEHREN. Yes; I think I did know—I certainly knew after the broadcasting of the Watergate Hearings—I don't know when they started—that he had been so removed. I'm not sure I knew it then.

Mr. WEITZ. Now, if Mr. Kalmbach, as he testified publicly and privately, was no longer an active fundraiser after April 7, and he was in Europe for the balance of April 1972, would that refresh your recollection in any way, tend to shed some light on when he actually met with you in the Madison Hotel?

Dr. MEHREN. Well, obviously, if he was in Europe, and it is so established, we certainly didn't meet with him in the Madison Hotel while he was in Europe; that is not meant to be an offensive, or flippant answer.

Mr. WEITZ. One more time, do you connect in any way the meeting with Mr. Kalmbach and the message he gave you with the meeting with Mr. Connally, and the brief discussion you had with him, and he had with you, concerning contributions?

Dr. MEHREN. I have never heard a question, or a response which would link the broadranging discussion of Connally to any actions of Mr. Kalmbach.

Mr. WEITZ. I was referring to the portion of the conversation with Mr. Connally that mentioned contributions, timely contributions.

Dr. MEHREN. No; that is a hypothesis that did not occur to me——

Mr. WEITZ. I am not posing a hypothesis; I am asking you whether you connected——

Dr. MEHREN. No; I didn't. Did I connect it then, or do I connect it now?

Mr. WEITZ. Then?

Dr. MEHREN. No.

Mr. WEITZ. Do you connect it now?

Dr. MEHREN. It is a possibility, but it had not occurred to me until you just asked the question. I will also tell you that was not what Mr. Kalmbach said to me.

Mr. WEITZ. Well, didn't he say, "I am not going to be asking"—the substance of it was he wasn't going to be asking for any more contributions?

Dr. MEHREN. The substance was, there would be no more representation.

Mr. WEITZ. "By me"?

Dr. MEHREN. Well, he didn't say "by me." The implication that I got from it, and Lord knows, you will have to ask him; the interpretation that I got from it was that the mechanism that he had represented had decided not to pursue efforts to get contributions from TAPE. Now, that is my conclusion, rightly, or wrongly, at that time.

Mr. WEITZ. I believe you said on the same day you met with Mr. Butz, Mr. Campbell, and Mr. Lyng.

Dr. MEHREN. I think I met them in the morning.

Mr. WEITZ. Did you discuss the antitrust suit with them?

Dr. MEHREN. I don't think so.

Mr. WEITZ. I believe in your deposition——

Dr. MEHREN. There was some discussion——

Mr. WEITZ. I believe in your antitrust deposition on page 275, I believe, you said you did.

Dr. MEHREN. There was one discussion, and again, I'm not sure whether it is. Again, this is not an effort to be evasive with you. There was one meeting I had with Earl Butz, and I have known him very closely for a good many years, in which he did say that perhaps at the right time they could speak to the Department of Justice with respect to the activities and functions of farmer cooperatives.

Mr. WEITZ. Do you know that Dick Lyng approved the filing of the antitrust suit?

Dr. MEHREN. I know what Dick Lyng has told me before.

Mr. WEITZ. What did he tell you?

Dr. MEHREN. He said almost in these words, that Mr. McClaren came over and brought the tentative civil complaint. He said in essence, almost verbatim, repeated to me no less than 10 days ago that he said, "You take care of your jurisdiction, and I'll take care of mine. If in your judgment you think it should be done, go to it."

Mr. WEITZ. If there are memos in the Department of Justice's files contrary to that, that would not refresh your recollection?

Dr. MEHREN. I can only tell you what Mr. Lyng told me. Mr. Lyng told me at a meeting of the Supermarket Institute in Miami, Fla., in suite 1310, about 10 days ago, precisely what I told you here.

Mr. WEITZ. Now, did you also meet, on or about March 16, 1972, with Bob Strauss?

Dr. MEHREN. Again, I don't know the date. Is that on the agenda? I did meet with Bob Strauss.

Mr. WEITZ. Was that sometime in March of 1972?

Dr. MEHREN. I think so, but I would have to look. The only time I was in Washington, I think, was March 16. I don't know if it was on that same day, or not.

Mr. WEITZ. And was the substance of your discussion with Mr. Strauss in connection with contributions to both the Republican and Democratic National Conventions, the purchasing of books?

Dr. MEHREN. Yes.

Mr. WEITZ. And was the amount that was discussed that of $100,000 for each convention?

Dr. MEHREN. Yes, sir.

Mr. WEITZ. And was it not then contemplated to go forward with that as an alternative contribution at the present time to President Nixon?

Dr. MEHREN. It was not so posed to me; no.

Mr. WEITZ. Was it then discussed in that context by you and others?

Dr. MEHREN. No. To my knowledge, the proposal from Mr. Strauss—who at that stage, as I recall, said he was also speaking for the Republican committee—was never linked to any contributions.

Mr. WEITZ. Oh, I know, he didn't link it.

Dr. MEHREN. Or as a substitute, or alternative.

Mr. WEITZ. Did you ever discuss with anyone at AMPI that this would take the place of additional contributions at that time to President Nixon?

Dr. MEHREN. I don't think so. I think I discussed it, and expressed my own personal opinion that this would be a foolish expenditure of money. You know the details of the proposal, I presume.

Mr. WEITZ. The letter I am trying to find and enter as an exhibit will speak for itself. Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record. Now, we have two letters and memorandums, one is exhibit 28 [1] to the Lilly executive session; and it consists of a letter, memorandum from George Mehren to John Butterbrodt, Griffith, Besemer, and Bonnecroy——

Dr. MEHREN. For your information, that is the TAPE—committee for TAPE, executive committee.

Mr. WEITZ. All right, and that is dated March 20, 1972. Attached to that is a letter, dated March 16, 1972, from you—to you from Robert Strauss in connection with this.

Dr. MEHREN. Alan, that would almost certainly mean that the meeting with Strauss—for whatever relevance—could not have been the 16th. I do remember meeting Strauss at the Watergate—if you will forgive the expression—I remember his taking a car out to the airport, I think at about 12:30 or 1 o'clock, with a statement that he would write to me the next day.

Mr. WEITZ. You may have met him on the 15th.

Dr. MEHREN. Yes.

Mr. WEITZ. And then exhibit 29 [2]——

Dr. MEHREN. Do you want me to read them, or what do you want me to do?

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[1] See Book 14, p. 6186.
[2] See Book 14, p. 6189.

Mr. WEITZ. No, I just think that refers to that, and I wanted you to take a look at them.

Also exhibit 29, a memorandum from you to Lilly, and attached a letter, dated March 27 from the Republican National Convention to you with respect to a similar proposal.

Dr. MEHREN. This I recall, that I don't.

Mr. WEITZ. Now, in the memorandum, which is the cover memorandum for exhibit 29, you indicate to Lilly that you want this returned to you for the next day, March 30, when there is going to be a TAPE committee meeting, to take up that matter.

Was that matter discussed at that TAPE committee meeting?

Dr. MEHREN. I think so; I can't say with precision.

Mr. WEITZ. And what was the disposition?

Dr. MEHREN. The answer was a unanimous "no," as I recall.

Mr. WEITZ. Do you have anything in your file that would indicate that you expressed and communicated that to either Mr. Strauss, or the other gentlemen from the Republican National Committee?

Dr. MEHREN. I think I telephoned him; I'm not sure.

Mr. WEITZ. And when was that done—shortly after the meeting?

Dr. MEHREN. It would have been, normally; but I don't have dates, I'm sorry.

Mr. WEITZ. Now, did that communication and that decision have anything to do with the thirty $5,000 checks signed by you on April 4, 1972?

Dr. MEHREN. Not to my knowledge. I told you before, that is the one and only gap that I am not able to repair. I don't think so.

Mr. WEITZ. Let's not get into that—off the record.

[Discussion off the record.]

Mr. WEITZ. We will take a recess, now.

Dr. MEHREN. Let me help you on the record to know why that was turned down.

Mr. WEITZ. All right, let's just get that out of the way.

Dr. MEHREN. Why don't you ask me?

Mr. WEITZ. All right. Can you tell us why that recommendation was turned down? We are not referring to the contributions to the conventions.

Dr. MEHREN. There was unanimous reaction that to provide every one of the members of AMPI with two Convention Guide Books for themselves, and one each to give to their friends would be a fortuitous waste of money, and probably an irritant to our people. That was the reason for it. We just thought it would be a rather silly thing to do.

Mr. WEITZ. We will recess now until after lunch.

[Whereupon, at 2:30 p.m. the hearings adjourned to reconvene at 5 p.m. this day.]

AFTERNOON SESSION

Mr. WEITZ. All right, back on the record.

Dr. Mehren, I would like to turn your attention to a period of early April 1972. Now, do you recall or have any recollection in connection with the drawing of the thirty $5,000 checks in blank on April 4, 1972?

Dr. MEHREN. Basically, not much more recollection than I have given you before. We have, I think, through our attorneys included every possible line of inquiry I know. I can tell you this much, that on that day I had the pricing statute from the Department of Agricul-

ture. I had a difficult decision to make with respect to Russell. I had, I think, the meeting that you have referred to earlier; I am not sure who all was present. I believe Nelson was there. I had the Fond du Lac matter which was by far the important one, and we had checked the night, Alan, since I talked to you last. I had a very elderly plant manager from Iowa who was afflicted with lung cancer, heart disease, et cetera, as a house guest with his wife, and he incidentally collapsed and I had to carry him to bed. But with respect to what they were, I don't know.

I have asked if anyone in the household has any memory of the call that you mentioned to me on the telephone, and in truth I don't.

Mr. WEITZ. Let's go step by step. First of all, I have 30—what purports to be the 30 checks on the Committee for TAPE account with your signature and L. Elrod. Each in the amount of $5,000 in blank and all dated April 4, 1972.

Mr. HEININGER. I think one is dated April 5.

Mr. WEITZ. I think you're right. The check numbers are 25 through 54, and I believe check No. 51, which is the first of a series of four checks on a different check form, the last four of the 30, that is, is dated April 5, 1972. I would like you to take a look at these, and I will mark them for the record.

Dr. MEHREN. Yes.

Mr. WEITZ. Total is $150,000. I will mark these together as one exhibit, and I believe it would be exhibit 2 to your executive session.

[Whereupon, the checks referred to were marked Mehren exhibit No. 2 for identification.[1]]

Mr. WEITZ. Now, I believe that you referred to a meeting with Mr. Nelson. Could you tell me what you do remember with respect to that meeting?

Dr. MEHREN. It's a very difficult thing to give you, and again I speak with some embarrassment because I think the one subject matter which I don't have good memory, I think that it was a meeting at which he was present. I think Lilly was there. I think Elrod was there. But Elrod stated to our attorneys that he wasn't there. I have only a vague memory of the meeting occurring at all.

Mr. WEITZ. This was on the 4th, or on the day the checks were signed?

Dr. MEHREN. This is on the 4th as our books show. It was scheduled.

Mr. WEITZ. The meeting was scheduled at your office in San Antonio?

Dr. MEHREN. Yes, it was so scheduled and I think it was in fact held.

Mr. WEITZ. Do you recall the purpose of the meeting or how the meeting came to be arranged?

Dr. MEHREN. Why there is this blank, I do not know. I am not disturbed by the matter because there are 2 days in fact of whatever it was, it wasn't paid and there is no question I terminated any possibility of payment and secondly, the records which need not have been kept were kept. So first, whatever it was, nobody got anything and secondly, there was no effort to fail to disclose.

Mr. WEITZ. Do you have copies of these checks in your records?

Dr. MEHREN. These records were kept and there is a substantial record all the way through. You would note the number on these are our own.

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[1] Previously entered as Lilly exhibit No. 30. See Book 14, p. 6191.

Mr. WEITZ. No, I want to repeat the question. Do you have in your records and the TAPE or the Committee for TAPE records, any records for these—the copies of these checks?

Dr. MEHREN. The original of those checks were there.

Mr. WEITZ. You do——

Dr. MEHREN. Yes, they are there.

Mr. WEITZ. I would like to produce those for the committee. We did not receive these from TAPE.

Mr. HEININGER. Well, let me say in the stuff—and I guess you're still on the mailing list of the stuff in the Department of Justice, those did come from our files.

Mr. WEITZ. I see.

Mr. HEININGER. As a matter of fact, I might also point out that we produced those pursuant to a subpena in the antitrust litigation to TAPE or the Committee for TAPE.

Mr. WEITZ. I see.

Dr. MEHREN. Let me also say, if I may, one other thing which you haven't asked but I think you should know. To the best of my knowledge, I did not clear the voiding of these checks with my colleagues on the TAPE Committee. I have also checked the records on that and the TAPE Governing Committee was set up on March 10, but was functioning well before that. To my knowledge, no request for funds were ever approved since I have been around without clearance by a majority of those people. None of them have any memory of this.

Mr. WEITZ. Of what?

Dr. MEHREN. Of these 30 checks. None of these and these are people with whom I work closely. That is one point I think you should know. The second point is that to my knowledge, these are the only instruments in which there isn't the usual and quite meticulously complete voucher. I don't know whether you know it or not, but I instituted immediately, or I think by March 1, a mechanism whereby every check of TAPE was identified with respect to who asked for the contribution, to what purpose it would be put, who would receive it, a receipt form was included so that in every other outlay on TAPE or the Committee for TAPE, since I have had anything to do with it, there is this detailed record. On these, there is nothing more than this.

Mr. WEITZ. Can you explain that?

Dr. MEHREN. No, I wish I could. To be completely honest, I wish I could.

Mr. WEITZ. Now, let's see if we can suggest things that may bring something to mind.

Dr. MEHREN. All right.

Mr. WEITZ. Do you recall any calls that day in the context or in connection with that meeting to or from Mr. Jacobsen? Do you associate him in any way with this transaction?

Dr. MEHREN. So vaguely that I am reluctant to say that I recall it. I have a less vague recollection that Mr. Nelson was involved with the request for these moneys.

Mr. WEITZ. And you also say that your recollection, based on your records is a meeting which took place when Mr. Nelson was present?

Dr. MEHREN. There is on my books a meeting scheduled, but as you also may have noted there were many meetings scheduled but did not occur. I think it did. Others say it did not.

Mr. WEITZ. Would it be consistent for example, with testimony we have as to the participants of the meeting, that a meeting of that sort did take place on that date?

Dr. MEHREN. I think it did, I am not sure who was present.

Mr. WEITZ. Do you know whether these contributions were to go to the President or the Republican Party sources of some sort? Not sources, recipient rather.

Dr. MEHREN. No, I don't. There is one person that said I had said it was a request through Mr. Lilly for 30 checks for Democrats and I do not think that is so. I would think, and again if I knew, I would tell you. I think these were probably for Republicans but that is a reconstruction without memory.

Mr. WEITZ. I believe you testified today and previously that there was a hypothetical put to you at the February 3 meeting out in Los Angeles by perhaps Mr. DeMarco.

Dr. MEHREN. Yes.

Mr. WEITZ. In connection with numerous or several contributions prior to April 7 and possibly through State committees organized apart from the Republican State committees to receive such contributions if they were to be made.

Dr. MEHREN. Yes.

Mr. WEITZ. Did you in any way associate this transaction or this purported transaction with that suggestion or the mechanism described in that meeting?

Dr. MEHREN. To me, now, in terms of simple logic and simple effort to be as open with you as I can on this difficult matter, it may well be that 30 committees were involved. But I cannot say. I have told you the reason I say this, I don't have it in my mind.

Mr. WEITZ. Do you recall any discussion of the fact that the $300,000 was to be delivered prior to April 7, and $150 from TAPE or Committee for TAPE and $150 from the two other cooperative trusts?

Dr. MEHREN. No, I don't, sir. That is the truth, that may well have happened, but I don't recall it.

Mr. WEITZ. Do you recall, in connection with this meeting or these checks, any discussion of the antitrust suit?

Dr. MEHREN. No, sir.

Mr. WEITZ. Who was to provide the names of the committees or recipients of these funds?

Dr. MEHREN. Unfortunately, I can't answer that either.

Mr. WEITZ. Was it to be Mr. Kalmbach?

Dr. MEHREN. Not to my knowledge.

Mr. WEITZ. Or representatives of his?

Dr. MEHREN. Not to my knowledge.

Mr. WEITZ. Do you know how the checks came to be voided, each check I might add is marked voided across the face.

Dr. MEHREN. I do not know from recollection. I know very well those checks would not have been voided unless I said that they would be voided. Those were my instructions in the office.

Mr. WEITZ. Do you remember talking to Mr. Kalmbach on or about the 4th of April 1972?

Dr. MEHREN. I know that I have been told from sources that I believe a call was placed at my house and in truth I do not recall it. I

have also asked others in my household. It was the night that this man collapsed and I had to carry him upstairs to bed.

Mr. WEITZ. You have alluded to it and let me, for the record, state that we do have an affidavit from both the Republican National Committee and the appropriate telephone company sources in Texas which indicate that—which show that on April 4, Herb Kalmbach did place a call and charged it to an RNC credit card number to your home.

Dr. MEHREN. And it was received?

Mr. WEITZ. Yes, it was received.

Dr. MEHREN. Do you know how long the conversation was? There is this possibility, and I am just asking that as a possibility, has that been checked?

Mr. WEITZ. They don't have records. It was at least several minutes. It would be impossible to tell what the conversation was obviously or to whom the person was talking.

Dr. MEHREN. Yes.

Mr. WEITZ. But you have no recollection of that?

Dr. MEHREN. No, I don't. I wish very deeply I did.

Mr. WEITZ. Now, if someone who was a participant at the meeting on the 4th with you in your office, or at least listed as a participant at that meeting, had a recollection that there were calls placed to Mr. Jacobsen by Mr. Nelson, calls were received back from Mr. Jacobsen and the substance of the discussion was that the contributions were to be made and Mr. Kalmbach was to provide the names of the recipients of the contribution and you insisted upon talking with Mr. Kalmbach for the purpose of exploring the possibility or making sure that, in fact, easy treatment would be accorded to AMPI with respect to the antitrust suit. Would that be consistent with your recollection?

Dr. MEHREN. No, it would be totally inconsistent in this one respect at least. It is not my way of ever, first, out of common morals, and second, out of common intelligence, to say to anybody that in return for a contribution I expect intervention in a lawsuit, no.

Mr. WEITZ. What about the commitment itself, apart from any substantive fallout from a contribution? We have talked about it today and you have testified to a number of meetings, some other meetings or meetings were held without your knowledge by others associated with AMPI or formerly associated with AMPI. If there had been a commitment on the part of someone or a concern on your part that a commitment had been made not to your knowledge and prior to your tenure, do you recall ever expressing on or around the time of April 4, 1972, or any other time the desire to communicate to Mr. Kalmbach that, in fact, contributions would be made and that he should be aware of the fact that you were not going to breach or welsh on any commitment that had been made prior to your tenure?

Dr. MEHREN. No, I don't, sir. I find it very difficult to encompass logically the sequence. If, in fact, the discussion with Mr. Kalmbach to which we referred to this morning as to why it occurred on March 16, I would find it very hard to put together pressure from Mr. Kalmbach to take money on April 4.

Mr. WEITZ. What about if it took place after April 7 or after April 4 as you had reason to believe, would that change your testimony?

Dr. MEHREN. Well, we would at least not have the inconsistency in the sequence I think you have built through your questioning this

morning that the March 16 meeting in which Mr. Kalmbach said he would no longer solicit funds and apparent effort on the part of somebody to get those funds.

Mr. WEITZ. Did anybody counsel you either in connection with the April 4 meeting or otherwise to go ahead and try to make contributions so as to appear, still appear, as strong supporters of the President for whatever benefits that might accrue?

Dr. MEHREN. I recall no such——

Mr. WEITZ. Mr. Jacobsen made no such recommendation?

Dr. MEHREN. Not to my recollection. Mr. Jacobsen, looking back now, was obviously involved in every contact involving solicitation or possible contributions to the Democrats or to the Republican Party. Every one of them. Why, I still do not know. I would like to know why.

I would also like to know why—here it would be most helpful to me in developing a better recollection than I have of this unfortunate situation—why, in fact, they didn't get the money, and they didn't. I obviously, alone, could have voided these things.

Mr. HEININGER. For the record, we checked it with Lynn and the word "void" is in Elrod's handwriting and his recollection is that they were voided either the next day or the following day.

Mr. WEITZ. At Dr. Mehren's instructions?

Dr. MEHREN. It could not have been at anybody else's. I am trying to help, really I am. The next day would be most doubtful because the next day was probably the most difficult and tense day I have had in tenure at the office. This is the day I had to go up and get the board of directors of Mid-States region to breach a valid contract and add 50 percent to the contribution cost. This was the critical transitional activity that I had worked on for many, many days in advance and I think perhaps the mitigation or the excuse that I don't have memory is that this one was by far the important thing for me to do.

Mr. WEITZ. Do you know why Bob Isham formally resigned as treasurer of TAPE on April 4, 1972?

Dr. MEHREN. Bob Isham merely resigned as treasurer of TAPE which he had asked me in the beginning of my tenure to do as soon as possible. He also submitted a rather remarkable letter of resignation from AMPI on April 4, 1972, despite the fact that he ultimately resigned on June 30, 1972. I think I have given that to you.

Mr. HEININGER. June 30, 1973.

Dr. MEHREN. Right.

Mr. WEITZ. First of all, as I understand it, wasn't Mr. Isham from April of 1972 to the end of June 1972 a consultant and he became an associate?

Dr. MEHREN. No, no. His—the rather strange resignation paper which was somewhat laudatory in tone, I might add, was never shown to me until after his departure.

Mr. WEITZ. What was his status from April 4 to June 30, 1972?

Dr. MEHREN. An associate general manager.

Mr. WEITZ. In June of 1972?

Dr. MEHREN. That is correct, that resignation was never shown to me until after the departure in June of 1973 and his title, his status was never changed. In fact, I did not know that the resignation from AMPI was on file, in his personal file until after his departure, well after it.

Mr. WEITZ. Didn't you tell him if he resigned he had to resign from AMPI?

Dr. MEHREN. I did not ever. I took every effort and so did many other people to retain him. Bob Isham talked resignation from TAPE from the very beginning. In fact, before my tenure and to this I took no exception at all.

Mr. WEITZ. He did not talk to you about it, you weren't general manager at the beginning of TAPE.

Dr. MEHREN. Oh yes, I think Bob Isham had said, long before I became general manager, that he wanted not to be associated with a TAPE activity and he wanted to be detached from that responsibility as soon as possible.

Mr. WEITZ. Now, when you became general manager in 1972 and through April of 1972, didn't you repeatedly tell him that you felt you were going to ultimately contribute to the President?

Dr. MEHREN. No, I don't think so. I told him that there were obvious pressures on us, but whether we ultimately would be required to contribute, no.

Mr. WEITZ. Not required from a legal sense, but you felt the pressure was great and you would probably have to contribute as a practical matter.

Dr. MEHREN. I have told him and I have told Mr. Heininger and told others there was obvious pressure on us to obtain it.

Mr. WEITZ. What was it?

Dr. MEHREN. The pressure obviously was the Kalmbach contact to start with and then these sporadic matters of this sort.

Mr. WEITZ. No, I don't understand. You met twice with Kalmbach, the first time it was in general terms, he asked for no specific matters and you made no commitment and he asked for no commitments. The second time was a brief meeting in which he announced to you that he was going to seek no further moneys from you.

Dr. MEHREN. And in between those there were two or three phone calls which I did not take.

Mr. WEITZ. And this matter on April 4, you don't connect that in any way to Mr. Kalmbach from your own recollection. What type of pressure were you under?

Dr. MEHREN. I was under pressure obviously from Jacobsen and Nelson.

Mr. WEITZ. And at no time did you pursue the matter with them, as to exactly what type of commitment they had made that made them so desirous?

Dr. MEHREN. I had, I told you that. I did not ever ask Jacobsen explicitly I think, but I certainly asked Nelson if there were any commitments we had to meet. If he said yes, I told you earlier, I would not have been disturbed, I would have made the same resolution of it that I made of many other commitments I inherited from him. But he never told me there was any commitment for 1972 ever.

Mr. WEITZ. For the President without regard to when it was made or what time it was to be delivered?

Dr. MEHREN. Correct.

Mr. WEITZ. Turning your attention to October 1972, between April 4 of 1972, which at least we have a record of a contact of a call from Mr. Kalmbach to your home.

Dr. MEHREN. May I go off the record?

Mr. WEITZ. Yes.

[Discussion off the record.]

Mr. WEITZ. All right, back on the record.

Do you have any recollection of Mr. Kalmbach, either directly or through some intermediary, telling you that he didn't want those contributions to come in just prior to April 7?

Dr. MEHREN. I do not. But that means merely I have no recollection and my recollection is so faulty on the matter of the 30 checks that I do not say that this did not happen.

Mr. WEITZ. All right.

Dr. MEHREN. But I do want on the record whatever it was they weren't paid and records were kept.

Mr. WEITZ. And now, directing your attention to October 1972, between—first of all as to the interim period from April 4, 1972, and October 1972, did you have any additional contact again directly or through intermediaries with Republican fundraisers?

Off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Dr. MEHREN. The answer is, I can't think of any, Alan, which again doesn't mean that there weren't.

Mr. WEITZ. I think I asked the question and you said to your recollection, no intermediary contacts were made.

Dr. MEHREN. Correct.

Mr. WEITZ. Did Mr. Jacobsen, at any time, renew the matter—or Mr. Nelson—with respect to making contributions at sometime prior to the election?

Dr. MEHREN. Yes, he did. Mr. Jacobsen did.

Mr. WEITZ. Mr. Jacobsen did?

Dr. MEHREN. Yes.

Mr. WEITZ. What was that in connection with?

Dr. MEHREN. That was a telephone call that Mr. Nunn wanted to see me and talk to me about the contributions.

Mr. WEITZ. Was this shortly before the time you actually met with Mr. Nunn?

Dr. MEHREN. I think it was in the same week. As I recall, Alan, it was a Saturday morning. I am almost certain it was a Saturday morning that I saw Mr. Nunn and the reason I recall it was that there was no other time to see him.

Mr. WEITZ. Was that October 21, 1972?

Dr. MEHREN. I believe it was, yes.

Mr. WEITZ. So Mr. Jacobsen's call would have been the week preceding?

Dr. MEHREN. It was that same weekend as I recall, yes.

Mr. WEITZ. That was the first contact that you recall renewing the subject of contributions by Mr. Jacobsen to you?

Dr. MEHREN. Yes.

Mr. WEITZ. What was the substance of Mr. Jacobsen's phone call?

Dr. MEHREN. The substance of his phone call—he said this was Mr. Nunn who had become the major fundraiser of the Committee To Re-Elect the President and that Mr. Nunn had expressed a wish to talk to me.

Mr. WEITZ. Was it your understanding that he had essentially taken over much of Mr. Kalmbach's activities or responsibilities?

Dr. MEHREN. I think Mr. Jacobsen indicated that to me. May I also say in the conversation with Mr. Nunn, virtually, he explicitly said the same thing.

Mr. WEITZ. I see. At the time of the call by Mr. Jacobsen, did you, either in your own mind or expressly to Mr. Jacobsen, raise the question—well, in light of the message with Mr. Kalmbach in which he had made explicit to you several months previously, did you ask him what the need was to meet Mr. Nunn again or meet the Republican fundraiser?

Dr. MEHREN. No, I did something else in response to the puzzlement that this sequence engendered in my mind. I did something quite different.

Mr. WEITZ. What is that?

Dr. MEHREN. I decided to avail of the advice of politically experienced persons whom I respected highly.

Mr. WEITZ. That was former President Johnson.

Dr. MEHREN. Former President Johnson.

Mr. WEITZ. That was after the meeting?

Dr. MEHREN. No, no, I made the arrangements prior to the meeting.

Mr. WEITZ. Did you consult with the former President before?

Dr. MEHREN. No, I consulted with the former President within 30 or 40 minutes after the departure of Mr. Nunn.

Mr. WEITZ. That was after.

Dr. MEHREN. Yes, but I made the arrangements with him before.

Mr. WEITZ. You decided to meet with Mr. Nunn and then President Johnson?

Dr. MEHREN. Yes.

Mr. WEITZ. Could you tell me why you decided to do those two in the sequence that you did?

Dr. MEHREN. Yes, because again as I looked back by the 21st of October, I had become aware of a remarkable coincidence of the name of Jake Jacobsen in virtually every overture with respect to funds for the reelection of the President, President Nixon. I did not feel comfortable with Mr. Jacobsen. I saw no reason to explore with Mr. Jacobsen his role in the generation of these contacts. I think, looking back that the major issue in my mind was not as I told you before, whether a contribution affirmatively would engender favorable action from the administration, but whether refusal to discuss soliciting contributions and perhaps the refusal to make one after consultation with my people might engender adverse action.

I was puzzled also, as you imply in your question, as to why this would be reopened at this stage. I was puzzled enough that truly being totally inexperienced, I have never raised campaign funds in my life before or had anything to do with it prior to January 12, 1972, therefore, it was something of a novice to me in the mechanisms of these things. I made a decision to avail the opinions of a man whom I respected and as I repeat, I made that well before, 2 or 3 days before. I think it would also be useful for your record purposes, again if I am too discursive tell me. I called or told the pilot, Mr. Johnson's pilot and my pilot, to please tell the President I had a matter of some importance I would like to discuss with him. The President called me

at my home about 6:30, I would think, perhaps on Thursday of that week and I told him what the issue was, and the meeting had been scheduled with Mr. Nunn. I was reasonably certain that Mr. Nunn was going to suggest contributions that I had had assurances that they would not. I did have on the record, as you have seen, formal resolution of the governing committee for the Committee for TAPE that no contributions would be made to the President. In the face of this oncoming President Nixon——

Mr. HEININGER. Or any other President.

Dr. MEHREN. Or any other Presidential candidate. In the face of this, I was reasonably assured that there might be pressures in which my own experience would be inadequate to make full judgment and, therefore, I decided to talk to Mr. Johnson and after the talk with Mr. Johnson to discuss the matter with my colleagues on the committee and report.

Mr. WEITZ. Let's take this in sequence. I would like to show you for the record and this is to identify, I am not going to introduce the whole document. The document is the minutes for the Committee on TAPE of October 11, 1972. Since most of the document refers to congressional contributions and other matters outside of the committee's mandate, I will not include that. I will include the paragraph beginning at the bottom of the page, page 5 and excise the rest and mark it as exhibit 3 for the record and ask you to identify the document.

[Whereupon, the document referred to was marked Mehren exhibit No. 3, for identification.*]

Dr. MEHREN. I have seen this.

Mr. WEITZ. Now, according to this paragraph and the resolution in it——

Mr. HEININGER. Did you say Committee for TAPE?

Mr. WEITZ. That is what it says.

Mr. HEININGER. OK, I just wanted to be sure.

Mr. WEITZ. The minutes in the Committee for TAPE meeting, October 11, 1972, held in Minneapolis—as indicated in exhibit 3, there was a request for contributions to President Nixon's campaign without any to Senator McGovern's by an AMPI member, and as a result the resolution was passed that the committee agreed not to contribute to either Presidential candidate but to contribute $100,000 in four parts, $25,000 each, to the Republican and Democratic senatorial and congressional campaign committees.

Dr. MEHREN. Yes.

Mr. WEITZ. Now, this was 10 days before the meeting which you held with Mr. Nunn?

Dr. MEHREN. Yes.

Mr. WEITZ. And I take it that it was 4 to 5 days before Mr. Jacobsen's call of the week of the 21st?

Dr. MEHREN. Yes.

Mr. WEITZ. And now, when Mr. Jacobsen called you in light of the existing resolution for the Committee of TAPE, in a sense binding your hands in terms of contributions to the President's campaign, why didn't you just tell Mr. Jacobsen to tell him, although you would like to accommodate Mr. Nunn, the committee had made a decision and it was out of your hands and to pass the message along as courteously as possible to Mr. Nunn?

*See p. 7353.

Dr. MEHREN. I had two reasons. One, that always in any position I have had, I tried to listen to any person of appropriate status and position who wanted to talk to me about anything.

Secondly, here to use the patois that has become fairly common, I knew who Nunn was and one doesn't lightly say to Lee Nunn or Herb Kalmbach, "I won't talk to you."

Mr. WEITZ. So you thought essentially what you had to tell him that you probably had to see him in person?

Dr. MEHREN. I wanted to tell him in person and as gentle as I could, and I wanted to know what he wanted, specifically what he wanted.

Mr. WEITZ. Didn't Jacobsen tell you what he wanted essentially or what he probably would want?

Dr. MEHREN. Jake didn't have to tell me. I don't really recall if he told me. But by that time, I had become sufficiently sophisticated in this kind of matter to know who Lee Nunn was.

Mr. WEITZ. Did Jake, again at that time, take the opportunity to urge contributions be made?

Dr. MEHREN. I think that Jake did not urge that contributions be made. I think that Jake said that Democrats for Nixon would be an excellent vehicle if we decided to.

Mr. WEITZ. Was this the first time that he mentioned the Democrats for Nixon as a possible recipient for dairy contributions?

Dr. MEHREN. I am not sure, but I don't think it was. By that time, I was also aware that Mr. Jacobsen was a very active person in the Democrats for Nixon.

Mr. WEITZ. As with Mr. Connally?

Dr. MEHREN. Yes.

Mr. WEITZ. Now, again, in view of the fact that—even given the fact rather that you wanted to be as courteous and gentle as possible with Mr. Nunn, given the fact that you already had this resolution by the TAPE Committee, why did you feel it necessary to call upon or arrange for counsel with Mr. Johnson?

Dr. MEHREN. Again, his experience was such that I knew I could get advice from the President and I knew it would be advice based upon experience vastly broader than mine.

Mr. WEITZ. Can you tell me this, while you viewed the situation sufficiently differently from that in the winter and spring of 1972, when you also had contact with Republican fundraisers in the person of Mr. Kalmbach, so that you did not call upon President Johnson's counsel then, but did in October of that year?

Dr. MEHREN. I think, basically, I had to go back and reconstruct, which is difficult to do. I think, basically, it was the inconsistency of an apparent termination of solicitation and a renewal thereof that was disturbing to me. I suspect in the back of my mind really there was a question, looking at the overall 40,000 quite decent people working on farms, what was his opinion as to going back to the TAPE Committee, which I could, of course, do and I think in this circumstance we ought to do it.

Mr. WEITZ. Let me ask you two questions in that connection. First of all, the second meeting with Mr. Kalmbach, before that took place, for all you knew he was not going to cut off funds. He was going to make a second clarification or reaffirmation of the solicitation.

Dr. MEHREN. Yes.

Mr. WEITZ. Why didn't that precipitate a contact to Mr. Johnson?

Dr. MEHREN. Again, there was not——

Mr. WEITZ. Before the cutoff.

Dr. MEHREN. Before the cutoff. The request to meet with Mr. Kalmbach came on the day, whatever it was that I met with him, and it would have been quite impossible to consult with the President. Besides, I wasn't as battle-scarred in March, March 16, as I was by October.

Mr. WEITZ. Now, in October, didn't your reason for—in October, this was prior to the election, of course, did Mr. Connally's prior advice in March or April of 1972, to wait later on just before the election when they would need it more, meaning the President's campaign effort. Did the fact that he had given you that advice play any part in your decision to speak to Mr. Johnson?

Dr. MEHREN. No; I honestly say that I did not put together the rather casual statement of Mr. Connally with respect to the timing of any potential contributions with the appearances of Lee Nunn, despite the fact that the genesis of the appointment was Jake Jacobsen whom I knew to be associated with Connally.

Mr. WEITZ. My question now is, did Mr. Connally's comment and his previous association with President Johnson lead you to contact President Johnson?

Dr. MEHREN. No.

Mr. WEITZ. It did not?

Dr. MEHREN. No; it did not occur to me. Let me say again that I respected, unlike many other people in this country, I got to know the President pretty well, particularly after he left office and I did respect him and I do respect him. I am speaking very carefully about him.

Mr. WEITZ. You have had a longstanding relation with him?

Dr. MEHREN. It became much more intimate after my departing from office and his, than before.

Mr. WEITZ. Did you in fact take other occasions to consult with him and seek counsel?

Dr. MEHREN. This is the first matter of real importance about which I disturbed the President.

Mr. WEITZ. All right, we will get back to that meeting. Let's address ourselves to the meeting of Mr. Nunn on the morning of the 21st. Could you tell us the substance of the meeting, of what Mr. Nunn said and so forth?

Dr. MEHREN. I think I can give it to you seriatim and with substantial accuracy. He first advised me that he was Lee Nunn and he advised me also his brother, Louis Nunn, who was a former Governor of Kentucky, was a candidate for the Senate at the time. I believe the next major point that Mr. Nunn made was that he had long been a fundraiser for the Republican Party.

Mr. WEITZ. I am sorry. Let's go off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record. Do you remember the question?

Dr. MEHREN. You were asking me the sequence. I recall him saying that during his career, he had probably raised something between $50 and $60 million for the Republican Party. And then, quite explicitly, he asked if we would consider a contribution to the campaign.

Mr. WEITZ. In what form, to what recipient?

Dr. MEHREN. He suggested two ways. One was to the President of the United States and the other was Democrats for Nixon.

Mr. WEITZ. Didn't he—did he mention a figure by the way?

Dr. MEHREN. There is in my mind a statement—I think it's accurate that at one stage quite late in the 45 minutes I spoke to him, he said something, "Well, we had thought about $650,000 from you." But again there was no direct statement that we would like $650 or any other figure.

Mr. WEITZ. Do you attach any significance to the fact that in the White House memos, as late as February of 1972, there was a goal figure set of the remaining $750,000 on the $1 million commitment from the dairy co-ops to Mr. Nunn's suggestion of a $650,000 contribution?

Mr. HEININGER. I think you will have to back that up with him.

Mr. WEITZ. Let me take it one at a time.

In February 1972, if there was a memo from one White House aide to another referring to the fact that approximately $\frac{1}{4}$ million had been received from the dairy people and another $\frac{3}{4}$ million was going to come in prior to April 7, you attach any significance to the fact that in October 1972, Nunn mentioned a figure of $650,000 that he had thought you might contribute?

Dr. MEHREN. I didn't at the time, Alan. I am not sure I would now. I didn't at the time.

Mr. WEITZ. Didn't he, in fact, relate it back to prior meetings, commitments, conversations, solicitations with Mr. Kalmbach and other fundraisers?

Dr. MEHREN. He did not to my memory.

Mr. WEITZ. Did you refer to that meeting or those meetings with him at all?

Dr. MEHREN. I don't think so. I may well have, but I am not certain.

Mr. WEITZ. Why not?

Dr. MEHREN. Why not what?

Mr. WEITZ. Why didn't you tell him that you were in contact with Mr. Kalmbach last spring?

Dr. MEHREN. I think I told him prior to any discussions there may have been, I merely tell you that I don't recall it. We had the resolution not to contribute to the President. I told him most unequivocally that I was certain my colleagues would not acquiesce in a contribution to Democrats for Nixon and I told him this rather quickly in the conversation.

Mr. WEITZ. What about to the President through the finance committee?

Dr. MEHREN. I am not sure that came out.

Mr. WEITZ. He didn't suggest to the Finance Committee To Re-Elect the President?

Dr. MEHREN. He made two proposals. I am not sure whether it was Finance Committee To Re-Elect the President. It certainly was not to the Republican National Committee. I am certain of that.

Mr. WEITZ. It was not?

Dr. MEHREN. No; because the tone of it was such that it would go to the Committee To Re-Elect. But I don't think there was any explicit statement by him to channels which it would go other than positing the alternative of Democrats for Nixon.

Mr. WEITZ. An alternative to what?

Dr. MEHREN. A contribution to the President. When I told him we had decided that we would not make a direct contribution to either candidate——

Mr. WEITZ. So it is fair to say his first request or his normal request would have been moneys to the President through normal channels such as the finance committee and an alternative he thought you might feel more comfortable with and he suggested Democrats for Nixon?

Dr. MEHREN. Yes; he did.

Mr. WEITZ. It may have been in that sequence and toward the end of the conversation—why did he wait until towards the end of the conversation to speak of $650,000 if this other discussion took place at the outset?

Dr. MEHREN. I am not sure it was at the end of the conversation. Sometime during the conversation.

Mr. WEITZ. Sometime during the conversation?

Dr. MEHREN. I do recall his saying we sort of—he put it this way, we sort of were thinking about $650,000. He didn't say we have written you down for that or anything explicit as that, but he was sort of thinking about that much for you.

Mr. WEITZ. Did he indicate who "we" were?

Dr. MEHREN. Yes; he and his colleagues.

Mr. WEITZ. Did he say he talked to Mr. Kalmbach or taken over Mr. Kalmbach's areas of responsibilities?

Dr. MEHREN. I believe he said early in the conversation, after he told me who he was, what his experience had been, what achievements he had made, that he was in effect replacing—had replaced Mr. Kalmbach as the major or a large fund collector.

Mr. WEITZ. Now, here was, as you indicated, an important gentleman who you didn't want to treat lightly. You wanted to treat him as courteous as possible.

Dr. MEHREN. I didn't want to put myself or the people whom I represented in the position of any arbitrary "No, I will not talk to you."

Mr. WEITZ. Precisely. And you had not only a resolution from your own people which was self-generated, that is generated privately through the dairy co-ops and trust——

Dr. MEHREN. No; that resolution was generated by me.

Mr. WEITZ. It was not generated by the Republican fundraiser? That is my point. It was generated in your organization. You not only had that but you also did not have——

Mr. HEININGER. Excuse me, I want to get this straightened out. I think if you got something in your question that he may have said "yes" as an answer to, and that was contributions of commitments. I think he said by other dairy trusts and I think as far as we know, it was only TAPE.

Dr. MEHREN. I don't think he referred to the others, Alan. I have no recollection of it anyway.

Mr. WEITZ. Now, you not only——

Dr. MEHREN. Although, if I may say, it's very obvious now that he did contact the others because the others did make contributions.

Mr. WEITZ. You not only had the resolution of October 11, as a reason perhaps not to give. Didn't you also have his own predecessor's

express statement to you that they were not going to ask you for any more contributions?

Dr. MEHREN. I may have discussed this with him. I don't recollect it.

Mr. WEITZ. Wouldn't that have been more forceful and a more exculpatory reason not to contribute?

Dr. MEHREN. I told him that neither one of those was open to us. Whether I mentioned—I rather think that I probably did tell him that I had an earlier discussion with Mr. Kalmbach at which he said no representations would be made. But the fact is, I told him that we could not, and on this one I was reasonably firm because I quite firmly believe we could not, in terms of civil public decency as well as our own self-interest, make a contribution to any Presidential candidate.

Mr. WEITZ. Now, after he mentioned these two alternatives and mentioned at some point in the conversation the $650,000, and you responded with respect to your resolution, did he make any additional offers or suggestions?

Dr. MEHREN. Not that I know of. I did tell him that we had agreed that we would make contributions to the committees.

Mr. WEITZ. To the congressional committees?

Dr. MEHREN. Yes.

Mr. WEITZ. Didn't he then ask you to increase those contributions?

Dr. MEHREN. No, sir. That was done frankly on the recommendation of the President, and after consultation with my colleagues, because among other things, we could not contribute to a President directly or indirectly. We also had far more funds at that time that could be effectively used on individual candidates for the House and Senate or gubernatorial races. This was a decision that had been made at the $100,000 level, and after my discussions with the President, it seemed to me it would be a reasonable procedure, and I therefore placed it before my colleagues who concurred that we would make larger contributions. We made them in part for the simple reason that the President suggested to me, and I think properly that a competent candidate for the Presidency could benefit from congressional campaign committees, without putting himself or us in the position of a direct political contribution, which would probably generate another propaganda splurge.

Mr. WEITZ. Now, without regard to whether or not you made the decision based on Mr. Nunn's request, did not, in fact, Mr. Nunn ask you to increase the contribution and did not, in fact, he tell you that the President could benefit from that contribution?

Dr. MEHREN. I don't think so.

Mr. WEITZ. Didn't you tell him that you might consider increasing the congressional contribution?

Dr. MEHREN. I don't recollect it.

Mr. HEININGER. There is one thing that ought to go into the mix, I don't think he has gotten it in any of his depositions and that was the problem of reasonable equalization.

Dr. MEHREN. That also came up.

Mr. WEITZ. I am limiting myself to Mr. Nunn's remarks.

Dr. MEHREN. No, on that one, for the record, and I think Alan will get to it later, that was a suggestion from Mr. Johnson which I placed before our colleagues and they concurred.

Mr. WEITZ. Let's go off the record.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Now, after you informed Mr. Nunn what you perceived as the policy of the TAPE Committee and so forth, what was his response?

Dr. MEHREN. Nothing very shocking or startling. I did tell him that we were going to go the committee route.

Mr. WEITZ. What committee route?

Dr. MEHREN. For committees.

Mr. WEITZ. You were going to?

Dr. MEHREN. Yes, I told him basically what is in that packet.

Mr. WEITZ. That had nothing to do with the President.

Dr. MEHREN. I told Mr. Nunn, I do not recall Mr. Nunn responding to that statement that, well, a larger contribution would be a benefit to both Presidential candidates. As I recall it, Alan, that statement came from Mr. Johnson and not from Mr. Nunn.

Mr. WEITZ. Do you recall, without regard to whom it would help, the request by Mr. Nunn to increase the contributions?

Dr. MEHREN. I do not recall.

Mr. WEITZ. Was there anything else of substance that took place at that meeting?

Dr. MEHREN. I think there was one other thing. I did ask him why, at this stage of the campaign, he was soliciting funds, and he did give me an answer.

Mr. WEITZ. What was that answer?

Dr. MEHREN. I think the answer was: "We are presently $3½ million"—as I recall the numbers—"in the red, and at the end of the campaign we probably will be $10 million." It was one other statement also that I do recall.

Mr. WEITZ. What was that statement?

Dr. MEHREN. That statement was to the effect that while these were made with certainly no thought of any return benefit, or any adverse action if we didn't it was a fact to the donors——

Mr. WEITZ. We have gone over that before.

Dr. MEHREN [continuing]. To the donors that the President did remember his friends who had helped him. That was the closest it came in my recollection.

Mr. WEITZ. That was in the context of the discussion of contributions?

Dr. MEHREN. Yes.

Mr. WEITZ. Anything else of substance that you can recall from the meeting?

Dr. MEHREN. No; I think I have given you the whole story.

Mr. WEITZ. After Mr. Nunn left, I take it you left with him; that you would not contact him or vice versa.

Dr. MEHREN. I left it with him that I would contact him.

Mr. WEITZ. To what end?

Dr. MEHREN. And I did. To the end that I would take his suggestions as I think I properly should, and discuss them with my colleagues. If there were any differences in policy or activities, I would so advise him.

Mr. WEITZ. Did you tell him when you would contact him?

Dr. MEHREN. No; I told him after I had discussed his request or his suggestions with the other members of the TAPE governing committee, and also with certain key members of the board, although I didn't tell him that—I would call him back and let him know if there was any change.

Mr. WEITZ. So to recapitulate, although you told him of the present policy, it would not be changed, but you would rather give him the courtesy of raising the matter again with your colleagues.

Dr. MEHREN. I told him in effect that I would raise this matter and advise my colleagues. He had solicited funds and that if there were any difference in the position of our people from that which they had expressed earlier and formally enunciated on October 11, I would so advise him.

Mr. WEITZ. I take it after this meeting with Mr. Nunn that afternoon you went to President Johnson's ranch.

Dr. MEHREN. That morning I had in fact arranged to have the plane which we shared with President Johnson available. I think I had it available at 9:30 in the morning or something of that sort. So I drove personally from my office, 5 minutes over to the airport and the Johnson plane was there and I flew out to the ranch from there.

Mr. WEITZ. What was the substance of the discussion with President Johnson with respect to these matters? Obviously, you may have discussed other things, but this particular solicitation by Mr. Nunn.

Dr. MEHREN. With respect to these matters, the President almost immediately—I told him what this man had said at some stage, when he asked me: "Why did they want money?" I recall saying—well, I can tell you what he told me—that he was $3½ million in the red and that it would be $10 million, and I remember the President, who was back on cigarettes, flipped his cigarette, and said, "Do you really believe that?" I responded that he didn't ask me what I believed. He asked me what Mr. Nunn had said. He then quite explicitly said, "Is there a commitment?" and I said, "There is no commitment to my knowledge." He responded, if there be a commitment, he considered it our obligation—not mine personally, the TAPE obligation—and we should meet it and I told him, "No, I know of no commitment."

Mr. WEITZ. Can I stop you there? Why did he raise the question of a commitment?

Dr. MEHREN. Probably because of two things. One, I think the President functioned always on the basis of commitment. If a commitment was made, just as most of the other members of the political mechanism in this city function, if there was a commitment, we were supposed to keep it, or by orderly process to alter it or obliterate it. That was one thing.

The second thing, at one stage in the conversation later, this may be one of the reasons he asked me this. He did indicate at some campaign, and I would assume 1964, there really couldn't be any other, the dairy people that committed $250,000 to his support but not delivered on the commitment and he put it aside.

Mr. WEITZ. Now, let me ask you this, particularly if the last comment you made or have told us he made, was later in the conversation, let's get back to the point where you told him of your meeting with Nunn. He commented or asked you about the extent of the debt, if any,

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that Mr. Nunn had recounted to you and you say at that point he then said, "Is there a commitment?" My question is, what in the nature of the conversation or in the context of the meeting even led to that question? No one had mentioned a commitment, had they?

Dr. MEHREN. I think it is a reasonable, very reasonable question for the President, in view of the fact that I was over asking his advice, to ask me if I or my predecessors had made a promise on this matter. I think nothing else would be involved. I think it would be a very natural question.

Mr. WEITZ. Had you led him to believe that that in fact was your concern that there was some commitment which had been made?

Dr. MEHREN. I had been——

Mr. WEITZ. What did you tell him?

Dr. MEHREN. I told him I knew of no commitments.

Mr. WEITZ. Did you tell him about your earlier meetings with Mr. Kalmbach?

Dr. MEHREN. Yes.

Mr. WEITZ. Did you tell him about the conversations with Mr. Connally?

Dr. MEHREN. No, I don't think I did. I don't recall. Just a moment, I told him about the Kalmbach—and told him this is one of the reasons I have come here knowing what it meant to him, knowing that he had to give up 3 or 4 hours of his time, that this was a primary reason I didn't want to talk to him.

Mr. WEITZ. It was your concern.

Dr. MEHREN. I did not tie it to the Connally matter. See, I didn't take the Connally statement as a serious one. You apparently do, but I didn't.

Mr. WEITZ. You in fact did at least express your concern, based on the repeated conversations with Mr. Kalmbach, Mr. Jacobsen, and Mr. Nelson, of some possible commitment of which you had no knowledge.

Dr. MEHREN. I did not express my concern. He asked me clearly whether——

Mr. WEITZ. You discussed the possibility of a commitment based on the earlier meetings which you also related to him?

Dr. MEHREN. No; I don't think so. It may well have been; it's very difficult to know what a man who is now deceased—what led him to ask the question. I know very well, as accurately as I could, I told him what happened before and that may have led him to ask the question: "Was there a commitment?" Again, I told him to my best knowledge "There is no commitment," and I knew what his answer was.

Mr. WEITZ. There is no commitment but you in fact had a concern?

Dr. MEHREN. Yes; let me answer your question before you ask it, Alan. I had begun to see a sequence about what you asked me once in an informal meeting of Jacobsen, and on a peripheral basis, at least, Nelson. I kept saying to myself, "Why? why? why? After the Kalmbach matters, why would Jacobsen be so persistent in this?" By that time it couldn't be reprisal which would be one reasonable explanation for them going out to Los Angeles on January 13. The second hypothesis alternative to reprisal would be for some reason or other these people found it necessary to try to get dairy money into the Republican campaign.

Mr. WEITZ. Let's go off the record.

[Discussion off the record.]

Mr. WEITZ. All right, let's go back on the record.

Now, after you told the President that to your knowledge—the former President—to your knowledge, that there was no commitment, what then was the substance of the discussion?

Dr. MEHREN. From there we went to what kind of fund do you have available. I told him something in the neighborhood of $1,300,000 was there and I also expressed my view and the view which my colleagues concurred in, that for many, many reasons any direct contributions to Presidential candidates would be destructive, not to us but to many other people. And he concurred in that. I told him that we had agreed that we would make contributions to the committees and it was at this stage, I think, that President Johnson said to me, "Well, there is one easy way you can be of assistance to both of them and to the electoral process." I think I can give you the detail which had not occurred to me because I am not that kind of a pro. He said in effect that either Mr. Nixon or Mr. McGovern could avail of contributions to the committees without direct contributions to them. And the means by which they suggested it had been done, were well known to all professionals in the political field. He gave an example, he said that if there was a Senator from—a Republican Senator from Massachusetts that was running, the committee could allocate part of their funds to the support of that Senator's campaign. It would be a very simple matter for Mr. Nixon on the Republican side, or Mr. McGovern on the other side, to be present—to be invited, and that the Presidential committees would not be required to carry any, or at least the bulk of the expense. He therefore suggested, and his suggestion I later took to my colleagues, that since we had ample funds, since, in fact, he agreed that we were for practical purposes precluded from direct contributions, nor were we so committed, he suggested that we increase the—he made two suggestions that when we increase the contributions to the committees, and to give it to them straight and honestly, no equivocations, and then we try to balance our overall contributions to both sides. I took up those two suggestions by telephone, and other discussions, with my colleagues and they concurred.

Mr. WEITZ. Was there anything else discussed in connection with that matter?

Dr. MEHREN. Not so much, it was a great deal of personal discussion.

Mr. WEITZ. I am not talking about personal discussion, I am talking about matters related to this.

Dr. MEHREN. I think I have given you the essence of it.

Mr. WEITZ. Did you indicate how much it would take to balance, as he put it, of the contributions of both sides?

Dr. MEHREN. I don't know and I am not sure I know now. It was a suggestion that roughly we balance it. I might say my colleagues, particularly the president of the association, who is a member of the TAPE governing committee had been anxious to balance the contributions and they were ultimately roughly balanced.

Mr. WEITZ. Now, these two meetings we have discussed took place on October 21, 1972. The following week did you have an occa-

sion to discuss these matters and your decision or recommendations with employees of AMPI?

Dr. MEHREN. I don't know, I may have. I don't know.

Mr. WEITZ. Do you remember discussing this with Bob Isham?

Dr. MEHREN. I don't know, I may have. I certainly wouldn't say I didn't.

Mr. WEITZ. Do you remember discussing it with Bob Lilly?

Dr. MEHREN. No; it may have been that Lilly would hear from the TAPE members. He was by that time the secretary of the TAPE Committee and I may have discussed it with him. I don't know.

Mr. WEITZ. How was the decision made to contribute the contributions which were made and are a matter of public record?

Dr. MEHREN. I think the decisions were made by telephone communications. The first to Mr. Griffith who is chairman of the committee and operating as active chairman and then either through him or me with the other members of the committee and I believe also that they probably checked it out with the president, the regional president. They normally do.

Mr. WEITZ. After the decision was made to balance out the contributions and since the record shows the contributions to all four committees were substantially greater or somewhat greater in some cases and substantially greater in others than the $25,000 original commitment decision, did you communicate this decision or the amounts that would be contributed to Mr. Nunn?

Dr. MEHREN. Yes, I did. I don't think I gave him the amounts. I said we had reached a decision that we would give more but I don't think I gave him the amounts. I am not sure those amounts were set. Let me, if I may, take a quick look and see. I would think this probably was done here on a Saturday and he was present.

Mr. WEITZ. You're talking about Mr. Nunn?

Dr. MEHREN. Yes; on October 21, probably I made the calls on Monday and got the discussion going among our people.

Mr. WEITZ. The 23d?

Dr. MEHREN. I would think so and it would be about the 24th, 25th. I think I was here in San Antonio the 24th and 25th. The 25th, I was in Fond du Lac. It would be sometime in that week that I think I called Nunn and told him we were going to reaffirm that we were not going to contribute to the President or Democrats for Nixon and we were going to make some increases in contributions to the four committees plus the ballots.

Mr. WEITZ. Now, I have several questions. First of all, I would like to show you four exhibits that I would like to mark as exhibits 4, 5, 6, and 7 to your executive session.

[Whereupon, the documents referred to were marked Mehren exhibits Nos. 4, 5, 6, and 7 for identification.*]

Dr. MEHREN. All right.

Mr. WEITZ. Exhibit 4 is an—each of them are actually four documents.

Dr. MEHREN. Yes.

Mr. WEITZ. These are copies of a request voucher for TAPE expenditures, a letter transmitting the contribution, a copy of the check and a copy of the receipt from the recipient committee. Exhibit 4 is a

*See pp. 7354–7365.

package for the $150,000 contribution to the National Republican Senatorial Campaign Committee. Exhibit No. 5 is the contribution of $150,000 to the National Republican Congressional Campaign Committee. Similarly, exhibit No. 6, exhibit No. 7, are the contributions, the first exhibit, No. 6 is the $27,500 to the National Republican Senatorial Campaign Committee and exhibit No. 7 is the $25,000 to the National Republican Campaign Committee.

Dr. MEHREN. It's probably the House.

Mr. WEITZ. The Congressional Campaign Committee. Now, are these documents relating to those contributions?

Dr. MEHREN. I don't really know.

Mr. WEITZ. Contributions made to the Republican side that week following this meeting with Mr. Nunn and former President Johnson?

Dr. MEHREN. Well, they are some kind of voucher and whether they're accurate or not, I do not know.

Mr. WEITZ. Underneath, is that your letter for example, the two $150,000 contributions have cover letters from you.

Dr. MEHREN. I wrote those letters personally, I remember.

Mr. WEITZ. To the Chairman?

Dr. MEHREN. Yes.

Mr. WEITZ. And I have several questions with regard to these and I think, of course, the record shows that larger contributions than the original $25,000 were given to the Democratic—the two Democratic committees also. It was somewhat less, $62,500 to the Democratic Congressional Campaign Committee and $47,000 to the Democratic Senatorial Committee.

Dr. MEHREN. Let me give you now and I give you this out of memory again. I believe that Mr. Melvin K. Besemer, who is a member of that committee and was then regional president of the northern and central region of AMPI made two suggestions. One of them was that we give more to the Democratic Congressional Campaign Committee than we did to the Senate on the grounds of a consensus among this committee that they needed it more over on that side. Where they got that, I do not know. That was approved by the committee. The second one was with respect to the Democrats, as I recall it, my colleagues agreed unlike the transmission to the Republicans, we would tell them that we would like them to do two things. One to meet certain agreements, I think it was $7,500 to Congressman Smith, I think, which had already been approved by this committee. The second was that Mr. Humphrey, Mr. Mills, and Mr. Albert should participate in the allocations.

Mr. WEITZ. Did you give any similar instructions on the Republican side?

Dr. MEHREN. No, because it wasn't suggested by the committee members.

Mr. WEITZ. Let me ask you several questions now. Exhibit No. 4, and No. 6 are the two checks and accompanying vouchers and letters to the Republican Senatorial Committee. Now, can you explain why, and I believe both checks are dated the same date, October 27. Can you explain first of all why there were two checks sent to that committee as opposed to one?

Dr. MEHREN. I think I asked you, I need to check all through these records, I think I asked you to look into it.

Mr. HEININGER. We can't find it.

Mr. WEITZ. You don't know why they were divided into two checks?

Dr. MEHREN. No, except for this, Alan, Butterbrodt, especially on the committee, felt very strongly that this time we should not put ourselves in the position apparently that he had felt we had gotten into in 1968 of heavily disparate contributions to one party and not to the other.

Mr. WEITZ. That was not my question. The question I asked was, the record shows the contributions that were made to both sides and they were substantial. My question is, when you decided to give a total of $177,500 to the National Republican Senatorial Campaign Committee, why did you divide it into two checks?

Dr. MEHREN. I don't know, I asked Mr. Heininger to check and I don't know whether——

Mr. HEININGER. We haven't found anything on that.

Mr. WEITZ. You have no recollection?

Dr. MEHREN. No, but I do repeat and I would like the record to show I asked this question of Mr. Heininger and asked him to find the answer for it and I don't know. That is part of this that I did not deal with.

Mr. WEITZ. Now, can you also explain why the $150,000 to the Republican Senatorial Campaign Committee is sent by letter from you to the chairman of the committee, whereas the $27,500 contribution is sent by way of cover letter from Bob Lilly to an employee of the committee?

Dr. MEHREN. I don't think so but I believe they were both cleared by the committee but I do not have recollection of the $27,500 from Bob Lilly.

Mr. WEITZ. I said, did you have any reason to understand the means of sending the two checks to the same committee, apparently on the same day?

Dr. MEHREN. Have you got the letter?

Mr. WEITZ. It's part of the exhibit—exhibit 4 and exhibit 6 are the same committee—two different amounts, one from you and one from Bob Lilly. Your letter is addressed to the chairman of the committee and the other is addressed to an employee of the committee.

Dr. MEHREN. I don't know why. I really don't. I did ask our counsel to try to find out.

Mr. HEININGER. The only thing we did find, Alan, we have a handwritten draft and this is in George's handwriting of what basically is a form letter.

Dr. MEHREN. To all four of them.

Mr. HEININGER. For the big one and we could not find anything on the little ones.

Mr. WEITZ. Now, the letter from you——

Dr. MEHREN. You want this incidentally?

Mr. WEITZ. No. The letter from you, and this would also apply I take it to exhibits 5 and 7 which have the same division of checks and the same means of transmission in each case. Mr. Lilly's for the smaller amount and yours for the larger amount directed to the chairman. Do you have any explanation for that?

Dr. MEHREN. I don't really know except I think it came out of the balancing request to the other members of the committee, I think. I am not certain.

Mr. WEITZ. That would go to the total amount but not to the means of transmission.

Dr. MEHREN. I think that is correct.

Mr. HEININGER. Somebody had to add up all of the numbers.

Dr. MEHREN. Where we were.

Mr. WEITZ. The total amount given to a committee and not to the means of transmission or the division of checks.

Dr. MEHREN. My memory is that Lilly was told to balance the total contributions, which is one of these documents, and I suspect what he did was come to the committee members and say, "In order to roughly balance, including gubernatorial and local contributions, we should give the following amounts to the Republicans." I think that is what happened.

Mr. WEITZ. Do you also have any explanation as to why your letters to the two committees are dated October 24? The checks are dated October 27 and the receipts in each case are stamped November 2.

Dr. MEHREN. I suppose November 2 was the date they received the funds.

Mr. WEITZ. You attach no significance to the three different dates?

Dr. MEHREN. I don't. I never knew about it before. I really didn't deal with this. They were delegated and all I did here was write the letter and I did concur now in the higher contributions to the Democratic congressional committee than to the Senate. I knew about that and I do recall that instructions came from the committee to Lilly to balance it out.

Mr. WEITZ. But in connection with balancing it out, do you have any reason why the two contributions, substantial though they were, to the Democratic senatorial and congressional campaign committees, were each made by way of one check, whereas the two contributions, also substantial, and in fact greater to the senatorial and congressional Republican campaign committees, were made with a total of four checks. Two to each committee.

Dr. MEHREN. I think I have answered that I myself noted this anomaly sometime after you and I first talked. I did ask Mr. Heininger himself or others on the legal counsel staff to try to find out why that was done.

Mr. WEITZ. Weren't the two $150,000 checks to the Republican congressional and senatorial campaign committees—were those not segmented, both in manner of transmission and specific check, in order to facilitate and identify those contributions as being specifically separate and apart to be transmitted forward on behalf of the President?

Dr. MEHREN. No; not by me.

Mr. WEITZ. Did Mr. Nunn—when you informed him that you were, in fact, going to make more substantial contributions to the congressional committees—did he in any way indicate that those moneys would be forwarded, or would be somehow used for the benefit of the President?

Dr. MEHREN. No; I will give you my best recollection. I told him first that we were going to give larger amounts. I do not believe I told him what the specifics were. I do not believe that it had been cleared with the committee then. As I recall, Nunn's response was that this was very good and this would be helpful. But I carefully wrote the letter such that these went to the committees.

Mr. WEITZ. Now, Dr. Mehren, your best recollection is that you did not tell him how much the total contribution would be. Do you recall if you indicated it would be at least $100,000 to each committee?

Dr. MEHREN. I don't know. I told him they would be substantially larger, as I recall it, than the original $25,000 that the committee settled on.

Mr. WEITZ. You do not recall telling him that it would be at least——

Dr. MEHREN. $300,000.

Mr. WEITZ. $100,000 each.

Dr. MEHREN. I don't recall that; no.

Mr. WEITZ. Did you consider in the context of your conversations with Mr. Nunn, that had the increase been the 100-percent increase to each of the committees—that is $50,000 rather than the $25,000—that would have been a substantial increase in the context of the conversation.

Dr. MEHREN. I don't think I gave him the magnitude of the percentage increases.

Mr. WEITZ. I see. Well, let me ask you this. If there is evidence that Mr. Nunn notified at least one of the two committees, it's not clear whether he notified the other at this point, but if there is evidence that he notified one of the two committees that they would be receiving this, specifically the senatorial committee, a large sum or perhaps $150,000 from your committee, the TAPE committee, and that they were in turn to forward certain moneys on, totaling approximately $100,000, to the Republican National Committee, could you explain how he knew of that transaction?

Dr. MEHREN. No; I don't think I told him $150,000. I am quite certain I didn't.

Mr. WEITZ. Or at least $100,000?

Dr. MEHREN. Or $100,000 either, and I certainly did not tell him to transmit it on.

Mr. WEITZ. Did he indicate in some way it would be used for the President?

Dr. MEHREN. As I recall our conversation when I told him what we were going to do in terms of larger contributions, in all four committees, I also told him the former President had indicated this would be of assistance to him in the Presidential side without compounding our difficulties or those of the two Presidential candidates. With that he agreed, but there was no slightest reference to any bodily transfer of funds to those committees through any other committee because this letter is quite explicit in what we said here. I might also say here, and I recall, I cleared this letter with counsel to make sure I wasn't getting mousetrapped.

Mr. WEITZ. In reference to your conversation with Mr. Nunn to the suggestion or advice of the former President, that this money could be of indirect use, help, assistance, to the President in his 1972 campaign, did you or would you then interpret your comments to him as committing him to—be or the senatorial committees to make such use of it as they saw fit for the benefit of the President?

Dr. MEHREN. No.

Mr. WEITZ. So that if, in fact, they——

Dr. MEHREN. Pardon me, I don't think that is what I said here, is it?

Mr. WEITZ. I am asking you whether you interpret what you said in light of that context.

Dr. MEHREN. I meant to tell him precisely what I wrote here to the chairman of the committees—precisely. And if you're implying that I said, "Now you can snooker some money out of there to get it in secret"—no. If I were to do that it would be much better in everybody's viewpoint, especially from our own, it would be better to just say, "Well, we have reconsidered and we will give you some money."

Mr. WEITZ. You have testified that on your own, and based on the advice of a number of people whom you respected, it was inopportune and perhaps inappropriate to make further contributions to any Presidential campaign.

Dr. MEHREN. Make any contributions.

Mr. WEITZ. That is right. Such contributions that would compromise either your organization or the Presidential candidate.

Dr. MEHREN. Yes.

Mr. WEITZ. Now, if you made contributions to one committee which was not associated with the President and it was used for his benefit, that would neither compromise the President nor your organization, is that correct?

Dr. MEHREN. I think I told him explicitly, precisely what Mr. Johnson said to me, that this would be of indirect benefit to them. It would also not compromise anybody. He went further, he told me what a professional would do and he gave me some examples.

Mr. HEININGER. This is the President.

Dr. MEHREN. Former President.

Mr. WEITZ. And you related this to Mr. Nunn?

Dr. MEHREN. Yes, I think I did. I am not sure. I think I told him that the President had indicated that this would be of use to you and Mr. McGovern.

Mr. WEITZ. You also indicated you were making substantial contributions to the Democratic side?

Dr. MEHREN. I think I told him that, yes.

Mr. WEITZ. Now, the final reporting period before the 1972 election ended, according, then, to existing law, on October 26, 1972. Do you have or do you associate any significance, or did you have any conversation with anyone with respect to the dating of the check with respect to that recording date?

Dr. MEHREN. No, I don't think I did, because again, that is a part of the operation. I didn't handle it. In fact, I didn't know until you just asked the question that there was such a provision.

Mr. WEITZ. I asked you before whether you discussed this with Mr. Lilly, these contributions, and you said you may have in his capacity as secretary for the Committee on TAPE. I take it because his signature is—and he filled out these vouchers—apparently what purports to be his signature is on all four of these exhibits, 4 through 7, that that would be consistent with your recollection that he in fact, at least, was communicating the desire or instruction to make these contributions.

Dr. MEHREN. I don't think there was anything covert about these contributions to anybody. This went through the office mill, every stenographer who had access would see them.

Mr. HEININGER. On November 1, 1972, Lilly submits the report to AMPI's corporate board of directors listing the whole business.

Mr. WEITZ. Let me ask you this, let's take exhibit 5. Bob Lilly purports to be his signature, signs it on October 24. The issue date of the check he writes is October 27. That is in his instruction and it says—someone signs this "per Dr. Mehren, 10/24." So apparently the instruction goes out on the 24th. Do you know why the request was made for the check to be drawn and dated 3 days later?

Dr. MEHREN. I don't know there was a request and I had no knowledge of any significance of October 27 until you asked me the question.

Mr. WEITZ. So you don't know why the request was made, the check was drawn for October 27.

Dr. MEHREN. Were they all drawn on the 27th?

Mr. WEITZ. They were all dated the 27th, I am not telling you when they were drawn. The request was the 24th, all the checks are dated the 27th.

Dr. MEHREN. No, I don't know and I am telling you quite explicitly that I didn't know that the 27th was the date of any significance. Somebody else may have known it, but I didn't. I see no point in that because again on November 1, the board was apprised in complete detail of all contributions.

Mr. WEITZ. I have one other area to cover with you, then Mr. Sanders can take over.

One, do you remember conversations with respect to Stuart Russell in the first 4 months of 1972 and any outstanding obligations, bills, or fees to him?

Dr. MEHREN. Yes, I certainly do.

Mr. WEITZ. Could you tell us what the nature of those contacts and conversations were?

Dr. MEHREN. I think the first contact I told you about earlier and I know I have outlined it in other depositions. The first contact that I recall we were in the process of trying to determine oustanding obligations of AMPI. It was at this stage and in the presence of John Butterbrodt, I might add, that he first indicated to us that it had been his practice to bill AMPI and give funds to AMPI employees for the purposes, as I recall, to transmit to other people. The second meeting, I think, involved—and I can't give you dates, but I think it is April 4—this difficult date that we looked at before, Alan. I think it was at that first one that Butterbrodt was present also that the man said to me that he was in tax difficulty. He had tax obligations that there was this commitment and in fact this business obligation as he put it. At one of the meetings I asked him, "What do you think is the magnitude of this alleged obligation?" That was probably the first—you know more about this than I do.

Mr. HEININGER. I don't know about that.

Dr. MEHREN. He said he didn't know but at that stage, as I recall, said his books were coded and he could find out. I told him in each one of the sessions in this matter that there was to be no more of this and I believe his answer was "Thank God." I told him to go back and look at your coded books and come back with a statement as to what you believe AMPI owes you. This is in terms of the obligation made by prior management and which has placed you in the position of disbursement and income tax liability. He came back then and I am not sure if it was a meeting which a final resolution was made; it was one of them that he told me it was in the neighborhood of $66,000.

Then I called in Isham to evaluate the nature of the obligations, the magnitude thereof, and one of the meetings, the date of which I cannot recall, probably April 4, you were there after supposedly 3½ hours of discussion, Isham came in and said this was an obligation that had been made in good faith. It had involved disbursement and liability on the part of Russell. I asked him to discuss it with Mr. Heininger and to tell me whether the payment of that would be lawful and his answer was "yes." This is another one of the occasions in which I said to Mr. Heininger I would be most happy to have him detach Mr. Russell from participation in our affairs at his earliest opportunity. I might add that is not the first time I said it. I had said that earlier.

Mr. WEITZ. Didn't Mr. Russell explain the context or the purpose which this obligation had originated?

Dr. MEHREN. Yes; he said, and I think he has reaffirmed it to others, that what he did was to cash checks either for his law firm or himself—I guess for himself—and give the money to people, and then it was used to pay other people's legal fees. That was his basic statement, as I recall.

Mr. HEININGER. I think his deposition testimony is, at least what he told me, that this money was for legal fees and expenses according to Harold Nelson and he pointed out in his deposition that this is a very expensive way of doing it and Nelson said this is the way we want to do it.

Mr. WEITZ. Let me show you—I take it as a result of this conversation and conversations ultimately in the amount——

Mr. HEININGER. I don't think George participated in the conversation which I had.

Mr. WEITZ. I am not talking about that but with respect to your contacts with Russell in 1972, as a result of that ultimately, approximately $66,000 was disbursed to Mr. Russell.

Dr. MEHREN. Yes, it was.

Mr. WEITZ. And this was in satisfaction of this obligation?

Dr. MEHREN. And I approved the voucher.

Mr. WEITZ. I believe you have seen this before, and I would ask you to look at it again.

Dr. MEHREN. Yes, I have seen this.

Mr. WEITZ. And there, enter this as exhibit 8, which you identified by stipulation, a copy of the check to Mr. Russell dated April 18, 1972.

[Whereupon, the document was marked Mehren exhibit No. 8 for identification.*]

Dr. MEHREN. Yes.

Mr. WEITZ. For $66,321.48 with an attached request for check with your initials.

Mr. HEININGER. I would like to point out according to Russell's deposition, there is a substantial amount of that money which was actually legal services. In other words, this was to—it was being termed "a global settlement." There were some outstanding bills for legal services that were included in there too.

Mr. WEITZ. Well, I might say on the request for checks which is part of exhibit 8, it says advance payment, legal fees, copies of supporting statements to be forwarded to the home office immediately,

*See p. 7368.

and my understanding of documentation is that all other documentation predates April 18 and Mr. Russell was, in fact, paid money in May and June 1972 for statements admittedly submitted at that time.

Dr. MEHREN. No; that is not so.

Mr. WEITZ. Could you provide us with that documentation, please?

Mr. HEININGER. I can provide you; it's in the deposition with all of his invoices, and the way that you can determine what is what, we have made an accounting study of it and I will be glad to give that much.

Mr. WEITZ. I understand from your accountant that it does not equal $66,000; you cannot make it come out.

Mr. HEININGER. It was $313-odd that don't come out.

Mr. WEITZ. Could we have that accounting, please?

Mr. HEININGER. Yes; let me pass that a little bit because we have withheld it so far as work product. It was done for us. I want to check and see whether we're going to turn it over to the plaintiffs and if we are, I will be glad to give you that.

Mr. WEITZ. In advance of that, could we have the underlying documents or vouchers, submitted—or invoices submitted, I should say?

Mr. HEININGER. With respect to what we show in our voucher file with respect to this check, no problem.

Mr. WEITZ. No problem. This would be invoices from Mr. Russell?

Dr. MEHREN. Yes.

Mr. WEITZ. Now, whether or not they were covered by invoices, Mr. Russell's contact with you was in the context of prior obligations for payments to attorneys.

Dr. MEHREN. For three things.

Mr. WEITZ. And expenses.

Dr. MEHREN. No; services performed by him for which he hadn't been paid, disbursements he had made to allegedly other attorneys, and the tax liability that he had incurred in that process. That is correct, is it not?

Mr. WEITZ. For the payments of other attorneys.

Dr. MEHREN. Let me say this: I did there what I would do again. This is a matter I didn't like and I told you before and I will say it for the record, from the beginning I made every effort I could to terminate the association of Stuart Russell with AMPI for reasons quite exterior to this. I did not like this and I told him so. He so admitted under oath. Furthermore, though, I did what I would have to do again, I think. I would have to place confidence in the comptroller or not place confidence in the comptroller. At that time, I had total and unfettered confidence in the comptroller and I asked him to determine for me the legitimacy of this obligation and the magnitude thereof and I asked my counsel with whom I make bad jokes occasionally but whose integrity I respect totally to tell me whether this was a lawful outlay.

Mr. WEITZ. Did you——

Dr. MEHREN. Let me just finish this if I may, Alan. I had no alternative now in an operation of a magnitude of this size, other than to go to people like Bob Isham and Mr. Heininger and ask those questions. First, to have them tell me if it is legitimate and accurate, and secondly, a lawful disbursement; and if their answer is in the affirmative, I make it.

Mr. WEITZ. Now, assuming Mr. Isham's figures or accountancy is correct so that the figures are accurate, let's turn to the reasons that you

honored what you were told was a commitment and your understanding of the commitment. Didn't Bob Isham, both before and after the time, particularly before the time, when Mr. Nelson was replaced by you in January 1972, tell you there were serious illegal contributions that had been made through people like Russell and that was, in fact, one of the reasons that you had to get rid of Mr. Nelson?

Dr. MEHREN. No.

Mr. WEITZ. You're telling me under oath that under no circumstances did you know that illegal corporate contributions were made through Mr. Russell, either before January 12, 1972——

Dr. MEHREN. I am telling you under oath that to my knowledge the first time this matter came up was precisely as I told you; the statement from Russell that there was an obligation of AMPI to him for what had been done in 1971. The second stage is when I told him to go and look through his coded books, the reference to which also disturbed me rather deeply, and find out what he thought it was. The first step is when he brought it in to turn it over to Isham and say, "Is this correct or isn't it?" The fourth step was to turn it over to Mr. Heininger, supposedly a competent attorney of basic integrity, and say, "Should I pay this?" That is the sequence of it.

Mr. WEITZ. Let's look through this and I don't want to belabor this. Mr. Russell's explanation was that the payments he had made were to attorneys—for attorney fees and expenses.

Mr. HEININGER. For attorney fees.

Mr. WEITZ. For attorney fees. Now, isn't it true that Mr. Russell's billings were billed to the home office or almost all of his billings were billed to the home office?

Dr. MEHREN. To my knowledge, all attorney billings come to the home office.

Mr. WEITZ. Well, if Mr. Russell's billings were to the home office, can you conceive of any rational or logical explanation as to why his payments for other attorneys which, in turn, he had to bill the company, not only for the disbursement but also excess taxes, would be of any conceivable benefit to any rational or even irrational man from the viewpoint of AMPI?

Dr. MEHREN. The answer he gave is the same answer he gave under oath, that he was under instruction from Harold Nelson to make these disbursements, to deliver these funds for ultimate transfer to other attorneys and I didn't like that at all. But now, I asked if they were unlawful and the answer was "No." I asked if I were required to pay it and the answer was "No." I repeat that I had to take such advice and I took it and I also did not like it.

Mr. WEITZ. In all fairness, I think the answer was "Yes," that you had to pay it. Isn't that what you have testified to? I don't want the record to be incorrect.

Dr. MEHREN. The answer was that it was a lawful obligation.

Mr. HEININGER. The answer is "I can't say it is an unlawful payment."

Mr. WEITZ. I think you made a mistake.

Mr. MEHREN. All right, yes.

Mr. WEITZ. Now, I am not asking Mr. Russell's—I am not asking you to account for Mr. Russell's reasons for following through Mr. Nelson's instructions. I am asking you in April of 1972 when you were presented with the question of whether this explanation was one that

made the transaction appear legitimate to you, how you could have accepted that explanation when it had no basis in rationality.

Dr. MEHREN. I had to accept it as an obligation that was accurate, that in the business sense legitimate upon the finding of the comptroller and transmitted to me.

Mr. WEITZ. Mr. Isham only told you, I think you said, that the figures were accurate and it was, in fact, an obligation of Mr. Nelson's.

Dr. MEHREN. Yes.

Mr. WEITZ. Did you consider—suppose the obligation had been hypothetically an illegal obligation.

Dr. MEHREN. If it had been illegal, I would have said "No."

Mr. WEITZ. Did Mr. Isham tell you it was a legal obligation?

Dr. MEHREN. I don't think Mr. Isham is competent to give me that opinion.

Mr. WEITZ. I know, he is not a lawyer. On what basis did Mr. Heininger or you receive counsel that it was a legal obligation?

Dr. MEHREN. By my sending it in and, I believe, with Isham.

Mr. WEITZ. I said a "legal" obligation, not a "correct" obligation or an "actual" obligation.

Dr. MEHREN. I sent it in and said is this payment lawful.

Mr. WEITZ. To whom, to Isham?

Dr. MEHREN. To Mr. Heininger.

Mr. WEITZ. On what basis—what facts did you give Mr. Heininger? Did you give him any facts other than what you have testified to here today?

Dr. MEHREN. I had Mr. Isham go in and explain the transactions to Mr. Heininger and Mr. Heininger came in to me and said, "I think you should pay this." And this is precisely what happened. In the same situation, I'm afraid that is precisely what would happen now, and on the basis of the facts then represented to us, I expect we did the right thing.

Mr. WEITZ. Didn't you authorize, or didn't you receive counsel to authorize, this transaction because Mr. Russell was an important person and lawyer in the defense of AMPI and the antitrust litigation?

Dr. MEHREN. No; Mr. Heininger did not say that to me, and I have no reservation in the record showing what I said to you and then others many times from the beginning. This is for a variety of reasons. I was most uncomfortable with Stuart Russell and repeatedly, and I think even before you became lead counsel, I asked your colleagues what should be done about this. The answer basically was that in the morass of 14 or 15 suits, the only person really competent to know what the genesis of them was, who the people were and so on, was Stuart Russell. I expect from their side, and now I am placing thoughts into Mr. Heininger's mind and other counsel, that in April 1972, they didn't regard this as they now would. Furthermore, I don't think they had the facts available that they now have. I made repeated overtures and so did John Butterbrodt and so did others. Although Russell had many strong supporters and old friends of the southern part of the board of directors, I made repeated overtures, not for this reason because I was just uncomfortable, what I considered direct procedures that an attorney should use; and furthermore, I didn't have a layman's view that he was competent. This is another matter on this one and every other one. I took it to counsel and asked him what I should do in terms of law.

Mr. WEITZ. Now, AMPI has sent a letter to a representative of the Finance Committee To Re-Elect the President to seek recruitment of the $100,000 payment that was delivered, purportedly, to Mr. Kalmbach in 1969, which was, ultimately, so you state in the letter.

Mr. HEININGER. We believe.

Mr. WEITZ. You believe. Was it repaid out of corporate funds? Do you have any reason to believe that Mr. Russell was involved in that repayment arrangement?

Dr. MEHREN. Mr. Heininger told me now he believes so, but that is very recent knowledge—2 weeks ago, perhaps.

Mr. WEITZ. In April 1972, you had never discussed with Mr. Butterbrodt or anyone else in AMPI the political, the questionable, or actually illegal transactions which had been authorized by Mr. Nelson during his tenure?

Dr. MEHREN. I am not certain that by April 1972 the general rumor mill was generating issues of this sort. I know that later on, prior to my taking over, there were such rumors. There was no substantive knowledge.

Mr. WEITZ. Do you have any knowledge of a loan to Stuart Russell in April 1971 from AMPI?

Dr. MEHREN. I had no knowledge of such loan on April 4, 1972, and I believe Mr. Heininger will agree that he nor I had any such knowledge.

Mr. HEININGER. At that time.

Dr. MEHREN. At that time.

Mr. WEITZ. Did Mr. Isham in April 1972 tell you the remainder of that loan to Mr. Russell was forgiven?

Dr. MEHREN. No, sir, not to my recollection—or to yours?

Mr. HEININGER. No.

Mr. WEITZ. I won't mark them unless you can identify them. I have two letters from Mr. Russell: One to Mr. Harold Nelson with a copy to Isham, and is dated April 21; and one to Nelson, dated April 24, to Isham.

Dr. MEHREN. Of what year?

Mr. WEITZ. Both 1972. Have you ever seen either of these letters?

Mr. HEININGER. Those came up in the course of the Russell deposition. I did not see them prior to that either.

Dr. MEHREN. I have not seen them before. No, I am quite certain I have never seen either one of these. You know better than I do when I think we became aware of the apparent forgiveness or partial forgiveness of a note. But certainly we had no such knowledge at the time of the payment of the money.

Mr. WEITZ. Bob Isham didn't tell you of this forgiveness?

Dr. MEHREN. He never told me; did he tell you, Mr. Heininger?

Mr. HEININGER. No, I have no recollection.

Mr. WEITZ. Now, on April 18, 1972, the same date as the date of the check to Mr. Russell, which is exhibit 8.

Dr. MEHREN. What was that date?

Mr. WEITZ. April 18, 1972. There is also a check in excess of $6,000 to Frank D. Masters & Associates; do you have any knowledge of that transaction, or do you attach any significance to the fact that it is the same date as the check to Russell?

Dr. MEHREN. I don't have any knowledge of it. If you have something I could look at, it might refresh my memory. I don't think I was involved.

Mr. WEITZ. Have you ever seen a copy of that check to Frank Masters?

Dr. MEHREN. I don't think so.

Mr. WEITZ. Now, you will notice in the attached——

Dr. MEHREN. Let me say this, Alan; I do know very well at some stage, probably later than this, I looked at the Masters bill and it seemed very high, and I did ask Isham, I think you and other attorneys tried to minimize the outlays there.

Mr. WEITZ. Now, the invoices, for which this check represents are approved—I am talking about the payment to Masters—are approved by "HSN" which I believe we have had in prior testimony that would be Harold S. Nelson. If you could identify this for us—are those Mr. Isham's signatures?

Dr. MEHREN. I think so.

Mr. WEITZ. His initials.

Dr. MEHREN. I think so.

Mr. WEITZ. Can you explain why?

Dr. MEHREN. Yes.

Mr. WEITZ. Several months after he had left as general manager, he approved this bill?

Dr. MEHREN. Yes, because I made an effort to get something in return for the $100,000 that Harold Nelson was getting under the contract, and I had an understanding with Harold Nelson, repeated by him in the presence of other people, including Butterbrodt, that he would in effect take on the duties as house counsel; he would evaluate the bills submitted by counsel; he would try to prepare a legal budget; he would undertake to allocate various matters with law to various counsel; and in effect, he would be the house counsel and take on the responsibility and the approval of bills.

Mr. WEITZ. Can you explain why the first 5 months of 1972 the other invoices, both before and after the April invoices, before and after the April 18 check, were not approved by Mr. Nelson but were approved by you or others?

Dr. MEHREN. I don't know how many I approved. I do not think I approved very many.

Mr. WEITZ. You attach no significance to that?

Dr. MEHREN. I tried to get some work out of him, and I do know this, in checking through the things last week, by inadvertence, I found that on the 10th of May, I reported to the Board while Harold Nelson nominally was associated with us, that his participation in any type of activity, including so-called house counsel, diminished virtually to zero.

Mr. WEITZ. Do you have any information with respect to any other persons who may have been so-called conduits in the repayment of the corporate contribution which may have turned out to be a corporate contribution to Mr. Kalmbach?

Dr. MEHREN. Let me say first that the word "conduit"—I took that in the early days of the rumor mills to mean merely a door opener, and that is one of the reasons I immediately looked at retainers because the prices for opening the doors were very, very high indeed.

At that time, I certainly knew nothing. I think the first evidence we had, any substantive evidence of inequity on the part of anybody, was the indictments of Mr. Parr and Mr. Howard. I don't think that prior to that we had direct and definitive knowledge of any diversion of corporate funds.

Mr. WEITZ. I am talking about AMPI corporate funds in 1969 and forward.

Dr. MEHREN. I think I first heard of that from either Mr. Wright or Mr. Sale. But we did not—do you mind the informality of this? This is the one we found out about.

Mr. HEININGER. This is when we found out about the other people.

Mr. WEITZ. That would have been in the last couple of months?

Dr. MEHREN. Yes.

Mr. HEININGER. Yes, but I had some other knowledge.

Dr. MEHREN. You did not relay them to me as I remember.

Mr. WEITZ. Now, I understand also in 1972, you had one brief meeting with Mr. McGovern after he was nominated.

Dr. MEHREN. Yes.

Mr. WEITZ. And at that meeting, did he, in any way, make a reference or request for contributions for his campaign?

Dr. MEHREN. I met with Mr. McGovern in the company of the president of the Associated Milk Producers and the three regional presidents in Austin in a motel there that Mr. McGovern was staying at. I can't give you the date, but he came from a luncheon meeting with former President Johnson directly to this meeting with us. The only reference made was a most diffused final statement to the effect that all of us present knew that campaigns cost money and that if we saw fit, he would appreciate support from us. But that was the only statement ever made by Mr. McGovern or by any of Mr. McGovern's people to my knowledge. Mr. McGovern's people, to my knowledge, did not go to any member of the TAPE Committee or to anybody else associated with TAPE and ask for funds, and, therefore, I can't properly say that Mr. McGovern really asked or solicited support from TAPE in 1972.

Mr. WEITZ. Now, we have talked extensively about contributions, solicitations by Presidential fundraisers for President Nixon. Do you have any other knowledge or any knowledge of any contributions to Democratic Presidential candidates other than Mr. McGovern?

Dr. MEHREN. Primary candidates?

Mr. WEITZ. Primary candidates other than— let's start it this way; there are certain reported contributions to various Presidential candidates in TAPE.

Dr. MEHREN. Yes.

Mr. WEITZ. Other than those contributions—first of all, with respect to those, were there any particular solicitations that you recall or are aware of?

Dr. MEHREN. I am not aware of solicitations. There were contributions made and I presume they were solicited, probably through Melvin Besemer for the primary candidacy of Hubert Humphrey. There were solicitations or at least contributions made to the campaign of Wilbur Mills. I don't know of anything other than that. I have testified before with respect to two matters associated with Mr. Mills.

This is one about which I know and one about which I do not know.

Mr. WEITZ. Were these involving possible corporate contributions to his Presidential campaign?

Dr. MEHREN. I do not think directly, as I have testified elsewhere, Alan, and I think in this case quite accurately. One employee of AMPI within the first week of my tenure did say that there were a couple of apartments in Washington paid for by AMPI expense accounts which, in effect, were being used in support of Mr. Mills.

Mr. WEITZ. Who was that, J. O. Johnson?

Dr. MEHREN. Yes; Mr. Mills was not a candidate then, I might say, and in fact, he denied it. I terminated that immediately. The other one was a checkoff to which I think I have made reference to you.

Mr. WEITZ. This was a checkoff system by employees of southern region of AMPI for Mr. Mills?

Mr. HEININGER. They were asked.

Dr. MEHREN. I think all except two or three did.

Mr. WEITZ. Do you know who asked them, who encouraged the program?

Dr. MEHREN. They tell me David Parr did. I do not know directly. I terminated it at once.

Mr. WEITZ. Who told you of this program?

Dr. MEHREN. I think Frank Scheckarski and another one who told me was Noble Anderson who is the head of the AMPI Investment Corp., now and I think they were two—one or two others who did not agree to a checkoff. Scheckarski told me and I think Noble Anderson told Bob Isham.

Mr. HEININGER. I think this is in late 1971, that is my recollection.

Mr. WEITZ. Was this before or after you became general manager, that you became aware of this?

Dr. MEHREN. I think I terminated it the first week. I think—and again I am sliding around—I think I did this the first week.

Mr. WEITZ. You terminated it but it was a program that had been instituted?

Dr. MEHREN. No; it had been instituted and they signed it but I am quite certain in my recollection that no checkoff had occurred. Because, among other things, when the checkoff forms reached Bob Isham's desk, he came in and said, "We aren't going to do this," and I certainly agreed with him. Let me also make clear now the Joe Johnson thing was a day or two after I became manager.

Mr. WEITZ. Do you know whether anyone else was involved with Johnson with respect to these apartments or these efforts?

Dr. MEHREN. All he told me was that there were certain clerical people.

Mr. WEITZ. Did he mention who they were?

Dr. MEHREN. I do not think so.

Mr. WEITZ. Were they employees of AMPI?

Dr. MEHREN. Yes, I think there were about three and I also took that up with counsel—not Mr. Heininger, but other counsel—and they told me that there was nothing patently illegal or anything illegal here and if I terminated it and followed my major obligation in trying to make the corporation viable—that I would have done my duty.

Mr. WEITZ. Under whose instructions were they acting, Mr. Johnson and these other employees?

Dr. MEHREN. Johnson did not, to my recollection, state that anyone else had done this except himself.

Mr. WEITZ. He did it on his own?

Dr. MEHREN. That is what he implied; there was no statement to my knowledge or recollection that so-and-so told him to do this.

Mr. WEITZ. Was he based in Parr's office in Little Rock?

Dr. MEHREN. Yes; at that time he had been based in one of the southern regions.

Mr. WEITZ. With respect to the checkoff system, two questions. Do you have any knowledge that the system was instituted in any but a voluntary fashion, whether any indirect or implicit coercion or other means were used to gain the acquiescence of the employees involved?

Dr. MEHREN. I would have to give you hearsay as to what Scheckarski told me and later Noble Anderson told me. There wasn't any direct coercion, as I recall their statements. The presentation really was that Mr. Mills was a man of great capacity in which AMPI concurred completely. Mr. Mills was a man of immense capacity and great personal integrity, and I also concur.

Mr. WEITZ. Why did you cut off the system?

Dr. MEHREN. I considered it to be a system which probably was illegal, and certainly was not a system I wanted any participation in whatever, because of the very reason you brought out—there could be coercion and I wanted no semblance of it whatsoever. I wanted a clean ship as hard as it was to get one.

Mr. WEITZ. When you discussed this with Mr. Parr thereafter, did he indicate it was either voluntary or not voluntary or further explain the reasons for instituting this?

Dr. MEHREN. As I recall, Parr said these were voluntary contributions, and he said that Mr. Mills had contributed much over the years to the dairy industry generally, but this was a very small thing to do for a man who had made such contributions. My response to that was personally, I considered it unethical, but more than that, I thought, as a layman, it was probably illegal. He responded something to the effect that this can't really be illegal in terms of the very small magnitude, the voluntary contributions, and the service.

Mr. WEITZ. How much money was involved with a contribution?

Dr. MEHREN. It would be very hard to answer this. I think it was $25 a month for about 65 people. I don't recall it precisely, but I think that is what it was.

Mr. WEITZ. Do you have any idea of the magnitude of the expenditures on behalf of Joe Johnson and the other employees until you eliminated the program?

Dr. MEHREN. I would have to give you a rough guess. I think Bob Isham settled two leases, and the net cost to us was something like $3,600. What it cost us before, I think it was probably 2 months rent plus the expense of these people, and I don't know the magnitude on that, but we would have that, I know, and Bob worked it out.

Mr. WEITZ. Do you have any knowledge from Parr, Johnson, or anyone else that either Mr. Mills or anyone on his behalf, either his congressional office, his campaign people, and so forth, were aware of

either the checkoff system arrangement or of the fact that Johnson and the other employees were on the payroll of AMPI while working for Mr. Mills?

Dr. MEHREN. I have no statements of that sort. I do have the unequivocal statement of Mr. Mills to me that he was totally unaware of the arrangements on the apartments and had no knowledge of the checkoff proposals. He fortified their statements by saying at that time "I was not a candidate."

Mr. WEITZ. But there was, to your knowledge, some Mills for President draft movement underway?

Dr. MEHREN. I have to give a conjecture. I think Dave Parr, probably above and beyond almost anything else, would like to see Mr. Mills as President, in large part out of a very deep personal devotion to Mr. Mills. I really don't think Dave Parr knew what was lawful and what wasn't, and apparently he didn't know what I considered to be ethical and what wasn't ethical. But of course the question you just asked me can't be answered by me.

Mr. WEITZ. All right. Mr. Sanders.

Mr. SANDERS. Early in this interview you told us that you had learned of a $2.6 million commitment—contribution. I didn't learn from your remark where you heard this or who told you.

Dr. MEHREN. I am not certain. I think it was Byford Bain as I think now, and this is again long-ago recollection, but he had heard it from a market administrator, but that is recollection, and I could be wrong.

Mr. SANDERS. Byford Bain.

Dr. MEHREN. I think it was Mr. Bain.

Mr. SANDERS. B-a-i-n?

Dr. MEHREN. B-a-i-n; yes. He is retired from the company now.

Mr. HEININGER. For your information, a market administrator is a Federal employee who administers the pricing system in fluid milk, and is employed by the Department of Agriculture.

Dr. MEHREN. But also they are the people who pick up rumors all over the United States, I think. I can't tell you, but I think it was he to the best of my recollection.

Mr. SANDERS. At the time Mr. Bain might have told you this, he would have been an AMPI employee?

Dr. MEHREN. Yes, he was; but I am not certain; I am not certain it was he. It's the best guess I have.

Mr. SANDERS. He is retired at the present time?

Dr. MEHREN. He is at the present time. He works for a dollar a year, mainly to keep himself busy.

Mr. SANDERS. It's your best recollection that if it was him, that he would have learned it from some market administrator?

Dr. MEHREN. My memory isn't precise on this, for which I do not apologize, incidentally. I think that is what he told me.

Mr. SANDERS. After learning this, you asked Parr about it?

Dr. MEHREN. I did.

Mr. SANDERS. And he denied to you there was any such commitment?

Dr. MEHREN. Yes. And it went further, as I stated earlier.

Mr. SANDERS. Prior to asking Parr about it, did you learn of any other circumstances from—even though it might have been a rumor,

did you learn of any other circumstances concerning this commitment?

Dr. MEHREN. No. I might also add, I do not think I ever testified to this. In fact, many months later, at the time of the National Milk Producers Federation meeting in this hotel, I did hear Mr. Parr say to Mr. Butterbrodt that he knew of no commitments whatsoever.

Mr. HEININGER. You say this hotel?

Dr. MEHREN. Right. Here in the Plaza. I think it is the first time we ever stayed here. Pardon—we are not in the Plaza. I am sorry—excuse me. I am getting disoriented here.

Mr. SANDERS. With respect to the March 1971 price support decision, could you elaborate for me on your work in generating support on Capitol Hill?

Dr. MEHREN. It was a very limited activity, even in the time when I was in Government. My contacts here on the Hill were rather narrow. I never really performed a function of a departmental liaison person. I would say that I talked maybe to five or six people, most of whom were old friends. I don't think I talked to anybody on the Republican side at all. I know very few of them. Perhaps a few out of the California delegation, but that is about all. I think I talked with Bob Poage, the chairman of the House Agriculture Committee. I talked with Wilbur Mills repeatedly. I talked on occasion with Senator Talmadge, and I talked with Senator Humphrey on occasion. I think that is about it.

Mr. Sanders, I do not recall, but my function was not to beat the Hill. Others were assigned that.

Mr. SANDERS. But with respect to these legislators you just named, you did have personal contacts with them in the February-March period?

Dr. MEHREN. Yes.

Mr. SANDERS. And would the thrust of your contact with them be to urge them to support a statutory increase in the milk support?

Dr. MEHREN. Basically the thrust was to explain the materials in this document here, and its purpose would be to get understanding, and therefore support for a bill; yes.

Mr. SANDERS. Would it have included asking them to encourage the administration to take administrative action to increase the support level?

Dr. MEHREN. I am not sure I have said this, but I think this would be a conclusion that a reasonable person would draw from my discussion. I would not have objected to their intervention with the administration. I don't believe I asked them specifically. Let me help you a little further, and as I recall, in 1971, the campaign, the basic contact with the Hill was assigned to various other people, and the basic mechanism involved was to have delegates from the cooperative and from others call upon their own delegations. I did not handle that. That is in this sense.

Mr. SANDERS. In speaking with these legislators, were you accompanied by anyone?

Dr. MEHREN. I don't think so. There may have been mornings in which I would be in the office of Mr. Mills and either Mr. Parr or Mr. Nelson or other members of the cooperatives would be present. I think with the others, I probably talked to them alone.

Mr. SANDERS. Of those whom you have named, did you talk to any one of them on more than one occasion?

Dr. MEHREN. I can't really say. It has been my practice and I have known Senator Talmadge well for quite a long time, through my service in the Department of Agriculture, and also I have a warm feeling toward him. I may have talked to him, although I doubt that I talked to Mr. Humphrey, whom I know less well. Bob Poage I have known a long time, and I may have been there more than once. I don't recall.

Mr. SANDERS. At the time that you——

Dr. MEHREN. I might add, it would probably not be necessary to talk to them more than once, because all three of those men are highly knowledgeable on this sort of material.

Mr. SANDERS. In early February, and it is my understanding there was a meeting between Mr. MacGregor and Mr. Albert and Mr. Mills, were you present on that occasion?

Dr. MEHREN. When was it, did you say?

Mr. SANDERS. Early February 1971.

Dr. MEHREN. Do you have any idea where it was or when, that would help me?

Mr. SANDERS. I don't have a date with me. It was the first or second week of February.

Mr. WEITZ. The 9th or 10th.

Dr. MEHREN. Where would it have been?

Mr. SANDERS. I assume the Speaker's office.

Dr. MEHREN. I think I was because it comes to me now; I did not recall this. I believe there was a meeting arranged by a telephone conversation between Mr. Mills and Mr. Albert for a session in the Speaker's office. Now, I am recollecting from very dim memory, and I think that Mr. Byrne was present. I am not sure. The senior Member of the House Ways and Means from Wisconsin, which is a major dairy State, it would be Mr. Mills, Mr. Albert, Mr. Byrne, I think that was all of the people present that I recall, and it is a rather dim recollection.

Mr. SANDERS. Do you have a recollection——

Dr. MEHREN. I believe Mr. Nelson was there. I am not certain of this, but I believe Mr. Nelson was there.

Mr. SANDERS. Do you know who would have initiated this?

Dr. MEHREN. I think Mr. Mills did.

Mr. SANDERS. Presumably at the request of someone from AMPI?

Dr. MEHREN. I don't think so. I am not sure. I had no reason to believe it was a request. I think it may have been from Mr. Mills.

Mr. SANDERS. What was the central purpose of the meeting?

Dr. MEHREN. The central purpose of the meeting was to communicate to the Secretary and to the congressional liaison of the Republican administration the importance of the requested adjustment to the agricultural community at large and the dairy industry specifically.

Mr. HEININGER. When you say the Secretary, in this context——

Dr. MEHREN. I know what question is coming because it is coming back to me, and I am not being funny, but it is coming back to me. I think what I told you is quite accurate. At least as accurate as I can make it.

Mr. SANDERS. The Secretary of Agriculture?

Dr. MEHREN. No; I don't think the Secretary of Agriculture came.

Mr. SANDERS. No; I mean when you mentioned the Secretary.

Dr. MEHREN. Yes; I mean the Secretary. After all these years, when I say Secretary I mean the Secretary of Agriculture.

Mr. SANDERS. You are thinking in terms of Agriculture?

Dr. MEHREN. Yes; but I am certain he was not present. I know who was from his shop.

Mr. SANDERS. Was there a discussion at that meeting about the introduction of legislation?

Dr. MEHREN. Let me tell you what I think happened, and perhaps we can get to that. As I recall it, the Speaker, I think, called for the congressional liaison—what was his name?

Mr. SANDERS. Galbraith?

Dr. MEHREN. Galbraith was from the Department.

Mr. SANDERS. MacGregor?

Dr. MEHREN. MacGregor. Mr. Albert made one call, and Mr. Mills made another. I cannot recall now whether Mr. Mills called Mr. MacGregor, and Mr. Albert called the Secretary's office. I do recall now, since you have brought this up, that they responded that the Secretary was not available, and whichever one of the two called there said, "Well, can we have your liaison person?" I think it was Bill Galbraith who then came up to the meeting. I think Mr. MacGregor came to the meeting also. I do remember the substance of the conversation.

The substance of the conversation was that the economic facts taken in light of the Government standards certainly justified this matter, that it was a serious intention of many Members of the House and of the Senate to proceed with legislation. I might add, there was the same kind of legislation passed in 1973 raising the minimum floor on price supports too.

Mr. SANDERS. I would have to assume in advance of the meeting someone had discussed the dairy cooperative's interest with Mr. Mills in order to precipitate this meeting?

Dr. MEHREN. There was continuous discussion with Mr. Mills on the interests of the dairy farmer. Mr. Mills, quite truly I am a bit biased in this matter out of personal relationship and professional respect, is one of the most highly intelligent men I have ever met. Mr. Mills was a better dairy economist by far than I was. That is not a light statement, either. He was deeply aware of the economics of the dairy industry and deeply interested in it. I can tell you personally there was much conversation with him. I most always talked to Mr. Mills whenever I came to Washington on dairy matters, and the man understood what I was saying to him.

Mr. SANDERS. I believe you remarked that you thought probably Mr. Mills initiated the meeting with the Speaker, but that would have evolved from previous contacts of AMPI officials with Mr. Mills.

Dr. MEHREN. I don't think so, Don, necessarily. Mr. Mills was very, very intimately aware of virtually every element of the dairy industry and deeply interested in it, and has been for many years. I remember one small matter of a 10-cent differential when I was Assistant Secretary, in which I was a bit humiliated—he understood it and I didn't—which was done in front of the Texas delegation, I might add. I do not think that necessarily anybody said to Mr. Mills, "Why don't you get

the Speaker, and why don't you get Mr. Byrne," and anybody else that might have been there, "and communicate to the liaison people the serious intent of the leadership to proceed with legislation?" That is really what the communication was.

Mr. SANDERS. Well, from contacts you had with Mr. Mills during the February-March period, did you learn from him of the actions which would actually occur in advancing the legislation to the Committee on Agriculture?

Dr. MEHREN. I don't think that he ever discussed in any detail with me the procedures that might be followed in getting a committee report through the Committee on Agriculture. As I recall his major interest was in finding sponsors, cosponsors, who introduce legislation, depending upon the procedure followed in the two Houses.

Mr. SANDERS. Did it appear that he was actively contacting his colleagues to acquire additional sponsors?

Dr. MEHREN. I have no doubt that Mr. Mills was doing that, which he felt was most legitimate to do—promote the passage of legislation in the absence of administrative finding; to assure a floor for price supports, which he thought was justified under the statute and under the conditions that were prevailing, and which incidentally, as a professional economist I felt were so justified, and which opinion was that other people inside the Government also shared.

Mr. SANDERS. Were you aware that he himself did not introduce legislation to increase the price?

Dr. MEHREN. I believe I was, and I know that to be a very typical procedure. It's not common on the House side for the chairman of the committee to introduce legislation himself, unless he is requested to do so by the administration.

Mr. SANDERS. This was legislation which would have gone not to the Ways and Means Committee.

Dr. MEHREN. That is correct. But I believe it's tradition and custom on the House side that committee chairmen, in general, introduce bills only at the request of the administration. I believe that is a fact. I am not sure.

Mr. SANDERS. You do not know the reason why he did not introduce legislation or introduce a bill with his own name on it?

Dr. MEHREN. I think this was the reason given to me at the time. Not necessarily by him. I don't think Mr. Poage introduced a bill either. I don't think the chairman of the Senate committee did either.

Mr. SANDERS. At or about the time of your contacts with the legislature as you have mentioned here, did you post yourself on contributions which had been made to these men by TAPE?

Dr. MEHREN. No; nor did anybody post me.

Mr. SANDERS. You were not aware at that time—contemporaneously what contributions had been made to them?

Dr. MEHREN. No; nor was I asked by anybody, to my recollection, to find out or to remind any Member of the House because basically I didn't contact them.

Mr. SANDERS. In your contacts with any of these legislators, did you act—talk of contributions by TAPE?

Dr. MEHREN. I certainly don't think that I talked of such contributions to Senator Talmadge or Senator Humphrey or Mr. Poage, who to my memory are the only ones with whom I had any real contact.

Mr. SANDERS. And I believe you said Mr. Mills also?

Dr. MEHREN. I don't see Mr. Mills every time. This is not what I was there for. I was there more or less as a technical expert who knew two things, what should go into the economic analysis of such a document, and how it should be structured.

Mr. SANDERS. I would like to extend the question I have just asked to members of their staffs, that is, whether you had any conversations concerning contributions.

Dr. MEHREN. I don't recall any, but I know I have had conversations with Gene Goss, who is the congressional AA to Mr. Mills, who is a very old friend, and in Mr. Mills' office. It's impossible to be in Mr. Mills' office and not have Gene where you are talking to him. I probably had discussions with Dave Gartner on Senator Humphrey's staff, because I have known him a long time. I don't think I had any discussions with the staff people on Mr. Poage's staff or Senator Talmadge's staff.

Mr. HEININGER. The question is with respect to contributions?

Dr. MEHREN. No, I would even go further. I don't think I had any discussions with the administrative assistants or staff to Mr. Poage or the staff associated with Mr. Talmadge at that time.

Mr. SANDERS. I am going to have to ask the question again because I am not sure of it.

Dr. MEHREN. Do so.

Mr. SANDERS. Of the nature of your answer.

During the time of February-March 1971, did you have any conversations with any of these legislators that we have just mentioned, or with any members of their staffs concerning contributions made or to be made by TAPE?

Dr. MEHREN. I don't recall. No, I don't think so. I certainly don't recall any. I repeat, this was not my function at that time, nor was I at any measure really aware of what TAPE was or how TAPE functioned.

Mr. SANDERS. At any time after March 1971, did you have any personal involvement in the allocation of any funds from TAPE to Mr. Poage, Mr. Mills, Mr. Talmadge, or Mr. Humphrey?

Mr. HEININGER. Up to when?

Mr. SANDERS. Up to December 1972.

Dr. MEHREN. Well, certainly after I became general manager and member of the TAPE Committee, yes, I did. And I think I can give you the facts. I strongly supported the contribution to the primary candidates after Mr. Mills—after he announced, and would do so again very happily. With respect to Senator Talmadge, I don't think it was at issue. I did receive a suggestion from Senator Talmadge, I think, that some assistance to Senator Jordan would be useful and I so recommended to the committee on TAPE and I believe they approved it. I think they did. I am not certain. With respect to Mr. Humphrey, I don't think I generated any suggestions for contributions. I think that would certainly have been generated by Bessemer, who is a Minnesota person, but I concurred with him. Again, because I have a high respect for Mr. Humphrey who is very knowledgeable in these matters.

Mr. SANDERS. In allocations or in endorsing an allocation of TAPE funds to any of these four legislators, did you have in mind that they

had been helpful to AMPI and the dairy industry in general, and was that not a factor in approving the contributions to them?

Dr. MEHREN. Let me tell you how these things came about, and what the implicit or tacit criterion seemed to be. The generation of the request comes from a variety of sources. One of the first things I did, Don, there would no longer be any individual or any group of individuals, on their own, making these decisions. They were to be made on a collective basis, they were to be made on a formal vote. They were to be recorded in the minutes. They were to be made available to the total membership through the board's knowledge thereof immediately, so that was the first thing I did.

The second thing I did was to recommend to the committee in a recommendation which they accepted that the requests for such contributions could come from anybody, any member. The way it really shakes down in operation, looking back, is that certain members are more active in asking for the contributions than others are. There is one man in the South who really is highly active in this field. This is an area in which we are not being very effective, I might say. Those come in and they generally come in with recommendations to Elrod, who was for the first couple of months the secretary, and Lilly thereafter, what was wanted and why. The criteria that seemed to be used, I do not think have ever been written down, but fundamentally what they wanted on board on either side of the aisle would be people who first knew something about agriculture and the dairy industry. Second, people who knew and were accessible. Third, if possible, people who could influence others. Those, basically, were the criteria that were involved, and I could give you an example again, without placing a man now deceased in trouble, because he cannot answer what I said. I remember the President strongly urging me once to see if our people would help Mr. Edmondson of Oklahoma.

Mr. SANDERS. You are referring to President Johnson?

Dr. MEHREN. Yes, and also to help Mr. Sanders in Texas. And the reason he gave is the reason I think which is implicitly involved in almost every decision.

He said Mr. Edmondson was sufficiently respected in the House and that if you give him 2 or 3 years in the Senate, and if he could be persuaded of the probity and validity of any recommended action, probably he could persuade 8 or 10 other Senators to do so. Mainly because of the respect he held. He said the same thing about the two of them. So that was also an element that came in.

You see, and I can give you the individual involved, Mr. Mills is a superbly competent economic analyst with special competence in agriculture and in milk. He also is accessible to our people, and I guess almost anything else. Beyond peradventure, he is a man of substantial influence in persuading other people to following his lead.

Mr. HEININGER. Excuse me. For the benefit of the record, what do you mean when you say accessible?

Dr. MEHREN. I mean exactly what you know I mean. If I call Mr. Mills, I think even if we weren't old and warm friends, of 20 years or so, I would say, "Mr. Heininger would like to talk to you next Thursday, could he see you?" and he would say, "Oh, yes." I think he says it to most people. He is highly organized. The same thing is true of Mr. Humphrey. If you want to talk to Mr. Humphrey, Mr.

Humphrey would make himself available to us. He might not be on time. In fact, he almost certainly wouldn't be. This is what I mean by accessible.

Mr. SANDERS. All right. Mr. Mills and Mr. Poage and Senator Humphrey had actively supported your efforts to increase the support level in March 1971. Would that have been a consideration to you in approving or endorsing contributions from TAPE later on?

Dr. MEHREN. I think, in complete honesty, it would be a factor or an incident in a long history of understanding, awareness, accessibility, and support. I might say that with respect to all of them, Bob Poage is a man who understands agriculture and does what he can to help. The understanding of it is the important part of it. So is Mr. Humphrey and so is Mr. Mills.

Mr. SANDERS. Without any specific understanding with them that they were to get something in the future, I am not intimating that, but nevertheless, this was a consideration that would go through your mind at the time of future allocations?

Dr. MEHREN. Let me say explicitly, and I don't think you are implying this, you don't payoff men of the quality of Mr. Mills or Mr. Humphrey, and I do not think any others, if any. But of course, I think they look at the long record of all of them. Mr. Humphrey had been and I think sits on the Agriculture Committee. Mr. Mills never was, but Mr. Mills is highly knowledgeable and Mr. Poage is chairman.

Mr. SANDERS. I have calculated, Dr. Mehren, what contributions have been made by TAPE and other dairy trusts to the legislators who sponsored milk legislation in March 1971. So I am not seeking from you the figures.

Dr. MEHREN. I wouldn't know them.

Mr. SANDERS. I have an interest in knowing whether you have a general concept in mind of the extent of support given to these legislators by TAPE?

Dr. MEHREN. Would you say that again, please?

Mr. SANDERS. Do you have a general concept of the level of support given by TAPE to these legislators?

Dr. MEHREN. Do you mean is there some sort of criteria?

Mr. HEININGER. He is asking how many dollars. Do you have a general idea?

Mr. SANDERS. Do you have a general idea?

Dr. MEHREN. Do you have—do you mean that have gone to the people, the 108 or 130 who sponsored the House bill?

Mr. SANDERS. No, sir. I am talking about Mr. Mills, Mr. Poage, and Senator Humphrey, and Senator Talmadge, who are very influential leaders, the ones you said you have talked with, and what I am interested in is whether you have a general idea how much financial support was given to them by TAPE.

Dr. MEHREN. After my tenure as general manager and my membership on the Committee for TAPE, that I think I do have.

Mr. SANDERS. Do you have that?

Dr. MEHREN. Prior to that, no.

Mr. SANDERS. Do you have that in mind now?

Dr. MEHREN. I have numbers.

Mr. SANDERS. What is your general understanding?

Dr. MEHREN. I could say accurately that $25,000, that TAPE money went openly, unequivocally and properly recorded in support of the primary candidacy of Wilbur Mills. For Senator Talmadge, I think it was nothing. I don't think he was running. I am pretty sure of that. I won't take oath, but I don't think there was any. Humphrey, I could be wrong. I have a figure of about $11,500 from us. I do not know what SPACE and ADEPT and the others might have given him. Bob Poage did get, I guess, $7,000. I guess that is right. It can be checked. I think it was about that amount that went to Bob's campaign.

Mr. SANDERS. Did you have any hand in or did you have any involvement in contributions made by ADEPT or by SPACE to any of these men?

Dr. MEHREN. No, there was never any systematic pattern of coordinating the contributions. There were occasional calls and overlap areas with respect to who was doing what. But no systematic procedure. I would recall in the case of Senator Baker, that I think Westwater, who technically at least performs the Bob Lilly function for Dairymen, Inc., did say they were giving a certain amount to Senator Baker's candidacy. I think that we put in two contributions to that candidacy, and I believe that in that case there was reference made to contributions from us. But not in any systematic pattern at all. It would be in such States as Tennessee, Kentucky, and in that area where Dairymen, Inc. and AMPI people overlap, and both have members, it would probably be in the Missouri, Illinois, and northern areas where the Mid-America people overlap. To my knowledge, the trust up in the north, Northeastern parts, never contacted any of the others. I do not know of any such contact.

Mr. SANDERS. With respect to the $25,000 contribution to Congressman Mills, do you know how that evolved?

Dr. MEHREN. Yes.

Mr. SANDERS. Would you explain that?

Dr. MEHREN. I recommended it to the committee personally.

Mr. SANDERS. Was that totally on your own initiative?

Dr. MEHREN. It was not Mr. Mills'. It was mine.

Mr. SANDERS. Did anyone talk with you about it before you made the recommendations to the committee?

Dr. MEHREN. No, I think I told Gene Goss that it was my intention to so recommend it.

Mr. SANDERS. He had not solicited it from you?

Dr. MEHREN. No. Quite explicitly, I could give you this without the usual caveat of memory. I know I did this on my own.

Mr. SANDERS. Without respect to an amount, did he solicit funds from TAPE?

Dr. MEHREN. No; I generated this. When Mr. Mills announced his candidacy, it seemed to me that it was the proper thing for us to support it.

Mr. SANDERS. Did you talk with Dave Parr about it?

Dr. MEHREN. I don't think we were on talking terms. I believe I fired him shortly before.

Mr. SANDERS. Before making the recommendation, did you discuss it with Congressman Mills?

Dr. MEHREN. I don't believe so.

Mr. SANDERS. Did you have— have you talked with him about it any time since making the recommendation?

Dr. MEHREN. Mr. Mills knew I gave it to him, and he thanked me for it, but I do not think it has been much more than that.

Mr. SANDERS. Have you had more than one conversation with him about the sum?

Mr. MEHREN. That I cannot answer with precision, but about the sum, or about the fact that we supported him——

Mr. SANDERS. About this $25,000 contribution?

Dr. MEHREN. I don't think so. I think Mr. Mills told me he was grateful for the help. He was grateful to me personally because we were close friends.

Mr. SANDERS. Was that soon after the contribution?

Dr. MEHREN. I think so. I cannot say.

Mr. SANDERS. Under what circumstances?

Dr. MEHREN. It would probably be, and again, I cannot answer with precision here, it would probably be on one of these sporadic visits. I have known Mr. Mills off and on, mainly on, I think, since 1949, and quite emphatically, quite aside from party affiliations, I not only respect the man immensely, I rate him at least with the 21 Nobel winners with whom I used to work in the Berkeley campus, in terms of superbrains. Besides, I like him and I respect him. I have no reservations about support of Mr. Mills. He would have made a very fine President. In my judgment, quite aside from his knowledge of agriculture and the dairy industry.

Mr. SANDERS. Did you make an oral presentation of this recommendation at some type of TAPE meeting?

Dr. MEHREN. The procedure usually which is followed, whoever is secretary of the committee transmits to the committee which normally meets on the night of the first day of the board meetings, the corporate board meetings, the second procedure is for the members of the committee on their own initiative, or through requests made of them by others to present to the committee other suggestions. As I recall, I made this one unequivocally on my own, and it was unanimously and immediately adopted.

Mr. SANDERS. Was it the only verbal presentation, Dr. Mehren?

Dr. MEHREN. That is usually the way this is done. There are records kept, at least there should be records kept as to who made the request, who approved it, when, and by what mode, but as I recall, this was at a TAPE meeting at which I said it was my recommendation that we support Mr. Mills for the $25,000, and there was immediate acceptance of it.

Mr. SANDERS. In making the recommendation——

Dr. MEHREN. This was the primary candidacy, I want you to know.

Mr. SANDERS [continuing]. In making the recommendation at the time of your verbal presentation, did you itemize previous support of the dairy industry?

Dr. MEHREN. I do not think so. I think what I have said is—essentially what I have said to you—that he is a man of outstanding quality and capacity, who knew our problems and met the criteria and the criteria were explicit in the decision of the committee. Let me give you a specific answer. I think what you are asking me is, did I get up and say that Wilbur Mills, in effect, quarterbacked the 1971 price-support

legislation and, therefore, we ought to pay Wilbur something. No. This would be an insult to Mr. Mills, as it was to me.

Mr. SANDERS. You were asked by Mr. Weitz about attorneys known to you to be assisting Associated Milk Producers Inc., in their 1971 price effort. You ended up by naming two persons who I believe are not attorneys, but you named Mr. van Dyk and Connell. Can you briefly explain how they were being of assistance?

Dr. MEHREN. Yes; they were part of the Hill contact and liaison work. I believe Ted van Dyk had been in the office of Senator Humphrey, and I know Bill Connell had been there, and they did know, or at least they were supposed to know almost everybody up on the Hill. Again, I did not handle this part of it at all. But they were men who were supposed to carry the message of the economics of the situation up to the people on the Hill whom they knew. As I recall, the procedure used was, there were checks, just as you do with a head count on a political operation. Now, as to who was going to see whom of this group of people and lawyers and PR types, and which members of the Associated Milk Producers Inc., farmers would talk with which Members of Congress on both sides of the aisle.

Mr. SANDERS. You mentioned also there was a letterwriting effort in addition to the visitation. Who in Associated Milk Producers Inc., was actually in direct responsibility, or had direct responsibility for generating a letterwriting campaign?

Dr. MEHREN. I can't answer you precisely. I think Tom Townsend, who is now with Mid-America, was rather closely with Parr, I think he had the responsibility, working through the field people of Associated Milk Producers Inc., to generate the letters.

Mr. HEININGER. Perhaps Kieffer Howard?

Dr. MEHREN. It might be. Kieffer might have been assigned that. But I did not have direct participation in this. I am quite sure Tom Townsend, I think Kieffer, also.

Mr. SANDERS. Were letters to be written to the executive branch as well as to the legislators?

Dr. MEHREN. I think so. Letters to the Secretary. Let me tell you this. I do not see any difference, and I wasn't involved in this directly, as I say. I have been the recipient of many letter campaigns in my time in this Government, and the usual procedure is to write to your Senators, to your own Congressman, and generally to the Cabinet officials involved. I think that is what they did.

Mr. SANDERS. Did you in February or March 1971, have any knowledge that House or Senate leaders were to call influential people in the executive branch to urge administrative action?

Dr. MEHREN. I had no direct knowledge of this other than the meeting to which you referred earlier. It's a standard procedure in a campaign of this sort that Congressmen, not merely write downtown to the executive side, but call them. Again, I know this from warm personal experiences.

Mr. SANDERS. Do you have any recollection of being aware that Congressman Mills would or had called Secretary Shultz?

Dr. MEHREN. Shultz?

Mr. SANDERS. He was then the head of Office of Management and Budget.

Dr. MEHREN. I don't think so. I know it is the procedure and policy of most chairmen, including Mr. Mills, to be very sparing of their calls either to the White House or to Cabinet officers.

Mr. SANDERS. Did you ever learn from Mr. Mills or from Mr. Albert or anyone speaking for them that they had contacted the executive branch to urge action?

Dr. MEHREN. I am not certain. I was present at the meeting to which you referred—the contact with those two Members. I would expect they would do so. Whether they did call Mr. Shultz or not, I do not know. All I know of Shultz' participation is what Mr. Lyng told me long afterwards. If you want that material, I will give it to you. Mr. Lyng has told me long after this 1971 matter had been completed that he understood that Secretary Shultz, or Office of Management and Budget Director Shultz, had objected to the increase on the usual budgetary grounds, that any increase would generate a decrease in consumption and an increase in production and an increase in Government acquisitions, and, therefore, an increase in Government expenditures, which are the four arguments always placed against any price support.

Mr. SANDERS. Would you say that of the analyses which you said you edited for submission to the Department of Agriculture, that from the facts and analyses in that document, the Secretary of Agriculture could have reasonably concluded that the price support should not be increased?

Dr. MEHREN. This is a very hard one. I have looked at this and thought of it as to what I would do as a Director of the Commodity Credit Corporation, before which these documents go prior to ultimate decision by the Secretary. I might say that the ultimate decision by the Secretary, in my time at least, always involved complete discussion with the Directors of the Commodity Credit Corporation. I don't think quite honestly, with no partisan connotation whatsoever, that no increase was anywhere compatible with the obvious facts of the situation, and, in fact, I personally think that $5.10 would have been very reasonable, considering the purposes of price support and Government statutes. I also know and I hate to say this, but I have been told that as always, virtually always happened in my own administration, that there was not unanimity in the secretarial group in the Department. But that is a uniform situation. At least, I have never seen a price support on anything at which all persons in the Secretary's office agreed, on which the Presidential appointees agreed. And also there is a compromise among them. Because it isn't a precise finding, in an assymetrical sense. But it also has been explicitly understood, at least in my time, that one spoke his piece, made his recommendations, supported it as best he could, and then concurred in the consensus, which was usually what the Secretary said he would do. There was nearly always disagreement about it.

Mr. SANDERS. Now, you have told us that it seemed to you from your administration experience, that the price-support decisions are rather routinely—they went to the White House for consideration or final approval.

Dr. MEHREN. Yes.

Mr. SANDERS. So that there would be nothing in the usual—nothing unusual in this decision in 1971, being referred to the White House for attention?

Dr. MEHREN. No; not at all. There was one unusual thing which I indicated in response to Alan. I don't know of any earlier situation in which a finding was promulgated and published in the Register by the Secretary and then amended, but I do know many decisions and recommendations submitted after the usual internal discussion within the Department to the President, and then it was amended, and that is not an unusual matter, and that is a proper function of a President. Generally, the place in which it got amended actually was not so much the Office of the President, as it was the Office of the Budget Bureau Director or the Director of OMB. The general attitudes are you don't give any increase because it pumps up the budget.

Did I make myself clear on this?

Mr. SANDERS. Yes.

Dr. MEHREN. Good.

Mr. SANDERS. I believe you left the Department of Agriculture in May of 1968?

Dr. MEHREN. The end of May.

Mr. SANDERS. 1968.

Dr. MEHREN. Yes.

Mr. SANDERS. Although you were not in the Department in December of 1968, were you knowledgeable about departmental decisions being made on milk matters?

Dr. MEHREN. No. I don't think so. I did have this, now, when I moved up to New York, I think Dick Lyng, who was a Californian, and a person I knew for many years, did come up and spend many hours with me one day asking me about the Department. I very carefully abstained from any representation of the Department or solicitation of any information from the departments. Now, with the record——

Mr. SANDERS. I did not mean with respect to internal matters, but I meant on publicly announced matters. Were you keeping abreast of milk matters?

Mr. HEININGER. Milk market orders?

Dr. MEHREN. Oh, yes. To that extent; yes. But see, again, I have known Mr. Forest, who is Director of the Dairy Division, I think, since 1947, God help us both, until the 2 years were up I never went to Herb Forest on any discussion of the matter.

Mr. SANDERS. Are you now aware of the decision of the support level for the marketing years 1969–70—was the first one announced on December 26, 1968, while President Johnson was still in office?

Dr. MEHREN. I am not aware of it, but I am not really surprised. Say it again. December 26——

Mr. SANDERS. 1968.

Dr. MEHREN. 1968, which would then put——

Mr. HEININGER. Commencing with April.

Dr. MEHREN. Now, wait a minute. Let me see what I can recall.

As I recall that statute, the President, whoever he is, may raise the announced price support during the oncoming market year, but may not reduce it, is that right?

Mr. SANDERS. That is right.

Dr. MEHREN. I was not aware of this, but I can see its consequences.

Mr. SANDERS. From your experience——

Dr. MEHREN. Incidentally, am I right in my reference to the statute?

Mr. SANDERS. Yes, sir.

Mr. WEITZ. It is the Secretary. Not the President.

Dr. MEHREN. Yes.

Mr. SANDERS. From your experience in the Department, does that not seem an inordinate period of time in advance of April 1 for a decision to be made?

Dr. MEHREN. I do not think that I was in or near the Department at a transition of administrations before. I think I would have to give you this line guess here. I do not know of anything in December to become effective on April 1, no. You put the question to me this way——

Mr. SANDERS. With respect to, say, a decision in March 1968, in March 1967, in March 1966, does not 3 or 4 months in advance of April 1 seem to be an inordinate time to you?

Dr. MEHREN. My recollection would be just what I told you that I don't know of any major commodity price supports that were announced 3 or 4 months in advance of the beginning of the marketing year. I would say that I know nothing of these matters. I will say that normally the procedure is to try to get it done in the case of milk, early in March, and normally to give it at least a month or 3 weeks or so, if you can, prior to the effective date on any other major commodity. I do not really know whether there were advance announcements on minor commodities that are designated in the statute.

Mr. SANDERS. And you are saying then, that no time since December of 1968 have you—up to the present time—have you learned that the decision for the marketing year 1969–70 was made in December?

Dr. MEHREN. I don't. I think you should know that in most of the period of 1968 through 1971, I was in such exotic places as Morocco, Persia, Turkey, Pakistan, Indonesia, et cetera, in pursuit of my major obligation as president of the business council. But my answer to your first question, I don't know of any other instances of it.

Mr. SANDERS. Do you recall receiving a letter from now Congressman Jones at the time he was to be severed from his retainer with AMPI, a letter which made reference to activities on his part in December of 1968 as the Johnson administration was being closed out?

Dr. MEHREN. I don't remember that part of it. I remember several letters from Congressman Jones, one of which I think I remember was signed Congressman-elect, but let me tell you again I do not remember the ones to which you refer. But there were not merely letters. There were letters from his attorneys, there were telephone calls to him to the effect that this was a flat commitment that I had no authority whatsoever except to honor.

Mr. SANDERS. I have here a number of letters—to you from either Jones or his attorneys.

Dr. MEHREN. Yes.

Mr. SANDERS. I want to show you first, the one on top, which is dated January 18, 1972.

Dr. MEHREN. Yes.

Mr. SANDERS. And ask you to refresh your recollection.

Dr. MEHREN. Do you mind my commenting on this as I go?

Mr. SANDERS. Go ahead.

Dr. MEHREN. It surprises me that January 18, we already decided on termination of some of these relationships. I thought it was later. I had forgotten this letter, but I now recall it.

Mr. SANDERS. Do you affirm that you did receive this letter?

Dr. MEHREN. I have seen it before, but I had not recalled it until you showed it to me.

Mr. SANDERS. I wanted to direct your attention especially to the paragraph, I believe it is the second paragraph there concerning the December 1968 activities in the White House.

Dr. MEHREN. I read it.

Mr. SANDERS. Upon receiving that, did you have an occasion to talk with Mr. Jones about it?

Dr. MEHREN. I really don't recall, Don, that I talked to him about this part of it. I told him that considering the insolvent position of AMPI that I was terminating virtually all relationships of this sort. I told him that, and I told nearly everybody else rightly or wrongly, civilly, at least, that generally speaking, this was not a reflection upon them or upon the value of their services, that merely in meeting the stringent necessity to cut millions out of the central office expense, I was terminating them. To my recollection, there were only two sets of objections. One was this one, and one was Ted van Dyk. The rest took it quietly and made no fuss about it. But this I did not discuss with him. I merely told him the discussion, as I recall it, did not center around this. It centered around Harold Nelson promised me, I think, $40,000 a year, and an office building on a handshake.

Well, I had to make the hard decisions in face of the budget stringency of AMPI as to what kind of commitments we were going to meet and what we weren't. What I really looked at in the case of James Jones, who in my personal contact with him seemed to be a very stringent man, I asked myself what he did, and apparently what he did was to edit the editing of the Dairyman Digest, and I could not see anything else that was worth that kind of money to me. Now, as you question me, I think he also asked that he get some kind of an advance payment in addition to really, what he considered this commitment. And I stood fast both with him and with his attorneys and said "No."

Mr. SANDERS. Did you have any direct conversation with him concerning his statement in that letter about activities in the Johnson White House in December of 1968?

Dr. MEHREN. I don't think so. I really don't.

Mr. SANDERS. Did you talk with anyone else about those alleged activities on the part of Congressman Jones?

Dr. MEHREN. I really talked, as I recall it, and I am answering as best I can, with others about what they thought he really did for us. So far as I could see, he handled no litigation for us. At least, I do not recall any. As far as I can see, he primarily did the covers on the Dairy Digest, and did what seemed to me minor editorial work, which could be gotten at far less than the salary he was receiving, so I terminated him for that reason. But I do not recall any discussion of this, and I do not recall his ever saying to me, other than in this letter and the several calls that he made, and the other letters that he sent to me, that he had done this and therefore we owed him something. It was for his performance, it was at least worth the salary that he claimed was coming to him.

Mr. SANDERS. Do you have any reason to believe there was any validity in his statement about securing the support of President Johnson for the December 1968 decision?

Dr. MEHREN. I don't think I paid much attention to this. I couldn't really on the basis of—a claim by anybody that we have done something for you in the past.

If I had done this, we would still be $12 million in the red in the home office.

Mr. SANDERS. Did Congressman Jones at any time—at any time, tell you that his statements in that second paragraph, if it's the second paragraph——

Dr. MEHREN. Yes, it is.

Mr. SANDERS [continuing]. Were not correct or were not true?

Dr. MEHREN. No, I don't think he ever told me that, and I answered you as honestly and accurately as I could. I do not think this matter was ever discussed except in this memo.

Mr. SANDERS. And at no later time did he refute what he said there?

Dr. MEHREN. No, I do not think he ever said: "No, this paragraph is not correct." He did not ever again say to my knowledge, say to me, "I think you should honor this so-called commitment here because I did something in 1968."

Mr. SANDERS. Do you have any recollection of receiving from him any subsequent communication which consisted of a disclaimer of that second paragraph?

Dr. MEHREN. I do not. I have a recollection of receiving a letter which I am trying to find, I think my recollection is right, which did disturb me. It was signed "Congressman-elect," and that did bother me. I had only two real matters of cutting off these people, and this was one of them, and Ted van Dyk was the other.

Mr. SANDERS. For the record I will mark this January 18, 1972, Jones to Mehren letter exhibit No. 9.

[Whereupon the document referred to was marked Mehren exhibit No. 9 for identification.*]

In your December 1971 report—well, not your report, but the report of the AMPI general manager to the board, which you said you helped write—there was mentioned a $300 million advantage to the dairymen that you said you thought was excessive. A more realistic figure would have been $125 million?

Dr. MEHREN. The number that is in my head, that later analysis by two of our people who supposedly are competent, is $124 million as a maximum. And having been an economist, I do not take that as the dictum of the Lord, either.

Mr. SANDERS. This financial advantage to the dairymen would have come from both consumers and the U.S. Government?

Dr. MEHREN. So long as your support price is above our market price, the cost of the program really involves a smaller consumption at a higher price, plus larger acquisition by Government at a higher price, and in that sense, your statement is correct.

Mr. SANDERS. Is it true that once the market price exceeds the support level, there is no further cost to the Government?

Dr. MEHREN. The Secretary has and has had for a great many years authority under what I think is section 709 to go out and buy above

*Retained in committee files.

support levels, dairy products or anything else if it be needed for program purposes and they are so identified. Generally speaking, when a market price reaches a support level, your purchase agreement, your loan guarantees and acquisitions, nonrecourse loans, and that sort of thing, cease. This is for the very simple reason that the farmer could get as much or more outside than he gets from the Government.

I might also say that I have read the press statements from the White House, or at least excerpts from the so-called white paper, with respect to the acquisitions being smaller than in the previous year with respect to consumption being larger, and to my knowledge, those statements are quite accurate.

Mr. SANDERS. Would you agree that at least by hindsight the decision of March 25 from the standpoint of the Government was a wise decision?

Dr. MEHREN. I think certainly over the long pull, a level probably higher than what he gave, and I say this quite seriously, and I say it now as an analyst, and not as a protagonist of the industry or former political person should have been higher than $4.93. I say it for this reason. For 15 consecutive months, the production of milk has been declining sharply and in the wrong places. Had there been a higher price support at the time, which I think was justified by the submissions, that decline would have been tempered, and the ultimate cost to the consumers in the United States would have been lessened. That is easier to see now than then, I might add.

Mr. SANDERS. I have a note here based on something you said, and I want to ask you about, and I do not know the full import of it. I think you said something which caused me to think that you knew, or perhaps knew of some commitments of AMPI, financial political commitments other than to the reelection of the President.

Mr. HEININGER. The price support amendment that you testified to.

Dr. MEHREN. Which it it?

Mr. HEININGER. This is where you agreed AMPI would not participate.

Dr. MEHREN. There were two commitments made, as I recall, and this has been substantiated.

Mr. SANDERS. No, I understand you said there would be no increase in 1972.

Dr. MEHREN. No request for an increase.

Mr. SANDERS. No request for an increase and the production would be lower.

Dr. MEHREN. They would use whatever mechanisms they could to minimize production increases.

Mr. SANDERS. May be I just misunderstood what you were saying, and I just wanted to be sure of this, that you do not know of any other financial political commitments of AMPI.

Dr. MEHREN. I testified to Alan at least six times if there were any other commitments that I knew of, I would have told him.

Mr. SANDERS. I am not asking specifically with respect to the election of the President.

Dr. MEHREN. I don't know of any.

Mr. SANDERS. You made a remark to the effect that you had—you now have a strong feeling that there was a commitment, a financial political commitment by AMPI to the reelection of the President, and

what I want to ask you is, is this totally a supposition on your part, or do you have any facts?

Dr. MEHREN. Let me say this, I have what I consider to be fact, and I have what I consider to be remarkable conjuncture of events which led me to believe that somebody and not AMPI, but some persons associated therewith, or persons associated with the dairy industry, in all likelihood did have some kind of a commitment. If you wish, I will specify.

Mr. SANDERS. I would like to know whatever the basis is.

Dr. MEHREN. The most compelling basis was my discovery of Mr. Jacobsen and Mr. Nelson, within 24 hours of the detachment of Mr. Nelson from his position as general manager, found it desirable to talk with Mr. Kalmbach in Los Angeles. Now, in this sense, my conclusion is conjecture. I can think really of only two tenable purposes in such a journey at that time. I think that the first order of a person removed from office in talking to man like Mr. Kalmbach could possibly be reprisal. But I do not think that is in Mr. Nelson's character. I do not know Jacobsen well enough to say that.

The second must necessarily be that—good Lord, we have got some kind of relationship with Kalmbach that is now endangered by the succession in office of a person who is not involved in any such commitment. That is the first thing. The second is less compelling, and that one is compelling to me, I still do not know of any reason that that should have been done unless they did feel that some commitment or agreement were in jeopardy. The second thing is material I have only seen in the press, for instance, the $90,000 thing. The so-called Colson thing. The validity and accuracy of which I have no way of knowing, because I still do not know if there has been a $90,000 a month agreement, or that sort of thing. The third thing is rather recent exposure to memorandums which lead me to believe the people in the White House thought there was a commitment. If I could give you the specifics on that, there are two memorandums which I think Bill Dobrovir made available to you.

Mr. HEININGER. That is correct.

Dr. MEHREN. Where there is something to the effect that Kalmbach or somebody is worried about the $2,000, but it may be $1,000, or something of that sort. This indicates to me that somebody in that group of people understood a commitment had been made. Those two I saw very late in the day. I think the other two, the only other two substantive documents I have seen, I saw last night.

Mr. HEININGER. Those are the two additional ones from Dobrovir, and maybe you have the file of this.

Mr. SANDERS. Are they Strachan to Haldeman?

Dr. MEHREN. They are the two I first saw, are they not?

Mr. HEININGER. Yes.

Dr. MEHREN. So I think all told, I have seen four pieces of paper, Don, that indicates that somebody over there operated under the assumption that there was agreement to help on that fund. Now, I see nothing wrong, I know of nothing unlawful, saying to anybody "We will help you out in 1972." So I am not implying there is anything unlawful. But I say, taken in that conjuncture of activity and documentation together, I am now compelled to believe that there was some sort of understanding.

Mr. SANDERS. All right. Now, would it not be as reasonable to conclude from all of these facts that you have just related that there was a commitment on the part of AMPI or its officials to make a certain contribution to the reelection of the President without any quid pro quo?

Dr. MEHREN. I haven't the slightest basis now, from the documentation I have seen, anything I have read in the press or anyplace else, that there was any quid pro quo involved. That is not what I said. I said the evidence now compels me to believe that some kind of an agreement existed, and that is why I said I know of nothing unlawful or improper about it, per se.

Mr. SANDERS. All of these things you just related could be consistent with some kind of commitment to give a certain level of funds even though there was no—it was not given for any certain action in return?

Dr. MEHREN. I know of several instances in which the Committee for TAPE, as I again participated, agreed to give money in the future, and it's to a very reputable and highly respected man.

Mr. SANDERS. So without expecting anything in particular in return?

Dr. MEHREN. No, it comes to me that Senator Eastland's campaign people asked that we give $5,000 at one time and $5,000 at another time. It was discussed in full at the TAPE committee and agreed to do so.

Mr. SANDERS. So in that situation, you say you had a commitment to give an additional sum at a later time?

Dr. MEHREN. I think there are three or four such agreements which were made.

Mr. SANDERS. You might term that a commitment, and yet there is no expectation of receiving anything in return for it?

Dr. MEHREN. No, there was not. I think anybody present would agree that Senator Eastland does not associate himself with quid pro quo.

Mr. SANDERS. What I am getting at, the use of the term commitment can be misleading in that it might tend to convey the impression that something was expected in return, whereas it could mean simply an obligation to pay something without any expectation of a return.

Dr. MEHREN. The word commitment, I think, in its derivation means, merely, I agree to do something, that is all.

Mr. SANDERS. Your appointments for March 16, 1971, apparently reflect—1972, apparently reflect an intention to see Senator Talmadge, Congressmen Mills, Poage, and Albert. Do you have a recollection of the purpose for which you went to see them?

Dr. MEHREN. No, generally with the exception of Mr. Albert, whom I don't think I saw on that date, I nearly always go in and talk to Mr. Poage, Mr. Talmadge, and Mr. Mills. I think that what I probably was talking about there was legislative submissions.. That is what I usually talked to those three about. But in general, when I would talk to those three—all of them are intimately associated with agricultural legislation—it would be about an element of the agricultural program and a fairly routine visit.

Mr. SANDERS. Would you have had any discussion with any of them on that day about TAPE contributions?

Dr. MEHREN. I do not think so. I routinely go to them because they are people I know, I know them well, and discuss whatever is of issue in the dairy industry.

Mr. SANDERS. Now, I think that you have told us during this interview that you have talked with Senators Talmadge and Eastland about the antitrust suit against AMPI.

Dr. MEHREN. To a much lesser extent Senator Talmadge than Senator Eastland.

Mr. HEININGER. I want to state for the record, I note the witness is getting tired. As far as I know, he has not stated in this interview, we supplied some documents but I don't think there has been any testimony on this, and I did want the record to show that the witness was getting tired.

Mr. SANDERS. You think there hasn't been any testimony on that point?

Mr. HEININGER. In this record, I don't think so. We did supply some documents with respect to Senator Eastland.

Mr. WEITZ. That is the document you provided today.

Mr. HEININGER. Yes.

Mr. SANDERS. Let me start from scratch on it, then.

Have you had any conversations with Senator Talmadge, or Eastland, concerning the antitrust suit against AMPI?

Dr. MEHREN. Yes, to a much lesser extent with Senator Talmadge than with Senator Eastland. I also noted in reading materials from the minutes of the board of directors that on May 10, 1972, I reported to the board my discussions with Senator Eastland and Senator Talmadge and stated that neither of them was aware of the nature or in fact the existence of the antitrust suit. So obviously, I had discussed it with them prior to May 10, 1972.

Mr. SANDERS. What was the purpose of your contact with them?

Dr. MEHREN. The purpose of the contact with Senator Talmadge would be to mention this as one element of many that were involved in the general economic situation of the dairy industry. The purpose with Senator Eastland was really a different one. By May 1972, it seemed to me, as I said this morning, it was very difficult to find tenable grounds for resolution of disagreement between the working level of the Department of Justice, ourselves and our counsel. I asked Senator Eastland's advice. I also had gotten, over the years, to know him pretty well, and I respected him rather highly, as to what might be procedures that would be used for that, in finding a means of communication. Also, I think at that time some of our people, Harrison and Russell, had suggested direct communication with the Attorney General, and I wanted to know what the Senator thought of that. But at no time at that stage did we ask the Senator to see the Attorney General.

Mr. SANDERS. Do you know of any action taken by any of these Senators as a result of your contact?

Dr. MEHREN. No. I know of an action taken with respect to what I did, but with respect to contacts by either Senator Eastland or Senator Talmadge with other people, I only have one very cursory knowledge of a rather cursory instance there. The Senator asked me——

Mr. SANDERS. Which Senator?

Dr. MEHREN. Senator Eastland. He wasn't disturbed when I told him the documentation was piling up and the discovery procedure was almost frightening to me, and that the cost was oppressive, and nothing seemed to be coming out of it. I was still disturbed by an ultimatum filed a week later by the Department of Justice that they did not have

a case yet, and therefore must engage in what is now 2 years of discovery of 2 million documents. Basically, I said it seemed to be impossible to find common ground to talk, and that was deeply oppressive to us, and the prospect might well be defeat in litigation by bankruptcy. At some stage, Senator Eastland said to me, "Write it down, and write it down the way you as a layman see it." He also suggested, and I do not know whether it was the first meeting——

Mr. HEININGER. I have only been at one.

Dr. MEHREN. Well, anyway, was it then he suggested that you give him a legal basis for the background of this material?

Mr. HEININGER. My recollection is that a pile of paper, the bottom part, was that we had a meeting with Senator Eastland on September 7, 1972, I will check my records, and we did not give him anything except sort of an oral presentation of the sequence of events and what was happening, and then sometime later you suggested he wanted something in writing, and according to this I had gone there on the Hart, Schafner and Marx litigation, and in January, and just dropped it off at his office without seeing anybody.

Dr. MEHREN. I know this. I don't know when he did it or at what meeting, because I have dropped in and out of the Senator's office. He did ask me to write this down. I think he asked me to get counsel to write down a lawyer's point of view, and it was at his request that I did this. Then I think, you can check me on this, that I sent you what I wrote, and you attached what you wrote as a lawyer, and dropped it off at the Senator's office. Is that correct?

Mr. HEININGER. I believe that is correct.

Mr. SANDERS. Did you have any consultations with Congressman Mills concerning the antitrust litigation?

Dr. MEHREN. Very little.

Mr. SANDERS. Did you seek any action on his part?

Dr. MEHREN. No. Not that I remember.

Mr. SANDERS. Did he take any action on your behalf?

Dr. MEHREN. I do not know of any. I can only give you one substantive memory of discussions of the case with Mr. Mills, who is also a summa cum laude at law school, and that was one question at one stage as to whether our people contemplated signing a consent. I told him that having spent some 4 years off and on as the economic thinker in the mother of all consent decrees before Judge Hoffman, that I had a very dim view toward consent unless every word was understood by all parties concerned, and he agreed and said that as a lawyer, he agreed with me, if we did come to a consent, to be fully understood by the Government side and by our people, and not lightly to sign a consent.

Mr. SANDERS. At any time did Kalmbach ever say to you or anyone else in your presence: "When the hell are you going to pay what you owe me?"

Dr. MEHREN. Not to me or anyone else either. Without being cute, he doesn't use that language, in the two times I have met him——

Mr. SANDERS. I am not alleging he said that.

Dr. MEHREN. He isn't a what-the-hell type, in the two times that I have talked to him.

Mr. SANDERS. In your meeting with President Johnson in October 1972, I believe you said he made a remark to you about an obligation owed to him by AMPI from 1964?

Dr. MEHREN. No, I don't think he said AMPI and he did not say 1964. He did say when he asked me if I knew of a commitment as a passing and quite cursory remark, that the dairy people had made an agreement to contribute $250,000 to his campaign and therefore I must assume it was 1964. He didn't say that. He didn't say who the dairy people were. He did say that it was not delivered and that he put it aside and forgot it.

Mr. SANDERS. So that you couldn't—there was not any way you could infer that he was solely relating to AMPI?

Dr. MEHREN. No, that I would assume was 1964, but it was a very passing remark.

Mr. SANDERS. Did you ever acquire any independent knowledge of such an obligation or commitment?

Dr. MEHREN. With respect to 1964 or to Mr. Johnson?

Mr. SANDERS. With respect to Mr. Johnson.

Dr. MEHREN. No, I didn't. I never heard it mentioned by anybody else.

Mr. SANDERS. What did you say in response to his remarks?

Dr. MEHREN. Nothing.

Mr. SANDERS. He didn't expect a reply from you?

Dr. MEHREN. No. I think his major interest at the time was whether I knew of a commitment, and his general feeling was if there was a commitment, it was a valid commitment, and it should be kept.

Mr. SANDERS. Do you know of any way that the dairy cooperatives in 1964 could have made a legal contribution to a political campaign?

Dr. MEHREN. No, I don't. I do not. You are asking a layman a question of law.

Mr. SANDERS. But I am asking—it is also a mechanical problem too.

Dr. MEHREN. I don't know of any.

Yes; I do know of some. I suppose the only way would be a lawful contribution as I understand the Corrupt Practices Act of 1925, individuals contributed to the total aggregate magnitude of $250,000. I suppose that would be lawful. But I don't know of any lawful way corporate contributions of that magnitude could be made at any time.

Mr. SANDERS. And then is it correct that you did not discuss with President Johnson the specific amount which you had already told Nunn you would contribute to the House and Senate committees?

Dr. MEHREN. I hadn't told Nunn of any specific amounts that we would contribute to the House and Senate committees.

Mr. SANDERS. I am sorry. I thought you had told him $25,000.

Dr. MEHREN. No. I told him that we had a resolution to that effect. Yes; I think I told the President that we had a resolution for $25,000 each.

Mr. SANDERS. Did you discuss with President Johnson any other sums by way of increases in those amounts?

Dr. MEHREN. I did, yes.

Mr. SANDERS. What were those amounts?

Dr. MEHREN. I don't think there was a specific amount.

Mr. SANDERS. This is my question.

Dr. MEHREN. The general suggestion of the President was precisely what I said in response to Mr. Weitz' questions this morning.

Mr. SANDERS. All I am seeking is whether there were specific sums discussed.

Dr. MEHREN. No. He did not say $300,000 or $500,000. He did say—in view of your resources and in view of the limited possibilities of personal contributions, that this would be an effective use of money for the purposes for which that money had been collected. I think that the magnitudes were hammered out in discussions with the TAPE people.

Mr. SANDERS. With regard to the October 1972 contribution to the Senate Democratic Campaign Committee, do you have knowledge of an earmarking of any portion of that for Edmondson of Oklahoma?

Dr. MEHREN. That doesn't come to me. I think there was an earmarking on the Republican side to Senator Griffin, I think, I think there is a letter to that effect. And that again was from an earlier commitment that the committee had made. I can't think of anybody on the senatorial side. I do believe that on the Democratic House Committee a statement was made that there was an earlier agreement to contribute something to Mr. Neal Smith. $2,500 must be allocated to the campaign of Senator Neal Smith.

Mr. HEININGER. Congressman.

Dr. MEHREN. Congressman Smith.

Mr. SANDERS. I believe earlier in this interview, you said $7,500?

Dr. MEHREN. I think it was $2,500. My memory is not as precise as it should be.

Mr. SANDERS. But you know of no earmarking for Congressman Edmondson, who was running for the Senate?

Dr. MEHREN. No; I do not. There were substantial contributions, I think something in the neighborhood of $11,500 given to him. There was a statement here to the Democratic Senatorial Campaign Committee that there was an agreement to put $7,000 of the contribution to Senator Fred Mondale. I think there was one for Senator Griffin, too. I thing that was $2,500 of a commitment that had been made earlier.

Mr. SANDERS. Do you know of any specific understandings of any of the moneys to the House and Senate Democratic Committees that would be passed through to Presidential candidates?

Dr. MEHREN. None, in the way of passing it through. It was an explicit understanding after my discussions with President Johnson and my discussions with the committee that certainly the Presidential candidates on either side could find benefit in these, but no, I carefully wrote a letter to preclude any such interpretation.

Mr. SANDERS. I guess my question is, in spite of the letter, did you know of any understanding?

Dr. MEHREN. No; and I might also say, and I want you to know that I don't know if it was Mr. Heininger, but I did have that draft looked at by lawyers to make sure that I was totally within the statutes.

Mr. SANDERS. I have a note here that you made some remark to the effect that Senator Humphrey, Congressman Mills, and Congressman—Speaker Albert would participate in the allocation to the Senate and House Democratic Committee.

Dr. MEHREN. Here is what we said. "I have arranged for discussions with Speaker Albert, Chairman Mills, and Senator Humphrey to review the allocation of this contribution."

Mr. SANDERS. They would review it.

Dr. MEHREN. Yes.

Mr. SANDERS. Not meaning they would receive some allocation?

Dr. MEHREN. No, no. They would review it. What was intended there, I think it was not I who suggested this and moved it to the committee, I think it was Mr. Bessemer and the purpose was to have a review by these three people, all of us knew well, and generally we respected them, to look it over and see if it could be done in the best possible way in keeping within our own criteria.

Mr. HEININGER. Do you have this document?

Mr. SANDERS. What is the date of this?

Mr. HEININGER. October 27, 1972, addressed to Mr. Frank Kaufman, Democratic Senatorial Campaign Committee, signed by George L. Mehren.

Dr. MEHREN. There is, I think, a similar letter to the staff person on the House committee, I think, of the Democrats. None was sent to the Republicans.

Mr. SANDERS. May I have copies of those two letters?

Mr. HEININGER. Certainly. I take it this is not a good Xerox time, but I will send you copies, if that is all right.

Mr. SANDERS. Fine.

Mr. HEININGER. I take it this is the other document you were referring to?

Dr. MEHREN. Yes.

Mr. HEININGER. To Mr. Henshaw, Fred Henshaw of the Democratic Campaign Committee, also draft which is from Mr. George L. Mehren.

Mr. SANDERS. Stuart Russell made a very substantial sum of money available for what now appears to be a political contribution. I want to ask you if you can say that you have any knowledge that any portion of money, made available by Russell for political purposes, went to persons or committees other than for the reelection of President Nixon?

Dr. MEHREN. I have no such personal knowledge. I really think, again without ducking your question, that Mr. Heininger is better qualified to answer that question than I am because he did have the deposition, and he has heard Mr. Russell, and he knows the fact, but not to my knowledge.

Mr. SANDERS. Let me first ascertain you have no such knowledge.

Dr. MEHREN. No, I do not have any that I can recall now by any means, and I had none, really, until, say, a week ago.

Mr. SANDERS. And is your sole source of information Mr. Heininger?

Dr. MEHREN. Thus far, Mr. Heininger has told me what he has written to the Committee To Re-Elect. I guess, more or less explicitly, you say that payments made to Stuart Russell went through Bob Lilly to pay off a bank loan which had been contributed to Kalmbach. That is the only one of which I have knowledge. I think I should also tell you, when we engaged Mr. Wright, the distinguished lawyer, I made an explicit commitment to him, and in fact, I insisted on it that I do not participate in his findings. This is to avoid any appearance of persuasion, coercion, or diminishing his own freedom and latitude. His report, I think, is due in a month or so, and there has been, except for one Mr. Heininger has done here, an understanding that we will not take action on the things we have learned, such as this matter of Russell and Lilly and Kalmbach. This is until we get the full report from Mr. Wright. Mr. Wright is basically engaging two questions, as I think

I once told you. First, were there any improper, unlawful diversions of funds, and if so, what recovery potential or potentials are available? Second, what people, now in the employ of AMPI, appear to have been substantially involved in these matters?

Mr. SANDERS. Without regard to the source of the information, have you, at any time, learned that any moneys made available by Stuart Russell for political purposes went to or for the benefit of Senator Humphrey's Presidential campaign?

Dr. MEHREN. No, I have not.

Mr. SANDERS. To or for the benefit of Congressman Mills' 1972 campaign?

Dr. MEHREN. I have not. I think I can answer you more explicitly. The only ones I know of are the contributions that appear according to Mr. Heininger's letter to the Committee To Re-Elect the President could have been used as a mechanism to pay off bank loans which initially had been diverted to Mr. Kalmbach.

Mr. SANDERS. Do you have knowledge of contributions by Stuart Russell to Senator Muskie in 1970—1970, 1971, or 1972?

Dr. MEHREN. I know of no such contributions.

Mr. HEININGER. I have seen the checks in Mr. Russell's files, and no such contributions were made.

Dr. MEHREN. You haven't told me, and I don't know. I presume I will know by the end of March, if such were made.

I know of one other I think everyone knows about. The indictment of Mr. Parr, Nelson in 1968—I knew of those only after the indictment.

Mr. SANDERS. In all fairness, I don't think that was Mr. Nelson who was indicted.

Dr. MEHREN. Mr. Howard and Mr. Parr, yes. Sorry.

Mr. HEININGER. You are getting tired, George.

Dr. MEHREN. Yes, I am. It has been a long day.

Mr. SANDERS. Just a couple of questions about the Parr attempted checkoff for Mr. Mills. To your knowledge, no moneys were actually produced through that system?

Dr. MEHREN. To my knowledge, it was terminated before any deductions were made on any payroll.

Mr. SANDERS. Did you disapprove of that because of complaints which came to you, or because Parr asked you for approval?

Dr. MEHREN. Parr never asked me for approval.

Mr. SANDERS. Isham brought it to your attention?

Dr. MEHREN. Isham and Scheckarski.

Mr. SANDERS. Is Mr. Scheckarski still with AMPI?

Dr. MEHREN. I do not know whether he is an occasional consultant, but he is no longer a permanent employee.

Mr. HEININGER. He had been consulted by the lawyers on occasion, for which he received a daily fee.

Mr. SANDERS. Was this to be a checkoff of employees as opposed to members?

Dr. MEHREN. Employees.

Mr. SANDERS. Do you know of any checkoff on the part of the members?

Dr. MEHREN. I have never heard of of any other, other than their voluntary contributions through TAPE, and those, of course, are not directed toward any candidacy or any party.

Mr. SANDERS. Do you know, aside from the checkoff, do you know of any attempt by Parr to obtain direct contributions from directors and officials of AMPI?

Dr. MEHREN. I think the answer——

Mr. SANDERS. For Mills?

Dr. MEHREN [continuing]. I think the answer to that would have to be no.

Mr. SANDERS. Do you recall when and where you had your conversation with Congressman Mills in which you were told by him that he had no knowledge of the checkoff of expenses being paid by AMPI?

Dr. MEHREN. Yes. This was a telephone call, perhaps a week or so ago, I had been advised by Mr. Wright that Mr. Mills who is, again, a personal friend, had fallen and broken his ribs, and I called to give him the usual commiseration and hope for a quick recovery. He mentioned these matters of press references to the apartments. He said he had known nothing of them.

Mr. SANDERS. Did he raise the matter, or did you?

Dr. MEHREN. I do not really know. I am not sure that I would know, if that is particularly important, but I think he did. No, wait a minute. I know darned well, I think I said, "Mr. Mills, there has been a great deal in the press about those apartments," and I think he responded to me that he was not a candidate at that time, was not aware of it. Mr. Mills' word is good enough for me.

Mr. SANDERS. To the best of your recollection, you had no other conversations with him concerning those matters?

Dr. MEHREN. That is the only one, I am quite certain.

Mr. SANDERS. Soon after you became general manager, you had a conversation with Joe Johnson about his activities for Congressman Mills?

Dr. MEHREN. Yes.

Mr. SANDERS. Did you call him to San Antonio to talk to him?

Dr. MEHREN. Strangely enough, I did not.

Mr. SANDERS. Did he come to San Antonio to talk with you about it?

Dr. MEHREN. He came into my office voluntarily. I do not know whether he was in San Antonio for that single purpose or for other reasons. I do know that he is the only one, to my recollection, who came in and said, "I am doing something that you should know about."

Mr. SANDERS. Before he mentioned it to you, had you not known it?

Dr. MEHREN. No.

Mr. SANDERS. What did he tell you about the extent of his activities for Congressman Mills?

Dr. MEHREN. He told me only that there were two apartments which were being paid for by AMPI with a few people, three or four, I think, although he never stated precisely how many, who were supporting the so-called draft for Mills, who were also on the AMPI payrolls and expenses.

Mr. SANDERS. Did he name them?

Dr. MEHREN. I think he did, but I cannot recall them.

Mr. SANDERS. Terry Shea?

Dr. MEHREN. I don't really know. I think there were two females and one male, but I am not certain. We do have the records, if you want them——

Mr. SANDERS. I would just like to throw out the names in case you do recall them. Betty Clemments?

Dr. MEHREN. I think so. I am not sure. I do not know her. But I think that is one.

Mr. SANDERS. Do you think this name was mentioned to you by Joe Johnson?

Dr. MEHREN. The names of the people?

Mr. SANDERS. Yes.

Dr. MEHREN. Yes, I know they were, because I asked him.

Mr. SANDERS. As being persons on the AMPI payroll?

Dr. MEHREN. I think so.

Mr. SANDERS. But you cannot recall Terry Shea as being one of them?

Dr. MEHREN. No, I don't.

Mr. SANDERS. What did Johnson tell you he was doing for Mills?

Dr. MEHREN. That, I am not sure. I am not sure if this is fatigue or not, but as I recall it, a support of the Draft Mills, which was well before Mr. Mills announced his candidacy, and this was at a time, I think, when he said he was not a candidate. Precisely what they were doing, I did not ask, and as I recall, because it was ample for me that they were doing this at all, and I told them that this had to stop immediately, and they made no objections to it.

Mr. SANDERS. Did he tell you that he was spending full time working for Mills?

Dr. MEHREN. No, he did not.

Mr. SANDERS. Did you reach that conclusion from other things he mentioned?

Dr. MEHREN. No, I sort of have a dim memory that I would think he wasn't putting full time personally in on this.

Mr. SANDERS. Did you receive any impression of how much time he was spending on the Mills draft?

Dr. MEHREN. No, and at this stage, I am not sure I could recollect if I did. I do not think he ever indicated to me or implied that he was on full time.

Mr. SANDERS. Did he say for what period of time?

Dr. MEHREN. I think he told me when these apartments had been leased and when the people had gone up there. I do not have the recollection of it, but I have records of it. The reason I know we have records of it, we compromised the leases and we returned the people immediately.

Mr. SANDERS. I am wondering if he remarked that his work for Mills began even before the apartment rentals.

Dr. MEHREN. No, I do not think so. By his work, Don, what do you mean?

Mr. SANDERS. His efforts for Mills.

Dr. MEHREN. His efforts, well, on company time? No, I do not think he said that.

Mr. SANDERS. Did he tell you of his travels with Congressman Mills or for Mills?

Dr. MEHREN. No; I do not recall him doing that either.

Mr. SANDERS. Did he tell you anything of the arrangements or circumstances by which he came to be working for Congressman Mills?

Dr. MEHREN. No, he didn't. Now, again, this you see, this was in the first part of a most troubled and difficult week, to put it mildly, and as soon as he advised me of this, I asked virtually nothing else than the

knowledge that he had given me and advised him that it had to be stopped, and the next thing I did was call Mr. Isham in and said, "Get this terminated at once," and then I believe I discussed it with one of your colleagues in Chicago.

Mr. SANDERS. Did you gain any understandings of what knowledge Goss might have had of the extent of Johnson's activities for Congressman Mills?

Dr. MEHREN. I don't think Goss has discussed this with me.

Mr. SANDERS. I mean from Johnson, did you gain any understanding?

Dr. MEHREN. No, I do not think so.

Mr. SANDERS. Did Johnson tell you that he had any conversation with Congressman Mills concerning his activities for his campaign?

Dr. MEHREN. No, he did not. Nor do I recall any with Goss. Don, what I really did as soon as I got the compelling information, I stopped it.

Mr. SANDERS. I believe you may have mentioned the previous interview, something about Johnson telling you there were five regional people traveling for—as advancemen for Mills. Is that correct?

Dr. MEHREN. I do not think so. I do not know of any such.

Mr. SANDERS. You have no present recollection of saying that to us?

Dr. MEHREN. No, I don't. I don't even know what that would mean to me. I have heard rumors and so have others, that AMPI field men went out and got members to come to meetings where Mr. Mills made speeches. That is about all I have ever heard.

Mr. SANDERS. Did you learn that from Johnson?

Dr. MEHREN. No; I learned that from managerial people after I became manager.

Mr. SANDERS. Any speeches in particular?

Dr. MEHREN. I think they said they went out and picked up members who had requested transportation for an academic speech Mr. Mills made at Iowa State University, and I frankly saw nothing unusual about that because they go out with buses and bring in people for their division meetings and regional breakfasts, and that sort of thing.

Mr. SANDERS. Did you learn from Johnson, or anyone else for that matter, about AMPI's payment of expenses for a rally in Ames, Iowa, in October of 1971?

Dr. MEHREN. The only reference I ever heard to that, it may or may not be accurate, and it wasn't Ames, Iowa. I have told Alan and told others that it was this chap Sherman—Valentine, Sherman had said some of the expenditures were in Iowa. Whether it is associated with Ames, I do not know. I can tell you what I know about the Ames, Iowa meeting, that after I became manager, there was a surplus of $1,000 of a regular and quite proper contribution of AMPI to the Iowa Institute.

Mr. SANDERS. A co-op?

Dr. MEHREN. Yes. I believe a variety of the co-ops had contributed to the financing of that meeting.

Mr. SANDERS. In October of 1971?

Dr. MEHREN. Whenever it was at Ames, at which Mr. Mills spoke, and there was a prorated amount of some $1,000 of excess funds from the total group of cooperatives who had supported the meeting.

Mr. SANDERS. The AMPI records that I have seen indicate that the AMPI contribution was to the extent of about $6,000.

Dr. MEHREN. I am not familiar with that.

Mr. SANDERS. You are not familiar with that?

Dr. MEHREN. No, I am not. I had nothing to do with it.

Mr. SANDERS. AMPI, in 1971, entered into an arrangement with Valentine, Sherman, a computer-mailing firm in Minneapolis. Have you ever met Jack Valentine?

Dr. MEHREN. No.

Mr. SANDERS. Have you ever met or talked to Norman Sherman?

Dr. MEHREN. Yes.

Mr. SANDERS. When and where?

Dr. MEHREN. Well, I think we could pinpoint the date. I talked with him in the Madison Hotel at the request of Dave Gartner, who is an assistant to Mr. Humphrey, and for whom Mr. Sherman I believe once worked, to ask whether I could find 90-days employment for Sherman, and I told Dave Gartner the answer would probably be no, because I was cutting employment then the best I could, and he asked me to talk to him anyway, and I did. I recall that he came in, and I do not know the date, at about 6 p.m. There were probably a dozen people in the living room of the suite, but Butterbrodt and I went up and talked to Sherman there.

Mr. SANDERS. Did he make any remarks to you about work done by Valentine, Sherman for AMPI?

Dr. MEHREN. No, he did not. He opened up, and I believe this is a question that Alan had asked me on an informal basis, with a discussion of his own capabilities for employment. I think it was I rather than Butterbrodt who said, "Were you associated with Valentine, Sherman's outfit that I hear"—and I had heard— "was helping Mr. Humphrey in his campaign," and his answer was, "Yes, I was." It wasn't for Mr. Humphrey at all in total. There was some work at Iowa for Mr. Mills. That is as much as I knew about it.

Mr. SANDERS. You said the work in Iowa was for Mills?

Dr. MEHREN. Something to that effect, yes.

Mr. SANDERS. Did you gain any better understanding of what was meant by that?

Dr. MEHREN. No, nor did I see any. I made a decision on my own that this could not be a person hired and so advised him. I might say that since letters have been sent to Valentine, Sherman asking what they did, I really had no idea why they were hired or what they did. They were not on a payroll when I took over, and, therefore, I did not detach them, and to my knowledge, no answer has been given to those inquiries.

Mr. SANDERS. In 1971, although I recognize you weren't the general manager then, did you know that AMPI had an arrangement with Valentine, Sherman?

Dr. MEHREN. No.

Mr. SANDERS. When did you first learn of this?

Dr. MEHREN. When I looked at the expenses.

Mr. SANDERS. Soon after you became general manager?

Dr. MEHREN. Yes, I assume by January 18, because I had already spoken with Jim Jones.

Mr. SANDERS. Have you at any time learned that AMPI received no real benefit from—for the moneys paid to Valentine, Sherman?

Dr. MEHREN. No, not in any definitive sense. As I recall the statements made to me primarily by Isham, nominally, at least, Valentine, Sherman were taking polls and whether those polls were used, and what they were, I really don't know. I had no involvement in it. They are not a group that I had to detach, as I recall. I think their commitment or payment to them was another matter, and they were off the payroll.

Mr. SANDERS. Did you understand that all payments to Valentine, Sherman, then, were paid before you became general manager?

Dr. MEHREN. I believe that to be the case, but I am not certain of that.

Mr. SANDERS. Can you explain what corporate benefits were received from Valentine, Sherman?

Dr. MEHREN. No, I cannot. All I know is that one of them, I do not know which one of the earlier people, of the earlier group, but I believe counsel told me that they were commissioned to take polls on attitudes toward farm legislation in the drafting of which DeVier Pierson had participated. I do recall asking Townsend what they were doing, and I recall that to be his answer. I think there was some more product from it. I never saw it or studied it.

Mr. SANDERS. Did you, at some point in time, learn that any money which was paid by AMPI to Valentine, Sherman went to the benefit of Senator Humphrey's campaign?

Dr. MEHREN. Only on a rumor basis, and there was a blind shot in the dark that I gave Mr. Sherman, interviewed him in the Madison Hotel, but nothing specific.

Mr. SANDERS. What I am trying to establish is when did you learn this, that some benefit accrued to the campaign of Senator Humphrey?

Dr. MEHREN. I have never learned that it did accrue. I say I have heard that. That is why I asked Sherman, that is someplace in the records, but not in my rather weary head at the moment.

I had the dates of the meeting with Sherman, so it would be prior thereto, but I do not know.

Mr. SANDERS. Can you recall the circumstances of your learning that information?

Dr. MEHREN. No. Except that there was a general pattern of rumors, which as I look back, I don't perhaps look back on them accurately. They seemed to swell as time went by.

Mr. SANDERS. Were you at any time informed or advised by any employee or official of AMPI that moneys paid by AMPI to Valentine, Sherman went to the benefit of Senator Humphrey's Presidential campaign?

Dr. MEHREN. I think that Robert Isham expressed that as an opinion to me at some time, but I do not recall that Bob Isham had any more definitive or substantive basis for this conclusion than I had, which was nothing other than having heard it here or there.

Mr. SANDERS. Did he state to you how much money went to the benefit of the Humphrey campaign?

Dr. MEHREN. No. Nobody did, to my knowledge, and I think that would probably be an indeterminate question if such moneys did go to Senator Humphrey's—in support of the Senator's candidacy, primarily because there was some work product associated with this, as I recall.

Mr. SANDERS. Did you again gain an understanding of how it went to the benefit of the Senator's campaign?

Dr. MEHREN. Nobody ever told me that.

Mr. SANDERS. Nobody ever told you that?

Dr. MEHREN. Nobody ever told me that with respect to any of the allegations.

Mr. SANDERS. At some point in time, did you learn that correspondence between AMPI and Valentine, Sherman was prepared after the fact?

Dr. MEHREN. No, I still don't know that. You mean correspondence of what sort?

Mr. SANDERS. Relating to the work purported to be done by Valentine, Sherman?

Dr. MEHREN. No. I think the only correspondence of which I am aware is Haskins & Sells, who are an independent auditor associated with Mr. Wright's investigation, they have written to the Valentine people and asked them to provide full details of what they did and as of a week or so ago, when one of the senior partners of Haskins themselves talked briefly with me, they had had no answer. The answer to your other question is no, I had no such knowledge.

Mr. SANDERS. Have you had any discussion with Nelson concerning the work of Valentine, Sherman for AMPI?

Dr. MEHREN. No, I have not.

Mr. SANDERS. Or with Lilly?

Dr. MEHREN. I do not think so.

Mr. SANDERS. Or with Parr?

Dr. MEHREN. I don't think so. I think I may have talked with Parr and Townsend at the time at which they told me this was a survey activity in the drafting of which DeVier Pierson participated. Parr may have been present at that time. I am not sure.

Mr. SANDERS. Would that have been soon after you became general manager?

Dr. MEHREN. No; I think that was probably 6 months later, but I am not certain at all.

Mr. SANDERS. And for what reason would the subject have arisen at this time?

Dr. MEHREN. As I recall, Townsend initiated these discussions, but out of the several thousand questions you have asked me today among them, it is very difficult to pinpoint times, places, and so forth, for all of them. I think he told me that there was a survey that had been done with him and Pierson collaborating in the drafting, and it had been done by Valentine, Sherman, and that the purpose, as I recall it, was to appraise attitudes of the general public toward farm legislation and farm programs.

Mr. SANDERS. What I am trying to gain an understanding of is how did the subject arise?

Dr. MEHREN. I really do not recall as to how it arose, but I believe it was generated by Tom Townsend and he explained the mechanisms of the survey to me.

Mr. SANDERS. Do you know Jack Chestnut?

Dr. MEHREN. Jack who?

Mr. SANDERS. Jack Chestnut?

Dr. MEHREN. I think there is a Jack Chestnut who is associated with the dairy company whom I met once, I believe, in Houston.

Mr. SANDERS. This person is former campaign manager for Senator Humphrey, and is an attorney in Minneapolis.

Dr. MEHREN. I don't believe I have ever met that Jack Chestnut. I do not believe I have ever heard of him before, but there is a Jack Chestnut that I did meet once.

Mr. SANDERS. Have you at any time learned that a system of paying bonuses to Associated Milk Producers, Inc., employees was, in effect, after November 1968, for the purpose of producing and making available funds to be given to political candidates?

Dr. MEHREN. I cannot say with regard to November 1968. I could tell you that three people have stated that prior to the 1968 campaign, they had done these things. Mr. Wright once briefly mentioned that he knew of some five cases, but I cannot say whether that was the 1968 campaign or the 1972 campaign.

Mr. SANDERS. But the cases he mentioned to you involved bonuses to employees?

Dr. MEHREN. Either bonuses or expense accounts.

Mr. SANDERS. Do you know for which candidates the money was intended?

Dr. MEHREN. I know what was done in 1968 with respect to the three people to whom I referred earlier, which was for Mr. Humphrey.

Mr. SANDERS. Is that the Parr indictment?

Dr. MEHREN. Yes.

Mr. SANDERS. And Howard?

Dr. MEHREN. Yes.

Mr. SANDERS. That money was intended for Senator Humphrey?

Dr. MEHREN. That was my understanding; yes.

Mr. SANDERS. What other candidates were they intended for?

Dr. MEHREN. I do not know of any, and Mr. Wright has not told me anything more than what I said about what he believes he has discovered with respect to the time subsequent to 1968. This was, I presume, a confidential statement, but he did tell me that he had found some five cases of bonuses or expense accounts and indicated that he probably would not look for any more, because he wasn't interested in people who did that sort of thing, but he had determined what he thought the basic system might have been and that is all he needed to know, and he was then interested in who initiated it and who planned it.

Mr. SANDERS. Are you saying that you just do not recall whether these applied to 1972 or 1968?

Dr. MEHREN. I believe the five to which he referred, probably involved the 1968 election, at any rate.

Mr. SANDERS. Could we go off the record for a minute?

[Discussion off the record.]

Mr. SANDERS. Back on the record. The report to be submitted by Mr. Wright is expected approximately at what time?

Dr. MEHREN. Mid-March.

Mr. SANDERS. And is it intended that the results of his work will be made available to the Special Prosecutor?

Dr. MEHREN. I do not know. This is the property of the board, really.

Mr. SANDERS. Has there been any discussion as to whether it will be made available to this committee?

Dr. MEHREN. Not to my knowledge. Nor has there been any discussion that it would be made available. There has been no discussion.

Mr. SANDERS. Just another question or two about a statement you made about Russell saying his billings were coded. Can you give any further elaboration?

Dr. MEHREN. No; other than to say he could go back to his books, and by reference to what he called codes, determine which parts of it were, in fact, used for disbursements, so to speak. Is that an accurate statement? You know more about it than I do.

Mr. HEININGER. That is what you testified to.

Mr. SANDERS. Did he explain how the code would work?

Dr. MEHREN. No; he did not.

Mr. SANDERS. Was anyone else present when he said this?

Dr. MEHREN. Yes; I believe John Butterbrodt was present.

Mr. SANDERS. I am through.

Mr. WEITZ. I think I have just one question.

I think you mentioned, or you testified that in your subsequent conversation with Mr. Nunn in October of 1972, after having made the decision to increase the contributions to the congressional committees, that you informed Mr. Nunn of the decision in a general way, and indicated that from your conversations or advice you had received, it may also be of some indirect benefit to the President in his candidacy. Is that correct?

Dr. MEHREN. Yes; I think I had told him what Mr. Johnson had said to me with respect to that matter, Alan. I may also say that I did it without quoting President Johnson.

Mr. WEITZ. Is there any similar conversation to any representatives of the Democratic committees which received contributions, those contributions in October of 1972?

Dr. MEHREN. I do not think so. They had their letter.

Mr. WEITZ. I have no further questions.

[Whereupon, at 9:15 p.m., the hearing was adjourned.]

MEHREN EXHIBIT NO. 1-A

Stuart H. Russell

ATTORNEY AT LAW

2200 LIBERTY BANK TOWER

OKLAHOMA CITY, OKLAHOMA 73102

405/236-5991
405/235-8118

THOMAS W. WOODY
OF COUNSEL

February 28, 1972

AIR MAIL

Erwin C. Heininger, Esq.,
Messrs. Mayer, Brown & Platt
231 South LaSalle
Chicago, Illinois 60604

Dear Mr. Heininger:

Enclosed, for your information and record, is a copy of two letters from Marion Harrison, Attorney, dated February 25, 1972, which have some relationship to the Department of Justice Complaint filed against us.

Omitted - relates to status report on AMPI litigation.

Omitted - reference to Consent Decree terms

My present plan is to be in Washington, D.C. on Thursday and Friday of this week, so it would appear that if we are going to hold a meeting to discuss the format of a Consent Decree before March 6, it will have to be done very shortly. I am not clear as to what the present proposed time table for depositions is, insofar as the Department of Justice is concerned. If they insist upon expedited depositions from the Handlers, as indicated in Rebecca Schneiderman's letter, I would think we would want to seriously consider the possibility of requesting Judge Suttle in San Antonio to consider designating this case as a complex case and thereby making the Manual For Complex and Multidistrict Litigation, rather than the regular Federal Rules of Civil Procedure applicable to this case. You would (among other things) take the iniative away from the Department of Justice in designating and making discovery subject to the order of the court.

Very truly yours,

STUART H. RUSSELL

SHR:jh
Encls.

cc: Dr. George Mehren;
Martin Burns, Esq.

MEHREN EXHIBIT NO. 1-B

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. SAGLE
MYRON SOLTER
CHARLES EMMET LUCEY

OF COUNSEL
MURRAY M. LHOTINER

February 25, 1972

Stuart H. Russell, Esq.
2290 Liberty Bank Tower
Oklahoma City, Oklahoma 73102

Re: United States v AMPI
CA #5A 72 CA 49
USDC, WD, Texas, San Antonio Division

Dear Stuart:

The attached copy of our letter of even date to George Mehren is self-explanatory. There's nothing like being able to control a subordinate or, phrased another way, beware of confirmed judges who aren't judging yet! (I am afraid the instructions, however, are down the line and that accounts for the evident implacability of those with whom you are dealing.)

I have read yours of February 22 and the enclosure. Your deft hand, "rough draft" or otherwise, covers all points I should think we would want to surrender but, of course, the frame of reference for my comment is little more than the pleadings - hardly the background of an expert. I do wonder about the need for §VIII and about the psychological affect upon the members to include them in the mandatory distribution set forth in §IX but I recognize both those sections are essentially boilerplate.

Sincerely,

MARION EDWYN HARRISON

MEH:h
cc Dr. George L. Mehren

MEHREN EXHIBIT NO. 1-C

LAW OFFICES
REEVES & HARRISON
SUITE 500
1701 PENNSYLVANIA AVENUE, N. W.
WASHINGTON, D. C. 20006
TELEPHONE 202 298-9030
TELEX 440370 CRDK
CABLE "REEVLAW"

MARION EDWYN HARRISON
ERNEST GENE REEVES
ROBERT F. SAGLE
MYRON SOLTER
CHARLES EMMET LUCEY

OF COUNSEL
MURRAY M. CHOTINER

February 25, 1972

Dr. George L. Mehren
General Manager
Associated Milk Producers, Inc.
GPM Building, 4th Floor
San Antonio, Texas 78216

Re: United States v AMPI
CA #5A 72 CA 49
USDC, WD, Texas, San Antonio Division

Dear George:

In view of the changing of the guard, apart from Jake's reasoning, I decided, with Murray's concurrence, not to talk with the incumbent but to take the matter up anew with his successor.

Then Murray ran into John at the Agnew-Sinatra party. They had a tete-a-tete on another matter and this subject came up. The version of the facts I surmized to you by telephone is confirmed. I guessed "right".

The confirmation vote will be no earlier than February 29 and probably later next week. After that, I'll go see the new management.

By a copy of this letter I'm suggesting to Stuart that he negotiate at the working level - regional or Washington - as long as possible and as meaningfully as possible. In a week or two I'll endeavor to zero in.

Sincerely,

(Signed) MARION EDWYN HARRISON

MARION EDWYN HARRISON

MEH:j
cc Stuart H. Russell, Esq.

MEHREN EXHIBIT NO. 3

Minutes - Committee for Tape Meeting
October 11, 1972 - Minneapolis, Minnesota

The Committee for TAPE met at 5:00 p.m. on October 11, 1972, at the Radisson South Hotel, Bloomington, Minnesota. Members present were Mel Besemer, John Butterbrodt, Dr. George Mehren and Bob Lilly, Secretary. Absent was W. R. Griffith.

* * * * * * *

A letter from Albert Holder, AMPI member, San Antonio, was read to the Committee by the Secretary requesting that C for TAPE contribute to President Nixon's campaign but not to Sen. McGovern's. Following discussion of this letter, as well as requests by other contributors and AMPI Board members, the Committee agreed not to contribute to either Presidential candidates funds but to contribute $100,000 as follows: $25,000 each to the Republican and Democratic Senatorial Campaign Committees, as well as $25,000 each to the Republican and Democratic House Congressional Committees.

MEHREN EXHIBIT NO. 4

COMMITTEE MEMBER	APPROVED	DISAPPROVED	DATE	MODE OF CONTACT
Griffith				
Besemer				
Butterbrodt				
Mehren				

TAPE EXPENDITURE VOUCHER

TO BE COMPLETED WHEN CHECK IS ISSUED

CHECK NO. 400 DATE 10/27/72 AMOUNT 50,000.00

PAYEE

CHECK MAILED OR DELIVERED TO: See Below

1. Amount of expenditure requested $~~50,000.00~~

2. Payable to:

Natl Republican Senatorial Campaign Comm.
Hon. Peter N. Dominick, Chr.
405 Old Senate Office Bldg.
Washington D.C.

3. Explain to whom, and for what purpose funds are to be used. (Give as many details as possible. Attach any correspondence or campaign literature, etc., which might be helpful in justifying expenditure.)

150,000 contribution to Natl Republican Senatorial Campaign Committee for the Committees use in the election of US Senators.

for Dr. Mehren
10/24/72

4. Request submitted by: Bob A Lilly (Name) _____ (Date)

7355

October 24, 1972

Honorable Peter H. Dominick, Chairman
National Republican Senatorial Committee
445 Old Senate Office Building
Washington, D. C.

Dear Senator Dominick:

We are pleased to deliver herewith our check for $150,000.00 to the National Republican Senatorial Committee. This contribution from the Committee for Thorough Agricultural Political Education is made in service of the general national interest in an effective and representative Congress. The Committee for Thorough Agricultural Political Education is aware that a primary purpose of any political campaign is to assure full understanding by the electorate of the positions and policies of candidates and of parties. We hope therefore that this contribution will facilitate such understanding. The Committee knows also that the interests of agriculture generally and of the dairy industry as well will best be served through a Congress chosen by a thoroughly informed public.

It is our hope that the National Republican Senatorial Committee will use these funds in large measure to support effective campaigns by candidates who understand the needs of American agriculture and who will help in meeting those needs through legislative processes.

The Committee for Thorough Agricultural Political Education stands ready to present our own evaluation of the present or potential capacity of candidates simultaneously to serve the public and agricultural interest. Should you wish such discussion, please advise me. However, this contribution does not depend upon such discussion and you are fully free to use it in your own judgment and discretion.

As you know, our organization is non-partisan. We have supported candidates in both parties in the past and we shall do so in the future. Similarly, we have assisted both major parties in Congressional campaigns in the past, and this too we shall feel free to do in the future. We consider that in assisting selected individuals to present their positions we strengthen the electoral process. By the same token, support of comprehensive exposition of party positions fortifies the basic processes of election and of government.

October 24, 1972
Honorable Peter H. Dominick, Chairman
National Republican Senatorial Committee
Page 2

The Committee for Thorough Agricultural Political Education has concluded that at present both selective and general participation best meet our goal of helping assure government that is in keeping with the traditions of our nation.

Sincerely,

George L. Mehren
Treasurer

GLM:lhj
Encl.

COMMITTEE FOR THOROUGH AGRICULTURAL POLITICAL EDUCATION
P. O. BOX 2287
SAN ANTONIO, TEXAS 78284

CITIZENS NATIONAL BANK

NUMBER 400

88-2367
1141

AUSTIN, TEXAS October 27 19 72

PAY TO THE ORDER OF National Republican Senatorial Campaign Committee $ 150,000.00

One Hundred Fifty Thousand Dollars and 00/100 ---------- DOLLARS

COMMITTEE FOR THOROUGH AGRICULTURAL POLITICAL EDUCATION

George L. Mehren
L.E. Lind

⑆1141⑆2367⑆ 20-788 8⑈

The National Republican Senatorial Campaign Committee,
(Name of Committee)

for the nomination and/or election of candidates

to the United States Senate in various states
(Office) (District and State)

acknowledge receipt during 1972 of check no. 400 dated Oct. 24

day of _____, 1972, in the amount of $150,000.00, from the Committee

for Thorough Agriculture Political Education.

The National Republican Senatorial Campaign Comm.
(Name of Committee)

By _____
(Signature of Authorized Agent or Recipient) Executive Director

445 Old Senate Office Building
(Address)

Washington, D. C. 20510
(City, State, Zip Code)

MEHREN EXHIBIT NO. 5

COMMITTEE MEMBER	APPROVED	DISAPPROVED	DATE	MODE OF CONTACT
Griffith	OK		10-24-72	Tel.
Gessner	"		"	"
Butterbrodt	"		"	"
Mehren	"		"	"

TAPE EXPENDITURE VOUCHER

TO BE COMPLETED WHEN CHECK IS ISSUED

CHECK NO. 401 DATE 10/27/72 AMOUNT 150,000.00

PAYEE

CHECK MAILED OR DELIVERED TO: See Below

1. Amount of expenditure requested $150,000.00 2. Payable to:

Natl Republican Congressional Campaign Comm.
~~Hon. Bob Wilson, Chm.~~
412 Congressional Hotel
Washington D.C.

3. Explain to whom, and for what purpose funds are to be used. (Give as many details as possible Attach any correspondence or campaign literature, etc., which might be helpful in justifying expenditure.)

150,000 contribution to Republican Congressional Campaign Committee for the Committee's use in the election of US Congressmen in the 1972 General Election.

per
M. Mehren
10/24/72

4. Request submitted by: Bob A Lilly 10/24/72
(Name) (Date)

50%

The National Republican Congressional Campaign Committee,
(Name of Committee)

for the nomination and/or election of _____

to the _____ in _____
(Office) (District and State)

acknowledge receipt during 1972 of check no. 401 dated 10/24/72

day of _____, 1972, in the amount of $150,000.00, from the Committee

for Thorough Agriculture Political Education.

The National Republican Congressional Campaign Comm
(Name of Committee)

By [signature] TERRAR
(Signature of Authorized Agent or Recipient)

300 New Jersey Ave. S.E.
(Address)

Washington, D.C. 20003
(City, State, Zip Code)

RECEIVED NOV 2 1972

National
Republican Congressional Committee B 82995
WASHINGTON 3, D. C.

This will acknowledge with thanks the receipt of a contribution
October 27, 1972 *in the amount of* $150,000.00
from Committee for Thorough Agricultural Political Education
P. O. Box 32287
San Antonio, Texas 78284

Bob Wilson
CHAIRMAN

[signature]
TREASURER

October 24, 1972

Honorable Bob Wilson, Chairman
National Republican Congressional Campaign Committee
412 Congressional Hotel
Washington, D. C.

Dear Congressman Wilson:

We are pleased to deliver herewith our check for $150,000.00 to the National Republican Congressional Campaign Committee. This contribution from the Committee for Thorough Agricultural Political Education is made in service of the general national interest in an effective and representative Congress. The Committee for Thorough Agricultural Political Education is aware that a primary purpose of any political campaign is to assure full understanding by the electorate of the positions and policies of candidates and of parties. We hope therefore that this contribution will facilitate such understanding. The Committee knows also that the interests of agriculture generally and of the dairy industry as well will best be served through a Congress chosen by a thoroughly informed public.

It is our hope that the National Republican Congressional Campaign Committee will use these funds in large measure to support effective campaigns by candidates who understand the needs of American agriculture and who will help in meeting those needs through legislative processes.

The Committee for Thorough Agricultural Political Education stands ready to present our own evaluation of the present or potential capacity of candidates simultaneously to serve the public and agricultural interest. Should you wish such discussion, please advise me. However, this contribution does not depend upon such discussion and you are fully free to use it in your own judgment and discretion.

As you know, our organization is non-partisan. We have supported candidates in both parties in the past and we shall do so in the future. Similarly, we have assisted both major parties in Congressional campaigns in the past, and this too we shall feel free to do in the future. We consider that in assisting selected individuals to present their positions we strengthen the electoral process. By the same token, support of comprehensive exposition of party positions fortifies the basic processes of election and of government.

October 24, 1972
Honorable Bob Wilson, Chairman
National Republican Congressional Campaign Committee
Page 2

The Committee for Thorough Agricultural Political Education has concluded that at present both selective and general participation best meet our goal of helping assure government that is in keeping with the traditions of our nation.

Sincerely,

George L. Mehren
Treasurer

GLM:lhj
Encl.

COMMITTEE FOR THOROUGH AGRICULTURAL POLITICAL EDUCATION
P. O. BOX 32197
SAN ANTONIO, TEXAS 78284

CITIZENS NATIONAL BANK

NUMBER 401

AUSTIN, TEXAS October 27 19 72

PAY TO THE ORDER OF National Republican Congressional Campaign Committee $ 150,000.00

One Hundred Fifty Thousand Dollars and 00/100 ---------- DOLLARS

COMMITTEE FOR THOROUGH AGRICULTURAL POLITICAL EDUCATION

George L. Mehren

T. C. Wood

MEHREN EXHIBIT NO. 6

COMMITTEE MEMBER	APPROVED	DISAPPROVED	DATE	MODE OF CONTACT
Griffith	OK		10-26-72	Tele
Griesemer	OK		"	"
Butterbrodt	OK		"	"
Mehren	OK		"	Personal

TAPE EXPENDITURE VOUCHER

TO BE COMPLETED WHEN CHECK IS ISSUED

CHECK NO. _____ DATE _____ AMOUNT _____

PAYEE _____

CHECK MAILED OR DELIVERED TO: _____

1. Amount of expenditure requested $ 27500 00 2. Payable to:
National Republican Senatorial Campaign Committee

3. Explain to whom, and for what purpose funds are to be used. (Give as many details as possible. Attach any correspondence or campaign literature, etc., which might be helpful in justifying expenditure.)

27500 00 Contribution to the Natl Rep. Senatorial Campaign Fund for use of Committee in US Senatorial races.

4. Request submitted by: Bob A Lilly BHZ 10-26-72
(Name) (Date)

October 27, 1972

Mr. Buehl Birentsan:
Republican Senatorial Campaign Committee
445 Old Senate Office Bldg.
Washington, D.C.

Dear Mr. Birentsan:

Enclosed is Committee for TAPE check #404, payable to Republican Senatorial Campaign Committee for use of the Committee to help elect Republican Senators to the U. S. Senate.

Please sign the enclosed acknowledgement and return to me in the stamped, self-addressed envelope.

Sincerely,

Bob A. Lilly
Secretary

BAL:at

Enclosures

COMMITTEE FOR THOROUGH AGRICULTURAL POLITICAL EDUCATION
P. O. BOX 33367
SAN ANTONIO, TEXAS 78234

CITIZENS NATIONAL BANK

NUMBER 404

AUSTIN, TEXAS October 27 1972

PAY TO THE ORDER OF National Republican Senatorial Campaign Committee $ 27,500.00

Twenty Seven Thousand Five Hundred Dollars and 00/100 ---------- DOLLARS

COMMITTEE FOR THOROUGH AGRICULTURAL POLITICAL EDUCATION

For U.S. Senatorial Races

:1144-2367: 20-788 8

The National Republican Senatorial Campaign,
(Name of Committee)

for the nomination and/or election of U.S. Senators (R)

to the U.S. Senate (Office) in various States (District and State)

acknowledge receipt during 1972 of check no. 404 dated 27th day of Oct, 1972, in the amount of $27,500.00, from the Committee for Thorough Agriculture Political Education.

The National Republican Senatorial Campaign
(Name of Committee)

By [signature]
(Signature of Authorized Agent or Recipient)

Rm 445 O.S.O.B.
(Address)

Wash. D-C
(City, State, Zip Code)

MEHREN EXHIBIT NO. 7

COMMITTEE MEMBER	APPROVED	DISAPPROVED	DATE	MODE OF CONTACT
Griffith	OK		10-20-72	Tele.
Bescher	OK		"	"
Butterbrodt	OK		"	"
Mehren	OK		"	Personal

TAPE EXPENDITURE VOUCHER

TO BE COMPLETED WHEN CHECK IS ISSUED

CHECK NO. _____ DATE _____ AMOUNT _____

PAYEE _____

CHECK MAILED OR DELIVERED TO: _____

1. Amount of expenditure requested $25,000.00 2. Payable to:
National Republican Campaign Committee
412 Congressional Hotel
Washington D.C.

3. Explain to whom, and for what purpose funds are to be used. (Give as many details as possible. Attach any correspondence or campaign literature, etc., which might be helpful in justifying expenditure.)

25,000.00 contribution to Natl Republican Campaign committee for use of the committee in US Congressional races.

4. Request submitted by: Bob A Lilly, Bkt 10-26-72
(Name) (Date)

October 27, 1972

Mr. Ed Terrell
Republican Congressional Committee
New Jersey and C Street, N.E.
Washington, D.C.

Dear Mr. Terrell:

Enclosed is Committee for TAPE check payable to National Republican Campaign Committee in amount of $25,000.00 for use of the Committee in electing Republican Congressmen to the House.

Please sign the enclosed acknowledgment and return in the stamped, self-addressed envelope.

Sincerely,

Bob A. Lilly
Secretary

BAL:at

Enclosures

COMMITTEE FOR THOROUGH AGRICULTURAL POLITICAL EDUCATION
P. O. BOX 33787
SAN ANTONIO, TEXAS 78284

CITIZENS NATIONAL BANK

NUMBER 403

86-2367
1141

AUSTIN, TEXAS October 27 19 72

PAY TO THE ORDER OF National Republican Campaign Committee $ 25,000.00

Twenty Five Thousand Dollars and 00/100 ---------- DOLLARS

For U.S. Congressional Races

COMMITTEE FOR THOROUGH AGRICULTURAL POLITICAL EDUCATION

E. E. Eppers

George R. Mahon

⑆1141⑆2367⑆ 20⑈788 8⑈

The Congressional National Republican Campaign Committee,
(Name of Committee)

for the nomination and/or election of U.S. Congressmen (R)

to the House of Rep. United States in
(Office) (District and State)

acknowledge receipt during 1972 of check no. 403 dated 27th day of Oct, 1972, in the amount of $25,000.00 from the Committee for Thorough Agriculture Political Education.

The Congressional National Republican Campaign Committee
(Name of Committee)

By [signature] on Nov 21 1972
(Signature of Authorized Agent or Recipient)

[illegible] N. J. Ave. S.E.
(Address)

Washington, DC. 20003
(City, State, Zip Code)

7368

MEHREN EXHIBIT No. 8

ASSOCIATED MILK PRODUCERS, INC.

PHONE A/C 512 341-8651 TELEX 76-7446
P. O. BOX 32287
SAN ANTONIO, TEXAS 78216

THE ALAMO NATIONAL BANK
of San Antonio, Texas

4540

30-2
1140

APRIL 18, 1972

PAY REVISED 66321 Dollars 54 Cents $ 66,321.48

TO THE ORDER OF

ASSOCIATED MILK PRODUCERS, INC.

STUART RUSSELL
ATTORNEY AT LAW
2290 LIBERTY BANK TOWER
OKLAHOMA CITY, OKLAHOMA 73102

VOID VOID NON-NEGOTIABLE VOID

Remittance Statement—Detach This Statement Before Depositing Check — ASSOCIATED MILK PRODUCERS, INC.

INVOICE DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT OF INVOICE	DEDUCTIONS	NET AMOUNT
					64,300.00 ~~64,321.48~~
		ADVANCE PAYMENT ON LEGAL FEES	00-6-10-16-01-00		~~66,321.48~~
			00-6-10-16-02-00		~~2,000.00~~ 2,021.48

REQUEST FOR CHECK
ASSOCIATED MILK PRODUCERS, INC.

ISSUE CHECK TO: STUART RUSSELL

DATE: 4-18-72

AMOUNT: 66,321.48

	BY	DATE
CHECKED ACCTG. ID NO.		
APPROVED FOR PAYMENT		11-19-72
CHECKED FOR OK'S		
PAID — CHECK NO.		

PURPOSE: ADVANCE PAYMENT ON LEGAL FEES
COPIES OF SUPPORTING STMTS TO BE
FORWARDED TO N.O. IMMEDIATELY

CHARGE TO ACCT. NO.:

REQUESTED BY

APPROVED BY

7369 - 7371

FRIDAY, FEBRUARY 8, 1974

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

The Select Committee met, pursuant to notice, at 11:45 a.m., in room 1418, Dirksen Senate Office Building.

Present: Samuel Dash, chief counsel and staff director; David Dorsen and James Hamilton, assistant chief counsels; Marc E. Lackritz and Alan Weitz, assistant majority counsels; Donald Sanders, deputy minority counsel; Robert Silverstein, assistant minority counsel; Scott Armstrong, investigator; Benjamin Plotkin, minority investigator; Gordon Freedman and Emily Sheketoff, research assistants.

Mr. WEITZ. Mr. Ehrlichman, let me direct your attention to 1969. Did you become aware at anytime during 1969 of any contacts between either White House people or Republican fundraisers with the dairy cooperatives? Particularly Associated Milk Producers?

INTERVIEW OF JOHN D. EHRLICHMAN, ACCOMPANIED BY JOHN J. WILSON, COUNSEL

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Can you tell us how you came to that knowledge?

Mr. EHRLICHMAN. I am not sure what my first knowledge was, but I became aware of the fact that Herb Kalmbach was in touch with an attorney here in Washington who represented or at least I was told he represented the milk producers or some part of the milk producers. And from time to time in that—I think it was 1969, Kalmbach mentioned that he was getting campaign contributions from that attorney in behalf of the milk producers.

Mr. WEITZ. Do you recall the name of the attorney?

Mr. EHRLICHMAN. I can't remember the name; it starts with an "S" as I recall.

Mr. WEITZ. Does Semer ring a bell?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Had you heard of or seen Milton Semer before that time?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Was Mr. Kalmbach specific, or any more specific than you mentioned with what the dairy group was, that was making the contributions?

Mr. EHRLICHMAN. I was never very clear about what specific unit or branch or interest it was.

Mr. WEITZ. Did he indicate whether they had—earlier had been supporters, for instance, in the previous election of the President, or whether this was a new group or new contribution of some sort?

Mr. EHRLICHMAN. I don't recall that. My impression was that this was a new contact for Kalmbach. That he had had no previous experience with this man.

Mr. WEITZ. Did he indicate how the dairy people or at least Mr. Semer came to contact Mr. Kalmbach?

Mr. EHRLICHMAN. Through an intermediary and I can't recall who it was. I recall Kalmbach telling me about another attorney named Morgan, and whether Morgan was the intermediary or whether Morgan was in relation to some other transaction, I can't remember, but it may have been Morgan.

Mr. WEITZ. Do you know which attorney Morgan he was talking about?

Mr. EHRLICHMAN. Edward Morgan who apparently is a longtime lawyer, not the Assistant Treasurer of Treasury, another one.

Mr. WILSON. Off the record.

[Discussion held off the record.]

Mr. WEITZ. Back on the record.

Was Mr. Kalmbach reporting to you with respect to any other contributions he received in 1969?

Mr. EHRLICHMAN. Well, he wasn't really reporting to me on this. I mean, this was a matter of passing conversation rather than a report as such.

Mr. WEITZ. Do you know who he was reporting to?

Mr. EHRLICHMAN. No, I don't. The reason that I recall this specifically, is because of a set of circumstances where he broke off this contact and there he did report to me in a sense. He came to me with a concern that he had about it and we discussed it.

Mr. WEITZ. That was much later?

Mr. EHRLICHMAN. Well, no, not much. It would have been within the year, I would think.

Mr. WEITZ. 1969 or 1970?

Mr. EHRLICHMAN. Let me—see, I can't fix it as to date, but my impression is that his contact with—Semer is it? Semers?

Mr. WEITZ. Semer, S-e-m-e-r.

Mr. EHRLICHMAN. Didn't go on for more than about a year and on one occasion he came and said, "I have real concerns about this fellow. He is beginning to suggest that there ought to be quid pro quo." And he said, "I just don't like the feel of it." And I said, "Well, Herb, that sounds to me like something that you ought to discontinue."

And he—my understanding is that he did discontinue any contact with this fellow.

Mr. WEITZ. Do you know whether—did Mr. Kalmbach indicate with respect to what matters Mr. Semer was beginning to make overture for quid pro quo?

Mr. EHRLICHMAN. I can't recall specifically any favors or concessions or anything of that kind that he asked for. It was just the representation on Kalmbach's part that I do recall.

Mr. WEITZ. Did anyone else, either outside the White House or in the White House, either in 1969 or in some year approximately a year thereafter, talk with you either about the contacts and the contributions by these dairy people or their overtures for some type of quid pro quo?

Mr. EHRLICHMAN. I don't recall any apart from this one that I have told you about.

Mr. WEITZ. Do you know whether the dairy people were in contact with other people, for example, in the White House during that period?

Mr. EHRLICHMAN. I don't know. I don't know. I have heard in the recent past that they were, but I don't know that of my own knowledge.

Mr. WEITZ. From what source do you know that?

Mr. EHRLICHMAN. Just from the newspapers, this stuff about Colson.

Mr. WEITZ. Now, Mr. Colson joined the White House staff in November of 1969, and either at that time or shortly thereafter became responsible for contact with special interest groups, is that correct?

Mr. EHRLICHMAN. That's my understanding.

Mr. WEITZ. Was it also your understanding that Mr. Colson was responsible for, among other things, contact with groups such as the dairy group and in particular the dairy group that Mr. Kalmbach had been in contact with?

Mr. EHRLICHMAN. I can't say in particular. I will agree with you in general that that was his responsibility. But what his particular contacts were was something I very rarely got into, unless he came to me and made a representation on behalf of some group like a veterans' group that some policy change was advocated or some position on a bill was desired or something like that.

Mr. WEITZ. Do you have any knowledge of the amount of money that Mr. Kalmbach received from Mr. Semer as an intermediary in 1969?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Do you know in what form it was delivered to him?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Do you know what he did with the money?

Mr. EHRLICHMAN. I assume he deposited it in those accounts of his.

Mr. WEITZ. You were aware he was a trustee for several trust accounts?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Did Mr. Colson, after he had become special counsel in the White House, ever talk with you about any meetings he was having with the dairy people, and in particular, any pledges of contributions or representations with respect to contributions they were making?

Mr. EHRLICHMAN. No; I don't believe so.

Mr. WEITZ. Did Mr. Colson ever discuss with you the matter of contributions by outside groups while he was in the White House?

Mr. EHRLICHMAN. Well, I wouldn't want to rule it out. I don't recall any specifically, that he discussed with me, but as I say, I wouldn't want to rule it out. Well, with Teamsters. There were discussions at the time of the Teamsters' endorsement about Teamster contributions to the campaign. So I do recall that specifically, about whether they would or not and what the inhibitions were and, you know, all that kind of thing. I don't recall any others offhand.

Mr. WEITZ. Did you have any discussions with Mr. Haldeman concerning contributions by groups for the President?

Mr. EHRLICHMAN. Yes. Groups?

Mr. WEITZ. Outside sources?

Mr. EHRLICHMAN. Yes, sir.

Mr. WEITZ. Do you know whether Mr. Kalmbach was discussing his solicitations or contributions he was receiving with Mr. Haldeman?

Mr. EHRLICHMAN. I think he was. I think he was. Well, I can recall one joint conversation that the three of us had about contributions by individuals, not by interest groups, but by individuals.

Mr. WEITZ. When was that?

Mr. EHRLICHMAN. It would have been in 1971, I would guess. Around that time.

Mr. WEITZ. That was the early fundraising effort with respect to the 1972 campaign?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Now, you said that you recall that Mr. Kalmbach did report to you, in a general way, with respect to the contribution by Mr. Semer and of the dairy people in 1969?

Mr. EHRLICHMAN. No; it wasn't a report.

Mr. WEITZ. He told you?

Mr. EHRLICHMAN. Yes; it was in a conversation.

Mr. WEITZ. Do you know whether he similarly discussed the matter with Mr. Haldeman?

Mr. EHRLICHMAN. No; I don't, no.

Mr. WEITZ. Did you discuss the matter with Mr. Haldeman?

Mr. EHRLICHMAN. I don't recall doing so.

Mr. WEITZ. Were you responsible or aware of meetings between the President and special interest groups?

Mr. EHRLICHMAN. I was responsible for some and I was aware of others; yes.

Mr. WEITZ. Now, in September of 1970, the President, I believe from San Clemente while he was meeting, or at the same time he was out there meeting with the President from Mexico, called this dairy group convention in Chicago. Were you with the President in San Clemente in September of 1970 at that time?

Mr. EHRLICHMAN. I think I was. I was in on the meeting with the President of Mexico, so I imagine I was.

Mr. WEITZ. Did you discuss with either the President or any of his aides the question of either an attendance to the convention or a call to the convention of the dairy——

Mr. EHRLICHMAN. I don't recall.

Mr. WEITZ. Did you discuss that matter, either the invitation, the convention, or the call with Mr. Colson?

Mr. EHRLICHMAN. I don't recall doing so. I don't remember the occasion of the call. You have just told me something I don't recollect.

Mr. WEITZ. Now, approximately 1 week after that convention call, two representatives of the dairy group met with the President briefly in the White House, do you recall that meeting?

Mr. EHRLICHMAN. No; I don't.

Mr. WEITZ. Are you aware of any discussions contemporaneous with the meeting, or around that time, concerning the dairy group or possible contributions from the dairy people?

Mr. EHRLICHMAN. No, I don't. Now, was this around the time of the Agriculture Department's decision on price support?

Mr. WEITZ. No; this was in September of 1970.

Mr. EHRLICHMAN. What was the time period of the decision?

Mr. WEITZ. The time period of the Department of Agriculture—the Presidential decision was in March of 1971, the following March.

Mr. EHRLICHMAN. No; I don't think I knew about this in the fall of 1970 or if I did, I have forgotten.

Mr. WEITZ. Now, apparently the White House has admitted that in connection with this brief meeting in September of 1970, between the President and the dairy leaders, Mr. Colson briefed the President with

respect to a $2 million pledge or commitment or representation for contributions to the President's reelection by the dairy people.

Do you have any knowledge of either that briefing or of that pledge or discussion Mr. Colson was having either with the President or with the dairy people?

Mr. EHRLICHMAN. I don't think I had any knowledge of it at the time. I have read about it, of course, in the White House statement, but I don't think I knew about it at the time.

Mr. WEITZ. Now, in September of 1970, a pledge or a discussion of contributions of that magnitude would have been highly significant in terms of amount and timing, wouldn't it?

Mr. EHRLICHMAN. I would think so.

Mr. WEITZ. Were you in contact with either Mr. Colson or Mr. Kalmbach or anyone, either Republican fundraisers or anyone in the White House with preparation for the 1972 fundraising effort?

Mr. EHRLICHMAN. No; not to any significant degree. It was just not in my orbit, so to speak.

Mr. WEITZ. Did the question—this being now approximately a year after the first presumably, the contact between you and Mr. Kalmbach with respect to the Semer contribution; was it at that time that you recall this express concern by Mr. Kalmbach with respect to quid pro quo overtures by Mr. Semer?

Mr. EHRLICHMAN. No; I would have to think it was during the time I was counsel, which would have been in the year 1969. I am just assuming that, I don't have anything to go on on this, but it was quite early. It was quite early.

Mr. WEITZ. Now, did Mr. Colson discuss with you any of the preparations that he undertook to provide for the receipt of contributions from the dairy people beginning in—at least preparations beginning in the late 1970's?

Mr. EHRLICHMAN. No.

Mr. WEITZ. And when was the first time that you recall you became aware of the $2 million pledge or the discussion with respect to the $2 million contributions from the dairy people to the President's relection?

Mr. EHRLICHMAN. Well, it would have been within the last year, I would think.

Mr. WEITZ. Now, I don't know whether you have seen it. Have you ever seen this letter from Pat Hillings to the President, dated December 16, 1970?

Mr. EHRLICHMAN. I don't believe so. I have read about it, but I don't believe I ever saw it.

Mr. WEITZ. Who is John Brown?

Mr. EHRLICHMAN. John Brown was a fellow on Haldeman's staff who was a staff secretary, handled paperflow and that kind of thing.

Mr. WEITZ. Who was John Campbell?

Mr. EHRLICHMAN. He was my staff secretary, in domestic apparatus in the latter days. Now he worked for John Brown, I think, originally before I acquired him.

Mr. WEITZ. What about the time of this letter in December of 1970?

Mr. EHRLICHMAN. I don't know whether Campbell was with me then or not. I would have to check. It would be close, I think, as to whether he were or not.

Mr. WEITZ. Well, when was the staff secretariat system put into operation?

Mr. EHRLICHMAN. Well, there were two and—well, actually there were three. The White House had one, the National Security Council had one and the Domestic Council had one.

Mr. WEITZ. When was that one for the Domestic Council organized?

Mr. EHRLICHMAN. Well, sometime after Congress approved the Domestic Council formation, which would have been late 1970, I would guess, or early 1971. I would have to check that. It would be a matter of record, but, you know, there was a reorganization and it came up and the Congress had 90 days and they didn't veto it and it then went into effect and we assembled it and we'd have to check and see what the dates would be.

Mr. WEITZ. The third paragraph in the letter from Mr. Hillings to the President—it refers to the fact that AMPI, which is a dairy cooperative, contributed about $135,000 to Republican candidates in the 1970 election. Do you have any knowledge of that?

Mr. EHRLICHMAN. Well, to the extent——

Mr. WEITZ. Whether in specific or general terms?

Mr. EHRLICHMAN. I would think that I did because I assume that would be money Kalmbach got from Semer because I think it was at that time that he was raising money for congressional candidates in the 1970 election.

Mr. WEITZ. Do you know whether Mr. Kalmbach used any of these moneys for any purposes other than the 1970 election of senatorial candidates?

Mr. EHRLICHMAN. Yes, I am sure he must have and some of that money, I am sure, carried over to the Presidential election. I can't assure you, but I guess that's just a general understanding.

Mr. WEITZ. Did you ever give him instructions with respect to payment of expense to Mr. Ulasewicz?

Mr. EHRLICHMAN. Yes, sure.

Mr. WEITZ. And you were aware that he was using funds received from Mr. Kalmbach for those sources?

Mr. EHRLICHMAN. Yes.

Mr WEITZ. What about Mr. Brewer's candidacy in 1970?

Mr. EHRLICHMAN. That's that Alabama business?

Mr. WEITZ. Yes.

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Now, the next sentence in the letter goes on to say: "We are now working with Tom Evans and Herb Kalmbach in setting up appropriate channels for AMPI to contribute $2 million for your reelection." Did you have any knowledge of that?

Mr. EHRLICHMAN. No, I didn't.

Mr. WEITZ. And finally, "AMPI is funding a special project." Did you have any knowledge of what that reference meant?

Mr. EHRLICHMAN. No.

Mr. WEITZ. In an accompanying memorandum, White House memorandum, "routing slip" really, there are two accompanying routing slips to this letter. One is from Mr. Roger Johnson to Mr. Haldeman, indicating he had received the letter from Pat Hillings and directed it to go to the President. And a second routing slip from John Brown

to John Campbell: "Would you check with E and Colson on whether that should go in and if so in what form?" Did Mr. Campbell check with you in that matter?

Mr. EHRLICHMAN. I don't know. I can't recall his doing so.

Mr. WEITZ. Did anyone else discuss this matter or the subject matter of the letter with you?

Mr EHRLICHMAN. I can't recall their doing so. I don't recall hearing of the letter or knowing about it at the time.

Mr. WEITZ. In view of the amount that we are referring to here which you agree would be significant at the time, would you recall, do you believe you would recall if someone had talked to you about it at the time?

Mr. EHRLICHMAN. Oh, I would assume so. I don't know, but I don't know that anybody did. I said it would be significant. It wouldn't be terribly significant to me because I was not plugged into the fundraising business. But it is certainly a significant amount of money in any campaign.

Mr. WEITZ. You said Mr. Kalmbach had evidenced some concern at some point about overtures with quid pro quo with respect to the contributions with Mr. Semer?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Now, this letter has both this paragraph which refers to past and future contributions and also lengthy discourse with respect to the Tariff Commission recommendations and the request for Presidential action with respect to import quotas which was then pending in December of 1970.

Do you recall any discussions, or were you aware of the decisionmaking process with respect to the setting of the Presidential proclamation with respect to import quotas in December of 1970?

Mr. EHRLICHMAN. I am sure I would. That would be the kind of thing that I would be handling.

Mr. WEITZ. Did you talk to Mr. Colson about that?

Mr. EHRLICHMAN. I don't recall doing so.

Mr. WEITZ. Was he involved in that decisionmaking?

Mr. EHRLICHMAN. I couldn't tell you.

Mr. WEITZ. If Mr. Johnson's memo to Mr. Haldeman, dated December 17, refers to the fact that the matter concerns—the matter of the letter—concerns a matter with which Peter Flanigan and Chuck Colson are familiar and on which they are working, does that refresh your recollection that Mr. Colson was working on that matter?

Mr. EHRLICHMAN. And I wouldn't take anything very significant that Mr. Johnson said that he wasn't working around there.

Mr. WEITZ. Did you talk to Mr. Haldeman about the letter or about the substance of the letter?

Mr. EHRLICHMAN. Not that I can recall.

Mr. WEITZ. Did there come a time, after the letter was delivered to the White House, that you or anyone else had a chance to criticize Mr. Colson for the import of the letter?

Mr. EHRLICHMAN. I just draw a blank on the letter, period. I don't recall any specific conversation about that letter one way or the other.

Mr. WEITZ. With respect to the normal White House routing, if the request was made from Brown to Campbell, was it your experience to have Campbell check with you and Colson with respect to the letter,

if it should go in, would in the normal course Mr. Campbell have conferred with you about this?

Mr. EHRLICHMAN. It depends. If I were not available, then he might say, well, he is out of town, do you want to wait until he gets back or something of this kind, and they might make a decision just to short-circuit me. That would not be the kind of thing that I ordinarily would be an indispensable party in approving before going in. So we'd have to check and see if I was around at the time and available and so on.

Mr. WEITZ. Was the President involved in the setting of the import quotas? I know a Presidential proclamation was issued.

Mr. EHRLICHMAN. He probably was involved. Now, to what degree I can't recall.

Mr. WEITZ. The reference in the Campbell memo as to whether this should go in, was that a reference as to whether the letter should in some form or in some briefing form go in to the President?

Mr. EHRLICHMAN. Well, I don't think any briefing form; I think the question would be whether the letter itself should go in.

Mr. WEITZ. It says, "and if so in what form?" Would the letter be reduced to a synopsis of some sort for the President?

Mr. EHRLICHMAN. It might be. I am just guessing, but sometimes a letter on two or three subjects, you would back up with a briefing paper saying that this letter refers to such-and-such a treaty. That treaty is presently in this kind of a situation and refers to so-and-so, and you would give the President a background which he may not necessarily have.

Mr. WEITZ. Would you consider a letter that was addressed to the President and handed to a White House aide or referrd to the White House which referred to a contribution and to a substantive substance matter then pending before the President to be unusual?

Mr. EHRLICHMAN. No. The form of delivery certainly isn't unusual. The fact that the letter is addressed to the President certainly isn't unusual. The fact that it refers to a substantive matter isn't unusual. The fact that there is an implied promise of support or some measure of duress involved is pretty much standard fare. That's the way letters come in there by the hundreds. You know, if you don't do this, I will never vote for you again, you know, is sort of a boilerplate paragraph in almost every letter anybody ever writes to the President.

Mr. WEITZ What about lawyers representing a large cooperative?

Mr. EHRLICHMAN. All right. The numbers are big and so on, but it is just like—I don't know. Have you ever been on a Congressman's staff or a Senator's staff? I mean, you know that goes on in those offices all the time.

Mr. WEITZ. What about the dual note in support of something, but in terms of substantial?

Mr. EHRLICHMAN. That's the grease that turns the wheel in this town on the Hill as well as in the executive branch, and I think you have to be a little bit realistic about this. That's the sort of thing that people do in this town, so I would not have been surprised to hear that a letter like that had been received by Senator Fannin or Senator Baker or the President or anybody.

Mr. WILSON. Mr. Weitz excuse me a moment. I haven't seen the letter, and I don't care to see it. These import quotas, is this in regard to dairy products that we are talking about?

Mr. WEITZ. Yes. I would like to turn your attention to 1971.

Mr. EHRLICHMAN. Let me round out my answer. Judging by the amount of political pressure we got on the subject of milk price support from the Hill, from guys like Mills and from some Senators, some Senators on your committee, it would be my expectation that to go into those offices and to look around, you probably would find letters of similar import.

Mr. WEITZ. Now, turning your attention to—in that regard, have you ever seen another letter that mentioned a figure of $2 million or more campaign contributions?

Mr. EHRLICHMAN. I have never seen this letter to the best of my knowledge.

Mr. WEITZ. I say other than this letter, now that you have seen this letter. Other than that letter?

Mr. EHRLICHMAN. I haven't really seen it. You waved it at me, but I haven't seen it. But to be responsive to your question, I don't recall.

Mr. WEITZ. Now, turning your attention to 1971. What role did you play? When did you first become aware of the decisionmaking process with respect to the milk price supports by the Secretary of Agriculture?

Mr. EHRLICHMAN. I think my deputy, John Whitaker, who is responsible for that area of subject matter, brought it to my attention, and whether it was in person or by memo, I can't recall. But it would have been in advance of Agriculture Department's action, I believe.

Mr. WEITZ. Now, the record shows that the first decision by the Secretary of Agriculture was made public on March 12, 1971?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Do you recall how much in advance of that time you first became aware, through Mr. Whitaker, of the recommendations and the proposed decision?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Would it have been less than a month prior to that time?

Mr. EHRLICHMAN. I don't know.

Mr. WEITZ. What was the nature of his communication and recommendation?

Mr. EHRLICHMAN. I told you, I don't know.

Mr. WEITZ. Do you recall any dispute in the Cabinet over the question?

Mr. EHRLICHMAN. In the Cabinet?

Mr. WEITZ. Between the Cabinet members or between departments of the executive branch with respect to the first decision?

Mr. EHRLICHMAN. I don't recall one way or the other.

Mr. WEITZ. Do you remember discussing the matter with either Secretary Hardin or Director Shultz prior to the first decision?

Mr. EHRLICHMAN. I can't recall. I may have.

Mr. WEITZ. Was the President briefed or informed of the first decision prior to its announcement?

Mr. EHRLICHMAN. I assume so.

Mr. WEITZ. Or the recommendation?

Mr. EHRLICHMAN. I assume so. I don't know. That's the kind of thing that ordinarily he would be told about.

Mr. WEITZ. You recall then nothing unusual or nothing in particular about the decisionmaking process with respect to the first decision by the Secretary of Agriculture?

Mr. EHRLICHMAN. Well, I don't recall anything one way or the other usual or unusual. I just am not—I have not refreshed my recollection, and you know, it is one of a thousand of those things that went through there.

Mr. WEITZ. Were you aware of congressional interest in the price-support area prior to March the 12th, prior to the price decision?

Mr. EHRLICHMAN. I ordinarily am. It is the kind of thing Whitaker would include in any briefing on the subject, but I don't recall it specifically now. I became aware of it after a while, you know, when it got to become controversial, and I do remember that.

Mr. WEITZ. Do you remember speaking to Mr. Connally prior to March 12 about the first decision?

Mr. EHRLICHMAN. Prior to? No.

Mr. WEITZ. With respect to the first decision?

Mr. EHRLICHMAN. I recall speaking to him sometime in there, but I can't recall whether it was before or after.

Mr. WEITZ. How about Mr. Colson or anyone else in the White House?

Mr. EHRLICHMAN. No. There again, the only recollection I have of this coming up was through Whitaker and if anybody else did talk to me about it, I don't recollect it.

Mr. WEITZ. When did you first become aware of a meeting or the preparations for a meeting which was ultimately held on March 23, 1971, between the President and a large number of dairy leaders?

Mr. EHRLICHMAN. I can't tell you when I first became aware of it.

Mr. WEITZ. Did you attend that meeting?

Mr. EHRLICHMAN. I don't believe I did, or if I did it was only for a small part of it. There would be a record of it if I did.

Mr. WEITZ. If you attended.

Mr. EHRLICHMAN. Yes. I would have to abide by whatever the record is. I don't have any specific recollection of that meeting.

Mr. WEITZ. Your log doesn't show the meeting that morning or your attending that meeting that morning?

Mr. EHRLICHMAN. No, I probably didn't. It didn't make any impression on me.

Mr. WEITZ. Whether or not you attended, would you have been informed of the meeting?

Mr. EHRLICHMAN. Probably. I certainly was informed of the President's schedule both in advance and as it progressed, so——

Mr. WEITZ. Now, if there was anything of significance or particularly controversial or of substantive import to the White House with respect to a particular meeting, would you have been briefed with respect to that? In connection with being briefed about the meeting itself?

Mr. EHRLICHMAN. Oh, those things are relative. It depends on what else was falling apart at the time and I may very well have left this to Whitaker as a sort of a, you know, uniquely parochial problem of the Agriculture Department and figured that he would have handled it, so I would not inevitably been briefed on it.

Mr. WEITZ. Now, after the decision on March 12, the first decision in which the Secretary of Agriculture did not raise the price-support

level, did you become aware either directly or through aides of, first of all, increased congressional interest in the price-support area?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Did you also have an occasion—well, let me just ask you. Was that directly or through aides?

Mr. EHRLICHMAN. Well, I think it came up at a morning meeting. You know, we had a staff meeting at 7:30 every morning of the whole domestic side, the Office of Management and Budget fellows and other people. We just went around the table and tried to review any matters of controversy or other matters, and, I think, it would have come up at one of those.

Mr. WEITZ. Do you recall who discussed those?

Mr. EHRLICHMAN. No. The congressional liaison fellows would have been in those meetings, so there were a lot of people.

Mr. WEITZ. Was Shultz there at those meetings?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Do you recall whether he raised the question with you at all?

Mr. EHRLICHMAN. Well, he and I discussed it at some point. I don't know whether he initiated it. I am inclined to think John Whitaker was kind of the point man on this and Whitaker and Don Rice who was the OMB man in this field, would have worked together on it and as it escalated, probably—why one or the other or them would have called it to our attention and they might have done it in the morning meeting or they might have done it in private.

Mr. WEITZ. Now let me ask you this. Do you recall a meeting between the first decision and the meeting on the 23d, which you did attend in the afternoon with the President and his advisors, during that period of time, do you recall meeting separately with respect particularly to this price-support matter, with Director Shultz and his aides and Secretary Hardin?

Mr. EHRLICHMAN. Yes, I believe there was a meeting like that and I do recall.

Mr. WEITZ. Do you recall approximately when? Was it very close to the time of the meeting with the President?

Mr. EHRLICHMAN. I can't recall. It would be a matter of record.

Mr. WEITZ. Do you recall who else was there besides Director Shultz and yourself?

Mr. EHRLICHMAN. I imagine Whitaker was there.

Mr. WEITZ. Do you recall whether Hardin was there?

Mr. EHRLICHMAN. Yes, I believe he was there.

Mr. WEITZ. What was the purpose of that meeting?

Mr. EHRLICHMAN. To find out what the fuss was all about.

Mr. WEITZ. What were the positions of all the gentlemen who were there?

Mr. EHRLICHMAN. I can't recollect specifically, but if I had to guess, Hardin would be defending whatever the Agricultural Department did. I know Mills was extremely upset and I know George was one of the White House contacts with Wilbur Mills, so I imagine he was reflecting the position of Mills and it would have been that kind of a situation.

Mr. WEITZ. What was the result of the meeting? Was anything arrived at or any tentative recommendation that came out of the meeting?

Mr. EHRLICHMAN. I don't remember.

Mr. WEITZ. Now, if Director Shultz recalls that certainly the meeting was held and certainly those matters were discussed, but the decision was made not to recommend any change at least for the time being, until the meeting with the President and dairy leaders on the 23d, would that be consistent with your recollection?

Mr. EHRLICHMAN. Well, not having one, it couldn't be consistent with it.

Mr. WEITZ. It doesn't refresh your recollection?

Mr. EHRLICHMAN. I just draw a blank. It certainly wouldn't be out of bounds but I can't confirm it.

Mr. WEITZ. Do you remember then, at least at that time, at the time of this meeting with Director Shultz and Secretary Hardin, knowing of the upcoming meeting between the President and dairy leaders?

Mr. EHRLICHMAN. Not now I don't. It could have been, but I just can't tell you, I don't remember.

Mr. WEITZ. Now we have talked about your contacts with people in the administration during this period. What contacts did you have during that period with persons outside of the administration? Particularly representing the dairy people?

Mr. EHRLICHMAN. I don't recall having any.

Mr. WEITZ. Do you recall any contacts with Pat Hillings who had written the letter on the other dairy matter?

Mr. EHRLICHMAN. No.

Mr. WEITZ. What about Marion Harrison?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Do you know Pat Hillings?

Mr. EHRLICHMAN. I know Pat Hillings. I haven't seen him for years.

Mr. WEITZ. What about Marion Harrison?

Mr. EHRLICHMAN. No.

Mr. WEITZ. What about Murray Chotiner?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Or you knew?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Now, the record shows he left the White House staff and became of counsel to the Harrison firm or immediately thereafter on March 8. Do you recall any contacts with Mr. Chotiner during March of 1971, with respect to this price-support matter?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Do you know of any or recall of any contacts with that being made by Mr. Chotiner with others that you were made aware with others in the White House, for example?

Mr. EHRLICHMAN. No.

Mr. WEITZ. You know of no contacts between Mr. Whitaker and Mr. Chotiner during that period?

Mr. EHRLICHMAN. I don't recall of any being reported to me.

Mr. WEITZ. Do you remember attending the Gridiron Club Dinner on March 13, 1971?

Mr. EHRLICHMAN. Not specifically. I went to—I guess I went to all of them.

Mr. WEITZ. Do you remember talking to Mr. Chotiner at that meeting about price-support matter?

Mr. EHRLICHMAN. No.

Mr. WILSON. What was the date of that?

Mr. WEITZ. March 13, 1971.

Do you recall any arguments by either Mr. Chotiner or others representing the dairy people or within the administration that the President ought to increase the price-support level in order to take credit away from Congress and take the credit himself for any increase?

Mr. EHRLICHMAN. Yes; that was one of the issues, so to speak, in the mix along with a lot of others.

Mr. WEITZ. What were the others?

Mr. EHRLICHMAN. Well, there were all kinds of them on the merits as to whether it was needed or deserved, and what affect it would have on the industry and, you know, it was a briefing paper and a lot of pros and cons.

Mr. WEITZ. Who prepared that briefing paper?

Mr. EHRLICHMAN. I haven't any idea.

Mr. WEITZ. Was it Mr. Whitaker?

Mr. EHRLICHMAN. I would assume it would be Rice and Whitaker.

Mr. WEITZ. Was that a briefing paper in connection with the afternoon meeting on the 23d with the President and his advisers?

Mr. EHRLICHMAN. No; I think it was something prepared for the meeting with Hardin and Shultz staff and my staff to give us a background. To at least give me a background. And it was, as I recall, on the issues, you know.

Mr. WEITZ. Well, you have mentioned two. The economic considerations and the——

Mr. EHRLICHMAN. I am just really speculating as to what was in there.

Mr. WEITZ. Do you recall the content?

Mr. EHRLICHMAN. I don't recall the specific content.

Mr. WEITZ. You don't recall whether the economic measures were in the paper?

Mr. EHRLICHMAN. I don't recall. It was a whole complete development of the subject matter.

Mr. WEITZ. Do you just imagine or do you think the idea of the President taking credit for the increase rather than Congress was in the paper?

Mr. EHRLICHMAN. No; I don't think it was the paper, but I think it was one of the things discussed at one point because politics was discussed at one point, congressional politics and the interest group politics and all the rest of it.

Mr. WEITZ. What about Mr. Connally? I think you mentioned that at some point you talked to him about the matter?

Mr. EHRLICHMAN. Yes; I did.

Mr. WEITZ. Do you recall approximately when and where that took place?

Mr. EHRLICHMAN. No; I don't. It may have been that I recall what he said at the time of the meeting with the President, because I think he was in that meeting with the President. And whether it was then that I recall it or whether it was in a separate meeting, I am not clear at all.

Mr. WEITZ. Do you recall, whatever time period or during March of 1971, but at whatever meeting, Mr. Connally telling the President or Director Shultz or yourself that the dairy people, and in particular

dairy cooperatives were involved—were the most progressive political people involved in agriculture or something to that effect?

Mr. EHRLICHMAN. Not specifically, I don't, no. Certainly true, but I don't recall him saying it.

Mr. WEITZ. Were you aware then, from whatever source, that that was essentially true?

Mr. EHRLICHMAN. Yes, sure.

Mr. WEITZ. Do you recall either being aware from whatever source or in particular Mr. Connally, discussing the matter with someone in the White House, concerning the fact that the dairy people hadn't contributed to the President's election?

Mr. EHRLICHMAN. Had not?

Mr. WEITZ. Had not in 1968.

Mr. EHRLICHMAN. No; I don't think I knew that one way or the other.

Mr. WEITZ. What about the converse, the fact that they had become supporters of the President and had contributed?

Mr. EHRLICHMAN. Well, I knew that from Kalmbach. I am not sure that I heard that from anybody else.

Mr. WEITZ. Did the President know that?

Mr. EHRLICHMAN. I don't know.

Mr. WEITZ. Whether in particular terms or general terms?

Mr. EHRLICHMAN. No; I don't know that. Whether he did or not.

Mr. WEITZ. If he knew it, do you have any knowledge as to who would have told him that?

Mr. EHRLICHMAN. No.

Mr. WEITZ. And if Mr. Haldeman similarly believes that the President was aware of the dairy people's pledge and contributions——

Mr. EHRLICHMAN. You mean, similarly to you or similarly to whom?

Mr. WEITZ. No; similarly—consistent with your guess that the President may have known?

Mr. EHRLICHMAN. No; I didn't guess that.

Mr. WEITZ. You don't know whether he knew?

Mr. EHRLICHMAN. That's what I testified to. I don't know how you got to the point that I was guessing.

Mr. WEITZ. Did you see the—or were you aware of the briefing paper that Mr. Whitaker prepared for the President, in connection with the morning meeting on the 23d with the dairy leaders?

Mr. EHRLICHMAN. If he prepared one, I would have seen it.

Mr. WEITZ. Now, the White House in its white paper has indicated that in that briefing paper Mr. Whitaker referred to the fact that the dairy people—and I am paraphrasing, but it is in a close paraphrasing—have begun to or have decided to spend some money and that Pat Hillings or his old friends, Pat Hillings and Murray Chotiner are involved. Did you have any knowledge of those papers, the fact that they—well, as I have referred——

Mr. EHRLICHMAN. Well, to the extent that I have testified or told you here, I did. But not beyond that.

Mr. WEITZ. Do you have any knowledge or understanding as to how Mr. Whitaker became aware of the dairy people's decision to begin contributing or spending money?

Mr. EHRLICHMAN. No, money? No.

Mr. WEITZ. Do you know if either the involvement of Mr. Hillings or Mr. Chotiner in such actions, if in fact they were taking place?

Mr. EHRLICHMAN. Well, I have read about it since.

Mr. WEITZ. At the time?

Mr. EHRLICHMAN. I don't know that I knew about it at the time. I can't recall knowing about it at the time.

Mr. WEITZ. Now, if Mr. Chotiner has told us that he talked to you at the Gridiron Club Dinner and discussed the matter of price supports, do you recall whether at that point or at anytime he discussed the question of or the possibility of contributions by the dairy people?

Mr. EHRLICHMAN. Oh, I don't even remember the conversation.

Mr. WEITZ. Apart from that conversation, in general, do you recall any conversation with Mr. Chotiner?

Mr. EHRLICHMAN. No, No, I don't.

Mr. WEITZ. Either price supports or contributions by the dairy people?

Mr. EHRLICHMAN. No.

Mr. WEITZ. You said you may have attended the meeting in the morning for a brief while if you attended at all?

Mr. WILSON. When?

Mr. WEITZ. Of the 23d?

Mr. EHRLICHMAN. This is the big meeting of the milk producers?

Mr. WEITZ. Yes. Do you remember any specifics of the meeting in terms of who was there, what was said?

Mr. EHRLICHMAN. No; that's why I really wonder whether I was there at all.

Mr. WEITZ. Do you know whether Mr. Whitaker attended?

Mr. EHRLICHMAN. No. I assume he did, but I don't know that he did.

Mr. WEITZ. Did anyone report to you as to the substance or the outcome of that meeting; whether Mr. Kalmbach or Mr. Whitaker or anyone else?

Mr. EHRLICHMAN. Well, to the extent that it was discussed in the meeting with the President later on, I think I got the flavor of the meeting. I am not sure that I got any separate report on it.

Mr. WEITZ. Now, you did attend the meeting on the afternoon of the 23d?

Mr. EHRLICHMAN. I believe so, yes. In the President's office.

Mr. WEITZ. Could you tell us whether between the time of the morning meeting with the President and the dairy leaders, and the afternoon meeting with his advisers and I believe the log shows it was approximately 4:45 in the afternoon, did you discuss the matter of price supports in the meeting or meetings with the President?

Mr. EHRLICHMAN. No; I don't believe so.

Mr. WEITZ. Do you recall how the afternoon meeting came to be called and held?

Mr. EHRLICHMAN. No, I don't.

Mr. WEITZ. Now, if Mr. Haldeman was not in attendance as all the records seem to indicate and you were, do you know or would you not have been or your office be responsible for organizing or calling or contacting people to meet?

Mr. EHRLICHMAN. No; not necessarily.

Mr. WEITZ. Who would have been responsible for that?

Mr. EHRLICHMAN. Chapin perhaps. It depends on how it came up, you know, Haldeman or I were not the exclusive way of meetings getting arranged.

Mr. WEITZ. Do you recall how you were first informed that that meeting was to be held and you were to attend?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Do you recall who attended the meeting?

Mr. EHRLICHMAN. The President, Hardin, Connally and Shultz and I think Whitaker. I can't recall who else might have been there. Rice perhaps.

Mr. WEITZ. Under Secretary Campbell—do you recall him being there?

Mr. EHRLICHMAN. No, not offhand.

Mr. WEITZ. What was the purpose as you understood for the meeting?

Mr. EHRLICHMAN. To review the bidding, I guess, of the Agriculture Department's decision and see whether it would be reversed or not.

Mr. WEITZ. Can you give us as best you can recall the substance of the meeting? What the positions were of the various individuals and so forth?

Mr. EHRLICHMAN. I can't do that, I just don't have that kind of a specific recollection of it. It was a rather typical meeting in the sense that it was a review of a departmental decision by the President, in which the Department justified their action and then other views were expressed reflecting, you know, the dissent from the Department's decision and there was a discussion back and forth, and as I recall the President reserved his decision. He didn't announce what he intended to do at that time. But I do recall Secretary Connally and I think George Shultz, but at least Secretary Connally representing very strongly the congressional problems that were being encountered and my continuing impression of the burden of that meeting is that it impressed upon the President the difficulties that had been created for the administration in the Congress by this decision and that was the—really the clearest realization I had of the effectiveness of the milk producers in lobbying Members of the Senate and the House, and it was obvious to me that they had gotten to some very influential Members who were raising unshirted hell.

Mr. WEITZ. Was a possibility of a veto of the legislation discussed if it were to pass?

Mr. EHRLICHMAN. Yes. Maybe that was part of the congressional setting, but my impression is that the particular congressional problem is that it affected our chances on other disconnected and unrelated legislation because of the unhappiness of some chairmen and influential Democrats, particularly those who were obviously in the pocket of the milk producers.

Mr. WEITZ. Do you recall any reference at the meeting to political campaign contributions by the dairy?

Mr. EHRLICHMAN. To the Congress, yes. Said they were salting money very heavily into congressional races.

Mr. WEITZ. Who said that?

Mr. EHRLICHMAN. Connally said that.

Mr. WEITZ. Did anyone mention contributions to the President?

Mr. EHRLICHMAN. Not that I can recall.

Mr. WEITZ. Anyone refer to past contributions of the dairy people?

Mr. EHRLICHMAN. The subject of the dairy people's support of the President was not—it was just not something that I recollect out of the meeting. The thrust of the meeting was the affect of their contributions on the Congress as I recall.

Mr. WEITZ. Have you listened to the tape recording of the afternoon meeting?

Mr. EHRLICHMAN. I haven't ever listened to any tape recording of any meeting in the President's office.

Mr. WEITZ. Have you ever seen a summary of that or any other tape recording?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Have you ever been briefed on the substance of summaries or substance of a tape recording of any meetings with the President?

Mr. WILSON. Any—or are you still on the subject of dairy products?

Mr. WEITZ. Let's start with dairy products?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Others?

Mr. WILSON. Others? Is that relevant to your inquiry?

Mr. WEITZ. Perhaps in assessing the credibility of the witness with respect to his answer with respect to the tape recording for the milk meeting.

Mr. WILSON. I don't think—that doesn't convince me as making it irrelevant. You may answer if you choose. I would advise you not to answer.

Mr. EHRLICHMAN. I don't think I will.

Mr. WEITZ. Has anyone ever offered, or have you ever asked to either hear the tape recording of the meeting with the milk people, or been briefed as to a summary of that meeting?

Mr. EHRLICHMAN. No. Part of my problem is I just haven't attempted to refresh my recollection about this whole transaction. I just haven't had occasion to. so I am very, very murky on the whole subject. There are just a lot of things that I don't have at my command.

Mr. WEITZ. Did anyone at the meeting discuss the possibility of an increase for the following year for the dairy people with regard to price supports which would be closer to the time of the election?

Mr. EHRLICHMAN. Well, it wasn't in relation to the election as much as one of the options that I think was discussed, it was whether there might be a later adjustment or a later support. I have forgotten even what the issue was really, the factual issue. But I think timing did come into it as a possibility and whether or not that would mollify the Congress people and the dairy people and whether Cliff Hardin could do it. What were the provisions of the law, I think, there was some talk about it.

Mr. WEITZ. Do you recall why that alternative was rejected?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Now, I believe you said you don't believe the President made his decision at the meeting, but rather reserved his option or reserved his decision?

Mr. EHRLICHMAN. That would have been typical. He would very seldom have announced a decision in a meeting of that kind and I am just assuming, because I don't have a specific recollection of his announcing a decision, I am just assuming, that that is what happened.

Mr. WEITZ. I believe at least one other individual who was present at the meeting has told us, similarly, that they don't believe a decision was made at the meeting. They are not exactly sure of when it was made or how they found out about it, although they did find out before public announcement. However, on the white paper, on top of page 6, the White House paper, the statement is made "After the President announced his decision." Now, does that either refresh your recollection or can you explain whether there was some type of decision, albeit, not the final decision to be announced by the President, but some decision that the President announced?

Mr. EHRLICHMAN. You read me five words out of a sentence. What is the sentence before it?

Mr. WEITZ. This is the beginning of a paragraph. The earlier three or four paragraphs discuss the meeting on the afternoon of the 23d. The paragraph before reads, "The fundamental themes running through this March 23d meeting were two: One, the unique and very heavy pressures being placed upon the President by the Democratic majority leadership in the Congress; and, two, the political advantages and disadvantages of making a decision regarding a vital political constituency." And the following paragraph, "After the President announced his decision there was discussion of the great power of the House Democratic leadership (which was then pressing for the milk price-support increase) and how that power might be enlisted to support certain of the President's key domestic legislation . . . ."

Now, in that context and given the information we have from the white paper, did the President, to your best recollection, announce his decision and if so, what did he announce?

Mr. EHRLICHMAN. I have done the best I can for you. I don't recall his doing so and it was not his typical pattern to do so, so I can't go really beyond that.

Mr. WEITZ. Now, in March of 1971, did you ever talk to Herb Kalmbach about contributions?

Mr. EHRLICHMAN. I don't know.

Mr. WEITZ. Were you aware that in March 1971, of any contacts at that time between Mr. Kalmbach and representatives of the dairy people with respect to political contributions?

Mr. EHRLICHMAN. I don't recall knowing that.

Mr. WEITZ. Were you aware of any contributions by the dairy people in March of 1971 to the Republican Party?

Mr. EHRLICHMAN. You mean that they gave in that month?

Mr. WEITZ. Yes.

Mr. EHRLICHMAN. I doubt it.

Mr. WILSON. You doubt you were aware?

Mr. EHRLICHMAN. I doubt that I was aware of it because I would ordinarily not have been made aware of contributions during that period of time.

Mr. WEITZ. Did you attend a Republican fundraising dinner in March of—last half of March of 1971?

Mr. EHRLICHMAN. Where?

Mr. WEITZ. At the Washington Hilton.

Mr. EHRLICHMAN. I was there at one sometime. I don't know when it was.

Mr. WEITZ. Only one that you recall?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Do you remember whether——

Mr. EHRLICHMAN. It was a congressional fundraiser.

Mr. WEITZ. Yes.

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. It was organized by Lee Nunn, does that help?

Mr. EHRLICHMAN. No; that doesn't mean anything.

Mr. WEITZ. Do you remember at that particular dinner, whenever it was, whether Mr. Chotiner was there?

Mr. EHRLICHMAN. No; I don't. I sat with Texans.

Mr. WEITZ. How about Mr. Kalmbach?

Mr. EHRLICHMAN. I couldn't tell you. I imagine he was there, but I couldn't tell you.

Mr. WEITZ. Did you talk with Mr. Colson in March of 1971 about the milk people or were you aware——

Mr. EHRLICHMAN. I don't recollect any conversation with him.

Mr. WEITZ. Were you aware of any contacts between Mr. Colson and the dairy people in that month?

Mr. EHRLICHMAN. I don't recall being aware of it. My primary source of information on this was Whitaker and it was—my whole sense of this is that I had something else going at the time, and Whitaker was pretty much left to his own decisions on it up until this meeting in the President's office that afternoon and that I was sitting in that pretty much as an outsider, in the sense that I had not been really involved in the machinations of it for some reason.

Now I had the one meeting, as I recall it was in my office with Hardin and Shultz and the staff. But I must have had something else going at the time that was taking my time.

Mr. WEITZ. Well, whether it was through Whitaker or from whatever source, were you aware of any such contacts?

Mr. EHRLICHMAN. No. I have answered the best I can on that.

Mr. WEITZ. Were you aware at anytime of any problems between Colson and the dairy people, in the sense of who was representing them or any lack of rapport or bad rapport between their lawyers and Mr. Colson?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Did you ever tell Mr. Chotiner to, or arrange directly or indirectly for Mr. Chotiner to, arrange with Mr. Kalmbach to arrange for dairy contributions from the dairy people?

Mr. EHRLICHMAN. No; I don't think so.

Mr. WEITZ. Did you ever ask Mr. Chotiner—you or perhaps through Mr. Whitaker ask Mr. Chotiner to specifically meet with the dairy people to iron out some problems with respect to campaign contributions?

Mr. EHRLICHMAN. For me to meet with the dairy people? For him?

Mr. WEITZ. No; for Mr. Chotiner to meet with the dairy people.

Mr. EHRLICHMAN. No.

Mr. WEITZ. How about Mr. Chotiner to meet with Kalmbach with respect to campaign contributions?

Mr. EHRLICHMAN. No; as I said, I don't recall ever steering Chotiner to Kalmbach.

Mr. WEITZ. On my question concerning contributions, how about asking Mr. Chotiner, directly or indirectly, to meet with either his

people and or Kalmbach with respect to representation of the dairy people vis-a-vis the administration or the White House?

Mr. EHRLICHMAN. I don't understand. You alluded to that before. That's something that doesn't ring a bell.

Mr. WEITZ. To your understanding or recollection there was no difference, as far as you are aware of, as to who represented the dairy people? What lawyers met with Colson or represented the dairy people?

Mr. EHRLICHMAN. I wasn't aware of it. As of right now I can't recall of ever hearing of it.

Mr. WEITZ. Just to understand the usualness or unusualness of this type of circumstance, do you recall any situation in which any special interest group, for example, had problems in connection with meetings or contacts with Mr. Colson, and you intervened or had someone intervene to iron them out or have new lawyers or new representation brought in?

Mr. EHRLICHMAN. No; the only thing that I can recall that comes anywhere close to that, had to do with the postal workers and that was a very touchy situation, where Rademacher the president of one of the postal carriers' unions, was dealing with the Post Office Department and felt he had a better contact with Colson and the question of whether Colson would present the views of the postal workers to the White House or whether they should come through Ted Klassen at the Post Office Department and there were a lot of hard feelings over that particular circumstance. We had some problems with the building trades, similar sort of to the Department of Labor should deal with that or whether they should come in through Colson's office. So it is not a strange subject to me, so I recall, but I don't recall.

Mr. WEITZ. It is or you don't recall anything with respect to the dairy people?

Mr. EHRLICHMAN. No; I don't.

Mr. WEITZ. Did you have any knowledge, for example, as to whether Mr. Chotiner was—had anything to do with representation, contact with the dairy people sometime in March of 1971?

Mr. EHRLICHMAN. Sometime I became aware of the fact that his firm represented the dairy people, that's all I knew.

Mr. WEITZ. Now, I believe that to your best recollection, the President did not announce his final decision at the afternoon meeting of the 23d?

Mr. EHRLICHMAN. I don't recall.

Mr. WEITZ. I said to your best recollection.

Mr. EHRLICHMAN. Yes; but you turned it to an affirmative view. I can't say to my best recollection he didn't. All I can say is I don't recall him doing so.

Mr. WEITZ. Do you recall when you first became aware of his decision?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Having attended the afternoon meeting, do you assume that you were, in fact, informed of the decision before it was effectuated?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. After the meeting on the afternoon of the 23d, do you recall any conversations, meetings, or any other contacts that either you participated in or were aware of with respect to the dairy matter?

Mr. EHRLICHMAN. Well, I think at sometime I talked with the President about it.

Mr. WEITZ. After the afternoon meeting?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. And was this before the decision was publicly announced?

Mr. EHRLICHMAN. I can't tell you that; I don't know.

Mr. WEITZ. Do you recall what the substance of the meeting or the purpose of the meeting was, what conversation?

Mr. EHRLICHMAN. Oh, it wasn't a meeting called for the purpose. I think he and I just discussed it in passing, and I say in passing, in line with a lot of other things that we had to talk about.

Mr. WEITZ. Did the President ever indicate to you that he was aware or appreciative of the dairy people's support?

Mr. EHRLICHMAN. You mean in terms of campaign contributions or something of that kind?

Mr. WEITZ. No; I said their support.

Mr. EHRLICHMAN. I don't recall his doing so. But I am not prepared to get into my conversations with the President with you in any event. I mean, that's just not something that I do.

Mr. WEITZ. Even with regard to political support?

Mr. EHRLICHMAN. Well, it is very hard to separate these things out. And I don't think that it is proper for me to sit here and talk to you about private conversations that I have had with the President about matters that involved substance; I just don't think that's appropriate for me to do.

Mr. WEITZ. Just to clarify your last comment, are you relying on the doctrine of executive privilege or some other principle?

Mr. EHRLICHMAN. No; I don't invoke executive privilege. It isn't for me to invoke.

Mr. WEITZ. Have you been instructed to assert it?

Mr. EHRLICHMAN. No; but I am just cautioning you, if you want to get into the question of why did the President decide to do what he did on a substantive matter, I don't think, if I know, that because of something he told me that it is my job to tell you. In fact, I think to the contrary. I owe him a certain duty of respecting his confidences about whatever he may have told me about his processes of substantive matters, so if you ask me why did he decide to raise price supports, or why did he decide to sell wheat to China, or sell wheat to the Russians, I think it is very improper for someone in my former position to lay that out on the table to someone in your position, it's none of your business.

Mr. WEITZ. Well, let me just—we are not going to compel you at this stage on pain of contempt, but if we do ask you questions, within the mandate of the Congress measuring the scope of this committee, and if you are not exerting an executive privilege, it is our position that it is our business and furthermore, that you should be required to answer. And I will ask you one more time. Did the President ever indicate to you, apart from the reasons for making any substantive decision, whether he was appreciative or in favor of the dairy peoples' support for him?

Mr. EHRLICHMAN. No; I don't recall him doing so.

Mr. WEITZ. Now, following the 25th with respect to the price support matter, did you have an involvement or did you become aware of

any political contributions by the dairy people for the President's reelection?

Mr. EHRLICHMAN. I did at some time and I can't tell you when. I can't tell you whether it was before or after the election.

Mr. WEITZ. The 1972 election?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Do you remember how you became aware of it? Who told you about it?

Mr. EHRLICHMAN. No, I just have some general understanding of the fact that they made contributions.

Mr. WEITZ. Were you aware of any commitments, either made or in existence in 1971, with respect to contributions by the dairy people for the President's reelection?

Mr. EHRLICHMAN. In 1971? I can't recall knowing it in 1971.

Mr. WEITZ. What about in 1972?

Mr. EHRLICHMAN. Yes, it could have been 1972. And, again, I don't have a specific recollection of somebody telling me specifically, you know.

Mr. WEITZ. Were you aware, at any time, of a commitment on the part of the dairy people to contribute $90,000 a month to the President's reelection effort?

Mr. EHRLICHMAN. No, I don't believe so.

Mr. WEITZ. Now, in light of Mr. Kalmbach's earlier expressed concern to you sometime in 1969, perhaps with respect to the overtures by Mr. Semer, when you became aware subsequently of contributions by the dairy people for the President's reelection efforts, did anyone again express any concern to you concerning a possibility, either from appearance sake or from the dairy people's part, of quid pro quo for those dairy contributions?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Did you yourself have those concerns?

Mr. EHRLICHMAN. No.

Mr. WEITZ. There was no discussion of it to your knowledge in the White House?

Mr. EHRLICHMAN. I don't remember any.

Mr. WEITZ. Now, did there come a time in August or September of 1971, when you discussed with Mr. Colson the desirability or need for $5,000 for Mr. Krogh?

Mr. EHRLICHMAN. No, not in those terms.

Mr. WEITZ. Would you tell us in what terms?

Mr. EHRLICHMAN. Well, my recollection of this is that Krogh talked to me about his need for a budget or some money for what's now known as the "Plumbers" and I sent him to Colson or suggested to him that he talk to Colson and I don't remember which. I don't recall having any specific conversation with Colson about it myself.

Mr. WEITZ. You say that Mr. Krogh referred to a budget. Did you know what the budget was or the magnitude of the budget?

Mr. EHRLICHMAN. Yes. It was to carry out this investigation on the west coast. The magnitude, I don't think I did know.

Mr .WEITZ. Did you know the source of the money which Mr. Colson would be requested by Mr. Krogh to provide?

Mr. EHRLICHMAN. Not until about the last 3 months.

Mr. WEITZ. Did you know in what way Mr. Colson would attempt to procure that money?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Was it clear to you or did you have an understanding that it would be from some private, some private outside source?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Did Mr. Colson have a budget, a White House budget?

Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Did you believe that it would come from his own budget?

Mr. EHRLICHMAN. I assumed that it would. He had a great deal more latitude in his budget than the rest of us did.

Mr. WEITZ. Now, Mr. Colson's grand jury testimony from the Los Angeles grand jury with respect to the request, he indicates on page 651, he received a call from you and upon the question, "Will you tell us, please, the substance of that conversation?", his answer at page 652 is, "Yes, Mr. Ehrlichman asked me if I could obtain $5,000 for Mr. Krogh and he indicated the money was needed rather quickly, as I recall," and then he goes on to discuss how he obtained the money. Do you recall that conversation?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Did you tell Mr. Colson to obtain $5,000 for Mr. Krogh?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Were you aware of any arrangement by which, or any instance in which Mr. Colson obtained moneys from the dairy people for any of his projects or any of Mr. Krogh's projects?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Now, we have a memo from Gordon Strachan to Haldeman, dated September 16, 1971, and it goes as follows: "Subject: Milk Money. You asked me to check Colson regarding an independent agreement with the milk people for Colson to get cash. Colson confirmed that he had made a separate arrangement to obtain $5,000. This money was committed by Ehrlichman but never delivered in connection with a project we (Colson and Ehrlichman) worked on together."

Do you recall any such subject?

Mr. EHRLICHMAN. I don't know what that would refer to unless it were this Krogh transaction.

Mr. WEITZ. Did you ever make a commitment, either to Krogh or to anyone else, to obtain that money or any other moneys?

Mr. EHRLICHMAN. No. I have described to you my recollection of that transaction.

Mr. WEITZ. Did you know Joseph Baroody or do you know Joseph Baroody?

Mr. EHRLICHMAN. I know Bill Baroody and I know Bill Baroody's father, but those are all the Baroodys I know.

Mr. WEITZ. That's his brother. Do you know the public relations firm of Wagner and Baroody?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Do you know of any suggestions or arrangements where Mr. Colson had arranged for a public relations firm to be hired by the milk people?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Do you know George Webster?

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Mr. EHRLICHMAN. Yes.

Mr. WEITZ. Were you aware that he organized certain committees to collect campaign contributions for the 1972 election?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Were you aware whether he formed committees to receive moneys for any purpose?

Mr. EHRLICHMAN. No, I don't think I knew that.

Mr. WEITZ. Do you know whether he provided, from whatever source, moneys to Mr. Colson?

Mr. EHRLICHMAN. Webster?

Mr. WEITZ. Yes.

Mr. EHRLICHMAN. No, I didn't know that.

Mr. WEITZ. What about Baroody? Did you know whether Mr. Colson received any moneys from Baroody?

Mr. EHRLICHMAN. Well, I heard subsequent, say within the last several months that Colson says that he got money from Baroody to give to Krogh, but the Strachan memo would indicate to the contrary, so I don't know what to believe.

Mr. WEITZ. Do you know of any relationship between the Wagner and Baroody firm and the milk people?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Did you ever have an occasion to discuss with Mr. Haldeman, or anyone else in the White House, the problem of any arrangements in which Mr. Colson was soliciting or receiving moneys from the outside, from contributors separate and apart from the organized fundraising effort such as from Mr. Kalmbach?

Mr. EHRLICHMAN. No; I don't believe so.

Mr. WEITZ. No one ever mentioned to you the problem of trying to have contributions solicited only through one source or organized and controlled sources?

Mr. EHRLICHMAN. No.

Mr. WEITZ. You talked about your understanding of Mr. Krogh's understanding of the source of where the funds came from. Is this through newspaper accounts?

Mr. WILSON. Let me interrupt you, because I knew that Mr. Ehrlichman was not aware of the facts in relation to a number of your questions. This kind of evidence, which you are now seeking to develop, is relevant to the criminal trial in Los Angeles for which Mr. Ehrlichman is indicted. I don't think that you should go into that. Here he is on the eve of trial out there.

Mr. WEITZ. I was just trying to establish his knowledge of the source of the money.

Mr. WILSON. That's the reason I usually kept quiet, because it was usually a negative answer, but I don't know whether an affirmative answer is coming out or not, but I am appealing to you not to interrogate this man on the eve of his trial out there to matters that may be relevant out there.

Mr. WEITZ. Do you have any knowledge of any money solicited from a Mr. Mulcahy for whatever purpose?

Mr. EHRLICHMAN. I don't know if solicited is the word. I was given to understand that Mulcahy was a contributor to the 1972 campaign.

Mr. WEITZ. Do you know of any particular requests for approximately $3,000 or $3,600 from Mr. Mulcahy? A request of money to come from Mr. Mulcahy for a particular purpose?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Was Mr. Cashen involved in soliciting or receiving funds for various purposes or any purposes?

Mr. EHRLICHMAN. Not that I know of.

Mr. WEITZ. Now I would like to turn your attention quickly to 1972. Were you aware in 1972 of the lawsuit of *Nader* v. *Butz* with respect to milk price-support decisions of 1971?

Mr. EHRLICHMAN. Just casually in newspaper reading.

Mr. WEITZ. Now, in a memo which we have from John Dean to you of February 1, recounting the facts of the case which had previously been filed the week before, he assesses the impact of the case on the current year and particularly the President's campaign. On page 3 he makes the following statement: "Aside from the ultimate decision in the case, the discovery proceedings could prove disastrous." And he talks about the fact that probably under existing law, Nader could be permitted to take depositions and so forth.

Did you have any occasion to discuss this matter with either Mr. Dean or Mr. Haldeman or anyone else in the White House?

Mr. EHRLICHMAN. I don't recall the memo. Did I get the memo?

Mr. WEITZ. It has your name on it.

Mr. EHRLICHMAN. That doesn't mean I got it. John Dean to me, dated February 1, information. A lot of these so-called information things I never saw.

Mr. WEITZ. That's why the question was not restricted to the memo itself but rather with respect to the suit.

Mr. EHRLICHMAN. This was one of the things that may have come up in one of those staff meetings. This was the reason for the staff meetings, to bring up current litigation and departmental problems and current problems and things of that matter. I wouldn't want to rule it out.

Ordinarily, a thing like this, directed to me, would have been kicked over to Whitaker without me seeing it and then if he thought it was sufficiently pressing, he would have then passed it on to me after his review. And I don't recall any specific concern about this lawsuit by Haldeman or by anybody else.

Mr. WEITZ. What about an antitrust suit that was filed by the Department of Justice against the dairy people, do you recall that matter?

Mr. EHRLICHMAN. Yes. I don't know about that. I don't think I knew about it at the time. I have read about it obviously since, but I am not sure we were consulted about that in advance.

Mr. WEITZ. Now you will notice on the back page of that memo, there is really a second smaller memo that refers to the fact that on the same date the antitrust suit was filed, do you recall being apprised of that or discussing the matter with anyone?

Mr. EHRLICHMAN. No, I don't. But if it were filed, it undoubtedly would have showed up in the news summary and I would have read it as a matter of course.

Mr. WEITZ. Now, the previous fall the Department of Justice records indicate the original recommendation from the Antitrust Division to the Attorney General was to impanel a grand jury to investigate possible criminal indictments against the milk people and, subsequently, the Attorney General rejected that recommendation and a civil suit was ultimately filed which is referred to there. Do you have

any knowledge or were you aware of any discussions in the White House or between the White House and anyone in the Justice Department with respect to that decisionmaking?

Mr. EHRLICHMAN. No, I don't recall.

Mr. WEITZ. Or the earlier recommendation?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Now, either in late 1971 or late 1972, did you have occasion, directly or indirectly through Mr. Whitaker, for example, to discuss with Mr. Kalmbach any solicitations he was making or any contacts he was having with the dairy people?

Mr. EHRLICHMAN. Not that I can recall. I would say ordinarily Whitaker would not have been involved in that. Let me rule out the indirectly part of that right off the bat, because that is not ordinarily the kind of thing that Whitaker would have in any way been concerned with, and I don't recall having any personal conversations with Kalmbach on that subject.

Mr. WEITZ. Were you aware of any meetings or contacts between Kalmbach and the dairy people in 1972 with respect to the contributions?

Mr. EHRLICHMAN. Now the dairy people—if you give me some names.

Mr. WEITZ. Harold Nelson?

Mr. EHRLICHMAN. No.

Mr. WEITZ. Jake Jacobsen?

Mr. EHRLICHMAN. I have heard of him, but I don't recall Kalmbach having any contact with him.

Mr. WEITZ. George Mehren?

Mr. EHRLICHMAN. No.

Mr. WEITZ. What about Associated Milk Producers, AMPI?

Mr. EHRLICHMAN. Well, I have heard of that, of course, but I don't think I knew of any contacts between Kalmbach and those people.

Mr. WEITZ. Were you aware of at anytime, or do you recall having any contact with Kalmbach, directly or indirectly, at which he indicated to you he was cutting off or terminating any further solicitations by him of the dairy people?

Mr. EHRLICHMAN. Yes; the one I told you about.

Mr. WEITZ. That was in 1969?

Mr. EHRLICHMAN. Well, I think it was. It was some place back there fairly remote. I can't say precisely, but that would be my best guess.

Mr. WEITZ. And for the reasons that you have already mentioned or for the reason——

Mr. EHRLICHMAN. Yes; right.

Mr. WEITZ. And you don't associate that conversation between you and Mr. Kalmbach with the 1972 series of events including, for instance, the focus on the ITT investigation and so forth. You don't associate those two?

Mr. EHRLICHMAN. You have lost me.

Mr. WEITZ. Let me start from the beginning.

In 1972, in the course of the confirmation hearings of Attorney General Kleindienst, there was some reference and attention with respect to earlier decisions of ITT. Do you associate your conversation with Mr. Kalmbach, about cutting off his contact with the dairy people, with this concern in 1972 over the ITT matter?

Mr. EHRLICHMAN. No; I associate it with Kalmbach's personal revulsion, I guess, is the way to say it; his having been asked for quid pro quo. And that's the only thing I associate it with.

Mr. WEITZ. When you spoke to Mr. Kalmbach, did you make any statement to him or react to him?

Mr. EHRLICHMAN. I agreed with him totally.

Mr. WEITZ. Did you ask him whether he told others of his decision?

Mr. EHRLICHMAN. I don't know.

Mr. WEITZ. Do you know whether he told others of his?

Mr. EHRLICHMAN. I have no idea.

Mr. WEITZ. Do you know whether he indicated his decision or imparted his decision to you with anyone else?

Mr. EHRLICHMAN. I don't know.

Mr. WEITZ. Did you ever discuss with Attorney General Mitchell, with respect to price supports, dairy imports or the antitrust suits?

Mr. EHRLICHMAN. I don't recall doing so. I think I would remember the antitrust suit, particularly if I had discussed it. And I don't.

Mr. WEITZ. And in the same vein, were you aware of any other contacts with—any contacts between the White House and Attorney General Mitchell with respect to the antitrust suit that you can remember?

Mr. EHRLICHMAN. By other people, you mean?

Mr. WEITZ. Yes; other than yourself?

Mr. EHRLICHMAN. No; I just don't recall hearing of any.

Mr. WEITZ. Let's take a recess.

[Short recess taken.]

Mr. SANDERS. Mr. Ehrlichman, during the period of February–March 1971, at the time when the milk price-support decision was in a state of flux, did you receive any telephone call or any kind of communication from Congressman Mills concerning the price support?

Mr. EHRLICHMAN. No; I don't think I did personally.

Mr. SANDERS. Were you advised that anyone on your staff was contacted by Congressman Mills?

Mr. EHRLICHMAN. I think some people on the White House staff were, and it seemed to me the representation came basically from George Shultz and John Connally to me at a later time. But I think I heard that either the Congressman or his staff were making representations.

Mr. SANDERS. Do you recall receiving a memorandum from Secretary Shultz concerning the conversation with Mr. Mills?

Mr. EHRLICHMAN. Not offhand, no.

Mr. SANDERS. I would like to ask the same question of you concerning Speaker Albert?

Mr. EHRLICHMAN. Yes; his name was also mentioned in the same way.

Mr. SANDERS. With respect to Mr. Mills, Poage, Senators Talmadge, and Humphrey, did you have any conversation at all with respect to the milk-price decision?

Mr. EHRLICHMAN. I don't believe so.

Mr. SANDERS. Or do you remember any members of your staff having contact with any of them?

Mr. EHRLICHMAN. Well, I think John Whitaker had some contact—when you mentioned Poage—Whitaker had had contact from Poage.

Mr. SANDERS. Do you recall being apprised of any contracts by the legislators with the Department of Agriculture?

Mr. EHRLICHMAN. Not specifically. Secretary Hardin, I think, summarized the degree of congressional pressure in this meeting that we had with him.

Mr. SANDERS. At or about that time, did you learn of any contacts with these legislators by officials of AMPI?

Mr. EHRLICHMAN. Not specifically. It was generalized that as I indicated before, that they were recipients of heavy contributions from the milk producers and that they obviously were being worked on.

Mr. SANDERS. Do you have a recollection of any specifics concerning contributions to these legislators?

Mr. EHRLICHMAN. Yes. I think it was John Connally who indicated an amount of money that he knew had been contributed to Wilbur Mills, and in turn Mills had used to dole out to other Democratic candidates. I don't remember what the amount was. It was a substantial amount of money.

Mr. SANDERS. Did it seem to you that Mr. Connally was speaking in general of dairy cooperatives or specifically of AMPI?

Mr. EHRLICHMAN. I can't tell you.

Mr. SANDERS. Did you learn at any subsequent time of additional contributions to any of these legislators by dairy cooperatives?

Mr. EHRLICHMAN. No.

Mr. SANDERS. With respect to the general understanding you had of contacts between Mr. Kalmbach and Semer, did it appear to you at anytime that anyone in the White House or in the reelection effort sought contributions from AMPI?

Mr. EHRLICHMAN. No.

Mr. SANDERS. Or from any of the dairy cooperatives?

Mr. EHRLICHMAN. No; that wasn't my impression.

Mr. SANDERS. What was your impression?

Mr. EHRLICHMAN. That Kalmbach had been approached by this individual through an intermediary.

Mr. SANDERS. Did you learn at anytime that AMPI had pledged funds of any size for the reelection of the President in return for some specific favorable governmental action?

Mr. EHRLICHMAN. No.

Mr. SANDERS. Or that they did in return for some favorable governmental action?

Mr. EHRLICHMAN. No.

Mr. SANDERS. With regard to the antitrust action against AMPI, do you have any recollection of learning of efforts on the part of any of the legislators I have named to urge or induce the executive branch to change its course of action?

Mr. EHRLICHMAN. No, I don't. I don't think I—to be responsive, I just don't recall anything like that.

Mr. SANDERS. The Secretary of Agriculture's decision to fix the price of milk for marketing year beginning in April of 1969 was announced on December 26, 1968, at a time when President Johnson was still in the White House. When you came into the White House in early 1969, can you now recall being aware of a decision in that respect being made by the previous administration?

Mr. EHRLICHMAN. No; I can't.

Mr. SANDERS. Do you have any recollection concerning the fixing of the price level for milk for the marketing year 1969–70?

Mr. EHRLICHMAN. No; I don't.

Mr. PLOTKIN. Mr. Ehrlichman, can you give me your perception of the political pressure that was placed on the administration at the time of the 1971 milk price increase with regard to—did it seem like an inordinate amount of pressure in regard to other decisions of this type?

Mr. EHRLICHMAN. It operated on two levels. One was the interest group pressure, so-called, as the milk producers' representations to the White House which were not unusual in my view. About like you get from the truckers or the railroads, or you know, some other interest; veterans, for instance, in other issues.

What was different about this was the extremely marked congressional pressure that came with it that was out of proportion to the kinds of accompanying congressional pressure that you ordinarily get with a particular interest group representation of the White House. And this was translated, as I indicated before, into demands by key chairmen of congressional committees particularly, and not in germane ways, but in the form of duress in nongermane areas, so to speak. In other words, that the reason John Connally was in this was that Wilbur Mills was his chairman. He handled the Treasury matters, and we had things before Ways and Means. Ways and Means was just loaded with administration bills, and Connally reported nothing is going to move. The chairman is extremely unhappy. I have never seen him so unhappy, and so we were really feeling the bite on revenue sharing and a number of tax measures and some economic measures and just across the board. That is why George Shultz got so turned on, because he had economic things up there that were of concern, and so people like Talmadge and Mills and the Speaker were upset, this came very much to the front burner.

Mr. PLOTKIN. Was it your perception that a bill to increase the minimum level of price supports could be held at 85 or 90 percent?

Mr. EHRLICHMAN. Yes.

Mr. PLOTKIN. Would it have passed Congress?

Mr. EHRLICHMAN. We were told that it would, and we would have all the disadvantages and none of the advantages of graceful acquiescence.

Mr. PLOTKIN. Can you speculate whether that would be the President's perception?

Mr. EHRLICHMAN. Yes, that was one of the arguments that was put to the President.

Mr. PLOTKIN. And can you further speculate as to the President's feeling as to had he vetoed such a bill, how it would have been dealt with?

Mr. EHRLICHMAN. He was advised he would have been nulled.

Mr. PLOTKIN. Is that the term for overruled on the veto?

Mr. EHRLICHMAN. Yes.

Mr. PLOTKIN. I just wanted to clarify that for the record.

Mr. WILSON. Off the record.

[Discussion held off the record.]

Mr. PLOTKIN. On the record.

Now, with regard to the statement that you said that Governor Connally said that money was provided to Congressman Mills to

dole out to other candidates, was it your understanding that the money was to be doled out to only promilk interest candidates?

Mr. EHRLICHMAN. No, I didn't understand it that way. My impression was, and it was only a personal impression, that this accounted for a certain amount of the chairman's leverage with his committee, is what flashed through my mind when I heard that. That this was—and this is, of course, an old story in these Members who have distribution rights on contributions, that they gain leverage over other Members through this device and hearing about Wilbur Mills' vaunted influence on the Hill, this was a revelation to me. I never heard it before, and it accounted to me for a certain amount of that control.

Mr. PLOTKIN. Now, did Governor Connally say that the money that went to Congressman Mills was from——

Mr. EHRLICHMAN. Milk producers?

Mr. PLOTKIN. And would it have been your perception at that time or even now, that you are looking back in retrospect, that the money should have been or was likely to be used for the benefit of candidates that were favorable to milk interests?

Mr. EHRLICHMAN. Well, that would have been my unexpressed assumption that that certainly had to go along with it with whatever other commitments he could exact, but obviously, he couldn't make water run uphill very long if he gave milk producers' money to people who opposed their interest. Why, it wouldn't have lasted too long.

Mr. PLOTKIN. Can you recollect whether at the time you asked him the amount of money involved?

Mr. EHRLICHMAN. I didn't ask him, but it seemed to me that he mentioned a figure, and I don't remember what it was. Substantial.

Mr. PLOTKIN. You couldn't even give a ballpark estimate?

Mr. EHRLICHMAN. Substantial. No. But I remember being impressed that it was a substantial amount of money.

Mr. PLOTKIN. That's all.

Mr. SANDERS. That's all.

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[Whereupon, at 3:10 p.m., the committee proceeded to the consideration of other matters.]

WEDNESDAY, FEBRUARY 20, 1974

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

The Select Committee met, pursuant to notice, at 10:20 a.m., in room G-334, Dirksen Senate Office Building.

Present: Senator Baker.

Also present: David Dorsen, assistant chief counsel; Alexander Keema, investigator; John Elmore, research assistant; Benjamin Plotkin, minority investigator.

Senator BAKER. Miss Clancy, would you hold up your right hand, please? 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?

Miss CLANCY. I do.

Senator BAKER. Will you please identify yourself for the record?

TESTIMONY OF LYNDA E. CLANCY, ACCOMPANIED BY JOHN G. DeGOOYER, COUNSEL

Miss CLANCY. Lynda Clancy.

Senator BAKER. And your residence?

Miss CLANCY. 1011 Arlington Boulevard, Arlington, Va.

Senator BAKER. Thank you very much.

Mr. DORSEN. First, Miss Clancy, I understand that you are represented by Mr. DeGooyer. For the record I would appreciate it——

Mr. DEGOOYER. My name is John DeGooyer, middle initial G., 1776 F Street, NW., Washington, D.C., counsel for the witness.

Mr. DORSEN. Miss Clancy, could you please trace your duties or jobs briefly, starting with the 1968 election to the present?

Miss CLANCY. In 1968, I was working on the campaign tour staff of the President, and after the campaign was over, I went to the transition office of the President for a period of time. Then I went to work for the Republican senatorial committee on their dinner staff. I was just helping them out on their dinner staff. After the dinner was over I went to work for Senator Paul Fannin. Again, it was just a temporary assignment. On December 1, 1969, I went back to work for the Republican senatorial committee as secretary of the committee, and I have been there since.

Mr. DORSEN. What are you duties there?

Miss CLANCY. Custodian of the books. I am responsible for receipts and disbursements.

Mr. DORSEN. Do you ordinarily physically receive the contributions and physically write out checks?

Miss CLANCY. I do not physically write out the checks. I issue a voucher. The bank then prepares the check.

Mr. DORSEN. I gather, ordinarily checks are prepared at your direction. Is that correct?

Miss CLANCY. That is right.

Mr. DORSEN Do you report to anybody on the senatorial committee?

Miss CLANCY. To the director of the committee, Mr. Buehl Berentson.

Mr. DORSEN. How long has he been director?

Miss CLANCY. He has been director since 1972. I think that is when he came to the committee. I am almost sure of that. I think it was 1972 or—no, I take that back—1971.

Mr. DORSEN. So that Mr Berentson was the director during the effective part of the 1972 campaign. Is that correct?

Miss CLANCY. That is right, sir.

Mr. DORSEN. Do you know an individual by the name of Lee, L-e-e. Nunn, N-u-n-n?

Miss CLANCY. Yes, I do.

Mr. DORSEN. Am I correct that you have known him for many years?

Miss CLANCY. I have known him since 1969.

Mr. DORSEN. In what capacity have you known him?

Miss CLANCY. He was the director of the committee. He is the man that employed me to work for the senatorial committee.

Mr. DORSEN. And what did he do after that?

Miss CLANCY. What did he do when he left the senatorial committee?

Mr. DORSEN. That is correct.

Miss CLANCY. He went to the Committee To Re-Elect the President.

Mr. DORSEN. Are you familiar with an organization known as Associated Milk Producers, Inc., or its political arm, TAPE?

Miss CLANCY. I know who they are, yes.

Mr. DORSEN. Is that a dairy cooperative and its political action arm?

Miss CLANCY. Yes.

Mr. DORSEN. Has the senatorial committee ever received any contributions from those organizations?

Miss CLANCY. Yes; we received a contribution from CTAPE.

Mr. DORSEN. That is Committee for TAPE, is that correct?

Miss CLANCY. Yes.

Mr. DORSEN. Do you recall when it was?

Miss CLANCY. We received a contribution October 27 in the amount of $150,000.

Mr. DORSEN. Could you please describe to us, to the very best of your recollection, how that came about?

Miss CLANCY. I received a telephone call from Lee Nunn telling me that they had some assistance for us, and that I would be receiving a check in the amount of $150,000.

Mr. DORSEN. What happened after that?

Miss CLANCY. I received the check. Mr. Nunn told me, at that time, that on October 30 I was to issue a check to the Republican Campaign Committee in the amount of $65,000, and on November 7, I was to issue another check in the amount of $55,000.

Mr. DORSEN. Did he tell you what was to happen with the balance of $30,000?

Miss CLANCY. It was to remain with the senatorial committee.

Mr. DORSEN. Did Mr. Nunn say anything else to you on that occasion?

Miss CLANCY. No; he did not.

Mr. DORSEN. Do you recall whether Mr. Nunn specifically mentioned that the checks should be drawn to the Republican Campaign Committee?

Miss CLANCY. I am not sure. I am not really sure on that. It seems to me that he—I really and truly cannot remember whether he said the Republican Campaign Committee or to the Republican National Committee. I feel that I called Bob Odell and asked him which committee I should issue the checks to. I'm not certain on that, though.

Mr. DORSEN. Is it fair to say that your best recollection is that you called Mr. Odell?

Miss CLANCY. Yes, sir.

Mr. DORSEN. And he told you to actually draw the checks to the Republican Campaign Committee.

Miss CLANCY. To the best of my recollection; yes.

Mr. DORSEN. Do you recall anything else that you and Mr. Odell discussed in connection with this transaction?

Miss CLANCY. There was no other discussion, sir.

Mr. DORSEN. Did you ever receive the check of $150,000?

Miss CLANCY. Did I receive it?

Mr. DORSEN. Yes.

Miss CLANCY. Yes; I did.

Mr. DORSEN. Do you recall how you received it?

Miss CLANCY. Again, I as not sure whether I received the check in the mail or whether I went to pick it up. I really am not clear on how I received it.

Mr. DORSEN. Do you recall what you did with it?

Miss CLANCY. Yes, sir. I immediately deposited it. I hand-carried it to the bank, as a matter of fact.

Mr. DORSEN. Which bank is that?

Miss CLANCY. First National Bank of Washington, 1325 G Street NW.

Mr. DORSEN. And you deposited it to the account of the National Republican Senatorial Campaign Committee?

Miss CLANCY. National Republican Senatorial Committee.

Mr. DORSEN. I would like to show you what we have previously marked as Mehren exhibit 4* which consists of a number of documents, some of which you may be able to identify, others which you may not be able to identify. The first document is a cover sheet entitled, "TAPE Expenditure Voucher." The next document is a two-paged letter dated October 24, 1972, to Senator Dominick from George L. Mehren. The third document appears to be a receipt. And the fourth document appears to be the front and back of a check dated October 27, 1972, in the amount of $150,000, check No. 400, payable to the National Republican Senatorial Campaign Committee, drawn on the account of the Committee for Thorough Agricultural Political Education.

I will ask you to look at these four documents and tell me if you have ever seen them before, and what they are if you have seen them before. [Pause.]

Miss Clancy, have you ever seen before today the top document entitled, "TAPE Expenditure Voucher"?

Miss CLANCY. No, sir.

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*See p. 7354.

Mr. DORSEN. Did you ever see the letter to Senator Dominick?

Miss CLANCY. I do not remember the letter. It is quite possible that the letter accompanied the check. The only way I could find that out would be to go through my files to see if I have the letter.

Mr. DORSEN. With respect to the third document, have you seen that document before?

Miss CLANCY. Yes, sir.

Mr. DORSEN. And is the signature on that document the signature of Mr. Berentson?

Miss CLANCY. Yes, it is.

Mr. DORSEN. Do you have any understanding as to why it appears that two different typewriters were used in preparing the third document; namely, the receipt? One typewriter which typed the "National Republican Senatorial Campaign Committee," and another typewriter, which appears to be different.

Miss CLANCY. That filled in the spaces?

Mr. DORSEN. Yes.

Miss CLANCY. The reason for that was that at the time I made that form—I believe that is form 4909, is it not? A copy of it, or something. With regard to form 4909 of those that were typed; I made a whole bunch of them and when I did issue a receipt—when I was asked to issue a receipt, I could have used my own typewriter. That was done on a special kind of different typewriter.

Mr. DORSEN. Is it your testimony then that you typed all of the typewritten portions of the receipt that is part of Mehren exhibit No. 4, and you typed it on two different occasions?

Miss CLANCY. Yes, sir.

Mr. DORSEN. There appear to be two typewriters, one of a larger type, which typed, in addition to "National Republican Senatorial Campaign Committee," the date and the amount of the check. Is it your recollection that you typed that after you typed the other, when you received the actual check?

Miss CLANCY. Yes; it would have been typed afterward. I am almost sure that that is a form because they asked for a receipt and, as I said, I had many of these in my file, and when someone asked for a receipt I would use that.

Mr. DORSEN. Is it your testimony that on the forms that you had the words, "candidates," "United States Senate," "various States"——

Miss CLANCY. Were typed on another typewriter.

Mr. DORSEN. A number of them were typed at one time, is that correct, and kept in your file?

Miss CLANCY. Yes, sir.

Mr. DORSEN. And is the check No. 400 previously described the check that you received from Mr. Nunn?

Miss CLANCY. Yes.

Mr. DORSEN. And that is the same check that was deposited at the bank that you described?

Miss CLANCY. Yes.

Mr. DORSEN. Returning for a moment to your conversation with Mr. Nunn, did Mr. Nunn tell you anything else or say anything else to you other than what you have described here already?

Miss CLANCY. No. Of course, he said that he had some assistance for us and asked how are things going. And he said that he had some

assistance for us and we would be receiving this check and that I was to make those two disbursements and the balance would be for the senatorial committee, and that is really all that he said.

Mr. DORSEN. Do you recall what you told him when he asked you how things were going?

Miss CLANCY. I told him we always needed assistance.

Mr. DORSEN. And I gather the assistance that he was talking about was the $30,000.

Miss CLANCY. Yes, sir.

Mr. DORSEN. In this conversation was there any reference to any other transactions, or transfer, or loan of any type, that had occurred previously?

Miss CLANCY. No.

Mr. DORSEN. Again, returning to your conversation that you believe you had with Mr. Odell. I think you told us on a prior occasion that your best recollection was that you spoke to Mr. Odell to obtain the name of the Republican Campaign Committee and that it was your recollection that he was, in general, familiar with the transaction and the transfers in question.

Miss CLANCY. Yes. He seemed to know what I was talking about when I said that I was going to issue a check on October 30. He said, yes, just as if he knew what I was talking about.

Mr. DORSEN. I would like to show you what we have previously marked as Mehren exhibit 6* which consists of a cover sheet entitled, "TAPE Expenditure Voucher," referring to a contribution in the amount of $27,500; a letter dated October 27, 1972, from Mr. Bob A. Lilly, L-i-l-l-y, to Mr. Berentson; a receipt for check No. 404 in the amount of $27,500, apparently signed by Mr. Berentson; and the front and back of that check, which is also made out to the National Republican Senatorial Campaign Committee.

Mr. DORSEN. I would like you to look at these documents and then I will have a few questions.

Miss CLANCY. Mr. Dorsen, I would like to go back to this form here—no, that is not the one that I typed because mine is on letterhead. When we received the check that form came with it, and then it was—we filled in the information they requested.

Mr. DORSEN. Are you referring now to the third document in the two exhibits?

Miss CLANCY. Yes, sir. But it is similar. That is why I thought it was the one. But now I remember. Mine was on letterhead.

Mr. DORSEN. And on each of these, both Mehren exhibits 4 and 6, the receipt forms have a stamp, "received," and then a date on the bottom. Do you know whether you put that on or whether that was put on when it was returned to the Committee for TAPE?

Miss CLANCY. I did not put that on.

Mr. DORSEN. Have you looked at Mehren exhibit 6?

Miss CLANCY. Yes, I recall seeing the letter. Yes, sir.

Mr. DEGOOYER. Let me clarify that. That whole thing is Mehren exhibit 6?

Mr. DORSEN. That is correct. Exhibit 6 contains the several documents I just described for the record.

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*See p. 7362.

First of all, do you have any knowledge as to why the covering letters were signed and addressed by and to different individuals in the case of the two contributions?

Miss CLANCY. No, sir. I do not.

Mr. DORSEN. Returning for a second to exhibit 4, the receipt for the $150,000 check indicates that the check is dated October 24, 1972, while the check itself is dated October 27, 1972.

Miss CLANCY. The only thing I can say there, sir, is that I took the date off the letter. That is the only way I can answer that.

Mr. DORSEN. And the covering letter for the check is, of course, dated 3 days earlier than the actual date of the check. Is that right?

Miss CLANCY. Yes, but at that time I did not notice the date on the check.

Mr. DORSEN. Do you have any knowledge or information as to why the letter and the check bear different dates?

Miss CLANCY. No, sir. I do not.

Mr. DORSEN. I have just marked as exhibits 1 and 2, two checks. One, No. 959 on the order of the National Republican Senatorial Committee in the amount of $65,000, dated October 30, 1972, to the order of Republican Campaign Committee, which is exhibit 1.

[Whereupon, the document referred to was marked Clancy exhibit No. 1 for identification.[1]]

Mr. DORSEN. And as exhibit 2, check No. 1011 dated November 7, 1972, on the account of the National Republican Senatorial Committee to the order of the Republican Campaign Committee in the amount of $55,000.

[Whereupon, the document referred to was marked Clancy exhibit No. 2 for identification.[2]]

Mr. DORSEN. I would like for you to look at these copies of checks and ask you if those are the checks that you described earlier?

Miss CLANCY. Yes sir; they are.

Mr. DORSEN. Do you recall how those checks were actually transmitted to the Republican Campaign Committee or the Republican National Finance Committee?

Miss CLANCY. When I requested the check from the bank, I went down and picked it up. I then called Bob Odell and told him that I had the check and could he have someone pick it up. And he had someone pick it up.

Mr. DORSEN. Do you recall anything else that you and Mr. Odell said to each other in connection with those checks?

Miss CLANCY. There was no further conversation.

Mr. DORSEN. Other than the conversation that you have described with Mr. Nunn, which I believe you fixed as October 26 or October 27, 1972, have you ever discussed this matter with Mr. Nunn either in 1972 or recently?

Miss CLANCY. Yes, sir. I saw Mr. Nunn, I think, right after the first of the year, as a matter of fact.

Mr. DORSEN. The first of which year?

Miss CLANCY. The first of this year. I saw Mr. Nunn and talked to him, really, to clear up some things that I was not quite sure of and still they are not quite cleared up, and that was the check for

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[1] See p. 7414.
[2] See p. 7415.

$150,000. I was not sure whether I received it in the mail—I feel reasonably sure I did, but I was not sure—or whether I had gone downtown to pick it up.

Mr. Nunn was not able to really and truly clear me on that. He seemed to feel that it came in the mail, but he was not really able to help me.

Mr. DORSEN. Is there anything else that you discussed with Mr. Nunn concerning these transactions at that time?

Miss CLANCY. My meetings with you? I told him about meeting with you, but there was nothing really discussed. I told him exactly what I had—you know, what went on in my interview with you, but that was all.

Mr. DORSEN. Did he ever——

Mr. DEGOOYER. Let me just go off the record for a second.

[Discussion off the record.]

Mr. DORSEN. First, just to clear a point that was raised by Mr. DeGooyer, I referred in a question to a conversation with Mr. Nunn on October 26 or 27, 1972. What is your best recollection as to the date of your conversation with Mr. Nunn?

Miss CLANCY. I think that it was possibly on October 26, but I am not sure of that.

Mr. DORSEN. Could it also have been October 27?

Miss CLANCY. I doubt it very much. It could have been, but I doubt it. The reason I say I doubt it is that that was the day that I took the check down to the bank to deposit it. So I am pretty sure that it was on October 26.

Mr. DORSEN. So your best recollection of your conversation with Mr. Nunn is October 26, 1972.

Miss CLANCY. Yes, sir.

Mr. DORSEN. Am I correct, then, that this was the only time in 1972 that you discussed with Mr. Nunn any of the transactions or events about which you have testified here today?

Miss CLANCY. Yes.

Mr. DORSEN. Returning to your conversation with Mr. Nunn earlier this year, I understand that you did summarize to him what you told us here last time you were here and repeated on the record today. Is that correct?

Miss CLANCY. Yes, sir.

Mr. DORSEN. Did he indicate any disagreement with what you said?

Miss CLANCY. No, sir. He did not.

Mr. DORSEN. During the course of these events relating to the transactions about which you have testified, were you talking to Mr. Berentson about the various events and keeping him posted on the various events?

Miss CLANCY. Yes, sir.

Mr. DORSEN. Is it fair to say that before you took any action with respect to the $150,000 check or the two other checks, that you spoke to Mr. Berentson?

Miss CLANCY. Oh; yes, sir.

Mr. DORSEN. Did he indicate whether he was aware of the circumstances surrounding the receipt of the $150,000 check and the payments of $65,000 and $55,000 before you told him about them?

Miss CLANCY. Did he appear to be aware of them?

Mr. DORSEN. Yes.

Miss CLANCY. No; he did not.

Mr. DORSEN. Do you recall anything that he said to you about the various checks or related events?

Miss CLANCY. No, sir. After I had talked to Mr. Nunn—after he had called me and I spoke to Mr. Berentson and told him what the conversation was and what I was to do, he said, "That is fine. At least we are getting $30,000."

Mr. DORSEN. And is that all you can recall that he said?

Miss CLANCY. Yes, sir.

Mr. DORSEN. Did you say anything when he said that?

Miss CLANCY. No.

Mr. DORSEN. Have you ever discussed this matter with any representatives of the National Republican Congressional Committee?

Miss CLANCY. No, sir.

Mr. DORSEN. Do you know whether they received a check in the amount of $150,000 at or about the same time that your committee received a check for $150,000?

Miss CLANCY. I don't know, only from what I have heard. I read it in the paper, I believe.

Mr. DORSEN. And that would be a recent event, is that correct?

Miss CLANCY. Yes, sir.

Mr. DORSEN. Do you know anything concerning how Mr. Nunn came to receive the $150,000 contribution from the Committee for TAPE?

Miss CLANCY. No, sir. I do not.

Mr. DORSEN. Excuse me, I should add to that, other than what you read in the newspaper.

Miss CLANCY. No, sir. I did not.

Mr. PLOTKIN. Can we go off the record for a minute?

[Discussion off the record.]

Mr. DORSEN. Let me go back on the record. To clarify one point that was just raised, do you recall in any further detail the exact circumstances under which you received the $150,000 check. I believe you testified that you thought it was probably by mail. Do you recall what kind of envelope it was in or where the matter came from? Any other circumstances?

Miss CLANCY. I cannot recall. I mean I cannot say, "Yes, it came in a certain kind of envelope." I really and truly cannot. I do not remember.

Mr. DORSEN. Do you have any recollection as to what kind of envelope it came in?

Miss Clancy. No; I do not.

Mr. DORSEN. Do you recall seeing an envelope, or any other record, which would indicate that the check came directly from Committee for TAPE as opposed to Mr. Nunn?

Miss CLANCY. The only thing that I can recall is seeing an envelope that had committee—you know how they spell that out—with, I believe it was a post office box number, but I am not sure, I really and truly am not sure of that.

Mr. DORSEN. Is it fair to say that if the letter were mailed to you, as opposed to your picking it up in person from Mr. Nunn's office, that you have no clear recollection as to who mailed the letter to you or where the letter was mailed from? Is that a fair statement?

Miss CLANCY. Yes.

Mr. DORSEN. Did you visit Mr. Nunn's office frequently during the 1972 campaign?

Miss CLANCY. Not frequently, no. I had friends down in the Committee To Re-Elect. If I were downtown sometimes, I would drop in. There was one time I had to be in Mr. Nunn's office on a matter that has nothing to do with this investigation. It was something totally different. So there, as a matter of fact, on two occasions I had to meet in Mr. Nunn's office.

Mr. DORSEN. Do you ever recall picking up any checks in Mr. Nunn's office?

Miss CLANCY. No, sir.

Mr. DORSEN. So if this check was picked up by you in Mr. Nunn's office, this would be the only occasion in which you did it?

Miss CLANCY. Yes, sir.

Mr. DORSEN. And you are not——

Miss CLANCY. I am really not clear in my mind on that.

Mr. DORSEN. With respect to exhibit No. 6, which relates to the check in the amount of $27,500, do you have any knowledge that any portion of that money was transferred to any other political committee other than the political committee of a Senator running as Republican for election or reelection?

Miss CLANCY. It was not, sir. It was not transferred to any other committee.

Mr. DORSEN. Miss Clancy, I have no further questions. Is there anything you wish to add? Mr. Plotkin may have some questions, but if you wish to add anything at this point from any area that I've asked you questions on, you are certainly free to do that.

Miss CLANCY. No; I have nothing to add.

Mr. PLOTKIN. I have no questions.

Mr. DEGOOYER. May we go off the record for a second?

[Discussion off the record.]

Mr. DORSEN. Miss Clancy, returning to your conversation with Mr. Odell, I think it would be helpful if again you could repeat just what your conversation with him was on that occasion to the best of your recollection.

Miss CLANCY. I called him and told him that I was to issue a check on October 30 in the amount of $65,000, and I asked to which committee should I issue the check. And he said to the Republican campaign committee.

Mr. DORSEN. Did you tell them who told you to issue the check?

Miss CLANCY. No; I did not.

Mr. DORSEN. Did you tell them where——

Miss CLANCY. I do not believe I told them, I'm pretty sure. I think I just called Bob and said, "Bob, I have a check for you. I am to issue a check to you for $65,000 on October 30." He said, "Yes." I said, "Which committee shall I write to?"

Mr. DORSEN. And he told you?

Miss CLANCY. The Republican campaign committee.

Mr. DORSEN. And was anything else said, as far as you can recall?

Miss CLANCY. No. sir. I said that I would call him when the check was ready, which I did do.

Mr. DORSEN. Was there any discussion as to the source of the money?

Miss CLANCY. No, sir.

Mr. DORSEN. So that your conversation with him dealt strictly with the fact that you were to issue a check in a particular amount to him on a particular date?

Miss CLANCY. Yes, sir.

Mr. DORSEN. And he indicated that he was aware of that—receipt of that check?

Miss CLANCY. Yes, sir.

Mr. DORSEN. And on the subsequent occasions, you merely notified him, am I correct, that the checks were ready to be picked up and he sent someone to pick them up?

Miss CLANCY. Yes.

Mr. DORSEN. Have you ever discussed with Mr. Odell the sources of the campaign contributions or the transfers that you were making to the Republican campaign committee?

Miss CLANCY. No, sir.

Mr. DORSEN. Have you ever discussed with him at whose instance the transfers were made?

Miss CLANCY. No, sir.

Mr. PLOTKIN. Let me round out a couple of things for the record. Would you tell us, please, what Mr. Odell's title was, which committee he was associated with?

Miss. CLANCY. He is the director of the Republican National Finance Committee.

Mr. DEGOOYER. That is executive director.

Mr. PLOTKIN. And had it been customary when you were instructed to issue a check to another committee, that you would ask him first to whom it was supposed to go?

Miss CLANCY. To which committee to direct the check to?

Mr. PLOTKIN. [Nods affirmatively.]

Miss CLANCY. Yes, sir.

Mr. PLOTKIN. So that your conversation with him with regard to these checks was not, in any way, unusual?

Miss CLANCY. No, sir.

Mr. KEEMA. He asked no questions with regard to why you were issuing the check? He just said, "Yes?"

Miss CLANCY. That is right.

Mr. DORSEN. Just to round out a few other questions I started to ask a few minutes ago, that is this: I believe you said that in general terms you were familiar with the organization, Committee for TAPE. Have you ever met or spoken to any of the individuals connected with that organization or its operational arm, Associated Milk Producers, Inc.

Miss CLANCY. Have I ever?

Mr. DORSEN. Yes.

Miss CLANCY. No, sir. I have not.

Mr. DORSEN. Do you know if any of the individuals such as George Mehren, Harold Nelson, David Parr, or Bob Lilly were in touch with any representatives of the senatorial committee other than by mail and through the receipt of checks from them?

Miss CLANCY. I have no—the only way is by mail.

Mr. DORSEN. I have no further questions.

Mr. DEGOOYER. Could I just have Miss Clancy put in the record what the balance of the senatorial committee was at or near the end of 1972, the cash balance?

Mr. DORSEN. Certainly.

Mr. DEGOOYER. Do you recall that or would you like to—she had derived this out of her figures at the committee. I am sure she cannot remember the figure without it.

Mr. PLOTKIN. Off the record.

[Discussion off the record.]

Miss CLANCY. Our balance: Is that what you want me to say?

Mr. DEGOOYER. Yes.

Miss CLANCY. Our balance at the end of 1972 was $294,000— $294,-490.14.

Mr. DEGOOYER. And tell from where that figure comes?

Miss CLANCY. This figure comes from my receipts and disbursements books.

Mr. DORSEN. Do you know what the balance was on October 27, 1972?

Miss CLANCY. In my books?

Mr. DORSEN. Yes; approximately.

Miss CLANCY. [Indicates in the negative.]

Mr. DORSEN. Are you saying you do not, at this moment, know the answer?

Miss CLANCY. No, I could not give you a fair answer to that.

Mr. DORSEN. Just in general, where do most of the funds of the senatorial committee come from?

Miss CLANCY. Our contributors.

Mr. DORSEN. Is that usually the result of one particular event or a series of events?

Miss CLANCY. We have one dinner every year in the spring. As a matter of fact, March is when we have it. Most of our contributions come in through that one fundraising event.

Mr. DORSEN. So that ordinarily, aside from that event in March of each year, there is little, if any, income into the senatorial committee; is that correct?

Miss CLANCY. Right. Now and then you do have contributors who will send in a contribution just as they always do it.

Mr. PLOTKIN. You do not have a direct mail campaign?

Miss CLANCY. We have just started that. That was not in 1972.

Mr. DORSEN. I think the record should reflect, if I can summarize it from reports of the senatorial committee, that, as of August 31, 1972, the balance on hand was $319,714.83. The balance on hand on October 26, 1972, was $283,153.05. And the cash on hand at the close of 1972, from the reports filed with the the Secretary of the Senate, is $299,434.60. I have no further questions. Thank you very much.

[Whereupon, at 11:10 a.m. the hearing in the above entitled matter adjourned.]

CLANCY EXHIBIT NO. 1

National Republican Senatorial Committee

PAID

WASHINGTON, D. C. October 30, 1972 No. 959

PAY TO THE ORDER OF Republican Campaign Committee** $ 65,000.00

NOV 01 1972

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The First National Bank
OF WASHINGTON
Washington, D.C.

Mildred H. Hayes
TREASURER

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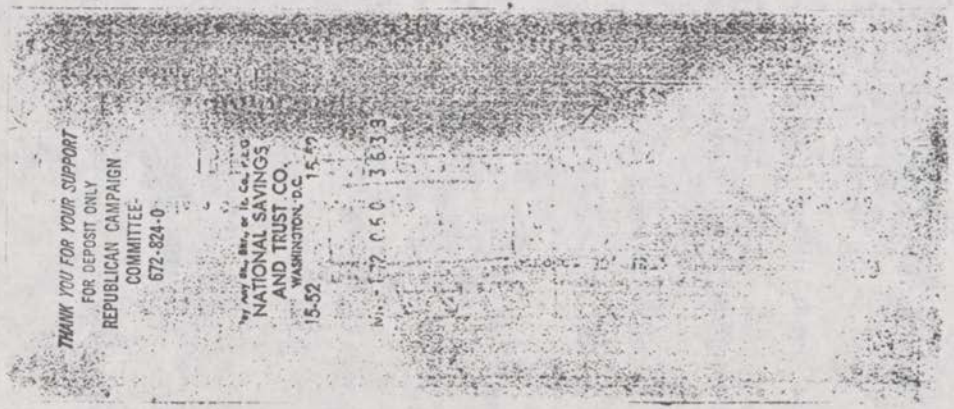

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CLANCY EXHIBIT NO. 2

THURSDAY, FEBRUARY 21, 1974

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

The Select Committee met, pursuant to notice, at 10:30 a.m., in room G–334, Dirksen Senate Office Building.

Present: Senator Weicker.

Also present: David Dorsen, assistant chief counsel; Alexander Keema, investigator; John Elmore, research assistant; Benjamin Plotkin, minority investigator.

Senator WEICKER. Mr. Odell, would you hold up your right hand, please? 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. ODELL. I do.

Mr. DORSEN. I see you are represented by counsel.

Mr. DEGOOYER. My name is John Degooyer, 1776 F Street NW., Washington, D.C., counsel for the witness.

Mr. DORSEN. What is your present position?

TESTIMONY OF ROBERT P. ODELL, ACCOMPANIED BY JOHN G. DeGOOYER, COUNSEL

Mr. ODELL. Executive director, Republican National Finance Committee.

Mr. DORSEN. How long have you held that position?

[Discussion off the record.]

Mr. ODELL. Since April of 1970, I believe.

Mr. DORSEN. What are your duties?

Mr. ODELL. Basically the responsibilities are to manage the fundraising of the Republican Finance Committee which, in turn, is the fundraising arm of the national party.

Mr. DORSEN. Who is the chairman of the National Finance Committee?

Mr. ODELL. David K. Wilson, of Tennessee.

Mr. DORSEN. Who was his predecessor and when did that person relinquish the chairmanship?

Mr. ODELL. Maurice Stans. He relinquished his position on January 19, 1973.

Mr. DORSEN. Who was Mr. Stans' predecessor?

Mr. ODELL. Jeremiah Milbank, Jr., of New York.

Mr. DORSEN. And when did Mr. Milbank relinquish his position?

Mr. ODELL. The day after the completion of the Republican convention, August 24, 1972.

Mr. DORSEN. How long was Mr. Milbank chairman?

Mr. ODELL. He became chairman in May of 1969, if not in May, it was at least in the spring.

Mr. DORSEN. Mr. Odell, I would like to direct your attention to a series of transactions that took place in October and November of 1972. According to the records, in late October of 1972, an organization known as the Committee for TAPE, the political arm of the Associated Milk Producers, Inc., made out checks to the National Republican Campaign Committee—National Republican Senatorial Committee and the National Republican Congressional Committee in the amount of $150,000. Were you aware of those two checks being made out?

Mr. ODELL. At that time, no.

Mr. DORSEN. When did you first become aware of these contributions?

Mr. ODELL. Probably not until Mr. Elmore and Mr. Keema came over to visit with me.

Mr. DORSEN. And that would be in the past few months?

Mr. ODELL. Right, sometime in the fall of 1973.

Mr. DORSEN. Also, in late October or early November 1972, certain checks were made payable from these two committees to the National Republican Campaign Committee which I understand is an arm of the Republican National Finance Committee.

First, am I correct as to the statement of fact?

Mr. ODELL. The Republican Campaign Committee is registered as an affiliate of the Republican National Finance Committee.

Mr. DORSEN. And my question is, were you aware during that period of the preparation and forwarding of those checks from the National Republican Congressional Committee and the National Republican Senatorial Committee?

Mr. ODELL. Yes.

Mr. DORSEN. Let me show you what has been marked as exhibits 1 and 2[1] to the executive session of Lynda Clancy, held on February 20, 1974, and ask if you can identify those two checks.

Mr. ODELL. Right.

Mr. DORSEN. And what are those?

Mr. ODELL. They are two checks drawn on the National Republican Senatorial Committee, both made payable to the Republican Campaign Committee. One is for $55,000 and one is for $65,000.

Mr. DORSEN. I would like to show you what I have just marked as exhibit 1 of today's date to your executive session which consists of the front and the back of three checks, all drawn on the account of the National Republican Congressional Committee, check No. 14656, dated October 31, 1972, paid to the Republican Campaign Committee in the amount of $95,000.

The next check is check No. 14721, dated November 3, 1972, also payable to the Republican Campaign Committee, in the amount of $6,000; and finally check No. 14899, dated November 20, 1972, payable to the Republican Campaign Committee in the amount of $2,000. I would like to show you these and ask you to identify them.

[Whereupon, the documents referred to were marked Odell exhibit No. 1 for identification.[2]]

Mr. ODELL. I can identify them.

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[1] See pp. 7414 and 7415.
[2] See p. 7432.

Mr. DORSEN. What happened to the various checks that have just been shown you—these five checks that have just been shown you?

Mr. ODELL. I am sure they were deposited into the account of the Republican Campaign Committee.

Mr. DORSEN. Do you recall receiving any or all of the five checks which I have identified?

Mr. ODELL. I can't recall receiving them specifically, but I am sure we did.

Mr. DORSEN. Do you recall anything concerning the circumstances under which you received these checks, whether you had advance notice of the receipt of the checks, whether you spoke to anybody before receiving the checks, or any other facts that would relate to the receipt of these checks?

Mr. ODELL. Not to my specific recollection, no.

Mr. DORSEN. Specifically, do you recall whether or not you spoke to Lee L. Nunn prior to receiving any or all of these checks?

Mr. ODELL. I talked to Mr. Nunn probably once a day, twice or 10 times a day. I don't have any specific knowledge of his conversation concerning any of these checks.

Mr. DORSEN. Is the fact that the Republican committee is an affiliate of the National Republican Finance Committee something that is well known to the officials of the Republican Senatorial Committee? And the National Republican Congressional Committee?

Mr. ODELL. Yes. Each of those committees is registered and publicized in brochures that identify them as such.

Mr. DORSEN. In connection with transfers of sums of money between the National Republican Finance Committee and its affiliates and the two congressional committees which I have just identified, with whom do you ordinarily deal?

Mr. ODELL. It would depend. Probably at the congressional committee it would be Jack Caulkins. At the present time someone like Dave Cole. At the senatorial committee it would be Buehl Berentson or Lynda Clancy or possibly someone else. Those are the two.

Mr. DORSEN. Are these individuals the same individuals with whom you would have dealt in October or November 1972?

Mr. ODELL. With the exception of David Cole. His predecessor was Edward T-e-r-r-a-r, I believe.

Mr. DORSEN. Now, with respect to the five checks that I have previously shown you, identified as exhibits here today, do you have any recollection of speaking with any of those individuals concerning the preparation of those checks by those committees or the delivery of those checks to your committee or committees?

Mr. ODELL. I don't have any specific knowledge of it. We did, obviously, receive them.

Mr. DORSEN. Does the fact that the checks are made payable to the National Republican Campaign Committee indicate to you that you may have had or probably would have had a conversation with respect to those checks with officials of those two congressional committees?

Mr. ODELL. Possibly, yes.

Mr. DORSEN. And why is that?

Mr. ODELL. Just because we do have, I believe, one major fundraising committee, disbursing committee, and probably four other fundraising committees that we might require as a donor might do, which committee we would prefer to have the checks made out to.

The concept is that when the Federal Election Campaign Act of 1971 came into operation, we, in order to efficiently manage our record-keeping, set up the Republican National Committee as the disburser and the other being the receiving committee which receives money from the donors to that committee—the Republican victory committee, the Republican Finance Committee, the campaign committee—and they also receive contributions.

When the Federal Election Campaign Act went into effect, we wanted to make our processing of contributions and disbursements current. And the Republican National Committee became the principal disbursing arm.

They handled the multiplicity of payables and the Republican National Financial Committee becomes the umbrella and handles the voluminous checks that we receive. The Republican National Committee, Republican National Finance Committee, the Republican National Finance Operations Committee, and the Republican campaign committee are the depositing committees and operating financial committees.

They receive transfers and contributions. The Republican National Associates Committee and the Republican victory associates committee each receive contributions, principally from donors to those committees. Each of these committees reports to the General Accounting Office, the Clerk of the House, and the Secretary of the Senate.

Mr. DORSEN. Would you have ordinarily been aware, prior to the receipt of checks such as those reflected in the exhibits we have identified, of those checks before they arrived in your office?

Mr. ODELL. Most times I would have been, although not necessarily so. It may have been that someone else in my office would have been knowledgeable about it or that somebody would have told me through somebody else on the staff or the checks may have come over as a check did just the other day.

Mr. DORSEN. Were checks from these committees to your committee, in amounts such as those, a common occurrence?

Mr. ODELL. I would not say common.

Mr. DORSEN. Were they very unusual?

Mr. ODELL. Not necessarily so. I did not consider them unusual.

Mr. DORSEN. Lynda Clancy, who testified here yesterday, indicated that prior to making out the two checks that are reflected by her exhibits 3 and 4, that she talked, to the best of her recollection, to Mr. Nunn and to you, and that Mr. Nunn indicated the timing and the amount of the checks and you indicated the payees of the checks and that she testified that it was her impression that you were aware of at least the fact that you were going to receive those checks.

My first question is, does this in any way refresh your recollection concerning the events about which I have been asking you?

Mr. ODELL. The conversation with Lynda I do not specifically recall. As I indicated, I don't recall Lee Nunn indicating to me—I guess you could say in advance of the receipt of those checks—that we would receive them.

Mr. DORSEN. Do you have any knowledge or information at this time as to whether or not you were aware that you were going to receive any or all of those checks prior to the time that you received them?

Mr. ODELL. I don't have any specific recollection. Nothing has come into my mind during the conversations with Mr. Keema or Mr. El-

more, where somebody told me in advance that these transfers were going to occur.

Mr. DORSEN. Do you have any reason to believe that the account of Lynda Clancy with respect to these events is not accurate?

Mr. ODELL. No, I don't. I believe it is completely possible that she did talk to me.

Mr. DORSEN. And I believe you testified that you have no recollection of speaking to Mr. Nunn about the receipt of these checks on or about the time that they were received by your committee; is that correct?

Mr. ODELL. That is correct.

Mr. DORSEN. Would it be consistent with your relationship with Mr. Nunn for him to have notified you that you were about to receive checks such as these from the congressional committees?

Mr. ODELL. Possibly, although I have known Mr. Nunn for a long time. There are times when he has told me things and times when he has not.

A classic example was when he was running the Senatorial Campaign Committee. I did not know how much we had taken in. Also at that time I was not physically located at 1701, where I had been working.

I was not located on the Hill. My primary responsibility was the direct mail, telephone solicitation, so it is conceivable that he may have told me or may be sure that he told me or not sure he told me. In my recollection, I don't recall him telling me.

Mr. DORSEN. On the assumption that you did have some advance knowledge of the receipt of these checks prior to the time you spoke to Lynda Clancy, is there anyone other than Mr. Nunn who might have given you such notification?

Mr. ODELL. Senator Dominick, who was chairman of the senatorial committee, Buehl Berentson, Lynda Clancy. Many people, I guess, could have told me or alerted me that we would receive transfers from the senatorial committee.

Mr. DORSEN. And does the fact that you received a substantial transfer of funds from the National Republican Congressional Committee at approximately the same time that you received the substantial transfer of funds from the National Senatorial Commitee, indicate to you as to who might have provided you with advance knowledge of the receipt of these funds on assumption that you had this prior knowledge?

Mr. ODELL. Who would have been the person?

Mr. DORSEN. Exactly.

Mr. ODELL. It could have been any one of the people who worked at either of those committees or some other person in the Republican fundraising effort. It would not be unusual for somebody like Caulkins or Terrar, to call me on the same day that Miss Clancy might call me.

Mr. DORSEN. You have no recollection whether you received no calls, one call, two calls, or three calls, prior to receiving these checks?

Mr. ODELL. I have no specific recollection of somebody calling me and saying, "You are going to get a contribution from our committee," or "You are going to get transfers from both committees."

Mr. DORSEN. Do you know the source of the funds, if any, received by the National Republican Congressional Committee and the National Republican Senatorial Committee that provided the funds for the transfers that we have been discussing?

Mr. ODELL. Only inasmuch as Mr. Keema and Mr. Elmore suggested. the possibility where the funds may have come from, and more recently, the Washington Post, Evening Star, and New York Times.

Mr. DORSEN. Did the conversations you had with Mr. Keema and Mr. Elmore or any of the newspaper stories in any way refresh your recollection as to your knowledge in October and November of 1972. concerning any knowledge you may have had of the source of the funds in question?

Mr. ODELL. No, I was not aware of the source prior to the senatorial committees; no.

Mr. DORSEN. Are you familiar with the organization AMPI and its affiliate committees?

Mr. ODELL. Not specifically with that organization. I am familiar with the Milk Producers Association's political action organizations.

Mr. DORSEN. To the best of your recollection, did you have any conversations with any representatives of those organizations in 1972?

Mr. ODELL. To my knowledge, I have never spoken to or met any of the people from those associations or organizations.

[Discussion off the record.]

Mr. DORSEN. I have just marked as exhibit 2 of today's date, a photocopy of two checks—the check number is 16, on the account of the National Republican Campaign Committee, dated November 13, 1972, payable to the Finance Committee To Re-Elect the President, in the amount of $100,000. The second check appears to be unnumbered and it is dated November 7, 1972, drawn on the account of the Republican National Finance Committee, payable to the order of the Finance Committee To Re-Elect the President, also in the amount of $100,000. Can you identify those two checks?

[Whereupon the documents referred to were marked Odell exhibit No. 2 for identification.*]

Mr. ODELL. These are accurate copies of the real checks.

Mr. DORSEN. Who signed the top check?

Mr. ODELL. The top check, the Republican Campaign Committee check was signed by Janice Bell.

Mr. DORSEN. Who is she?

Mr. ODELL. She was the treasurer or assistant treasurer of the Republican National Campaign Committee.

Mr. DORSEN. Is she a full-time employee of any Republican organization?

Mr. ODELL. Not at this time.

Mr. DORSEN. Was she then?

Mr. ODELL. Yes.

Mr. DORSEN. Would she have prepared that check or signed that check on her own, or would she have sought the direction from somebody else?

Mr. ODELL. She would have sought direction.

Mr. DORSEN. And from whom would she seek it?

Mr. ODELL. Myself.

Mr. DORSEN. And the second check—is that your signature?

Mr. ODELL. Yes.

Mr. DORSEN. Do you recall the preparation of signing of the two checks that comprise exhibit 2?

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*See p. 7434.

Mr. ODELL. I don't recall them doing it specifically but they are our checks and they would have been done at my direction.

Mr. DORSEN. Do you have any recollection concerning the circumstances of the issuing of those checks?

Mr. ODELL. With the exception that a transfer of this amount would not have been done on my own direction.

Mr. DORSEN. Which individuals would have been in a position to authorize the transfer of such sums of money?

Mr. ODELL. Secretary Stans, chairman of the Finance Committee To Re-Elect the President, or one of his designates.

Mr. DORSEN. Who were his designates at that time?

Mr. ODELL. C. Langhorne Washburn, who then was a vice chairman, and a half a dozen others.

Mr. DORSEN. And would any of the individuals you named or described be in a position to authorize the transfer of two $100,000 sums to the Finance Committee To Re-Elect the President?

Mr. ODELL. It probably be—because of the working relationship—Secretary Stans himself or someone speaking for him—in that case, probably Lee Nunn. If I had been at 1701 at that time, I am sure Secretary Stans would have told me to do it.

Mr. DORSEN. You say at that time. Do you mean you were visiting 1701?

Mr. ODELL. He may have called me. I moved after the convention. I kept a desk there, but 90 percent of my time was on Wisconsin Avenue. Somebody may have told me or called me to send them $200,000.

Mr. DORSEN. Based upon your knowledge of the operation of the various Republican committees, would you know or believe this was one set of instructions or two sets of instructions?

Mr. ODELL. I would assume that it was one set of instructions. It could have been two sets of instructions. It could have been either one. I would think that probably it was one transaction or one suggestion.

Mr. DORSEN. Try to reconstruct as best you can the circumstances in early November 1972. Can you shed any light on whether it was more likely that Mr. Stans or Mr. Nunn was the person who spoke to you about the transfer?

Mr. ODELL. No; I cannot, but it would be my belief that I am sure Secretary Stans was aware of it. He was the chief executive of the fundraising and I am sure he would be aware or he would instruct me to make those transfers.

Mr. DORSEN. Would the recollection of Miss Clancy that it was Mr. Nunn who spoke to her about the transfers in any way indicate that it was more likely than not that Mr. Nunn spoke to you?

Mr. ODELL. It is possible. However, I would still not have done it—I don't think I would have done it unless he stated that he wanted me to send down $100,000 or $200,000 and it is possible that the Secretary himself would have called me and talked to me.

Mr. DORSEN. So, your position is that it is more likely than not that either you spoke directly to Secretary Stans or that Mr. Nunn represented that he had spoken to Mr. Stans?

Mr. ODELL. Right. In other words, when it is a lot of money, I don't think I would have transferred those things down at just the suggestion of one person without the knowledge that the chairman knew.

Mr. DORSEN. Do you in any way associate the checks delivered from

the National Republican Congressional Committee and National Republican Senatorial Committee with the two checks sent over by you to the Finance Committee To Re-Elect the President?

Mr. ODELL. Not necessarily, except that after conversations with Mr. Keema and Mr. Elmore they would have a very elaborate trail. It is conceivable. I don't have a specific knowledge of it.

Mr. DORSEN. I believe I pointed out to you a series of events that followed one another?

Mr. ODELL. Yes.

Mr. DORSEN. And was anything concerning those events which I think I can summarize, were transferred from CTAPE to the congressional and senatorial committees and from your committee or committees to the Finance Committee To Re-Elect the President. Was there anything inconsistent between that account and your knowledge of how the various Republican campaign committees were operating at that time?

Mr. ODELL. I am not sure I follow that.

Mr. DORSEN. You refer to an account that was suggested to you or a series of events that were described to you and I am interested in learning whether that series of facts is a proper interpretation of events.

Mr. ODELL. From my standpoint, I did not see or know anything about the contributions from the political action committee to what we consider the Hill committees. Then it was suggested that they transfer funds to us and then it was suggested, in fact, that we transfer funds to the finance committee. I don't know anything about the original source.

Mr. DORSEN. Have you spoken with Lee Nunn about these events in the last few months?

Mr. ODELL. No, sir.

Mr. DORSEN. Have you spoken to Mr. Caulkins or Mr. Terrar about these events in the past few months?

Mr. ODELL. I haven't talked to Mr. Terrar. I don't believe I have talked to Mr. Caulkins, and if we did, it may have been something—I think I called him for you and it may have been that he called to see me. It wasn't anything in detail.

Mr. DORSEN. And with respect to Mr. Berentson and Lynda Clancy?

Mr. ODELL. I haven't talked to Lynda. I have talked to Buehl Berentson a couple of times but not in detail.

Mr. DORSEN. Did you discuss what actually may have happened in October, November 1972, with respect to those transactions?

Mr. ODELL. Sort of speculation on our part or piecing together what we knew individually? Not really, no.

Mr. DORSEN. Did you tell him anything that was in any way inconsistent with the account that you have given here today?

Mr. ODELL. No.

Mr. DORSEN. In the white paper issued by the White House last month, there are references to a possible $2 million commitment by dairy producers to the President's reelection effort. At any time prior to the issuing of that white paper, were you aware of any commitments or promise or pledge by the dairy industry to the President's reelection effort?

Mr. ODELL. I think prior to that time, there had been numerous newspaper reports and things of that nature but I have no knowledge

of somebody in authority or in a responsible position telling me there was such a commitment or pledge.

I would say that the first time I knew anything about this or the suggestion of anything with the milk producers or the Republican contributions to Republican campaigns came from a newspaperman.

Mr. DORSEN. Do you recall when that was?

Mr. ODELL. It could have been as early as 1971 or 1972.

Mr. DORSEN. What were the circumstances of that event?

Mr. ODELL. I think we covered it. We did receive contributions from some of the milk producers' political action committees sometime in 1971. I think it was 1971. There was a mistake in our reporting of one contribution and that contribution—I don't think it was TAPE. It may have been SPACE.

Mr. DORSEN. With whom was your conversation?

Mr. ODELL. Jerry Landauer of the Wall Street Journal.

Mr. DORSEN. At that time, was there any mention of a commitment or a pledge in your conversation with Mr. Landauer?

Mr. ODELL. He was all excited about something to do with cheese. I can't recall exactly. He drove me up the wall for a week. He thought there was something to do with a cheese decision.

Mr. DORSEN. Do you recall whether you related this conversation with Mr. Landauer to anybody in the White House or in the administration?

Mr. ODELL. No; I don't think I did. I would have had no reason to. It is conceivable that I might have mentioned it to somebody.

Mr. DORSEN. Do you know Gordon Strachan?

Mr. ODELL. I have never met him. I have spoken to him, to my knowledge, once in my life.

Mr. DORSEN. What was that about?

Mr. ODELL. I had printed 8 million brochures to put out as the President's final fundraising letter for our specific contributing organizations and he questioned whether or not we should be doing the project.

Mr. DORSEN. Do you recall whether Jerry Landauer told you he would call Charles Colson to get the details concerning any milk industry contributions?

Mr. ODELL. No; I don't believe so.

Mr. DORSEN. Do you know in late 1971 whether Charles Colson had any information concerning contributions by the dairy industry?

Mr. ODELL. No.

Mr. DORSEN. Do you know whether Gordon Strachan had any information concerning the dairy industry contributions or commitments as of late 1971?

Mr. ODELL. No; at that time I don't believe I knew who Gordon Strachan was.

Mr. DORSEN. Can you think of anyone that you may have mentioned the Landauer call to in the White House or the administration.

Mr. ODELL. No, not specifically; no.

Mr. DORSEN. Was there anyone on the White House staff with whom you discussed press inquiries or related matters?

Mr. ODELL. Anybody who was a regular contact point, no.

Mr. DORSEN. Was there anybody on the White House staff that you ever recall discussing press inquiries with?

Mr. ODELL. No; until 1973, our contacts with the press were at a minimum.

Mr. DORSEN. I am marking as exhibit 3 of today's date a memorandum from Gordon Strachan to H. R. Haldeman, dated September 24, 1971, subject, "Milk Money." Would you read that and see if it refreshes your recollection?

[Whereupon, the document referred to was marked Odell exhibit No. 3 for identification*]

Mr. ODELL. No; I don't think Gordon Strachan knew who I was.

Mr. DORSEN. So the record is clear, although the name is spelled in the memorandum as O'Dell, I gather from your testimony that you do not doubt that it is you that Mr. Strachan is referring to?

Mr. ODELL. No.

Mr. DORSEN. Is there anything in that memorandum that refreshes your recollection concerning contacts with Mr. Landauer or our information that you may have imparted to other individuals concerning your conversation with Mr. Landauer?

Mr. ODELL. No.

Mr. DORSEN. Specifically, does that refresh your recollection as to your understanding or knowledge of any $2 million commitment by the dairy industry to the President's reelection campaign in 1971?

Mr. ODELL. It is possible that Landauer did mention the $2 million but as I indicated, the thing that I recall was the cheese thing.

I didn't realize what a big industry that was. It was something to do with imports as I recall. The figure of $2 million—it is possible that he did mention that to me. It didn't ring a bell.

Mr. DORSEN. Do you have any recollection as to whether the $2 million figure or any other substantial figure was mentioned in the balance of 1971 or in 1972 with respect to any contributions by dairy producers.

Mr. ODELL. No.

Mr. DORSEN. Specifically, do you in any way associate the checks received by you from the National Republican Congressional Committee and the National Republican Senatorial Committee and the checks issued by your committees to the Finance Committee To Re-Elect the President with any commitment by the dairy industry to the President's reelection effort?

Mr. ODELL. I do not.

Mr. DORSEN. I gather from what your testimony has been that you have no knowledge one way or another on that subject because you are not even aware of the source of the money sent by the Republican congressional and senatorial committees, do you?

Mr. ODELL. I do not even know if that money had any relationship with the money that they did receive.

Mr. DORSEN. Now, as of late October and early November, 1972, were you aware in general with the relative financial positions of the congressional and senatorial committees on the one hand and the Finance Committee To Re-Elect on the other hand?

Mr. ODELL. I think you included the month of September.

Mr. DORSEN. No; I said October and November.

Mr. ODELL. I cannot recall exactly how their financial standing was. I do know that in September we made large transfers of funds to the senatorial and congressional committees and Congressional Booster's Club.

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*See p. 7435.

At the same time we did that, we also transferred a sum equal to the combined amount to the Finance Committee To Re-Elect the President. The rationale behind those original or the September transactions was to help them get close to their budget. The October period—I don't know what their situation was dollarwise.

I know that the Republican National Finance Committee had raised something in the neighborhood of $2 million over what our original budget was and it was from those resources that we made our transfers.

Mr. DORSEN. As far as the September transfer—am I correct that those transfers were duly reported to the appropriate reporting agency?

Mr. ODELL. The General Accounting Office has done an audit of all our committees and to our knowledge has not found us wanting in any area. Everything has been reported clearly and precisely and accurately.

Mr. DORSEN. There has been some suggestion, even in the news stories, that the transfers that we have been discussing in the bulk of the testimony here today has something to do with the repayment of an obligation by the senatorial and congressional committees to the Finance Committee To Re-Elect the President. Are you aware or do you have any knowledge as to whether that is the case?

Mr. ODELL. You said the Finance Committee To Re-Elect the President?

Mr. DORSEN. Yes. Let me add, in addition, the Republican National Finance Committee.

Mr. ODELL. I don't know any written or nonwritten relationship between the congressional and senatorial committees with the Finance Committee To Re-Elect the President.

I do know that our goal was to meet the budget of the Republican National Committee, make a major contribution to the Committee To Re-Elect the President, and help the congressional and senatorial committees reach their budgets as nearly as possible.

Mr. DORSEN. Do you know whether the congressional and senatorial committees, as of late October and early November of 1972 had reached their budgets?

Mr. ODELL. I believe that they had. The senatorial committee was able to distribute more money in 1972 to candidates than ever previously had been done. As far as I know their operation was fully or nearly fully funded and they had the reserves necessary to get through the spring of 1973.

Mr. DORSEN. Am I correct that the same statement could be made about the Finance Committee To Re-Elect the President?

Mr. ODELL. To my knowledge the Finance Committee To Re-Elect the President up to the week of—when was the election—we stopped our telephone solicitation program on November 1. It was my understanding at that point that we still needed $2 million. I believe it was in the range of $2 million, because in those last few weeks—the last part of October—we were aggressively seeking $2 million to get us through election day.

Mr. DORSEN. Are you talking now about the Presidential campaign?

Mr. ODELL. Yes.

Mr. DORSEN. And is it your understanding that as of, say, approximately November 1, 1972, that the Finance Committee To Re-Elect the President was in greater need of funds then the National Republican Congressional Committee and Senatorial Committee?

Mr. ODELL. I don't think they could be compared as far as the absolute need is concerned. The major emphasis in my standpoint, and those individuals concerned with those particular committees, was with the President's reelection.

Mr. DORSEN. So, your orientation was primarily to the reelection effort of President Nixon?

Mr. ODELL. Right, with an understanding that we would commit as much as we could from our resources to help the senatorial and congressional committees and cooperate and work with them in any way possible.

Also, I think—and it has been my experience that in the last 2 or 3 weeks of a campaign, whether it be a Presidential election year or a congressional year, that the funds of those committees in those last few weeks—I don't know what you do with them, but if you were to check the records of the senatorial committee, I would assume that they made too many transfers to candidate committees and I would say that this is true of the Congressional Campaign Committee and the Congressional Booster's Club.

It is difficult to judge how much money a campaign should receive in the last few weeks.

Mr. DORSEN. Is that the fact that there were relatively few transfers in the last few weeks of the campaign and if that is the case, isn't that consistent with possible limits in resources as with an inability to figure out who could use a substantial sum of money in a reelection effort by a Congressman or Senator?

Mr. ODELL. I am not sure I understand that.

Mr. DORSEN. You are drawing an inference or suggesting an inference from the possibility that there were relatively few transfers out of the Republican National Congressional and Senatorial Committees in the last 2 weeks of the campaign.

My question was, in effect, if there were substantially greater resources in the committee with 2 weeks to go in the election, could not worthwhile use have been made of those funds in local elections?

Mr. ODELL. In local elections?

Mr. DORSEN. Yes. In other words, if the senatorial and congressional committees had large amounts of cash available, couldn't that have been used for local campaigns?

Mr. ODELL. Probably not in a judicious manner.

Mr. DORSEN. I think the records indicate that in some campaigns what would be very large sums of money was given to candidates late in the campaign. Couldn't that have been done in other instances from a view of a balanced approach to senatorial and congressional races?

Mr. ODELL. I am sure. But that does not deny the point I made in response that a candidate from a national level—when you are talking about 350 on the House side and maybe 25 on the Senate side.

[Discussion off the record.]

Mr. DORSEN. Just before we recessed, your attorney provided me with a copy of a document on the letterhead of the Republican National Finance Committee, dated September 26, 1972, to Mrs. Albert Homer

Swanke, and signed by Maurice Stans. Can you identify that document and tell me the circumstances under which it was prepared and sent?

[Whereupon, the document referred to was marked Odell exhibit No. 4 for identification.*]

Mr. ODELL. This letter was sent to each member of the executive committee of the Republican National Finance Committee.

The determination to send such a letter was made probably on my suggestion inasmuch as the Republican National Finance Committee had raised its budget and was going over its budget.

It is traditional that the Republican National Committee or National Finance Committee at the completion of the convention and nomination of a Presidential candidate, if possible, make a large donation to the President's campaign. This was done in 1968 by Chairman Bliss, and I assume and I believe it was done in 1964. What it did was to provide the senatorial committee with $300,000, the Republican Congressional Committee with $300,000, and the Congressional Booster's Club with $50,000, and the Finance Committee To Re-Elect the President $650,000.

The basis of the contributions to the Senatorial Congressional and Booster's Clubs was based on the fact that we wanted to make sure, as I have stated before, that those committees came as close to their fundraising or budget goals as possible, and at that point from the information given to us and what we were able to glean from the individuals involved that they truly needed these funds.

In addition, they had been appealing for some time for money and partly because they felt that the Finance Committee To Re-Elect the President was hurting their fundraising efforts. I don't think that is true, but it built some brotherhood in the organization.

Mr. DORSEN. Was there any particular reason why the total amount of the congressional and senatorial committees were the same as the amount of the Finance Committee To Re-Elect?

Mr. ODELL. It was a conscious decision made by Secretary Stans and myself. The basis for the exact amount is—I am not sure.

Mr. DORSEN. What was the basis for making the exact amount?

Mr. ODELL. I think to equalize the support of the Hill committees with the President's reelection campaign.

Mr. DORSEN. Was this considered an important consideration?

Mr. ODELL. It must have been at the time.

Mr. DORSEN. Did you ever feel that it became a less important consideration, as time went on?

Mr. ODELL. Certainly it doesn't seem that important now, but at the time I am sure it did seem important.

Mr. DORSEN. Do you have any reason to believe it became less important as the election progressed? When I say each group, I mean the Hill committees versus the Presidential committees.

Mr. ODELL. I don't know.

Mr. DORSEN. As the campaign progressed, do you recall whether you felt that it was no longer significant to have the Hill committees get the same amount as the President's reelection campaign committee?

Mr. ODELL. I wanted to see—I spent 3 years up to that time raising money preparing for the campaign.

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*See p. 7436.

[Discussion off the record.]

Mr. ODELL. I spent 3 years raising money in preparation for the campaign, and I wanted to make sure that the Republican National Finance Committee made a major gift to the President's campaign as soon after the convention as possible.

[Discussion off the record.]

Mr. DORSEN. You testified that as of late September 1972, it was important that the aggregate of gifts to the Hill committees be equal to the Finance Committee To Re-Elect the President. Did this feeling change, in your mind, or to your knowledge, anyone else's mind as election day came around?

Mr. ODELL. No less so than the fact that the congressional and senatorial committees each received an equal amount, and even there you are talking about one committee which has a much larger budget than the other committee.

One proportionately got more toward its budget than another. The budget of the senatorial committee was, I am sure, substantially less than the budget of the Republican Congressional Committee.

Proportionately, a $300,000 donation to the congressional committee is much less than an equal amount proportionately to the senatorial committee; however, the political realities of the world are that Senator Dominick did not want to get less than did Congressman Bob Wilson and vice versa.

Mr. DORSEN. And because of these political realities, it was necessary to make equal contributions to the senatorial and congressional committees, and was it also, as political realities go, as important that the Hill committees get substantially the same amount as the Finance Committee To Re-Elect the President?

Mr. ODELL. Probably psychologically it was important for political reasons, given that point in time when we know about how much money we had at the Republican National Finance Committee, not knowing what would take place in the next 45 days or so.

[Discussion off the record.]

Mr. DORSEN. Did there come a time when circumstances in some way changed so that it was politically feasible to receive sums of money from the senatorial and congressional committees and at approximately the same time transfer sums of money to the Finance Committee To Re-Elect the President?

Mr. ODELL. Yes. Given the fact that the congressional and senatorial committees had reached or had come near their budget levels and the fact that the Republican National Finance Committee had attained its goal of funding fully. The Republican National Committee had already made grants to other campaign committees and had available resources over and above what was necessary to conduct the activities of the Republican National Committee or National Finance Committee in the first 30 to 40 days of 1973.

Mr. DORSEN. Are you familiar with the budget of the Finance Committee To Re-Elect the President?

Mr. ODELL. I am aware of the budget.

Mr. DORSEN. Were you aware whether their contributions had been sufficiently large to reach the budget that they had drafted?

Mr. ODELL. As I recall, there were several budgets that were drafted and were open to change as the campaign went on, as all campaigns do.

As I indicated earlier, there was a figure stated—and I believe at the beginning of the last 2 weeks of October, we were talking about somewhere between $2 million and $4 million necessary to get to the budget.

I am not aware of what the total goal was—the budget figure was. I know that they raised $60 million now, but I believe it was less than that at the time.

Mr. DORSEN. With respect to the transfers that are described in exhibit 4 of today's date, am I correct, that at no time was this contemplated that the transfers to the Republican senatorial and congressional committees were in the nature of loans; is that correct?

Mr. ODELL. I am not sure whether there wasn't an understanding that if they had more money than they needed, the Republican National Committee or Finance Committee having made generous contributions for the first time in many years, that there would not be a willingness on their part to share their resources with us.

Mr. DORSEN. Do you have any specific knowledge of such an understanding?

Mr. ODELL. No, but there could have been—I have no knowledge, no. There could have been conversations between the chairmen or something like that.

Mr. DORSEN. But could you have any knowledge that there were such conversations?

Mr. ODELL. Not specific knowledge of them.

Mr. DORSEN. I guess there could have been conversations, and if there were additional funds in the possession of National Republican Finance Committee that the senatorial and House committees would receive more money?

Mr. ODELL. That depended greatly on the amount of money that we had been raising. At that point, our biggest fundraising was in January and went downhill from there. Basically, we ceased our major fundraising activities on July 17. It all depended on how little was needed and what we needed to go into 1973 and what would be available for other use.

Mr. DORSEN. You have no knowledge, one way or the other, as to whether conversations such as the one I just posed took place, that there might be additional sums of money going from Republican National Finance Committee to the congressional committees if such funds were available?

Mr. ODELL. No, but it is not inconceivable that that was the thinking of the leadership at that time.

[Discussion off the record.]

Mr. DORSEN. Going back to the time you received the check from the congressional committee and the senatorial committee in late October or early November of 1972, do you recall whether you had any understanding at that time as to what these checks represented?

Mr. ODELL. I had no personal knowledge of what they represented.

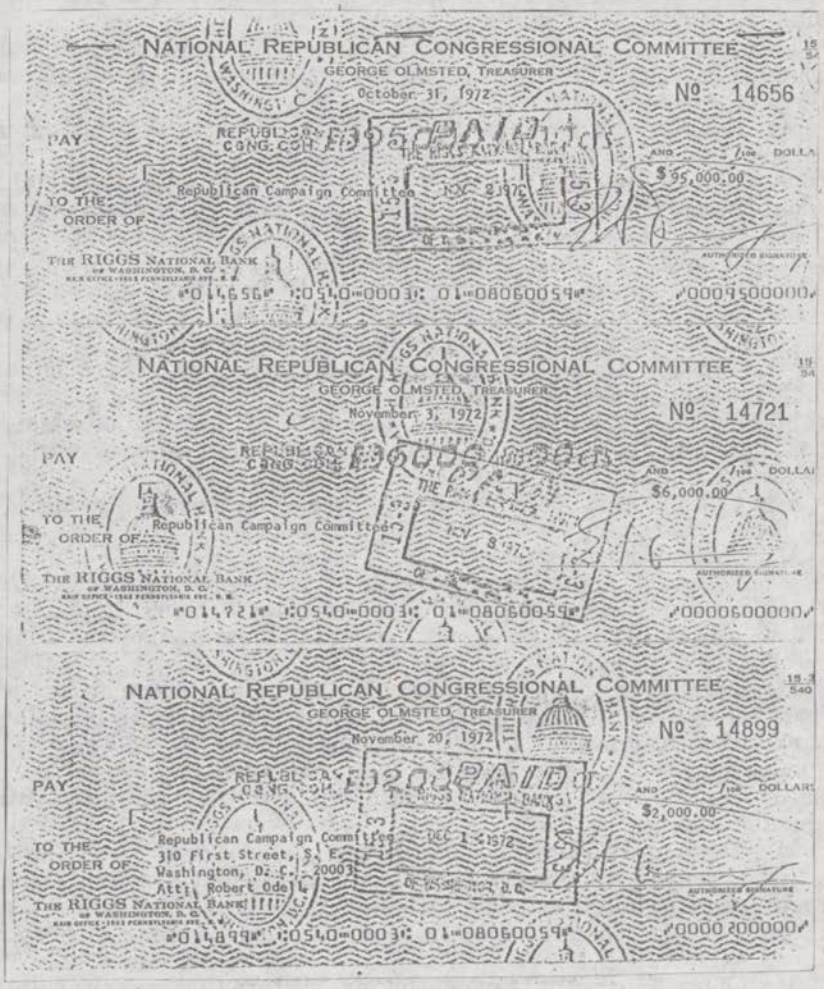
Mr. DORSEN. Are you aware of any request by anybody in the National Republican Finance Committee or congressional and senatorial committees for sums of money in late October or early November of 1972?

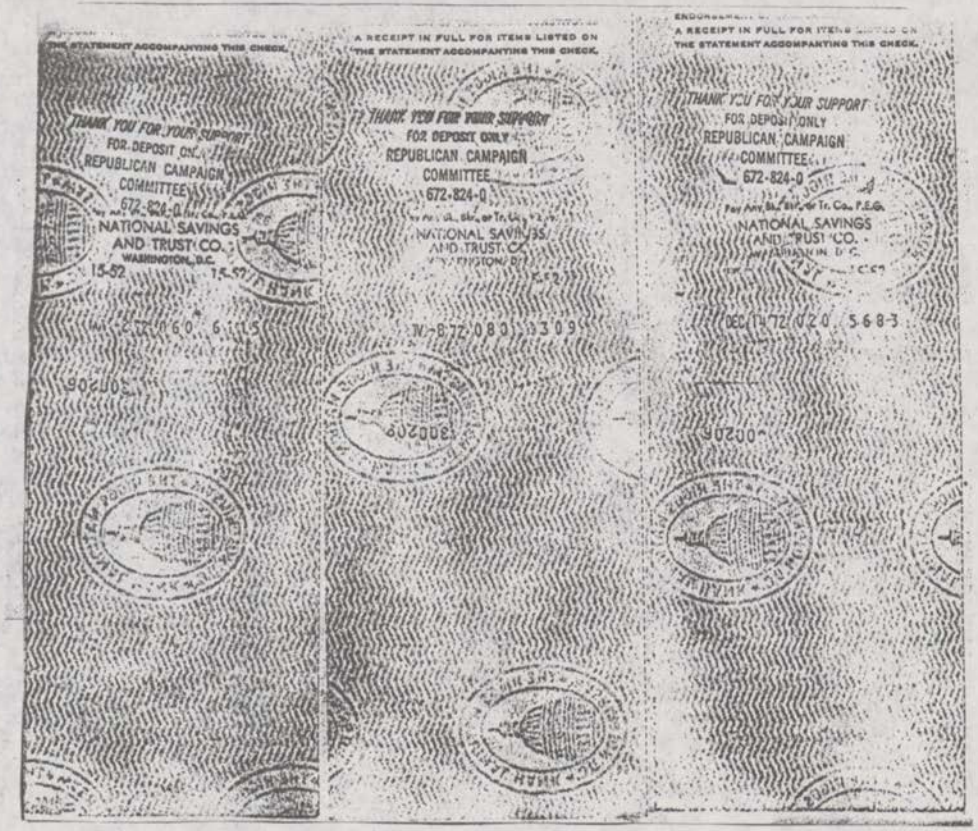
Mr. ODELL. No, not to my recollection.

Mr. DORSEN. I have no further questions.

[Whereupon, at 12:10 p.m., the hearing in the above matter was adjourned.]

ODELL EXHIBIT NO. 1

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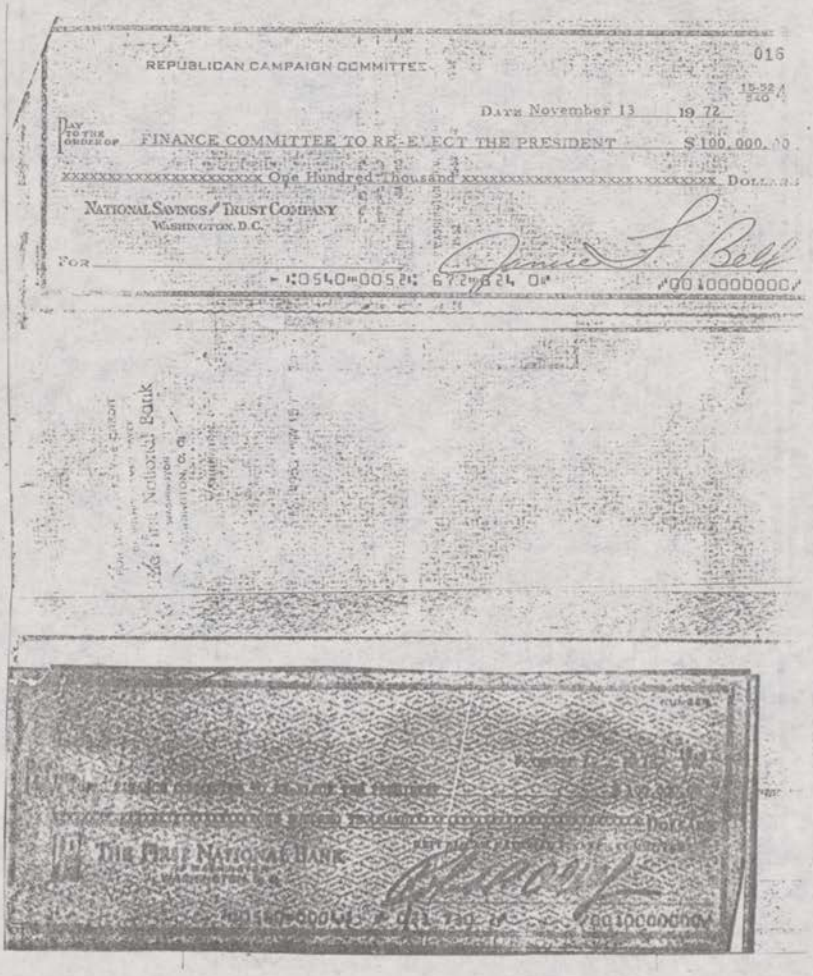
ODELL EXHIBIT NO. 2



016

REPUBLICAN CAMPAIGN COMMITTEE

Date November 13 19 72

PAY TO THE ORDER OF FINANCE COMMITTEE TO RE-ELECT THE PRESIDENT $100,000.00

XXXXXXXXXXXXXXXXXX One Hundred Thousand XXXXXXXXXXXXXXXXXXXXXXXX DOLLARS

NATIONAL SAVINGS & TRUST COMPANY
WASHINGTON, D.C.

FOR

Jamie F. Bell

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The First National Bank

THE FIRST NATIONAL BANK

ODELL EXHIBIT NO. 3

Larry

THE WHITE HOUSE

WASHINGTON

Administratively Confidential

September 24, 1971

MEMORANDUM FOR: H.R. HALDEMAN

FROM: GORDON STRACHAN G

SUBJECT: Milk Money

Jerry Landauer of the Wall Street Journal is reputed to be preparing an article on the "milk money" situation. He has contacted Bob O'Dell at the RNC and mentioned a figure of $2 million. Landauer has not called Lee Nunn or Hugh Sloan but told O'Dell he would "call his old friend Chuck Colson and get the details".

John Dean and Chuck Colson have been advised.

ODELL EXHIBIT NO. 4

File

Odell

Republican National Finance Committee.

CHAIRMAN
Maurice H. Stans

CO-CHAIRMAN
David K. Wilson

CHAIRMAN, WOMEN'S COMMITTEE
Mrs. Albert Homer Swanke

EXECUTIVE COMMITTEE
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Jack Wrather

GENERAL COUNSEL
Henry Roemer McPhee, Esq.

EXECUTIVE DIRECTOR
Robert P. Odell, Jr.

EXECUTIVE SECRETARY
Mrs. Mildred Bighinatti

September 26, 1972

Mrs. Albert Homer Swanke
420 Lexington Avenue
Room 2633
New York, New York 10017

Dear Pratt:

At the present time, the Republican National Finance Committee has cash on hand above current obligations and necessary reserves.

Although no one is completely aware of how our funds will flow to the Presidential campaign during the next six weeks, I believe it may be possible for the RNFC to provide some subsidies to the Republican Senatorial Committee, Republican Congressional Committee and Congressional Boosters Club, in addition to some contributions to the Presidential campaign itself.

To date, the Congressional and Senatorial Committees have not achieved their 1972 fund-raising goals. We should, if possible, contribute to their committees to help them achieve their budgets and to be sure that House and Senate candidates receive maximum financial support.

Specifically, I am writing to each member of the RNFC executive committee to request that you:

--ratify the distribution of approximately $140,000 at this time, equally between the Senatorial and Congressional Committees (this being slightly more than our share of the Gala at Miami Beach);

--authorize me to distribute additional funds from time to time to those committees, to the Boosters Club, and to the Committee to Re-Elect the President in proportion to their respective needs.

If you concur with my recommendations, I want to assure each member of the RNFC that these distributions will be made only after there are adequate reserves to carry the committee well into 1973, funds to pay current obligations, and as long as each committee (Boosters, Congressional, Senatorial) stay within budget parameters determined at the 1972 National Finance Committee meeting.

At the bottom of this letter is space for you to indicate your approval or disapproval of my suggestions outlined above. We would like to have your indication of support as soon as possible so that our plan may be implemented immediately. If you have any specific questions or suggestions, please call Bob Odell at 484-6730 or 333-4550.

I appreciate your continuing support and help.

Sincerely,

Maurice H. Stans

Please return after indicating your approval or disapproval of our plan.

Approval Yes Disapproval _____

SIGNATURE

(Mrs. Archibald Hamm Swanbec)

MONDAY, MARCH 11, 1974

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

The Select Committee met, pursuant to notice, at 4:30 p.m., in room 442, Russell Senate Office Building.

Present: Senator Inouye.

Also present: Alan S. Weitz, assistant majority counsel; Robert J. Costa, minority investigator.

Senator INOUYE. Would you raise your right hand, please? Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MORRIS. I do.

Senator INOUYE. Thank you, sir.

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

TESTIMONY OF DWIGHT MORRIS

Mr. MORRIS. Dwight Morris, Route 3, Siloan Spring, Ark.

Mr. WEITZ. What is your present occupation?

Mr. MORRIS. I'm a farmer.

Mr. WEITZ. Does that include dairy farming?

Mr. MORRIS. Not anymore. I have beef cattle, and I haven't had dairy cattle for, well, since March 31, 1973. I had a disbursal sale and disbursed my dairy cattle.

Mr. WEITZ. Prior to that you were a dairy farmer?

Mr. MORRIS. That is correct; and had been for 12 or 15 years.

Mr. WEITZ. From the period 1969 to 1973, were you a member of AMPI or its predecessor organization?

Mr. MORRIS. Yes, I was.

Mr. WEITZ. For the record, AMPI is Associated Milk Producers, Inc.

During that time did you also hold any official positions with that co-op or its predecessor?

Mr. MORRIS. Yes. I was secretary of the board of AMPI from the time that it was organized until about February 1972, and before that I think I was first or second vice president of MPI and I have been vice president of the predecessor organization to that one, Central Arkansas Milk Producers Association.

Mr. WEITZ. Also, during the same period, 1969 to February of 1972, were you also vice president of the southern region and Arkansas division of AMPI?

Mr. MORRIS. That is correct.

Mr. WEITZ. Now directing your attention to 1969, did you have any knowledge at that time or have you gained any knowledge since that

time other than from what you've read in the newspapers, of any solicitations by Republican fundraisers to representatives of AMPI or contributions by AMPI or its representatives to the President or Republican fundraisers in 1969?

Mr. MORRIS. In 1969—we're talking about that calendar year?

Mr. WEITZ. Right.

Mr. MORRIS. No, sir. I don't believe I do.

Mr. WEITZ. OK, now the same question, but let me try, if I did not make it clear, to limit it to Presidential contributions of representatives of the President, or other Presidential candidates. Do you have any knowledge of any such solicitations or contributions in 1970?

Mr. MORRIS. No, sir, I don't believe I have any in 1970 either.

Mr. WEITZ. In particular, do you have any knowledge of any pledge or promise of substantial contribution upwards of $2 million to the President's reelection effort, the pledge being made in 1970? Do you have any knowledge of that?

Mr. MORRIS. I have no knowledge of any such pledge.

Mr. WEITZ. Similarly, in 1971, the same question applies to 1971. Do you have any knowledge of contributions made by the political arm of AMPI or any other dairy contributions to the President's 1972 Presidential campaign?

Mr. MORRIS. Yes, I have. I was aware of the contributions that have been so much in question in relation to the milk price support in 1971.

Mr. WEITZ. How did you come to that knowledge?

Mr. MORRIS. I can't give you a specific time or place or anything to that effect but I was involved in the effort to secure a higher price support level for dairy farmers and sometime during that time, I became aware that we were going to—well, even before that time we had decided that we would have to make substantial—not "have" to make, would make substantial donations to the Republican Presidential campaign of 1972. We did not talk in terms of how much or whatnot, but we fully expected to make rather large contributions to the Presidential campaign as well as congressional campaigns, and some on both sides of the aisle.

Mr. WEITZ. Now, as you were probably aware, the price support decisions for the calendar—for the marketing year 1971–72 were made in March of 1971 and the efforts, to which you refer, to obtain an increase generally that we're aware of took place in the early part of 1971—January, February, March of that year.

Now although you can't pinpoint a date, I take it that you're saying that you became aware of this intention or decision to make such contributions sometime during that period?

Mr. MORRIS. Yes.

Mr. WEITZ. Were you present—do you recall any particular meetings in which, or any series of meetings, in which those matters were discussed?

Mr. MORRIS. This type of thing was discussed at many meetings and I can't tell you exactly when our thinking may have become finalized or anything to that effect. Effective January 1, 1969, we started an organization known as TAPE, which was the Trust for Agricultural and Political Education, and it was our intention to collect moneys from our membership and to participate politically from that time forward because the milk business is inextricably interwound with

Government. There's a very definite limit to what a dairy farmer can do without action by or through Government. We had the Agricultural Act of 1949 which set up the price support program. We had the Agricultural Act of 1936 which set up the Marketing Agreements Act, and these were amended numerous times. So we were—our price was essentially governed by what the Government did. So we had come to the conclusion that if we were going to be successful, either as large or as small organizations, we were going to have to gain the expertise and the funds that it took to influence Government effectively, and all of the thinking we had done on this was in that type of context.

And we had also come to the conclusion that we would have to deal with who was there, whether he be Democrat or Republican. Whoever is there holding the office is who you have to deal with, and hope to try to—I don't like to use the word "deal." I won't use that word—but I do mean it in the context of who you have to talk to and influence.

Mr. WEITZ. I understand.

Mr. MORRIS. So we had anticipated that it would be necessary and in our best interest to contribute rather heavily to the Republican Presidential effort, and of course we selected people on the congressional level who we thought could or would be sympathetic to the dairy farmers' cause, regardless of which side of the aisle they sat on.

Mr. WEITZ. Do you know whether any specific amounts were discussed or actually contemplated with respect to Presidential contributions?

Mr. MORRIS. Not to my knowledge.

Mr. WEITZ. Were any figures suggested in the range of as much as $1 million or $2 million?

Mr. MORRIS. Probably there were, and I think we expected to spend—and I say I think—we expected to spend, say, a million on the election that year.

Mr. WEITZ. For the Presidential campaign?

Mr. MORRIS. Not necessarily just for the Presidential campaign, for—we're talking about AMPI only, I presume.

Mr. WEITZ. Yes

Mr. MORRIS. That probably would have included the congressional campaigns as well, and we did spend a little money occasionally at the State level.

Mr. WEITZ. Were any representatives of other dairy co-ops present in these meetings where any such discussions took place?

Mr. MORRIS. Not in any that I attended where we discussed specifics, but we were encouraging these other people to adopt similar programs like Mid-America Dairymen, Inc., Dairymen, Inc., and they did—and they were modeled somewhat after the one we had already created, and they have been doing similar things since that time.

Mr. WEITZ. Have you ever learned of any facts since the period early 1971 that would indicate that, in fact, the offer of contributions was somehow linked or made in connection with the price support increase in March of 1971?

Mr. MORRIS. I have no knowledge of anything, neither before nor since that time, that those specific contributions were tied to the President's action in raising the price supports to the 85-percent level. Now we would, I think, I'm relatively certain, have made substantial con-

tributions, in any event, because like I say, it had been our conclusion that we were going to have to deal with the President that was there. He would be there for 2 more years, and possibly 6 more years, which is as it's turned out. So we needed to be able to talk to this man in order to convince him of the desirability of doing what we thought he should do for the dairy farmers.

Mr. WEITZ. I take it from what you're saying that you, at least you and others, perhaps considered substantial contributions to be at least relevant to being able to talk to him and express your viewpoints on it, on dairy matters.

Mr. MORRIS. We had a philosophy, Mr. Weitz, something like this: It was our thinking—including, I say, the board and Mr. Nelson, the general manager, Mr. Parr, his assistant, and so forth—that anyone who is either, his vote in Congress or his action, who could be bought was a menace to the society in which we lived, and we didn't want to deal with him. Now what we did expect, though, if we assisted the man in his campaign, regardless of what level he was, that we would be able to talk to him and if we were in trouble or had problems or needed action of any sort, that he would listen. And if we could convince him of the correctness of our arguments and probably also that it wouldn't be a detriment to the country generally, or diametrically opposed to something else that he was interested in or obligated to, that he would help us.

Mr. WEITZ. Now, I would like to direct your attention to 1972.

Mr. MORRIS. All right, sir.

Mr. WEITZ. Before we get into that, though, I believe you were aware that on February 1, 1972, an antitrust suit was filed by the Department of Justice against AMPI.

Mr. MORRIS Yes, I was aware of that.

Mr. WEITZ. And I take it that matter was discussed at one or more board meetings at which you attended.

Mr. MORRIS. Yes, it was.

Mr. WEITZ. Was there advanced knowledge on the part of the board or those at AMPI before the suit was filed that it would be filed?

Mr. MORRIS. Only briefly. Now, AMPI had had a turnover in personnel management, and so forth, as a consequence of an internal power struggle, which is not an uncommon thing in a large organization, but the first that I ever heard of it, and so far as I know the management of any member of the board, was about a week after this happened, somewhere in the week of—like the 20th of January. This surfaced for the first time in some Federal court in Chicago and at that time we were given a very quick alternative to enter into a consent decree, like 48 hours, which was from our way of thinking preposterous because it involved most all of the powers that we thought we had under the Capper-Volstead Act, and essentially that's the act that defines cooperatives and gives them, and limits, their powers of what they can do. And we operated for years under the authority of the Capper-Volstead, and this antitrust action brought that act into very serious question.

So any possibility of arriving at a decision on that in 48 hours was out of the question. Apparently there was a Mr. McLaren who had been Assistant Attorney General, I believe, who was being made a

Federal judge and had handled this thing. He would have liked to have brought it to a conclusion before he left office.

Mr. WEITZ. Was it your understanding that was one of the reasons it was filed in short order?

Mr. MORRIS. That was speculation. Now, it seems that that probably was it and why the short timespan was granted to arrive at a consent decree, so we were more or less forced to refuse to accept the consent decree that was offered us under those circumstances. So the case was filed February 1, 1972, in San Antonio. Now we'd known about it a few days before that. That's the first knowledge I'd ever had of it, and so far as I know, none of my associates had had any previous knowledge of it.

Mr. WEITZ. At the meeting of the board of AMPI in which this matter was discussed, did anyone either at that meeting or informally in connection with the meeting discuss the seeming inconsistency or relevancy to the antitrust suit of the substantial contributions that had been made by TAPE the previous year? Did anyone bring up the question of contributions one way or the other?

Mr. MORRIS. Not that I recall, although there was a good deal of discussion during the changeover in management about political contributions in the whole outlook toward the Government.

Now maybe I ought to explain just a little bit about the framework that we were operating in. One of the predecessor organizations of AMPI was MPI, Milk Producers, Inc., which covered about five States in the Southwest: Texas, Oklahoma, Kansas, Arkansas, and parts of Tennessee and New Mexico. Most of the thinking and the direction toward change in marketing milk had come from that area. Most of the impetus in creating a larger organization was generated from that area.

Now we didn't have nearly the amount of milk, the number of members, or anything like that that they had in the Northern States, such as Wisconsin, Illinois, Iowa, and Minnesota, the people that we merged with further north. So what this was really is the northern people were taking the predominant position within AMPI, and even though that was—part of it was glossed over to a certain extent; that was part of it.

Now in justifying their actions, one of their justifications was that we get out of politics and we get away from, you know, like it was a dirty, terrible thing, you know, and all kinds of allegations were made and that sort of thing. Now we were in a framework where these things were discussed at great length and learnedly by people who didn't know a thing about it and hadn't participated in any of these actions up to this point, and looked at the Federal Government more in a paternalistic way, which is the way they'd operated in the past with the Federal Government.

So there was quite a lot of discussion about these things and as I told you on the phone the other day, there was a very concerted effort made to uncover just what commitments the previous management had made to the Republican Party or anyone else's for that matter, and nobody uncovered such commitments. We had made the decision that we were going to participate vigorously in these campaigns, both with talent and with money, but no commitments were uncovered and so far as I know, haven't been uncovered to this day.

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Mr. WEITZ. Now, again returning to the question of the antitrust suit, the fact that it was knowledge, certainly public knowledge, and certainly knowledge on the part of the board.

Mr. MORRIS. Let me say one more thing. These people announced far and wide that they were getting out of politics and they suspended or fired people that we had here in Washington that were working for us, virtually all of them were dropped within a matter of days or weeks from our payroll, and it became common knowledge in Washington that AMPI was withdrawing from politics.

Now there was some thinking that maybe since we were not going to participate from that time on, and would not try to create influence and that sort of thing in Washington, that AMPI would be highly vulnerable to an action of this kind. And I really don't know how legitimate this suit is from the legal point of view, but we were operating and had been under powers we felt we had under the Capper-Volstead Act.

Mr. WEITZ. Now you said the question arose whether you were more vulnerable—AMPI might be more vulnerable as a result of its drawing back from its representation in Washington. Was this discussion in the context of after the antitrust suit had already been filed, or in anticipation of it?

Mr. MORRIS. This would have been after it had been filed.

Mr. WEITZ. So in fact the suit had been filed then. My question then, repeated, was in that connection knowing that substantial contributions had been made the previous year without regard to whether they were part of some larger commitment, was there any discussion of the impact of those contributions or any further contributions which many people had assumed you might go ahead and make to this antitrust suit, either whether they should be made or shouldn't be made, or why, or the impact that they should or did have on this suit?

Mr. MORRIS. Well, actually, the last board meeting I attended was in early February, and I was not in attendance at any of the board meetings after that time. Now, I could only speculate what discussions took place after that. I really don't know. Apparently the last board meeting I attended was the 10th and 11th of February 1972, and it was discussed at that time and, of course, it was so new then that nobody really knew what it all meant or where it was going to lead, or that sort of thing.

Mr. WEITZ. I believe you said you told me that there were several counsels present at that meeting that briefed the members of the board?

Mr. MORRIS. Yes: there was.

Mr. WEITZ. Was Stuart Russell one of those counsels?

Mr. MORRIS. Stuart Russell had been a counsel for AMPI and predecessor organizations for many, many years, and I feel certain that Stuart was there, and there was a firm in Chicago that had been hired just before the change in management and I think probably I remember that firm, either Mr. Grossner or Mr. Heininger——

Mr. WEITZ. I believe it's Grossman.

Mr. MORRIS. I believe they're from the same firm, are they not?

Mr. WEITZ. Yes. Now did there come a time in April 1972 in which you had an occasion or did discuss with Mr. Butterbrodt further activities with the antitrust suit, discussions with him?

Mr. MORRIS. Yes; there was.

Mr. WEITZ. Before we get into the substance of that conversation, between the time that you last attended the board meeting on February 11, 1972, until this conversation in April, were there any other further conversations or contacts you had with the representatives of AMPI in connection with the antitrust suit or any other matters?

Mr. MORRIS. Probably other matters, a lot of other matters.

Mr. WEITZ. Anything in connection with contributions or the antitrust suit?

Mr. MORRIS. Not in that connection; no.

Mr. WEITZ. Could you tell us the circumstances which resulted in your conversation with Mr. Butterbrodt in April?

Mr. MORRIS. Well, after the change in management and the announced changes in direction of the organization, some of us in Arkansas felt that we would be better off to operate alone, and we organized what was called Southern Milk Producers Association, which had as its goal the setting up of a separate organization and this would be done under the contracts that each of us as members had with AMPI, which provided for not more than 60 or less than 30-day notice of cancellation. It so happened that the larger part of ours came due in about a 60-day period which came up the following winter, so we organized this organization in view of going into operation alone in December, probably of 1972.

And AMPI resisted this vigorously, and were successful in talking us out of it. So many things happened. I don't know really what the correct phrase would be. But anyway, we didn't do that and Arkansas remained within AMPI.

But during that period of time, I, as one of the leaders of the Arkansas group, was encouraged to meet with Mr. Butterbrodt and discuss our differences with him in the hopes that we might reconcile some of these differences, and that things would go on like they had been; and this we did.

Mr. WEITZ. You met with him in Chicago?

Mr. MORRIS. I met with him in Chicago on April 11, 1 p.m.

Mr. WEITZ. 1972?

Mr. MORRIS. 1972.

Mr. WEITZ. Could you tell us what he told you and what the substance of the conversation was with respect to the antitrust suit and political contributions?

Mr. MORRIS. Yes; in regard to the antitrust suit, he told me that he and Mr. Mehren—and now here's a point I'm not too clear on—whether Mr. Harold Nelson was involved in this or not. It seems like he told me he was, but if you notice I did not put his name on this, and I didn't want to involve somebody that wasn't—I think possibly he told me that Mr. Nelson was involved in this—but anyway, they had come to Washington in an attempt to see what could be done about the Justice Department suit, the antitrust suit. And they spent, as I recall, he said, a couple of days in Washington trying to discuss this with the Justice Department and other people, and nobody would enter into a meaningful conversation with them. And finally after making the rounds, someone suggested that the real way to solve their problem would be to talk to Mr. Kalmbach. And so they travelled to the west coast.

Now they—I think you and I discussed this on the phone the other day, Mr. Weitz, about who they were, and I took it at the time to mean that they were individuals, Butterbrodt, Mehren, and probably Nelson went out there.

But since you posed the question to me, and actually this had occurred to me before that, that when Butterbrodt was saying "we" went out there, he wasn't saying "Harold, George and I" went out there, he was saying AMPI went out there.

Mr. WEITZ. Whoever their representatives were.

Mr. MORRIS. Whoever their representatives were. But in any eventuality, they met with Mr. Kalmbach and came to an agreement that AMPI would pay $300,000 to Kalmbach, and that as a result of that, the antitrust suit against AMPI would go away.

Mr. WEITZ. Now you mentioned that in Washington someone suggested that they see Mr. Kalmbach for their problem. Do you know who they talked to in Washington?

Mr. MORRIS. Mr. Butterbrodt did not name who told him that.

Mr. WEITZ. Did they say—without regard to saying who made that specific suggestion, did they indicate who they had seen in Washington?

Mr. MORRIS. Well, undoubtedly they tried to talk to the Justice Department. I think they tried to talk to the Federal Trade Commission. They probably tried to talk to the White House. And possibly some people on the Hill.

Now he named quite a few people that they tried to talk to, but my memory is just not that good as to who all he named and whatnot.

Mr. WEITZ. Do you remember his naming Mr. Connally—Secretary Connally?

Mr. MORRIS. No; I'm fairly certain he did not name Secretary Connally. The reason I am certain is that Secretary Connally and I went to school together and I, at least at that time, was well acquainted with him and if he had mentioned Mr. Connally, I would have remembered it.

Mr. WEITZ. Do you know that several representatives of AMPI did in fact meet with Mr. Connally in March 1972? Did he mention that to you, "he" being Mr. Butterbrodt?

Mr. MORRIS. No; he did not mention that to me. Shall I continue?

Mr. WEITZ. Yes.

Mr. MORRIS. The AMPI representatives came back home with the understanding that Mr. Kalmbach would direct them where or to whom to send the money, and before that could be accomplished the Federal Trade Commission—no, wait a minute—I mean the ITT thing hit the press, and Mr. Kalmbach sent word to AMPI that he did not want their money.

Mr. WEITZ. Do you have any knowledge as to the form the contribution would take, who would be the recipient committees, and so forth?

Mr. MORRIS. I think what they planned to do was to send it through this committee's system.

Mr. WEITZ. Was it your understanding that it would be—that the mechanism would be similar to that used in 1971?

Mr. MORRIS. 1971, that's correct; and somewhere, someplace I saw a list of committees for that money that was sent in 1971.

Mr. WEITZ. That's a matter of public record.

Mr. MORRIS. Yes.

Mr. WEITZ. Was it your understanding, as originally contemplated, that after the contributions were made, Mr. Kalmbach or someone else would intercede in order to obtain the resolution of the antitrust suit that AMPI desired?

Mr. MORRIS. Something of that order would be the logical assumption. Now Mr. Butterbrodt didn't go into any detail whatsoever as to the mechanics of how such a thing would be accomplished or who would do it or what. So I really don't know.

Mr. WEITZ. By the way, you made reference to the document in front of you and I'd like to mark a copy of that, which you sent us, as exhibit 1 to your executive session, which is a completed questionnaire, completed by you and signed by you, and I'd like you to identify it just for the record.

[Whereupon, the document referred to was marked Morris exhibit No. 1 for identification.*]

Mr. WEITZ. And in response to question No. 10 you outlined some of the matters that deal with what you testified today; is that correct?

Mr. MORRIS. That's correct.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. Do you have any knowledge as to any further contacts or contributions in 1972 subsequent to the time that you had this discussion with Mr. Butterbrodt to the Presidential campaign of 1972?

Mr. MORRIS. By AMPI?

Mr. WEITZ. by AMPI.

Mr. MORRIS. No; I don't, because all of that year and until after the election I was not serving as a board member, although titularly I guess I might have been secretary and a board member. I was neither serving nor attending meetings.

Mr. WEITZ. You were not active?

Mr. MORRIS. I was not active; so what they did I do not know. I know they had a program and did some things but just what they were I don't know.

Mr. WEITZ. I have no further questions.

Mr. COSTA. I have none either.

Mr. WEITZ. Thank you, Mr. Morris.

[Discussion off the record.]

Mr. WEITZ. I'd like to go back on the record for one matter that we have been discussing off the record. Mr. Morris, could you relate to us—well, let me start it this way. You were in Washington for some period of time in March 1971 in the effort to secure a price-support increase?

Mr. MORRIS. Yes. I spent about 2 weeks up here working mainly with people on Capitol Hill in the interest of passing a bill which would raise the price support to 85 percent of parity.

Mr. WEITZ. Now, did there come a time when you overheard a telephone conversation between Mr. Parr and someone purportedly from the White House in connection with this effort?

Mr. MORRIS. Yes; there did.

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*See p. 7451.

Mr. WEITZ. Could you tell us the circumstances of that?

Mr. MORRIS. Well, the phone rang and Mr. Parr took up the phone and I think I went into the other room and also picked up the phone.

Mr. WEITZ. This was in Washington in a hotel suite?

Mr. MORRIS. That's correct. And listened, and the man on the other end was saying—and I didn't know who he was at that time, and I still really don't know who it was—was saying, "We want this congressional effort called off." Mr. Parr said, "I can't call it off." The man said again, "The White House wants this congressional effort called off." And Mr. Parr then said, "I can't call it off." The man said, "I don't believe you understood me. The President wants this congressional effort called off." And Mr. Parr said, "I don't believe you understood me. I can't call it off." And then the man from the White House said, "You've heard of the Federal Trade Commission, haven't you?" Mr. Parr said, "Yes, you've heard of the Justice Department, haven't you?" he asked. Mr. Parr said, "Yes." And Mr. Parr went on then to say that you just trot them out. We'll meet them anytime, any place you say.

Mr. WEITZ. And then he hung up?

Mr. MORRIS. That was——

Mr. WEITZ. Who terminated the conversation? Who hung up?

Mr. MORRIS. I think the man from the White House, if I'm correct.

Mr. WEITZ. How did you know it was a man from the White House?

Mr. MORRIS. That's what Mr. Parr told me later.

Mr. WEITZ. Did he also, to the best of your recollection, tell you who had called?

Mr. MORRIS. To the best of my recollection, he said it was Mr. Ehrlichman, but I at that time didn't know Mr. Ehrlichman from Mr. Haldeman or Mr. Colson or anybody else, but that's the name I think he used.

Now, Mr. Parr, incidentally, does not recall this conversation which I think he's completely honest in because there were hundreds of calls a day into that place, and at that time we were talking to the White House several times a day.

Mr. WEITZ. In that connection, do you know who else at the White House or who at the White House the dairy people were in touch with?

Mr. MORRIS. No; not really, although I think the man that they talked to the most, over a period of time that is, was Mr. Colson.

Mr. WEITZ. Now, do you know whether Mr. Parr or were you present when Mr. Parr relayed the substance of this conversation to anyone else?

Mr. MORRIS. No.

Mr. WEITZ. Now did you believe—do you know when this conversation took place, approximately?

Mr. MORRIS. It was approximately Thursday of, well, the 18th of March.

Mr. WEITZ. 1971?

Mr. MORRIS. 1971, and it was at a point when it began to become clear that we would be able to pass the legislation raising the price-support level to 85 percent.

Mr. WEITZ. Now, the following week the President met with representatives of the dairy industry including AMPI, and then 2 days

later an increase in the price-support level was publicly announced. This conversation was on the 18th, that you relate to us. When did you first learn that there was likely to be an increase by the White House or by the administration?

Mr. MORRIS. I think that between that phone call and sometime the next day, which was Friday, we at least got the impression that the President was going to raise the price-support level.

Mr. WEITZ. Do you remember discussing that matter with anyone at AMPI?

Mr. MORRIS. No. There was several of us around but I don't remember any particular conversations or just where it was introduced or who told us or what not. But it seemed to become common knowledge with us that the President was going to do that.

Mr. WEITZ. And that was contrary to the general understanding or expectation as of the day before or prior to that time?

Mr. MORRIS. That's correct. We had been going great guns on the Hill trying to get all of the support we possibly could.

Mr. WEITZ. In that connection, was there any change the following week that you were aware of in efforts legislatively—to obtain a legislative increase?

Mr. MORRIS. To the best of my knowledge, there was very little effort the following week to secure additional legislative support.

Mr. WEITZ. Do you know Bob Lilly?

Mr. MORRIS. Yes; I do.

Mr. WEITZ. Do you recall discussing these matters, that is, of obtaining an increase, whether through administrative or legislative means, in March 1971?

Mr. MORRIS. No; I don't recall it, but I probably did.

Mr. WEITZ. Do you recall his being in Washington at that time?

Mr. MORRIS. I would think that he would have been up here but I don't recall his having been here. I spent most of the time over at the Mayflower Hotel and there were, oh, Mr. Parr, Mr. Townsend, Mr. Elrod, and I stayed in that suite, and others came and went. He probably was one that came and went. I don't recall him.

Mr. WEITZ. You did stay in Washington until Friday the 19th of that week?

Mr. MORRIS. That's correct.

Mr. WEITZ. And then you went back to Little Rock the afternoon of the 19th, or on the 19th?

Mr. MORRIS. Excuse me a minute. Let me just check my notes and my calendar to know just exactly what the date was. If we could go off the record just a minute I'll tell you.

Mr. WEITZ. Yes.

Mr. MORRIS. Is that all right?

Mr. WEITZ. Yes.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Your records indicate and refresh your recollection that you returned from Washington to Little Rock on the 19th, is that correct?

Mr. MORRIS. Yes, sir.

Mr. WEITZ. And you flew by private jet, is that correct?

Mr. MORRIS. That's correct.

Mr. WEITZ. And that jet was leased by AMPI from a private individual but was not the corporate jet?

Mr. MORRIS. That's correct.

Mr. WEITZ. And it was leased, you told us, from Winthrop Rockefeller, is that correct?

Mr. MORRIS. That's correct.

Mr. WEITZ. And you don't recall whether anyone from AMPI was present with you on that flight back, either Mr. Townsend or Mr. Elrod?

Mr. MORRIS. I don't think they were and if so, why that was. It doesn't sound right but that's the way I recall it at this point.

Mr. WEITZ. Do you recall being with any others from AMPI at the airport before departing from Washington?

Mr. MORRIS. As we were leaving?

Mr. WEITZ. Yes.

Mr. MORRIS. No; I don't.

Mr. WEITZ. Did the aircraft leave from Page Airways, the commercial, the private airlines?

Mr. MORRIS. It's this side of National Airport and Page Airways, I think, is correct.

Mr. WEITZ. At the time you flew out on the 19th, is it your recollection that by that time you already had the understanding that the price-support increase would be raised by the administration?

Mr. MORRIS. That was my understanding.

Mr. WEITZ. No further questions. Thank you again, Mr. Morris. Off the record now.

[Discussion off the record.]

Mr. WEITZ. Back on the record.

Mr. Morris, was it your understanding that, notwithstanding the public announcement by Secretary Hardin in connection with his first decision on March 12, 1971, not to increase price supports, that he was in favor of an increase, but was in fact overruled by Secretary-Director Shultz?

Mr. MORRIS. That is my understanding. I understood it that way at the time, and I'm almost positive that my understanding was correct in this case.

Mr. WEITZ. Thank you. I think that's it.

[Whereupon, at 5:32 p.m., the hearing in the above-entitled matter adjourned.]

MORRIS EXHIBIT NO. 1

United States Senate

Select Committee on Presidential Campaign Activities

QUESTIONNAIRE

1. State your full name, present residence address, and telephone number.
Dwight Luther Morris
Route 3
Siloam Springs, Arkansas 72761
501-524-4620

2. Where are you presently employed, in what capacity, and since what date have you held this position? State your office address and telephone number.
Self employed as a farmer since 1 February 1948.
Address and phone number same as question #1.

3. Beginning with November 5, 1968, list all positions held in AMPI or MPI (both of which are referred to below as "AMPI").
Nov. 1968-Feb. 1972 V.P. of Southern Region and Arkansas Division
Oct. 1969-Feb. 1972 Secretary of AMPI

During the period November 5, 1968 to December 31, 1972:

4. Did you make or solicit any monetary contributions to or for any candidates in the 1972 presidential campaign, or to or for any committee or any person acting for or on behalf of such candidate, or did anyone make or solicit any such contributions for you or on your behalf? If so, please list amounts, whether by check or cash, and identify the candidates.
Yes. Mills for President Committee. About $2300.00 and, as I recall, about $500.00 of this was in cash and the balance was by check.

5. Set forth the circumstances which occasioned any contributions listed in Question #4 above, including circumstances of any solicitation of this contribution by any person employed by or associated with AMPI. (If there was any solicitation by any person employed by or associated with AMPI, specifically set forth the circumstances including any coersion or duress.)
The Mill's money was solicited from local friends and acquaintances for the efforts of an Arkansas Congressman and AMPI was not involved.

Durin the period November 5, 1968 to December 31, 1972:

6. Did you submit to AMPI any claim or voucher intended to secure a payment from AMPI, which payment was to be used in whole or in part by you to make a political contribution to any candidate in the 1972 presidential campaign, or which was intended to reimburse you for any such contribution? If so, please explain.

No.

7. Did you receive any bonus, or compensation of any other nature, from AMPI which was to reimburse you for any political contribution to any candidate in the 1972 presidential campaign, or to provide you with funds for any such political contribution to be made by you or anyone else? If so, please explain.

No.

8. Set forth any knowledge you have concerning any political contribution to any candidate in the 1972 presidential campaign made by other persons employed by or associated with AMPI for which they received payment or reimbursement from AMPI.

None.

9. Set forth any other information you may have concerning political contributions to any candidate in the 1972 presidential campaign which were made by means of the use of corporate assets of AMPI in any other manner than has been indicated in answer to the above questions, or concerning goods or services of AMPI which were made available to any presidential campaigns.

None.

10. Do you have knowledge of any solicitation of any other employee, or person associated with AMPI for a contribution of funds which was intended to be given to any candidate in the 1972 presidential campaign, or to any committee or persons working for or on behalf of such candidate? If so, please explain.

There was an AMPI Board meeting in San Antonio, Texas, 12 January 1972. At this meeting an internal power struggle was culminated. The management was changed and certain changes were made in the Board of Directors. On 1 Feb. 1972, an Anti-Trust suit was filed.

(Please see reverse)

Dwight Morris
(Signature)

28 February 1974
(Date)

against AMPI under rather odd circumstances. On 16 Feb. 1972 a new organization called Southern Milk Producers was formed with the purpose of withdrawing Arkansas milk producers from AMPI as provided in the contract AMPI had with its members. I was encouraged to meet with John Butterbrodt, President of AMPI, to attempt to reconcile these differences. As a result of this I met alone with John Butterbrodt in Chicago on 11 April 1972. We were together two or three hours and during the course of the conversation he told me that he and George Mehren had gone to Washington in an attempt to settle the Anti-Trust suit. No one in Washington would talk to them about this - not the Justice Dept., FTC, or the White House. A suggestion was finally made to them that they should see Kalmbach. Mehren and Butterbrodt travelled to the west coast and met with Kalmbach. Butterbrodt told me that they had agreed with Kalmbach to pay $300,000.00 to Kalmbach and the Anti-Trust suit against AMPI would die a natural death. Kalmbach was to direct them where (to what committees etc.) the money should be sent. Before this could be accomplished the ITT thing hit the press and Kalmbach sent AMPI word that he didn't want their money.

SAM J. ERVIN, JR., N.C., CHAIRMAN
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FRED D. THOMPSON
MINORITY COUNSEL
RUFUS L. EDMISTEN
DEPUTY COUNSEL

United States Senate
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES
(PURSUANT TO S. RES. 60, 93D CONGRESS)
WASHINGTON, D.C. 20510

January 23, 1974

Dear Sir:

This Committee has been authorized and directed by the United States Senate to conduct an investigation of illegal, improper, or unethical activities with regard to any aspect of the 1972 presidential election, including the means by which the campaign was funded. Pursuant to this mandate, the Committee has been specifically inquiring into the activities of Associated Milk Producers, Inc., and whether corporate funds were utilized to provide contributions to Republican or Democratic candidates.

In order to expedite the inquiry, and to avoid the time and expense of many personal interviews, the enclosed questionnaire is being sent to many board members, officers, and employees of AMPI. It is requested that you carefully examine the questionnaire, answer the questions to the best of your ability, and return it in the self-addressed envelope (also enclosed) within ten days of receipt.

Your attention to this matter is appreciated. If you have any questions or problems, please call Mr. Hamilton on (202)225-0538 or Mr. Sanders on (202)225-0539.

Sincerely,

Jim Hamilton

James Hamilton
Assistant Chief Counsel

Donald G. Sanders

Donald G. Sanders
Deputy Minority Counsel

DGS/km
Enclosures

TUESDAY, MARCH 12, 1974

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: David Dorsen, assistant chief counsel, and Alan S. Weitz, assistant majority counsel.

Mr. WEITZ. For the record, I would like to enter as exhibit 1 a letter from Mr. Strachan's counsel, Mr. Bray, addressed to the committee, dated today, making clear that his appearance today is pursuant to an earlier committee subpena and is subject to the immunity order issued by the committee, covering Mr. Strachan's testimony before the committee.

[Whereupon, the document referred to was marked Strachan exhibit No. 1, for identification.*]

Mr. WEITZ. I would also like it noted for the record that Mr. Strachan is still under oath, pursuant to his previous appearance before the committee.

Mr. BRAY. Again, just to add to that, I take it there is no need for us to renew any objections that have been made before, or to repeat earlier refusals to testify. Mr. Strachan is still under the order that was issued, I believe, by Senator Baker at the original executive session to testify, notwithstanding his claim of privilege.

Mr. WEITZ. Fine.

The record will incorporate all of those prior objections in the committee's rulings, and they'll be fully applicable to today's session.

TESTIMONY OF GORDON C. STRACHAN, ACCOMPANIED BY JOHN BRAY, COUNSEL

Mr. STRACHAN. That covers both formal and informal stuff?

Mr. WEITZ. Both formal and informal.

Mr. STRACHAN. While talking before and now on the record?

Mr. WEITZ. Both formal and informal appearances before the committee. Right. And the staff.

Now, I take it, Mr. Strachan, that some time after the 1970 election, you took on some responsibilities in Mr. Haldeman's staff for keeping track of solicitations and, to some extent, expenditures by the citizens committee effort for the President's reelection. Is that correct?

*See p. 7472.

Mr. STRACHAN. At some point, I became the contact for Kalmbach to keep track of moneys that he collected, pledges, commitments that he received, and——

Mr. WEITZ. I would like to show you for identification these documents, which you have already looked at informally. These documents will be exhibits 2, 2A, 2B, 2C, 2D, and 2E, which are a series of memorandums in February and March 1971.

[Whereupon, the documents referred to were marked Strachan exhibits Nos. 2, 2A, 2B, 2C, 2D, and 2E, for identification.*]

Mr. WEITZ. And could you just acknowledge whether those appear to be true copies of White House memorandums?

Mr. STRACHAN. Yes. I looked at these informally; we talked about them. They seem to be accurate copies. I'm no expert on signatures and handwriting or whether the typewriter is the one used, and so forth, but we talked about whose handwriting we think is on——

Mr. WEITZ. Maybe we'll quickly run through these one by one.

Mr. STRACHAN. OK.

Mr. WEITZ. Exhibit 2 is just a cover memo from Mr. Colson to you, dated March 17, which transmits a series of documents.

Mr. STRACHAN. It's unsigned by Colson.

Maybe it's a true copy. I don't know. There is no indication in my handwriting that I got it, but I wouldn't normally do that anyhow, so it looks like it's a good copy.

Mr. WEITZ. And the accompanying documents 2A through 2E are, in sequence: 2A is a memorandum from Haldeman to Colson, dated February 2, and you've noted that the "H" next to Haldeman is Mr. Haldeman's initial.

Mr. STRACHAN. Yes. If I received a memo with that "H" on it, I would assume that Haldeman told me to do it.

Mr. WEITZ. And 2B, February 1, 1971, from Colson to Haldeman, subject: Outside fund handling. And you've identified the——

Mr. STRACHAN. What looks like Colson's signature and looks like Haldeman's writing below, and what looks like Colson's writing of Bennett.

Mr. WEITZ. Bob Bennett?

Mr. STRACHAN. And that's my recollection of having seen the handwriting, without my having really known.

Mr. WEITZ. Now, 2C, February 2, 1971, from Colson to Higby, and that also has Colson's signature.

And whose signature is this in the upper——

Mr. STRACHAN. That's hard to say. It's either Larry's or Bob's. The "H" looks like Haldeman's, and the "L" looks like Larry's. But Higby was very good at writing like Haldeman, so——

Mr. WEITZ. 2D is merely a one-line sheet saying "CWC wants the return of this file."

Mr. STRACHAN. That looks like something that Colson's secretary would send along with it, but there's no real way of knowing.

Mr. WEITZ. And finally, 2E, February 8, 1971, from Colson to Haldeman, and the subject is your memo of February 2, apparently a followup.

Mr. STRACHAN. Yes.

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*See pp. 7473–7477.

Mr. WEITZ. And that also has no markings on it.

Mr. STRACHAN. Yes. It's probably a copy.

Mr. WEITZ. Now, you don't recall upon receiving these, if, in fact, you received these documents from Mr. Colson, at that time, doing anything with them other than putting them in your file?

Mr. STRACHAN. Well, we talked about this, and the best reconstruction of the time frame is that I probably just received them for filing, because it was not at a time when a decision had to be made, and it appears to be at a time before I was in the direct paperflow of stuff going to Haldeman for action. So, the subjects are discussed later, and I think, if you are, in fact, receiving all of the copies of the stuff, that is probably what happened to it. The stuff went to a file.

There may well be some memo between the date that I received those things and the first memos that you've shown me, but I have no recollection of it now.

Mr. WEITZ. Now, one of the substances of these memos that you've identified is an interest to obtain some outside focal point for fundraising, outside of the White House.

Was it your understanding that eventually Mr. Kalmbach took on that role?

Mr. STRACHAN. Yes.

Mr. WEITZ. Do you recall when you first started to actually—as you call it, become a part of the paperflow—actually receive the documents?

Mr. STRACHAN. Let me answer that part of your last question. At some point, Kalmbach did become my primary contact with keeping track of what money he was receiving from contributors. There may well have been somebody else. We've talked about other people or other fundraising projects. Nunn and so forth, but at some point Kalmbach did become my primary contact and the source of the information I got regarding contributors.

And what was the second question?

Mr. WEITZ. When you started to become part of the paperflow.

Mr. STRACHAN. OK.

We tried to reconstruct that. After I joined Haldeman's staff, there was a time when I was over in the Executive Office Building for a couple of months, working on polling matters. And then we moved into—I moved into an office in the basement of the west wing, in the old safe, directly behind the White House mess area, under the Oval Office. And when I moved in there, it was Bruce Kehrli, myself, and two secretaries. And about that time, in about a couple of weeks is when I really started to get into the paperflow.

And the way to check is to find out when the work was completed on those offices in the west wing.

Mr. WEITZ. Do you place that when—at some time in the spring of 1971?

Mr. STRACHAN. Yes. Some time in the spring.

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

[Discussion off the record.]

Mr. WEITZ. Did you have any occasions to discuss with either Ehrlichman or Whitaker, or see anything in connection with their activities in March of 1971, let's say in connection with the substantive matter of price supports?

Mr. STRACHAN. I would be really surprised if I had any contacts at all with Ehrlichman. I mean, he was not a guy—I may have been introduced to him, but I just didn't know him and wouldn't have had contact with him.

As to the substantive matter, I don't recall having a discussion with either of those guys on the substantive stuff for the milk price-support decision.

Whitaker I would have had a better chance to talk to, because he was a lower level guy. But I really don't remember talking to Whitaker about it.

Mr. WEITZ. There is an indication that, by both the White House and from other sources, that Whitaker indicated in a talking paper for the President for the March 23 meeting with dairy leaders, that the milk people had decided to spend money to make political donations.

From your experience with Whitaker, would he have gotten that information directly from the outside, or would it have proceeded from someone like Ehrlichman to him?

Mr. STRACHAN. Just a ballpark guess, I guess he got it from Erlichman. But I don't think Whitaker was in contact with—you know, contributors from the outside, to normally know it. But that's just a guess, based on my experience at the White House, rather than any real knowledge of the subject.

Mr. WEITZ. In Book 3, exhibit No. 34–26 to the committee's public hearings, that exhibit is a draft of a memorandum recounting the substance of a meeting between HRH and Dean, of a meeting on May 18, 1971.

Now, you've looked at that. Are those your notes of that meeting?

Mr. STRACHAN. I think what it is, is a typed-up version for Dean. I was in the meeting as a notetaker, and I think what it is, is a typed-up version of my notes, the assumption being, Dean couldn't read my handwriting, but that he is the fellow who was substantively reporting and receiving the action assignments who would want a record of my meeting. I just sat there and took notes.

Mr. BRAY. What page is that, Alan?

Mr. WEITZ. It's page 1226 of the public hearing of June 25, 1973.

Mr. BRAY. Is there an exhibit number on it?

Mr. WEITZ. 34–26.

Now, in that typed-up version of your notes, on page 1229, it turns to the question of the milk money, and then there's a discussion that results in a decision that milk money is to pay for operating expenses of the citizens committee, which had previously been formed. There's also a comment that the expenses of the citizens committee would be approximately $35,000 to $40,000 per month.

Did you have any notion, or do you recollect, how much milk money was contemplated being received?

Mr. STRACHAN. The question is, obviously, at that time, because later I learned it, and it's in one of those subsequent memos.

Mr. WEITZ. All right. We'll get to that.

Mr. STRACHAN. Whether I knew it at that time?

Mr. WEITZ. Yes.

Mr. STRACHAN. I really don't know. I may well have, but if the amount had been mentioned by Dean or Haldeman at that meeting, I

probably would have jotted it down. And since it isn't jotted down there, my guess is I didn't, but I couldn't be absolutely sure. I did learn, you know, what the commitment was later, at some point.

Mr. WEITZ. That $2 million commitment that's referred to in the later memo?

Mr. STRACHAN. Right.

Mr. WEITZ. Now, on May 21, 1971, I have a memo which I would like to mark as exhibit 3, and have you identify it. It's from you to Haldeman, and the subject is Kalmbach's telephone call of May 21, and attached to the memorandum are some handwritten notes.

[Whereupon, the document referred to was marked Strachan exhibit No. 3, for identification.*]

Mr. WEITZ. I believe you looked at that. That is a copy of your memorandum?

Mr. STRACHAN. I can't be absolutely sure, but it sure looks like it.

Mr. WEITZ. And attached to that are three pages of your handwritten notes?

Mr. STRACHAN. That's right. And although the Xerox copy is bad so that you can't see who's really calling, we talked about this before, I think it is Haldeman calling me on that May 21 and asking me to do a series of things.

Mr. WEITZ. And with respect to the milk money, he asked you, I understand, to check as to the progress of the receipt of the milk money and establishment of committees and such?

Mr. STRACHAN. Yes. Haldeman's assignment to me is to get to Nunn and to get an answer back to him, Haldeman, because Haldeman just heard that the milk people can't get their money through because Nunn hasn't given them the committee names. It was probably pretty close to a quote from what Haldeman told me on the phone.

Mr. WEITZ. And you contacted Nunn that same day?

Mr. STRACHAN. Yes, it looks like it. The notes down at the bottom look like, you know, Nunn has committee names, but Bob Bennett wanted to use his own committee names. And that's probably Nunn saying, "Yes, I got the names; the guy who's screwing it up is Bennett."

Mr. WEITZ. Now, Bob Bennett, that was the same Bennett that was referred to in the earlier memorandum that you identified, exhibit 2B?

Mr. STRACHAN. That's the one with his name written on the bottom?

Mr. WEITZ. Yes.

Mr. STRACHAN. Yes, I would guess so. Maybe there's two Bob Bennetts, but I would be surprised if it were somebody else.

Mr. WEITZ. And then the substance of the information that you obtained was then put in the memo, which is the cover memo of that date?

Mr. STRACHAN. That's right. And the notes that are backup—we talked about how we think the notes that are backup—which have sort of funny diagrams, all fit into what the subject memo indicates.

Mr. WEITZ. And the memo indicates that the committees have been established, the 76 committees have actually already been established and have received checks from the milk people, $2,500 each, and that another 26 committees are being readied for that same purpose?

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*See p. 7478.

Mr. STRACHAN. That seems to be the substance of paragraph 2. After I talked to—who did we decide I had talked to on this?

Mr. WEITZ. Well, you called Nunn in Texas, I believe.

Mr. STRACHAN. Yes. After you called that morning, I talked with Nunn in Texas; he's the source of the information; the 76 are set up. Yes.

Mr. WEITZ. I believe on the top of page 2 in paragraph 4, Kalmbach and Nunn both suggest that you pass on to Haldeman, that contrary to the meeting 3 days earlier, between Dean and Haldeman, the suggestion is made that the milk money not be used in the citizens committee operation, but rather it just be kept separately.

Was it your understanding that that was, or does this memo indicate that that was, for the purpose of not limiting the possibility of disclosure of the milk money?

Mr. STRACHAN. I don't recall offhand. I guess that we talked about this informally.

Mr. WEITZ. Yes.

Mr. STRACHAN. Yes, I think that's what we decided. If you're going to have to disclose the names at some point, better not to have the names of basically lobbyists.

Mr. WEITZ. There's also a reference here in paragraph 4 to the fact that Kalmbach and Nunn argued that the money collected by Nunn through direct mail solicitation and zero to 100 contributors should cover citizen's expenses, and I think you've indicated to us that those would be, that reference says direct mail solicitations for small contributions, and that the zero to 100 contributors are those who would be contributing up to $100,000.

Mr. STRACHAN. Right. Basically, Nunn's responsibility in terms of the way contributors were broken down or whatever.

Mr. WEITZ. He also had lists of people who were potential contributors of over $100,000?

Mr. STRACHAN. Yes, but those would have been given—unless Nunn had a personal relationship with the individual, they would probably have been given to Kalmbach.

Mr. WEITZ. The final sentence in that paragraph refers to the fact that this money would also be the source of reimbursement of the Kalmbach collected funds under your direct control. That is reference to the trust moneys that Kalmbach had for the 1968 and 1970 elections?

Mr. STRACHAN. Yes. I was never sure if it was from the 1968 or 1970 elections, because it was before I got there. But whatever Kalmbach had as a trustee account, that was to be held separately, only under Haldeman's control, which one of those memos at some point indicates; yes, he had made some disbursements to the committee and he was to have those reimbursed and brought back up to what Haldeman understood was the exact amount in there.

Mr. WEITZ. Now, the comment by Haldeman is—well, first of all he seems to initial it in the line "agree" to your recommendation, essentially supporting Kalmbach's and Nunn's recommendation. But his comment is, "But what are they going to use milk money for?"

Do you know in fact what the answer to that was, or whether there was ever any purpose ascribed for the milk money?

Mr. STRACHAN. There could have been. I don't think so. I don't know what ever happened to that question.

Mr. WEITZ. Was it also your understanding——

Mr. STRACHAN. There aren't any memos that would have indicated what happened, are there?

Mr. WEITZ. No. The records appear to—that the milk money was just kept in these accounts until sometime in 1972 when they were transferred to the principal committees.

Mr. STRACHAN. Into the regular committees?

Mr. WEITZ. Yes.

Mr. STRACHAN. Then there were no expenditures out of them?

Mr. WEITZ. There don't appear——

Mr. STRACHAN. There don't appear to be. OK, I just don't—maybe there's a memo later that talks about it, but I don't—it doesn't jump to my mind right now.

Mr. WEITZ. Was there some understanding or general impression that the money contributed to the Bennett committees were not entirely at the complete disposal of the citizens' group or Kalmbach?

Mr. STRACHAN. Yes, we talked about this. No one was ever sure whether Bennett was just incompetent or whether he was really working on behalf of the milk people. And you guys think you have all of the memos. I think there is a memo which says that—that says——

Mr. WEITZ. The record shouldn't show that we represented that we have all of the memos.

Mr. STRACHAN. I'm sorry. I think there's a memo that says that Bennett is neither incompetent nor does he have our interest completely at heart.

Mr. WEITZ. Do you have any knowledge as to whether there was any pressure brought or there was—it was perceived that pressure was necessary to be brought by fundraisers, by Kalmbach or Nunn or whomever, to keep the flow of money coming, or to obtain contributions from the milk people, or whether the converse was true, whether the milk people were seeking out Republican fundraisers?

This would have been in 1971.

Mr. STRACHAN. Well, there are a couple of references in the memo to the fact that Nunn and Sloan and Kalmbach were pushing as hard as they could to get the money, and the question is whether they should push too hard on Bennett to get his money in, in light of who he is, what his position was.

Mr. WEITZ. They were certainly anxious to get the money in, just the matter of the mechanics?

Mr. STRACHAN. Who, Kalmbach?

Mr. WEITZ. Kalmbach. Yes, Kalmbach and Sloan.

Mr. STRACHAN. Sure. Yes, there's a reference in one of the memos as to the overall thing as to getting as much money in as quickly as possible.

Mr. WEITZ. I'd like to show you what we have marked as exhibit No. 4, which is a memo, September 11, 1971, from you to Haldeman, subject: Milk money—and I believe you looked at that.

Does that appear to be a copy of that?

[Whereupon, the document referred to was marked Strachan exhibit No. 4, for identification.*]

Mr. STRACHAN. Yes, that appears to be a copy.

Mr. WEITZ. And I believe you also indicated that the memo being dated September 11 recounted some matters that transpired in the

*See p. 7483.

1 or 2 days previous to that, that that would probably bring the figures represented in there, that is the money received toward the commitment would be current as of the beginning of September.

Mr. STRACHAN. We talked about that and had no way of knowing that this is supposed to be a report up through August 31. But it's probably a pretty good guess, because it refers to a meeting within the last couple of days, and obviously people are checking on what the current status is. I mean, it's far better to say that this includes everything that was supposed to be done up through the end of August, than through July or through September, and especially since we ran through the figures and since you concluded that's probably the correct amount from the time point.

Mr. WEITZ. I believe you also indicated that the handwriting at the very top of the memo, exhibit No. 4, "Colson" and below: "Cashen-Mulcahy 3," and "5G separately on E, committed siphoned," is your handwriting.

Mr. STRACHAN. Yes, I think so. What I would usually do in making phone calls is, I put across on the side of my desk, I put about 10 or 12 [indicating] with the name of the person, so that if the person called on your IO, your interoffice, you know, you could pull it out while you had the call in to him real quick, so that's why Colson's name is up at the top and that's why I probably noted what the substance of the conversation was down at the bottom.

Mr. WEITZ. Now, I believe you told us that sometime after the 1970 election, Haldeman had sent a memo to a number of persons in and outside of the White House, primarily inside the White House, directing them not to solicit funds outside of normal fundraising channels for the 1972 election, is that correct?

Mr. STRACHAN. Yes, we talked about how a lot of people went—not a lot, but half a dozen people—went to certain contributors independently, with no central point to keep track which contributors were getting hit for how much, and they wanted to put a stop to that.

Mr. WEITZ. Do you recall to whom that memo was directed?

Mr. STRACHAN. Well, we talked about the names. My guess is that it was Klein, Colson, Magruder, I think Safire, but I don't know why, why Bill Safire. Probably Chotiner.

Did we mention any other names informally?

Mr. WEITZ. No.

Mr. DORSEN. Dean?

Mr. STRACHAN. Dean, yes. Dean would probably get one. Not that Dean was soliciting, but that Dean should be apprised of what the deal was vis-a-vis contributors.

Mr. WEITZ. Now, one of the subjects of the September 11 memo is a separate agreement between Colson and the milk people for cash.

Was that essentially the thrust of this memo, or that paragraph, to apprise Haldeman of possible departure from his memorandum?

Mr. STRACHAN. That's right. The copy of Haldeman's memorandum to these people not to contact, I would have in his files, which I maintained, and probably a followup, and I periodically go around and ask somebody like Kalmbach, "are you hearing from any of the contributors that somebody on the White House staff is hitting you from the side bar?" So that's probably it, just to apprise Haldeman, and by the way your directive is not being followed.

Mr. WEITZ. Now, in what appears to be a followup memo, which I'd like you to identify, exhibit No. 5 to your testimony is a memorandum dated September 16 from you to Haldeman, subject, the milk money, and it recounts the information you obtained with respect to that separate agreement.

[Whereupon, the document referred to was marked Strachan exhibit No. 5, for identification.[1]]

Mr. STRACHAN. Right.

Mr. WEITZ. Was there any followup that you recall, where Haldeman either objected or asked you to follow up on that arrangement?

Mr. STRACHAN. I don't think so. My guess is it probably was not, because this is a followup memo to the original one, which says: "Contact Colson and get the information." I get the information in the September 16 memo. If that was not all of the information he wanted, he would have probably written on this. So my guess is that it wasn't any more followup than is indicated here.

Mr. WEITZ. After the first paragraph, after you recount that information, there seems to be a dash.

Could you read that and identify whose handwriting that is, if you can?

Mr. STRACHAN. Yes; my guess is that the word looks like "Right" and is signed with an "L", so it's probably Higby. But it looks like him, and that quote there is a quote from my conversation with Colson.

Mr. WEITZ. And I take it you did not know at the time what project Colson and Ehrlichman were referring to?

Mr. STRACHAN. If I had known at the time I probably would have included it in the memo, and as it turned out I'm very glad I didn't know what it was.

Mr. WEITZ. And the only other variation to Haldeman's policy that you report in this memo, exhibit No. 5, is a separate commitment to a request Cashen made for $3,600. Now, this reference to Ireland, this is Mulcahy, or do you know what this reference is?

Mr. STRACHAN. My thinking is that it is, because Cashen was a good friend of one of Mulcahy's guys. So unless they discovered some other great contributor over in Ireland, I guess it's Mulcahy.

Mr. WEITZ. I have here a memorandum dated September 24, 1971, and I'd like you to identify that. It's from you to Haldeman. Again, the subject is milk money, referring to a newpaper article that was being written.

[Whereupon, the document referred to was marked Strachan exhibit No. 6, for identification.[2]]

Mr. STRACHAN. OK.

Mr. WEITZ. Do you remember who informed you of that?

Mr. STRACHAN. No, I don't.

You'd have to guess that it wouldn't be Dean or Colson, because they've been advised. Either I called them, or whoever gave me the information. My guess is, probably from the press office, but there's no backup or anything on this, no notice.

Mr. WEITZ. Not from what we have.

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[1] See p. 7484.
[2] Previously entered as Odell exhibit 3; see Book 16, p. 7435.

Mr. STRACHAN. I just don't recall offhand. Maybe if there was some other backup, I could figure it out. That's why, 3 years ago——

Mr. WEITZ. And is there anything written at the time, in September or later of 1971, that documented any of the facts related to the earlier price-support decision that you then saw?

Mr. STRACHAN. I'm sorry. You're asking about an internal memo that may have been written.

Mr. WEITZ. That went on to discuss the substance of the price support decision from the previous year, from the previous March, that was then the subject of these newspaper articles?

Mr. STRACHAN. There may have been, but I don't recall it.

Mr. WEITZ. We have a memo dated also September 24, 1971, and I'll mark it as exhibit 7 to your testimony.

[Whereupon, the document referred to was marked Strachan exhibit No. 7, for identification.*]

Mr. WEITZ. It is from Colson to Haldeman, subject, milk producers. Have you seen that memo, or can you identify it as appearing to be a copy of a White House memorandum?

Mr. STRACHAN. I don't remember specifically and independently of having seen it, but it looks like Colson's handwriting to Haldeman, yes.

Mr. WEITZ. Now, in the memorandum, it refers to a Justice Department investigation of the milk producers, and it goes on to say that "If this goes too far, there will be a number of very serious adverse consequences, which I would be glad to elaborate on in detail."

Were you ever aware, either by personally being present in any discussions, or from whatever you learned, as to what consequences Colson had in mind?

Mr. STRACHAN. I'm almost positive I was not in any meetings where it was discussed, and I don't know really what he was referring to there on the meetings where I give the details. But Colson had independent access to Haldeman's office; he didn't have to come through me or have me sit in whenever he talked to Haldeman. So he may very well have given him details which I would not have been privy to.

Mr. WEITZ. The last line says, "I would like to stay out of it," and before that, he says, "I do think this should be taken up at one of your meetings." Do you know, first of all, what meetings he was referring to?

Mr. STRACHAN. No.

Mr. WEITZ. Or what he appears to be referring to?

Mr. STRACHAN. When he says, your meetings, you must think it's one of the regularly scheduled ones—you know, 8 o'clock, or the 8:15, or the 8:30, or one of those, your meetings. But we later come upon some—what appears to be a part of a talking paper where it's a reference to Haldeman meeting with Mitchell, and that may have been what Colson meant. I don't know, I really don't know.

Mr. WEITZ. What was your general understanding of the relationship between Colson and Mitchell?

Mr. STRACHAN. Charitably, not good. Dislike of each other from both directions.

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*See p. 7485.

Mr. WEITZ. Was it your understanding that Colson tried not to involve himself directly with any matters that involved the Attorney General?

Mr. STRACHAN. He was very cautious in that regard, feeling that if he got himself into something that was clearly within Mitchell's bailiwick, that he would get stepped on very quickly by Mitchell.

Mr. WEITZ. Was it your experience that Colson did not refrain from involving himself in matters that involved interest groups with whom he had contact in the White House; and also, at the same time, involved possible contributions or other matters before other agencies in the Government with those same groups?

Mr. STRACHAN. The first part is clearly the case. I mean, he would involve himself in matters——

Mr. WEITZ. But the fact that those same groups may be involved in a question that came up before some other part of the Government, part of the administration—would that usually lead him to refrain himself from getting involved, or finding out what was?

Mr. STRACHAN. I think it would be the other way. Yes, I think it would be the other way. I don't think he would necessarily refrain from finding out if he's the interest group contact; and it's like the labor people. The reason Colson was a contact with the labor people, was that they wanted somebody in the White House that they could come and talk to and say, gee, we have a problem with X, Y, or Z. And then Colson could presumably help solve it.

Mr. WEITZ. Would that not be the case with regard to matters in which interest groups have problems with Justice, because of his bad relationship with Mitchell?

Mr. STRACHAN. I think the chances are much lower that Colson would take any chances of getting involved in a Justice matter, because of Mitchell's presence there.

Mr. WEITZ. I'd like you to identify what I'll mark as exhibit 8, which is the memorandum from Dean to you, dated October 6, 1971; the subject, antitrust exemption for milk producers cooperative.

[Whereupon, the document referred to was marked Strachan exhibit No. 8, for identification.*]

Mr. WEITZ. And you've looked at it before? I take it that this is just a cover memorandum, and we don't have a copy, as I indicated, of the accompanying memorandum on the subject matter of the investigation.

Mr. STRACHAN. Yes, and—I mean, I don't have any recollection that Dean, in fact, sent me this memo, but I have no reason to believe that Dean didn't send it to me.

Mr. WEITZ. Do you remember anything about the memorandum?

Mr. STRACHAN. This memo?

Mr. WEITZ. No, the accompanying memorandum.

Mr. STRACHAN. You don't have it later? No, I don't remember.

Mr. WEITZ. Is it your recollection that it was probably prepared by someone at the Justice Department?

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*See p. 7499.

Mr. STRACHAN. No, that's not quite true. Things would be signed by Dean, but Dean wouldn't know all of the facts just himself. He would probably find out from someone within the Justice Department. He'd been there, and he knew his way around. Maybe he would find out—maybe that person drew the duty of drafting what Dean would then later redraft with other information and sign. But Dean would be—maybe this is Dean sending me something that is on Department of Justice stationery, but I doubt it. He would probably redo it on White House stationery.

Mr. WEITZ. He obtained the information from somebody at Justice?

Mr. STRACHAN. I would guess; sure, within the Justice Department, current activities within the Justice Department.

Mr. WEITZ. Let me mark as exhibit 9, for your identification, a memorandum from you to Haldeman, dated November 3, 1971, transmitting a talking paper for the Attorney General, and an outline of subjects; everything is excerpted except for item 15, for the meeting in Haldeman's office for November 4, the next day.

[Whereupon, the document referred to was marked Strachan exhibit No. 9, for identification.*]

Mr. WEITZ. I believe you looked at that, and that's an excerpted copy of the memorandum and attachments.

Mr. STRACHAN. This copy memo looks like the size of one I'd put on top. I mean, you wouldn't put a full-size sheet on top of a talking paper. Talking papers would be on non-White House stationery. All you have, really, is the title, "Talking Paper for the Attorney General," and that's the way I would do it; in block caps, and then caption "Political Matters Pending, Magruder and Strachan Present," indicating there is going to be political matters, Magruder and Strachan present. There's no way of telling whether—for paragraph 15 on page 11 of what seems to be the talking paper—I was there or I wasn't there. Without going back and getting the whole talking paper and finding out which stuff we had talked about when we were present, and which stuff we talked about when we were absent, and it's hard to just ballpark guess.

Mr. WEITZ. Was there a disagreement or some matter of some sensitivity at that time over the salaries being paid by Magruder for citizens' committee staff?

Mr. STRACHAN. That was an ongoing argument; whether it was discussed in this political meeting between Haldeman and the Attorney General, I don't specifically recall at the moment.

Mr. WEITZ. If it was, however?

Mr. STRACHAN. If there was, it would be a subject that I would have learned of, you know, surreptitiously, around Magruder. And therefore, I wouldn't want Magruder to know that I had found it out, and have Haldeman raise it with the Attorney General. I'd put it into an area of discussion for Haldeman with the Attorney General without Magruder present.

Mr. WEITZ. Do you recall ever being present during any discussions between the Attorney General and Haldeman about ongoing investigations at the Justice Department, whether or not limited to just the milk producers?

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*See p. 7500.

Mr. STRACHAN. Of the Justice Department?

Mr. WEITZ. Yes; by the Justice Department, I'm sorry.

Mr. STRACHAN. Gee, I don't think so, but I would have—that's why I'd have to be able to go through my memos and papers, to find out whether or not the talking paper would be subject to discussion when I would be present, and my notes at the time.

Mr. WEITZ. We have a memorandum, dated January 18, 1972, which I'll mark as exhibit 10, and it is a political matter memo from you to Haldeman, and I believe you looked at it before. This is a copy of the memorandum.

[Whereupon, the document referred to was marked Strachan exhibit No. 10, for identification.*]

Mr. STRACHAN. This appears to be page 1 of what is undoubtedly a much longer memo.

Mr. WEITZ. That's a question I have. Looking at it, and looking at the format, there are no white areas indicating excerpts removed. Is it possible that you would have written a political matter memo?

Mr. STRACHAN. With one paragraph, one finance?

Mr. WEITZ. Yes.

Mr. STRACHAN. Very slim. Haldeman is not going to write, "good job, H.," on a one-paragraph thing.

Mr. WEITZ. OK. And I might add that I suppose that's reinforced by the fact that the paragraph that is present is marked No. 1?

Mr. STRACHAN. That would seem to be true.

Mr. WEITZ. In that paragraph, No. 1, it states that "Kalmbach informed Colson of the meeting, but would not tell Colson who asked him to see Jacobsen." And in the previous paragraph, it refers to the Attorney General approving a meeting between Kalmbach and the milk people, specifically Messrs. Jacobsen and Nelson.

Is it your understanding from reading this memorandum that it was the Attorney General who had essentially told Kalmbach to meet with the milk people?

Mr. STRACHAN. Yes, we talked about this before. What it looks like happened is that the Attorney General approved the meeting, and then Kalmbach didn't tell Colson that the Attorney General approved the meeting. Right?

Mr. WEITZ. Right. That's what we discussed before.

Then it goes on to say that Kalmbach believed that someone should give all of the information about the milk situation to Colson. Now, is it your understanding that the reason Colson perhaps should not be told of the fact of the Attorney General's involvement, again goes back to the bad relationship and arm's length distance kept between Colson and Mitchell?

Mr. STRACHAN. Probably yes. I mean, that's an ongoing thing through any subject that you looked into, Colson and Mitchell staying away from each other.

Mr. WEITZ. Do you know why Kalmbach went to Mitchell on this before he talked to you?

Mr. STRACHAN. No. Kalmbach would arrive in town and talk with half a dozen people, and just—frequently, it would depend on what the schedules were. But also, since I would summarize what Kalmbach

*See p. 7502.

was doing, and it would make sense if Kalmbach would see other people before he saw me.

Mr. WEITZ. Now, the recommendation——

Mr. STRACHAN. Wait a minute; except for Ehrlichman. Usually, I cannot think of a time when Kalmbach would have met with Ehrlichman, and then I would report on what Kalmbach had learned from Ehrlichman. That was like a separate reporting channel that Haldeman needn't find out from me, the assumption being, that he talked to Ehrlichman frequently enough, and also that they were doing some stuff with the Nixon family, and some other matters that I needn't know.

Mr. WEITZ. The recommendation in the January 18 memo is "that you inform Colson of the milk situation, and that Kalmbach be asked not to discuss the milk situation with Colson in the future." Why was that?

Mr. STRACHAN. Let's go off the record.

Mr. WEITZ. Off the record.

[Discussion off the record.]

Mr. WEITZ. I take it that you do not know why that recommendation was made?

Mr. STRACHAN. I can't specifically reconstruct it, other than that's the way it seems to flow from the paragraph.

Mr. BRAY. What exhibit number is that?

Mr. WEITZ. Exhibit 10. I'd like to mark as exhibit 11 a memo dated February 1, 1972, also a political matters memo from you to Haldeman, with one paragraph present on page 2; and your recommendation.

[Whereupon, the document referred to was marked Strachan exhibit No. 11, for identification.*]

Mr. STRACHAN. Yes, I think that's it.

Mr. WEITZ. Would you have a recommendation on each political matter memo, a recommendation for each paragraph or each matter that you discussed?

Mr. STRACHAN. Not necessarily. It would depend on whether it was information requiring some sort of action. I mean, most political matters memos were just for passing information rather than going to Haldeman for decisions. But with Kalmbach, of course, you would have more decisions, because since Haldeman would have the ultimate authority——

Mr. WEITZ. Now, this memo refers to the fact that the original $2 million commitment was cut back by the milk people to $1 million.

Mr. STRACHAN. Yes.

Mr. WEITZ. That either informed you or confirmed your understanding of an original $2 million commitment by the milk people?

Mr. STRACHAN. Yes, that looks like information I got from Kalmbach and reported to Haldeman, and I did one or the other—I'm either informed there, or I probably knew of the commitment earlier.

Mr. WEITZ. Now, what appears to be Haldeman's comment to your recommendation is that, "I'll discuss with A.G." Do you know whether, in fact, did you ever prepare any talking papers that included this matter for discussion between Haldeman and Mitchell?

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*See p. 7503.

Mr. STRACHAN. Gee, I should have. What date is that?

Mr. WEITZ. February 1.

Mr. STRACHAN. When did they have the next meeting?

Mr. WEITZ. Maybe you can reconstruct your notes on this side.

Mr. STRACHAN. Yes, that's what it says. "G to H, talk P," which is obviously a talking paper, a February 9 talking paper. Do you have it?

Mr. WEITZ. No.

Mr. STRACHAN. Well, I don't have any specific recollection now, but if that's what I wrote down at the bottom, the chances are pretty good that that's what I did with it. I would keep track of things that Haldeman was supposed to cover with the Attorney General.

Mr. WEITZ. Do you know when Kalmbach became, I believe, assistant or associate campaign manager? Wait a minute—chairman of the finance committee?

Mr. STRACHAN. No, I don't. He was always the de facto guy. When he became official and all that, I don't know; and then I think he resigned after April 7, didn't he? Yes. I don't know when he officially became titled.

Mr. WEITZ. Do you know when there came a time in February, whether there came a time in February, that he made a decision to cut off the milk money or otherwise run counter to these recommendations by Mitchell?

Mr. STRACHAN. When Kalmbach did?

Mr. WEITZ. Yes.

Mr. STRACHAN. I don't think so. None of my political matters memos reflected——

Mr. WEITZ. No?

Mr. STRACHAN. I'm not sure.

Mr. WEITZ. And these political matter memos, in which you refer to Kalmbach, reflect his reports to you?

Mr. STRACHAN. Yes, that's correct.

Mr. WEITZ. Now, I'd like to mark exhibit 12, a memo dated February 16, 1972, from you to Haldeman, another political matters memo.

[Whereupon, the document referred to was marked Strachan exhibit No. 12, for identification.*]

Mr. WEITZ. And item No. 4, which is the only item present, refers to Kalmbach and the milk people and $1 million?

Mr. STRACHAN. Right, which would indicate that a decision had not been made as of February 16, to stop dealing with the milk people.

Kalmbach is working—I wouldn't say that unless I learned. This is under financing, so presumably most of my financing information came from Kalmbach. So presumably Kalmbach had told me from that day he was working with the milk people.

Mr. WEITZ. Do you recall any contrary information subsequent to that time?

Mr. STRACHAN. I don't but I'd have to look at the political matters memos since February 16 up until April 7; is when the last of the money came in.

Mr. WEITZ. That was until Kalmbach was active.

Mr. STRACHAN. I don't recall at the moment.

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*See p. 7504.

Mr. WEITZ. We have a memorandum dated February 1, 1972. Actually, two memorandums, each of that date. The front memorandum is from Dean to Ehrlichman, subject, Nader versus Butz.

[Whereupon, the document referred to was marked Strachan exhibit No. 13, for identification.[1]]

Mr. WEITZ. Do you recall seeing this, or does this apear to be a copy of a White House memorandum?

Mr. STRACHAN. I don't specifically recall it. We talked about this informally. If I were to receive this memo, I would get it as one of the end-of-the-day memos that I would get from Dean. But it doesn't stand out in my mind.

Mr. WEITZ. Weren't you supposed to get copies of Dean's memorandums?

Mr. STRACHAN. Yes. Haldeman's office was supposed to receive copies of all people who were "officially" on Haldeman's staff, but that wasn't always the case, because that would just mean too many copies floating around.

Mr. WEITZ. For the purpose of identification, does this appear to conform to the form of White House memos from Dean that you would receive in your file?

Mr. STRACHAN. Yes.

Mr. WEITZ. And finally, exhibit 14 is a similar memo dated August 31, 1972, from Dean to both Haldeman and Ehrlichman.

[Whereupon, the document referred to was marked Strachan exhibit No. 14, for identification.[2]]

Mr. WEITZ. Does this also appear to be a copy of the memorandum that you usually received, and in fact did receive?

Mr. STRACHAN. Yes. That is, I probably have received directly, since it's addressed to Haldeman rather than just receiving it as a copy of Dean's end-of-the-day memo. So chances are pretty good that I received this, but it's during a very crowded time. August 31, 1972, was maybe at the end of the Republican convention, and I may not have been in town. But my guess is that I probably received it.

Mr. DORSEN. Is there anything else that we haven't covered that you can recall about the dairy industry role in the 1972 campaign?

Mr. STRACHAN. I mean, not without a specific question. Nothing jumps to my mind right now.

Mr. DORSEN. Well, obviously, we don't have all of the relevant documents, and we do not have all of the relevant information. But, given the fact that we've discussed this now for a while, and you were there, does anything come to mind that we have not covered?

Mr. STRACHAN. Nothing comes to mind that we have not talked about informally, or alluded to or something.

Mr. WEITZ. Let me just ask, in a general way—after April 7, did Kalmbach continue to have any informal or formal fundraising functions, and did he report to you on any of his activities?

Mr. STRACHAN. You don't have my political matters memos. That would say what I learned from Kalmbach afterwards. I doubt if he just stopped doing everything April 7.

Mr. WEITZ. What about Lee Nunn?

Mr. STRACHAN. He was still at the committee, wasn't he?

Mr. WEITZ. Yes. Did he report to you, as Kalmbach had done?

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[1] See p. 7505.
[2] See p. 7510.

Mr. STRACHAN. No. I would ask him questions mostly through Sloan. I met Nunn; Kalmbach introduced me to Nunn, and I could call him up if I had to, like when Haldeman told me to call him up. But I would normally ask Sloan.

Mr. WEITZ. Were there ever instances in which there—was there coordination that you were aware of, and which was planned between the fundraising efforts of the committee, finance committee, and those of Democrats for Nixon?

Mr. STRACHAN. I'm sorry?

Mr. WEITZ. Was there any planned, coordinated fundraising effort between Democrats for Nixon and the finance committee?

Mr. STRACHAN. At some point in the political matters memos, it would show this. At some point, the Democrats for Nixon were to be self-funding. They would raise their own money and spend their own money. At some point, it turned out that they were not able to raise their own money, or they didn't want to, so the committee started giving them money.

Mr. WEITZ. Do you recall any instances, particularly with respect to Jake Jacobsen and/or the dairy people, in which there was any discussion, or report back to you, of concerted or alternative approaches being made to the dairy people by representatives of the Democrats for Nixon and/or the committee representatives?

Mr. STRACHAN. That's a leftfield ball. 2 years ago, nothing stands out other than the fact that the Democrats for Nixon were supposed to raise their own money. They didn't, and eventually Stans funded them. Maybe there was discussion of milk money with Jacobsen, but——

Mr. WEITZ. In that connection, do you have any knowledge of John Connally's role in the fundraising efforts or other activities of Democrats for Nixon?

Mr. STRACHAN. Obviously, he was the head of it. I don't think I ever talked to John Connally, or met him.

Mr. WEITZ. Did anybody report to you of his activities, meetings?

Mr. STRACHAN. If I learned of it, it would have been from Magruder. I mean, I didn't talk to Connally's guy independently. Advertising was done, of course, for Democrats for Nixon. If it was, I would find out about that through Magruder.

Mr. WEITZ. I believe Leonard Marks was treasurer for Democrats for Nixon. Did he ever talk to you?

Mr. STRACHAN. I don't think so. I probably got his name and reported it in the political matters memo, but the source of my information would have been Magruder.

Mr. WEITZ. Was there ever any instance that you recall in which money was either solicited or received by congressional committees, such as the Republican Congressional Campaign Committee, with the purpose of funneling the money through to the finance committee or finance operations?

Mr. STRACHAN. I read it in the paper, but it doesn't jump out in my mind, and I'd be surprised if I ever got that involved in the details of the transfer. Sure, I'd find out about 76 committees with checks, but that's because I was directed to find that out from Nunn, and I just would have to go back through my memos and look for that sort of thing.

Mr. WEITZ. I have no further questions. Thank you. We'll adjourn.

[Whereupon, at 1:12 p.m., the hearing in the above-entitled matter adjourned.]

STRACHAN EXHIBIT NO. 1

LAW OFFICES
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March 12, 1974

David Dorsen, Esq.
United States Senate Select
Committee on Presidential
Campaign Activities
United States Senate
Washington, D.C.

Dear Mr. Dorsen:

Since the indictment in Criminal Action No. 74-110, (U.S. District Court for the District of Columbia) has been returned naming Gordon Strachan since our last executive session with the Committee, before attending further sessions, I would like to memorialize our position.

Mr. Strachan was granted immunity under 18 U.S.C. §6002-6005 on July 6, 1973 and, over his objection, was ordered to testify on July 12, 1973 by Senator Baker notwithstanding his objection to either executive session or public testimony and over his claim of the Fifth Amendment privilege.

You have also advised us that all staff conferences and testimony are conducted under and pursuant to that grant of immunity and that our staff conference on March 12, 1974 is also compelled under and covered by the Committee's order and the court's grant of immunity.

Sincerely,

John M. Bray

Acknowledged:

David M. Dorsen

David M. Dorsen
Assistant Chief Counsel

STRACHAN EXHIBIT NO. 2

THE WHITE HOUSE

WASHINGTON

March 17, 1971

TO: Gordon Strachan

FROM: Chuck Colson

This is now in your department.

Would you please keep this, destroy it or whatever you want.

STRACHAN EXHIBIT NO. 2-A

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL

February 2, 1971

MEMORANDUM FOR: CHUCK COLSON

FROM: H. R. HALDEMAN

Bob Dole sent me a note at the Cabinet meeting regarding the milk producers and apparently he is being pressured by them. They have told him that they are unable to work out a means of getting their activity going regarding their support for us. Would you please get in touch with Dole and follow up on this?

STRACHAN EXHIBIT NO. 2-B

Colson

THE WHITE HOUSE
WASHINGTON

EYES ONLY

February 1, 1971

MEMORANDUM FOR: H. R. HALDEMAN

FROM: CHARLES COLSON

SUBJECT: Outside fund handling

Herb Kalmbach tells me that he and you did not resolve the question of who should be the outside man handling funds from certain groups -- the area that Kalmbach does not want to be involved in.

I have some ideas of people that might do this for us; in fact, I have a very good man who would fill the bill provided a lawyer like Tom Evans could work with him on setting up the mechanics.

Please advise if you would like me to proceed with this or if you have other thoughts.

Proceed away.

Bob Bennett

STRACHAN EXHIBIT NO. 2-C

THE WHITE HOUSE
WASHINGTON

EYES ONLY

February 2, 1971

MEMORANDUM FOR LARRY HIGBY

As I understand it, we owe the National Committee approximately $150,000 originally committed from Mulcahy. My feeling, as you know, is that we should not go back to Mulcahy.

The Milk Producers are prepared to buy 10 tables to the Committee Dinner, ($100,000). The National Committee could be advised in advance that this is part of the money we owe. The only trick would be to be certain that we got credit for this against the sums they expect us to raise.

Please let me know.

Charles W. Colson

STRACHAN EXHIBIT NO. 2-D

CWC WANTS THE RETURN OF THIS FILE.

STRACHAN EXHIBIT NO. 2-E

February 8, 1971

MEMORANDUM FOR: H.R. HALDEMAN

FROM: CHARLES W. COLSON

SUBJECT: Your Memo of February 2

The note which Bob Dole gave you at the Cabinet meeting is the same problem I discussed with you in your office a few weeks ago.

We don't have anyone who can handle support for us from outside interest groups like the Milk Producers. Kalmbach tells me that you and he did not reach an agreement on this. I feel that it is terribly important that I not be personally involved (no one here should be).

I do have a man locally who might take this assignment on with help from Tom Evans in New York. I am exploring it this week and if it works I will advise you; otherwise we perhaps should rethink the question of using Kalmbach in this area.

STRACHAN EXHIBIT NO. 3

THE WHITE HOUSE
WASHINGTON

May 21, 1971

MEMORANDUM FOR: H.R. HALDEMAN

FROM: GORDON STRACHAN G

SUBJECT: Kalmbach Telephone Call of May 21

After your meeting with John Dean on Wednesday on the Campaign Spending matters, discussions were held with Hugh Sloan and Lee Nunn. Their understanding of the financial arrangements corresponds with Kalmbach's as received in today's conversation with him in London. To summarize:

1. None of the Kalmbach, surplus, or pledge money is to be released without your express approval. Kalmbach and Sloan are fully aware of this rule. However, the "start up costs" of the Citizens for the Re-election of the President have been covered by Kalmbach collected money. These start up costs have been:

$35,000 - Harry Flemming for salaries, travel and furniture at 1701

$15,000 - Harry Flemming for salaries and expenses at 1701

$25,000 - Maryland Election

$2,500 - Rita Hauser

Kalmbach and Sloan assured me today that these amounts are fully reimbursable from Citizens funds as soon as received.

2. The responsibility for the collection of the milk money has been shifted entirely to Lee Nunn. After your call this morning I talked with Nunn in Texas. He explained the status, checked with Chotiner, and called me back. Currently, 76 checks for $2,500 each have been transferred into Bennett created committees. Another 26 checks could be delivered if Bennett had the committees ready.

P.C.'s Ex. 1 for Ident.
U.C. 12-17-73
N.P. (Kalmbach Exp.)

3. Nunn and Sloan have been pushing Bennett. They have not pushed harder because Kalmbach and Chotiner agree that it is important to have Senator Bennett's son as the transfer point. Nunn will politely increase the pressure on Bennett to hasten the transfers.

4. Kalmbach and Nunn argue that the milk money currently collected and that which will be received should be banked in the Bennett committee names. It is readily accessible, and any transfer into the committees holding Kalmbach collected money might contaminate them. It is their view that the milk money should not be used for the ongoing expenses of the Citizens because of the risk of discovery as the Campaign approaches. Rather, Kalmbach and Nunn argue that the money being collected by Nunn through the direct mail solicitation and the 0-100 contributors should cover Citizens' expenses. This money would also be the source for reimbursement of the Kalmbach collected funds under your direct control.

Recommendation:

Kalmbach and Nunn seem to have the situation under control, though there has been some delay due to Kalmbach's European trip and the shift of responsibilities from Kalmbach to Nunn. Their arguments for use of Nunn solicited money for the Citizens ongoing expenses seem valid. The milk money should be kept as far removed, but as available as possible.

Agree H. Disagree _____

Comment but what are they going to use milk money for

5. No decision has been reached as to who should be the accountant. Kalmbach says he mentioned J. Patrick Dugan to the Attorney General and followed up with a note that Dugan's position as Executive Vice President of the Export-Import Bank would have to be considered as well as Dugan's relationship to Henry Kearns. Kalmbach did not receive a direction from the Attorney General to proceed on Dugan. The result is that Citizens' bills are paid by Flemming, the Attorney General's original designate. Flemming receives the money from Sloan with no disclosure of its source.

(2) vc

6. Kalmbach's new departure date from Europe is June 5. He is anxious to meet with you and the Attorney General to review his collection activities in Europe and the general financial situation. He suggests June 12, 13, or 14. These can be confirmed at a later date.

→ C 8/21. 1107

- just heard that milk people can't get their $ thru bec/ bee Nunn hasn't given them the committee name

- G ? Nunn - get answer to it

- Houston type - Roy Winkel 10:30 713-228-8741

Lamar H
713-224-8511
Rm 810
Returns Wash tonight/tomorrow

Cut Nunn Ky + FU Winkley

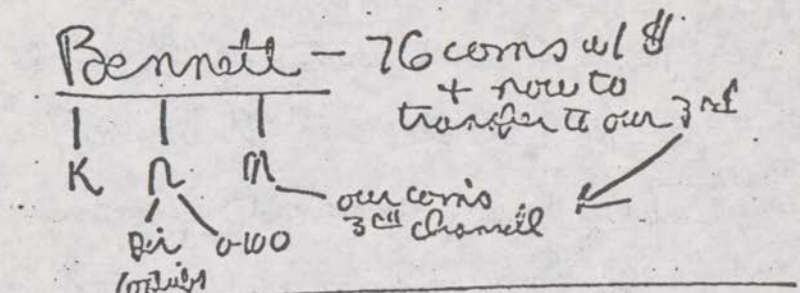
- Nunn has comm names, but Pool Bennett wanted to use his own comm names.

- Bennett doesn't come up w/ his comm's.

- Nunn → MC + down to FU will call back this afternoon.

④ V.C.

THE WHITE HOUSE
WASHINGTON



G ⇒ H re Mrs. AGot 1701

Nunn ⇒ ~~5~~ ⇒ 2500 each
Murray
'76 written deeds
another 26
awaiting
Keep-Ben in it
ed of who he is.
Bennet ⇒ K's man

STRACHAN EXHIBIT NO. 4

Colson

Cr 148-72

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

September 11, 1971

FILED

JAN 18 1973

JAMES F. DAVEY, CLERK

MEMORANDUM FOR : H. R. HALDEMAN

FROM : GORDON STRACHAN G

SUBJECT : Milk Money

Lee Nunn reports that $232,500 has been realized. This is slightly more than one-half of the amount that should have been delivered on the commitment ($90,000 per month).

However, a much more disturbing element has emerged. Frank Wright, a reporter for the Minneapolis Star has interviewed six of the chairmen of the front committees and Bob Bennett (the man handling all of the transactions). Bennett has told Nunn that no damaging information has been released. Kalmbach, Dean, Nunn, and Tom Evans of New York discussed this development late yesterday. No action has been taken.

It is Nunn and Sloan's opinion that Colson has established a separate agreement with the milk people in order to have cash available. I have not checked with Colson as this may be an agreement outside of my area of responsibility. If the alleged Colson agreement has your approval the matter will be dropped. If it does not you may want to re-emphasize your policy of single contact (Kalmbach) with all contributors.

Drop this matter

Check Colson

Other

Colson - Mulcahy 3 ?
56 separately on Ecommittee
Telephoned.

EXHIBIT C

STRACHAN EXHIBIT NO. 5

V.C.S.

THE WHITE HOUSE

WASHINGTON

Administratively Confidential

September 16, 1971

MEMORANDUM FOR: H.R. HALDEMAN

FROM: GORDON STRACHAN G

SUBJECT: Milk Money

You asked me to check Colson regarding an independent agreement with the milk people for Colson to get cash. Colson confirmed that he had made a separate arrangement to obtain five thousand. This money was committed by Ehrlichman but never delivered in connection with a "project we (Colson and Ehrlichman) worked on together". —Right L.

The only other variation from your directive of single contact with contributors is a Cashen request for $3,600 from Ireland for a poll over a year old. This $3,600 request has been shifted to Magruder.

WH
12/7/73

STRACHAN EXHIBIT NO. 7

THE WHITE HOUSE

WASHINGTON

2755 only

September 24, 1971

MEMORANDUM FOR: H. R. HALDEMAN

FROM: CHARLES COLSON

SUBJECT: Milk Producers

For obvious reasons, I should not be involved with respect to the following. There is underway in the Justice Department at the moment an Anti-trust Division investigation of the milk producer cooperatives. Attached is the 1956 court decision exempting the milk producers from application of the Anti-trust laws. If this goes too far there will be a number of very serious adverse consequences which I would be glad to elaborate on in detail.

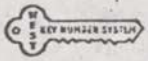
I do think this should be taken up at one of your meetings. I would like to stay out of it.

for "all property" returned to off-set against excess usage.

This Court is of the opinion that upon a review of the evidence, plaintiff's claim of recoupment is a valid defense to the defendant's counterclaim. However, plaintiff is not entitled to any affirmative relief even though its proof in recoupment is in excess of the defendant's counterclaim. United States v. Laney, D.C. E.D.S.C.1951, 96 F.Supp. 482.

It follows that judgment will be entered for the defendant on the plaintiff's claim, and judgment will be entered for the plaintiff on the defendant's counterclaim.

The foregoing findings of fact and conclusions of law embodied in this opinion may be taken as the Findings of Fact and Conclusions of Law of the Court.



UNITED STATES of America,
Plaintiff,
v.
MARYLAND COOPERATIVE MILK PRODUCERS, Inc.,
and
Maryland and Virginia Milk Producers Association, Inc., Defendants.
No. 992-55.

United States District Court
District of Columbia.
Oct. 16, 1956.

Prosecution of two incorporated milk producers associations for violations of Anti-Trust Laws by alleged unlawful combination and conspiracy to fix prices of milk sold by them to distributors supplying the Government at a military post. On defendants' motion for judgment of acquittal, the District Court, Holtzoff, J., held that exemption of farmers and farmers' cooperatives from Anti-Trust Laws by Clayton Act applies to combinations of agricultural cooperatives to fix prices of their products, if no other persons or organizations not members of such groups are parts of combination.

Motion granted.

1. Criminal Law ⇐753(2)

Ordinarily, a motion for judgment of acquittal, unless based solely on Government counsel's opening statement to jury, may not be entertained until Government closes its case, but if basic facts inescapably leading to conclusion that prosecution must fail, irrespective of whatever other evidence may be introduced, appear at earlier stage of proceedings, court may stop further introduction of evidence and entertain such a motion.

2. Monopolies ⇐17(1.7)

An agreement to fix prices is, in and of itself, an unreasonable restraint of trade and illegal per se and hence violative of Sherman Anti-Trust Act. Sherman Anti-Trust Act, §§ 1–8 as amended 15 U.S.C.A. §§ 1–7, 15 note.

3. Monopolies ⇐12(18)

Exemption of agricultural associations from prohibition of Anti-Trust Laws by Clayton Act does not extend to combinations between such associations and persons or entities not in such category. Sherman Anti-Trust Act, §§ 1–8 as amended 15 U.S.C.A. §§ 1–7, 15 note; Clayton Act, § 6 as amended 15 U.S.C.A. § 17.

4. Monopolies ⇐17(4)

Exemption of farmers and farmers' cooperatives from Anti-Trust Laws by Clayton Act applies to combinations of agricultural cooperatives to fix prices of their products, if no other persons or organizations not members of such groups are parts of combination. Sherman Anti-Trust Act, §§ 1–8 as amended 15 U.S.C.A. §§ 1–7, 15 note; Clayton Act, § 6 as amended 15 U.S.C.A. § 17; Capper-Volstead Act, §§ 1, 2, 7 U.S.C.A. §§ 291, 292; Cooperative Marketing Act, § 5, 7 U.S.C.A. § 455.

Joseph J. Saunders, Edna Lingreen, and Joe E. Waters, Department of Justice, Washington, D. C., for the United States.

Philip B. Perlman, Ellis Lyons, Washington, D. C., and Harry Troth Gross, Baltimore, Md., for defendant Maryland Cooperative Milk Producers, Inc.

William J. Hughes, Jr., Herbert Bergson, and Herbert Borkland, Washington, D. C., for defendant Maryland & Virginia Milk Producers Ass'n, Inc.

HOLTZOFF, District Judge.

This is the trial of an indictment charging violations of the antitrust laws. The trial is before the Court, a jury having been waived.

There are two defendants in this case, Maryland Cooperative Milk Producers, Inc., and Maryland and Virginia Milk Producers Association, Inc. Each defendant is an association of producers of milk. The Maryland Cooperative Milk Producers, Inc., is located in Baltimore, Maryland, and is composed of about 2,000 farmers who are producers of milk which they ship to distributors in the Baltimore metropolitan area. Maryland and Virginia Milk Producers Association, Inc., is located in Washington, D. C. and consists of about 1,950 members, who are producers shipping milk to distributors in the Washington metropolitan area.

The two defendants are charged with an unlawful combination and conspiracy to fix prices for milk sold to distributors which, in turn, is supplied by the purchasers to the Government at its military post at Fort Meade, Maryland.

The indictment consists of two counts. The first count charges a violation of Section 1 of the Sherman Act, 15 U.S.C.A. § 1, namely, an unlawful restraint of interstate \commerce. The second count charges a violation of Section 3 of the Sherman Act, 15 U.S.C.A. § 3, namely, an unlawful restraint of commerce between the District of Columbia and several of the States.

It appears, in passing, that the prices charged for milk intended for resale to the Government at Fort Meade were actually lower than those exacted for milk destined for resale to the general public. It may be said perhaps, in a sense, that the defendants are accused of conspiring to undercharge the Government. In justice to counsel for the Government, it must be said, however, that they contend that, in a free competitive market, prices on Government sales might have been even lower than those claimed to have been fixed by the defendants. Attention is called to the fact, by Government counsel, that milk intended for use at Fort Meade was surplus milk that had to comply merely with the standards prescribed by the United States Public Health Service instead of with the more rigorous and rigid requirements established by the Government of the District of Columbia.

After the opening statements were made, the Government commenced to introduce evidence. It offered a stipulation of facts previously agreed upon by counsel. At that point, counsel for the defendants made a motion for judgment of acquittal.

[1] A word should be said about the procedural aspects of the matter. Ordinarily, such a motion, unless based solely on the opening statement of Government counsel, may not be entertained until the Government closes its case. An exception is proper, however, if at an earlier stage basic facts appear inescapably leading to the conclusion that, irrespective of whatever other evidence may be introduced, the prosecution must fail. In that event, it is proper to stop the further introduction of evidence and entertain a motion for judgment of acquittal. Such a course is in the interest of efficiency and expedition in the administration of justice. It is on this basis that the Court entertained the defendants' motion in this instance as soon as the stipulation of facts was tendered and admitted.

The following facts appear from the stipulation that are pertinent to this dis-

cussion. Each defendant is a corporation without capital stock and is an association composed of milk producers. Each defendant is operated for the mutual benefit of its members and is not conducted for profit. In brief, the object of each association is to handle and market the milk produced by its members.

[2] It is well established that an agreement to fix prices is, in and of itself, an unreasonable restraint of trade and is illegal, per se, and therefore violative of the Sherman Act, 15 U.S.C.A. §§ 1–7, 15 note. This was held by the Supreme Court in the leading case of United States v. Socony-Vacuum Oil Co., 310 U.S. 150, 211 to 233, 60 S.Ct. 811, 84 L.Ed. 1129.

The question presented here, however, is whether the defendants in this case are exempt from this broad rule. Defendants claim that they are. It will be recalled that the Sherman Act became law in 1890. In 1914, its broad provisions were, in part, limited and, in part, supplemented by the Clayton Act, 15 U.S.C.A. § 12 et seq.

Section 6 of the Clayton Act is pertinent to the question involved in this case, 15 U.S.C.A. § 17. The relevant provisions of the Clayton Act read as follows:

> "Nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organization, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws."

Thus, farmers and farmers' cooperatives became a favorite of the law, in a sense. They were granted an express exemption and received a special dispensation from the antitrust laws. They may lawfully combine with impunity and may legally agree to fix prices on their products.

Some years ago, an attempt to prosecute an agricultural cooperative as an unlawful monopoly met with failure; United States v. Dairy Cooperative Association, D.C., 49 F.Supp. 475. In that case, Judge McColloch for the District of Oregon made the following pungent observations:

> "It may be that the acts of the defendant cooperative in this case, tested without regard to the provisions of the Clayton Act, are monopolistic in character. I have not given serious thought to that question, for it seems to me when Congress said that cooperatives were not to be punished, even though they became monopolistic, it would be * * * ill-considered for me to hold to the contrary."

[3] It must be observed that to be sure the exemption of agricultural associations from the prohibition of the antitrust laws does not extend to a combination between agricultural associations and persons or entities that are not in this category. This was held by the Supreme Court in United States v. Borden Co., 308 U.S. 188, 60 S.Ct. 182, 84 L.Ed. 181. Chief Justice Hughes, in writing for a unanimous bench, emphatically called attention to the fact that the conspiracy charged in that case was not that of merely forming a collective association of producers to market their products but a conspiracy between producers and distributors and allied groups with labor officials, municipal officials, and others.

[4] The Government argues that the exemption contained in the Clayton Act does not apply to a combination of two or more agricultural cooperatives and urges that such a combination is within the rule of the Borden case.

This Court is of the opinion that this contention cannot be sustained. The ob-

vious purpose of the Clayton Act was to liberate combinations of farmers and their cooperative organizations from the prohibitions of the antitrust laws as long as they do not combine with others who are outside of this category. It seems immaterial whether a large group of farmers organizes a single organization or divides itself into several organizations. Their joint activity, whether in the form of a single association or two or more associations, is not an illegal combination in restraint of trade in the light of the provisions of the Clayton Act. Surely, the legality of the actions of a group of farmers should not depend on such a nebulous consideration as the question whether they found it convenient to organize a single large cooperative or two smaller groups. The effect of the joint action is the same in either event and should be tested by the same yardstick. The exemption should be construed as applicable to a group of farmers irrespective of whether they are joined into a single cooperative or into several cooperative associations acting jointly. Any other construction would result in partially defeating the intent of the Congress and frustrating the meaning of the Act.

We were admonished centuries ago that, "The letter killeth but the spirit giveth light".

Even a strict literal construction of the statute, however, leads to the same conclusion. It provides, in part, that:

> "Nor shall such organizations or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade".

It will be observed that the plural, as well as the singular, are included.

This discussion might reasonably end at this point were it not for the fact that later statutes affirmatively support the construction of the Clayton Act which this Court has just reached.

In 1922, eight years after the passage of the Clayton Act, the so-called Capper-Volstead Act became law, 7 U.S.C.A. § 291. The pertinent provisions of that statute read as follows:

> "Persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce, such products of persons so engaged. Such associations may have marketing agencies in common; and such associations and their members may make the necessary contracts and agreements to effect such purposes: Provided, however, That such associations are operated for the mutual benefit of the members thereof, as such producers, and conform to one or both of the following requirements:
>
> "First. That no member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein, or,
>
> "Second. That the association does not pay dividends on stock or membership capital in excess of 8 percentum per annum.
>
> "And in any case to the following:
>
> "Third. That the association shall not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members."

The stipulation of facts in this case shows that these defendants comply with the proviso of the Capper-Volstead Act. It will be noted that the Act permits agricultural cooperatives to have marketing agencies in common. Obviously, it must have been contemplated that a common marketing agency would fix the same prices for the products of all of its principals and would not discriminate among them. Consequently, it must have been foreseen that this provision would, in some cases, lead to the fixing of prices of agricultural commodities.

The conclusion is inescapable that Congress had no intention to prohibit agreements between two or more cooperatives fixing prices for their products. It should be noted, in passing, that to prevent possible abuses the Secretary of Agriculture was empowered to issue cease and desist orders if he found that such an association monopolizes or restrains trade in interstate or foreign commerce to such an extent that the price of any agricultural product is unduly enhanced thereby. Such an order is subject to judicial review, 7 U.S.C.A. § 292.

In 1926, these provisions were further fortified by the Co-operative Marketing Act, 7 U.S.C.A. § 455, which provides as follows:

> "Persons engaged, as original producers of agricultural products, nut or fruit growers, ranchmen, dairymen, such as farmers, planters, acting together in associations, corporate or otherwise, in collectively processing, preparing for market, handling, and marketing in interstate and/or foreign commerce such products of such persons so engaged, may acquire, exchange, interpret, and disseminate past, present, and prospective crop, market, statistical, economic, and other similar information by direct exchange between such persons, and/or such associations or federations thereof, and/or by and through a common agent created or selected by them."

It will be observed that again the use of a common agent is expressly permitted although, of necessity, the use of a common agent may inevitably lead to a fixing of prices. It will also be noted that this statute applies expressly to federations of cooperatives as well as to cooperatives.

The Court concludes that a combination between two or more agricultural cooperatives to fix prices of their products is exempt from the antitrust laws provided that no other person that is not such an organization or a member of such a group is a part of the combination.

Accordingly, the motion of defendants for judgment of acquittal is granted and an order will be entered accordingly.

H. Boyce LUCKETT, Plaintiff,

v.

Manuel COHEN, Defendant.

United States District Court
S. D. New York.
July 23, 1956.

Action on note payable in Mexican pesos. On motion to dismiss, the District Court, Thomas F. Murphy, J., held that complaint was insufficient where note was not set forth verbatim, no copy thereof was attached to complaint and complaint neither showed that note was payable to "order" to make it negotiable nor pleaded consideration.

Motion to dismiss granted with leave to file amended pleading.

1. Courts ⇐359

Federal court in diversity case must apply conflict of laws rule of state in which it sits.

2. Federal Civil Procedure ⇐710

Complaint in action on note, payable in Mexican pesos was insufficient where it neither set forth note verbatim, had copy of note attached, showed that note was payable to "order", nor pleaded consideration. Fed.Rules Civ.Proc. rules 8 (c), 84 and Appendix of Forms, form 3. 28 U.S.C.A.

3. Federal Civil Procedure ⇐621

In action on foreign note, it is recommended practice that pleader plead foreign law which he thinks applicable.

THE WHITE HOUSE

WASHINGTON

V

September 28, 1971

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: H. R. HALDEMAN

FROM: GORDON STRACHAN G

SUBJECT: Milk Money

Three matters of interest developed following the articles in the Washington Post and the Wall Street Journal (copies attached).

1) The Clerk of the House reports filed by the milk people were done incorrectly. This resulted in the disclosure of several of the committee chairmen, who talked with the reporters. John Dean has suggested changes in the form to preclude any further disclosure when the reports are filed again.

2) The RNC (Lyn Nofziger and Ab Herman) have been answering reporters calls to the RNC. Unfortunately they have referred some calls to Lee Nunn, who has pleaded ignorance on "if the money is coming to us, we haven't seen any of it yet" (which is true because the full 232 transferred is held in committees controlled by the milk producers' treasurer).

3) Colson sent a memorandum noting a Justice Department Anti-Trust Division investigation of the milk producers association exemption, which was upheld by the District of Columbia Federal District Court in 1956. Colson urges his own non-involvement. John Dean is checking this report on a very low key basis. ~~A talking paper for the Attorney General is attached.~~

John Dean has been watching this matter closely as well as the Common Cause suit, which has received some media coverage by mentioning Jack Gleason.

WH 12/7/73.

30-337 O - 74 - Bk. 16 - 36

[From the Wall Street Journal, September 27, 1971]

Milk and Money

Flood of Cash to Help Nixon Campaign Follows Hike in Dairy Supports

Industry Funnels Donations Into Front Groups Pledged To President's Reelection

Backing the 'American Dream'

By JERRY LANDAUER
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — One morning last March Secretary of Agriculture Clifford Hardin announced a sudden change of mind that's still paying off both for the nation's dairy farmers and for President Nixon's political financiers.

Mr. Hardin revealed that he was raising government price supports for "manufacturing" milk, a basic grade used to make butter and cheese. Just two weeks earlier, he had declared there would be no change in support levels. His reversal of policy came 48 hours after a dozen disgruntled dairymen visited President Nixon in the Cabinet Room of the White House.

To dairy farmers, the increase in supports means higher prices for their products; the government is committed to purchase, if necessary, enough dairy products to keep the prices up at the new levels. To Mr. Nixon's political money men, the policy reversal means an outpouring of perhaps $1 million in campaign gifts for the President's 1972 reelection campaign from the grateful milk lobby. Of this expected total, $250,000 has already arrived, mostly through secret channels.

Separate Bank Accounts

Instead of routing the dairy dollars through established national fund-raising committees, which are required by law to disclose the recipients of their money, Republicans are operating an underground network of more than 11 "voluntary associations." These groups operate in only one legal jurisdiction, the District of Columbia, and thus needn't be publicly registered; the District has no law governing local political committees. Each of the new "associations" accepts relatively small sums for stashing in separate bank accounts until the Nixon reelection campaign is in need.

Last month, for example, a dairy-industry political fund called the Trust for Agricultural Political Education (TAPE), based in Austin, Texas, sent $2,500 to each of 50 such associations that exist mainly on paper. All the associations are in the Washington area, nearly all are headed by local Republicans, and all bear such unrevealing titles as Americans for Greater Public Awareness, Organization of Citizen Politicians, League of Involved Citizens, Supporters of National Federal Reorganization or Committee for Political Integrity.

The names were all concocted by Republican workers and delivered to TAPE's treasurer, so he would know how to write the checks. The names in no case convey the entire purpose of the associations. For as stated in every charter (all 50 charters are identical) the mission is to "work for the renomination of President Richard M. Nixon." And after the GOP national convention next year, the charters specifically make clear, the remaining funds can be transferred in secrecy to committees working for Mr. Nixon's reelection.

TAPE, an arm of the Associated Milk Producers Inc., a giant cooperative counting 44,000 farmer-members from Canada to the Gulf Coast, is one of three industry-sponsored political funds that seems well-stocked with Republican-supplied titles of committees set up to protect the identity of the dairy donors.

Some Unlikely Addresses

Twelve other Nixon-supporting groups, including the Americans Working to Build a Better Community Committee and the Supporters of the American Dream Committee, have each received $2,500 checks from the trust for Special Political Agricultural Community Education (SPACE), a Southeastern co-op's political fund based in Louisville. And six more groups, including Americans United for an Informed Electorate and Americans United for Decent Government, got checks in the same amount from Agricultural and Dairy Education Political Trust (ADEPT), a fund tied to mid-America Dairymen Inc. of Springfield, Mo.

Haste in setting up dozens of dummy groups in time to receive the dairy industry's flurry of checks resulted in establishment of some at unlikely addresses. One association, Americans United for Better Leadership, operates from a Washington ballroom. The ballroom operator and the association chairman is Mrs. Edward L. Feggans; her husband is vice chairman of the District of Columbia Republican Party.

Sometimes, too, the hurried organizing trapped registered Democrats into unwitting service. Maurice S. Williams, an electrical contractor who voted for Hubert Humphrey in 1968, accepted the chairmanship of League for Concerted Action at the request of a Republican friend. His two-officer league (there are no members) received $2,500 from TAPE on July 19. Yet there's little danger that the Democrats can siphon off any dairy dollars; in nearly all cases, the treasurers of the voluntary associations are ladies employed by Union Trust Co., a Washington bank having several Republican bigwigs on the board.

Donors Are Mum

For their part, the donors to these dummy groups won't say for what purpose they're making political contributions nor even whether the money is intended for Republicans or Democrats. "We really don't care to talk about it," says Robert O. Isham, treasurer of TAPE.

The donors comply with federal campaign-finance laws—which do govern them though not the beneficiary groups—by listing the nonpartisan-sounding recipient associations in reports filed with the clerk of the House of Representatives, asserts Mr. Isham. "We've abided by every law we're aware of," adds James E. Mueller, treasurer of SPACE.

Indeed, funneling of political money through paper organizations can be perfectly legal under existing, loophole-riddled federal law. (The Senate has passed a reform bill eliminating most loopholes and a House committee is working on similar legislation.) Federal statutes don't cover political committees operating in a single state or jurisdiction; and because

Milk and Money: Dairymen Pour Cash Into Nixon War Chest

Continued From First Page

the District doesn't regulate local committees, campaign cash can be transferred into or among committees here without any need to tell who's giving or getting.

Significantly, the dummy groups were all organized after Secretary Hardin satisfied the dairy lobby by boosting price supports on March 25. There wasn't any need for earlier organizing because the dairymen kept their political purses mostly shut until they had won their fight.

TAPE, for example, collected $149,384 in January and February, all in sums of less than $100 from farmers voluntarily contributing one-third of one percent of their milk checks. But during those two months the fund disbursed just $6,450, all to candidates for Congress.

On March 11, "after careful review of the situation and the provisions of law," Secretary Hardin pegged price supports for manufacturing milk in the marketing year beginning April 1 at $4.66 a hundred pounds, the same as for 1970; when market prices fall below the support level, the government begins buying butter, cheese and nonfat dry milk, assuring the farmer a place to sell at guaranteed prices. The Secretary said raising supports might prompt overproduction, glutting the market and piling surpluses into government warehouses. "We must avoid this," he declared.

The President's Council of Economic Advisers approved the Hardin refusal to push props higher, according to Hendrik S. Houthakker, who was a member of the council at the time though he later resigned. Mr. Hardin's refusal also was cleared through the Office of Management and Budget.

Then on March 22, one day before the dozen dairy spokesmen visited with the President in the Cabinet Room, TAPE donated $10,000 in chunks of $2,000 and $3,000 to four regularly operating Republican committees.

At the White House next day the dairymen gave Mr. Nixon a strong pitch for higher supports. But no assurances were given and no participant mentioned political contributions, according to John Butterbrodt, president of Associated Milk Producers, who has 40 registered holsteins at his farm in South-central Wisconsin. "Those things aren't discussed at meetings like this," Mr. Butterbrodt says.

Next day, however, the SPACE fund gave $25,000 in five $5,000 donations to regular Republican committees (Democrats got nothing), and on March 25 Mr. Hardin changed his mind, announcing a 27-cent increase in price supports to $4.93 a hundred pounds. This sudden switch surprised Mr. Houthakker. "I'd say it could cost consumers hundreds of millions of dollars because retail prices depend indirectly on support prices," he reasons.

But if some of the President's economists disagreed with the Hardin move, Mr. Nixon's political operatives surely must have been pleased, for the dairymen were seized by generosity. On April 5, ADEPT, the third industry fund, gave $45,000 in equal slices to nine established Republican committees.

At about that time the former director of congressional relations at the Transportation Department, Bob Bennett, started organizing dummy committees. He assumed the chairmanship of Americans United for Economic Stability, and Mrs. Bennett agreed to head up Americans United for Decent Government. "I contacted a few people and suggested that they contact a few others," Mr. Bennett says. "What we had was sort of a chain-letter approach." Neither Mr. Bennett nor any other association chairman will identify the higher-up on Mr. Nixon's political team who got the chain going.

Clearly, though, it's hardly a coincidence that SPACE and ADEPT have each ladled $60,000 into Republican causes, including the dummies. The richer TAPE has so far contributed $125,000, and there could be much more to come; the big fund's 1971 income through Aug. 31 exceeded its spending by $800,000.

[From the Washington Post, September 27, 1971]

Dairy Cash Pours In to Dummy Committees

Milking Dollars for Nixon

By George Lardner Jr.
Washington Post Staff Writer

The League for Concerted Action has never met the Committee for a Better Nation, but they have a lot in common.

Both are part of a huge stable of dummy committees with high-sounding names that have started collecting money for the re-election of President Nixon. Both have "chairmen" who profess only a nodding familiarity with the names of their own organizations and no knowledge at all of the thousands of dollars ostensibly sent to their homes.

Despite that, reports on file with the clerk of the House indicate that these committees, and dozens more, have already picked up a collective total of $170,000 from the Nation's dairy farmers alone. The cash, it seems, goes straight to the bank.

"There must be some mistake!" said Frederic C. Towers, an investment broker whose home in Bethesda is listed as the address of the Organization of Community Volunteers, one of 68 committees that were sent $2,500 each. "I never heard of that group."

W. Carter Bowles Jr. an attorney with the Washington firm of Covington & Burling, was less surprised but even more indignant about the use of his address. The Trust for Agricultural Political Education (TAPE) of San Antonio, Tex., reported sending $2,500 this summer to the Americans Organized for Political Stability at 10100 Bentcross Dr., Potomac, Md., which is Bowles' home.

"To say that I am not pleased is an understatement," Bowles said, adding that a friend told him about the reported contribution just a day or two ago. Bowles said he is not a member of Americans Organized for Political Stability and is not aware of anyone who is. "It is not authorized by me," he said.

Other organizations listed as receiving the campaign contributions do have their spokesmen, however. The money, they say, is to be used for Mr. Nixon's campaign even though it wasn't sent to them.

"It may have gone directly to the treasurer," said Maurice S. Williams, an electrical contractor whose Landover, Md., home was listed by TAPE as the headquarters of the League for Concerted Action. He said any donations, as he understood it, were to be turned over to officials at the Republican National Committee. The League, Williams said, is simply a "funnel" for campaign cash.

"It was set up mainly to pour in funds for Richard Nixon," Williams said. "Some people like to donate anonymously. You know."

Williams said he was chairman of the League, or some committee with a name like that, but said he couldn't recall who his treasurer was. He said he has no connections at all with the dairy industry. He's just for Mr. Nixon.

So, apparently, is TAPE, the political arm of the Associated Milk Producers Inc., a fast-growing "super co-op" with 32,000 member farms in 29 states. Last spring, TAPE and two other political action funds for dairymen reported contributions totaling $85,000 to various Republican fundraising committees just before and just after the Nixon administration granted an increase in milk support prices.

TAPE also donates to Democrats, but on July 9, according to its most recent report on political spending, it sent contributions of $2,500 each—a total of $125,000 to 50 organizations scattered about the Nation's Capital. The titles offer enough for anyone's tastes, from the Association of Political Activists to the Organization of Moderate Americans to Americans United for Objective Reporting to, simply, Americans Concerned.

Subsequently, on Aug. 19, the Trust for Special Political Agricultural Community Education (SPACE), an adjunct of Dairymen Inc., put out $30,000 in lots of $2,500 each to another 12 committees.

The next day, on Aug. 20, the Agricultural and Dairy Educational Political Trust (ADEPT), the political arm of Mid-America Dairymen Inc., sent $15,000 to six more organizations, again all with metropolitan Washington addresses.

"Each of those committees has a treasurer," TAPE's treasurer Robert D. Isham said in a brief telephone interview about the 50 organizations that got money from his office. "We have signed receipts and legal opinion that these committees are proper in complete accordance with the Corrupt Practices Act."

Isham refused to say where TAPE got the list of organizations and claimed not to know where its money would eventually wind up.

"Really, I don't care to discuss it any further," he said when asked if GOP officials had supplied the names and addresses. He also refused to say just where the contributions had been sent.

The treasurers of SPACE, which has its offices in Louisville, Ky., and ADEPT, which is located in Springfield, Mo., could not be reached for comment.

The contributions however, have apparently been deposited at the Union Trust Co. whose office building at 15th and H Streets NW, is recorded as the home of 25 of the committees on TAPE's list. None is listed on the building directory,

By Linda Wheeler—The Washington Post

Twenty-five committees are listed in House records as being housed in the Union Trust Building, but the building directory gives no hint of their presence.

but Union Trust vice president Robert Lee O'Brien Jr. confirmed that the bank has been getting a substantial number of new organizational accounts, set up by people "in the political scene," virtually all of them Republicans.

'A Gathering Place'

"All we are is a gathering place for the funds," O'Brien said. He declined to say who opened the accounts or who had authority to write checks on them.

Washington attorney John Y. Merrell said he couldn't even recall what bank the money was going in. One of the recipients of ADEPT's contributions, the Organization of Involved Americans, has its address at Merrell's office in Washington and another, Americans United for Political Awareness, at his home in Arlington. He heads one, he said, and his wife is chairman of the other. But he wasn't sure which was which.

Of the money, he said, "It goes into a bank account. It's in my committee's name. But I don't run it."

A solid supporter of Mr. Nixon, Merrell said he was enlisted several months ago by a public relations man named Robert F. Bennett who told him "they were going to form some committees and work for Richard Nixon."

"I'm just curious," Merrell told a reporter at one point. "How many are there?" He chuckled when told between 60 and 70.

Merrell said he had no idea how his committee or any of the others were to get their donations. "He (Bennett) didn't tell me," Merrel said. "We didn't discuss it in any great detail." Bennett could not be reached for comment.

Sampson P. Holland of 1809 Varnum St. NW, a consultant for Remington Rand, said he couldn't even recall who enlisted him. His home is listed on TAPE's report as the headquarters of the Committee for a Better Nation while Remington Rand's address at 2121 Wisconsin Ave. NW is recorded as the home of Americans for a Sensible Agricultural Policy.

Holland said he'd never heard of Americans for a Sensible Agricultural Policy. "That's not the name I had," he declared. Asked whether he had lent his name to the Committee for a Better Nation, he said, "That might be the one . . . Did they get $2500? I didn't get it . . . But if the money is for Mr. Nixon, I'm for it."

Enlisted by Friends

Nominal heads of several of the committees enlisted others. John H. Middleton, a retired Government attorney, said he was asked by a friend, Jesse R. Smith, "to serve in the interests of the Republican Party. I agreed, principally to prevent the Kennedy family from taking over again. If it were Democrat, I would have refused most flatly."

Two organizations, the Association for More Effective Federal Action Committee and the Americans for Better Federal Planning Committe, are listed as having their offices at 3301 Morrison St. NW, which is Middleton's home. SPACE reported giving them a total of $5,000.

"I believe my wife is on one and I'm on the other," Middleton said. "It's been some time since I was asked."

Just back from a summer in Utah, Smith, whose home on Garrison Street NW, is supposed to be headquarters for Americans Working to Build a Better Community Committee, said he's gotten "nothing at all" in contributions himself, but was delighted to hear they were starting to come in, including $2,500 for his committee. He said he intended to check on the status of its bank account at Union Trust the first of the week.

Smith said he was asked to participate by "someone at the (Republican) National Committee," but he said he couldn't recall who that was.

"I'm not trying to hedge or anything," he said. "They sent me the cards to set up this committee, to let my name be used. There are two or three that I talked with. I've been active in the

By Ken Pell—The Washington Post

The headquarters of Americans United for Better Leadership is listed as 123 Kennedy St. NW, the address of the Northwest Gardens Ballroom and restaurant.

Republican Party for years . . . Whoever it is who's handling their publicity, that's who it was."

It was still unclear, however, who had taken the initiative in setting up the organizations and inventing their names. Lyn C. Nofziger, director of communications for the Republican National Committee, said yesterday that he was unaware of them.

Nofziger suggested that they might have been established by either the Republican National Finance Committee or the Committee for the Re-Election of the President, both formal GOP organizations. Officials of neither group were available for comment yesterday.

Under the Corrupt Practices Act, the treasurer of a political committee is required to file quarterly financial reports listing, among other things, "the name and address of each person" who has contributed $100 or more "to or for such committee. . .within the calendar year." The deadline for the most recent quarter, covering spending and contributions for June, July and August, was Sept. 10.

None of the paper committees has submitted a report thus far, according to records at the House file clerk's office. The names of their treasurers remain a mystery. Most of the committee "chairmen" said they couldn't recall the names. One, Robert H. Tarr of the League of Dedicated Voters in Silver Spring, declined to say.

"We'll make sure all contributions are properly reported," Tarr told a reporter, declaring that he had not been aware of the $2,500 contribution TAPE reported to the League.

Mrs. Edward L. Feggans of 2504 South Dakota Ave. NE said she didn't even know the committees involving her had been set up. One, the Citizens for a Better Environment, is listed as having its offices at her home and the other, Americans United for Better Leadership, is credited with an address at the Northwest Gardens ballroom, a nightclub in a middle-class neighborhood that Mrs. Feggans runs with her husband. TAPE reported $2,500 contributions to each group, but Mrs. Feggans said she never saw the money.

"This sounds to me like it's working up to something that doesn't smell right," she said, but then stressed that her husband, who was out of town, undoubtedly knew more about it.

"He's vice chairman of the Republican party in the city," she said. "He is Mr. Republican. I was just going along to help."

Mrs. Feggans said she was first told about serving on "this club that was going to be formed to re-elect President Nixon" when her husband returned home from a Republican party meeting about a month to a month and a half ago "at the most."

According to TAPE's report, however, the Citizens for a Better Environment and Americans United for Better Leadership had their titles and addresses by July 9 when the contributions were made.

The three dairy farm lobbies in any event began their 1971 GOP contributions last March 22 when TAPE gave $10,000 to four Republican committees. The donations came just 10 days after Secretary of Agriculture Clifford Hardin announced there would be no increase in milk price supports for 1971.

Leading dairy farm spokesmen met with Mr. Nixon at the White House March 23. On the next day, March 24, SPACE gave $25,000 to various GOP committees. A day later, on March 25, Hardin announced a price increase of 27 cents per hundredweight, saying that "continuing research" had turned up new information on rising farm costs.

Other contributions came in following weeks. On April 5, ADEPT gave $45,000 to nine Republican organizations, from the Republican National Committee to the Republican Congressional Candidates Conference. On May 7, SPACE was reported as giving another $5,000 to the GOP's '72 kickoff dinner committee. Some of the GOP recipients of the dairy lobby's money, such as the Committee for a Republican Congress which got $2,000 from TAPE, have had no other income all year.

The Committee for a Republican Congress filed its first-ever financial report with the clerk of the House on June 10, listing the TAPE contribution.

The dairymen have said there was no connection between their campaign gifts and the government action. But their constituents voiced their thanks to Mr. Nixon with a warm reception at the President's appearance before them in Chicago earlier this month.

Stopping for a visit to the Associated Milk Producers Convention there Sept. 3, Mr. Nixon was met by 40,000 dairy farmers and relatives gathered at cavernous McCormick Place for what was billed as "the largest farm meeting in history." The President praised them for their self-reliance, but he won his biggest applause when he told them what he most wanted "in terms of food on the table" on returning home from duty in the Pacific in World War II.

"You know what it was," he told the throng. "Not a steak or none of the other things that you usually think of—just a glass of good, fresh milk . . ."

LIST OF GROUPS RECEIVING FUNDS FROM DAIRY UNITS

[From the Washington Post, September 27, 1971]

Following is a list of the names and reported addresses of the committees that received $2,500 each from the political spending arms of three dairy farming organizations:

From the Agriculture and Dairy Educational Political Trust (ADEPT):

The Organization of Involved Americans, 815 15th St., NW; Americans United for Political Awareness, 4630 N. Dittmar Rd., Arlington, Va.; Americans United for Political Involvement, 4319 Americana Drive, Annandale, Va.; Americans Participating, 11901 Popes Head Rd., Fairfax, Va.

Also, Americans United for Decent Government, 1729 H Street, NW; Americans United for an Informed Electorate.

Total given by ADEPT to the above committees: $15,000. All donations were made on Aug. 20, 1971.

From the Trust for Special Political Agricultural Community Education (SPACE):

Americans Involved Committee, 1730 M Street, NW; Committee for a Better American, 1730 M Street, NW; Association for the Preservation of a Decent American Society Committee, Room 515, 1625 I St., NW.

Also, Supporters of the American Dream Committee, 1625 I St., NW; Association of Involved Volunteer Committee, 8819 Firecrest, Alexandria, Va., Americans United for Sound Money Committee, 7801 Norfolk Ave., Bethesda, Md.; Association for Preservation of Sound Political Ideals Committee, 1729 H St., NW, Suite 310; Association for Preservation of Basic American Ideals Committee, 1725 I St., NW.

Also, Association for More Effective Federal Action Committee, 3201 Morrison St., NW; Americans United for Better Federal Planning Committee, 3201 Morrison St., NW; Americans Working to Build a Better Community Committee, 3830 Garrison St., NW; Americans Dedicated to Sound Economic Growth Committee, 7801 Norfolk Ave., Bethesda, Md.

Total given by SPACE to the above committees: $30,000. All the donations were made on Aug. 19, 1971.

From the Trust for Agricultural Political Education (TAPE):

Association for Fair Press, Association for Political Volunteers, Americans United for Sound Consumer Policies, Americans United for Objective Reporting, League of Citizens Activists, Citizens for Better Government, Americans United for Honesty in Government, Committee for Political Integrity, Americans Dedicated to Stable Growth, Americans Dedicated to Clean Environment, Americans United for Political Moderation, Americans United for Sensible Politics, Association for Representative Government, Americans United for Responsive Administration, Organization of Sensible Citizens, Americans for Sound Educational Policies, Americans Concerned, Supporters of Rational Federal Reorganization, Sound Politics Association, Committee for Adequate Political Information, Organization of Citizen Politicians.

Also, Americans United for Sound Government, Americans United for Economy in Government, Americans United for Economic Stability.

All of the committees in the two paragraphs above list their address as: Union Trust Building, 15th and H Streets, NW.

Also, Americans Dedicated to Better Public Administration, 1000 Connecticut Ave., NW; Americans for Sound Ecological Policy, 1000 Connecticut Ave., NW; Association of Americans for Good Government, 1420 New York Ave., Association of Political Volunteers, 1420 New York Ave.

Also, Organization of Dedicated Americans, 1420 New York Ave.; League of Involved Citizens, 1420 New York Ave.; League for Concerted Action, 2104 Orchard Place, Landover, Md.; League of Dedicated Voters, 2148 Georgian Woods Pl. Silver Spring, Md.; Organization of Community Volunteers, 8033 Herb Farm Drive, Bethesda, Md.; Americans Dedicated to Greater Public Awareness, 10134 Little Pond Drive, Gaithersburg, Md.

Also, Americans United for Better Federal Administration, 10134 Little Pond Drive, Gaithersburg, Md.; Association for Sensible Disarmament, 6609 Hillandale Rd., Chevy Chase, Md.; Organization of Moderate Americans, 1840 14th St., NW; Americans Organized for Political Stability, 10000 Bentcross Drive, Potomac, Md.; Association of Neighborhood Volunteers, 451 Aldenham La., Reston, Va.; Citizens for More Effective Community Involvement, 1250 Connecticut Ave., NW.

Also, Americans Dedicated to Support of Democracy, 1250 Connecticut Ave. NW; Committee for a Better Nation, 1809 Vermont Street, NW; Citizens for Sound Policies at Home and Abroad, Woodward Building, 15th and H Streets, NW; Americans United for a Sensible Agricultural Policy, 2121 Wisconsin Ave., NW; Citizens for a Better Environment, 2904 South Dakota Avenue, NE.

Also, Committee for Better Government, 108 Mimosa Lane, Silver Spring, Md.; Association of Political Activists, 1730 I St., NW; Americans Dedicated to Peace, 1730 M St., NW; Americans United for Better Leadership, 128 Kennedy St., NW.

Total given by TAPE to the above committees: $125,000. All donations were given on July 9, 1971.

Total given by ADEPT, SPACE, AND TAPE to the above committees: $170,000.

STRACHAN EXHIBIT NO. 8

October 6, 1971

MEMORANDUM FOR: GORDON STRACHAN

FROM: JOHN DEAN

SUBJECT: Antitrust Exemption for Milk Producers Cooperative

Attached is the information you requested regarding the antitrust exemption for the milk producers and the current activities within the Department of Justice regarding the Association of Milk Producers, Inc.

STRACHAN EXHIBIT NO. 9

THE WHITE HOUSE
WASHINGTON

Date: 11-3-71

TO: H.R. HALDEMAN

FROM: GORDON STRACHAN

The Attorney General asked Jeb Magruder for an agenda for the political matters meeting tentatively scheduled for Thursday October 4 at 4:00 p.m. The AG received a copy of the attached agenda. He did not, of course, receive a copy of the talking paper, nor has he received materials on the subjects to be covered after Magruder and Strachan depart.

TALKING PAPER FOR THE ATTORNEY GENERAL

Re: Political Matters Pending/Magruder and Strachan Present

* * * * * * *

Thursday, November 4

H. R. Haldeman's Office, 4 p.m.

* * * * * * *

-11-

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15. As you probably know, the Milk Producers currently enjoy an antitrust exemption resulting from a 1956 decision by the Federal District for the District of Columbia. A report here at the White House indicates the Antitrust Division at Justice is now investigating that exemption. Another report indicates that the Washington Post has assigned four reporters full-time on the milk money project. Do I understand correctly that you have directed John Dean to review any reports that have to be filed on the Hill connected with the receipt of the milk money?

* * * * * * *

A TRUE COPY

STRACHAN EXHIBIT NO. 10

11/26/73 THE WHITE HOUSE
WASHINGTON

Administratively Confidential

January 13, 1972

MEMORANDUM FOR: H. R. HALDEMAN

FROM: GORDON STRACHAN G

SUBJECT: Political Matters

Finances

1) Herb Kalmbach met with Messrs. Jacobsen and Nelson on January the 14th concerning the milk money. Kalmbach had a "good meeting"; the money will continue to come in, but the milk people do not want to continue to deal with Reeves & Harrison (Chotiner's firm). Kalmbach would take over this project as a special assignment. He will ask the Attorney General on January the 20th. The Attorney General approved of Kalmbach meeting with Jacobsen even though Milt Seimer is Jacobsen's law partner and Treasurer of the Muskie campaign. Kalmbach informed Colson of the meeting but would not tell Colson who asked him to see Jacobsen. Kalmbach believes someone should give all information about the milk situation to Colson. I told him Colson was no longer involved.

Recommendation:

That you inform Colson of the milk situation, and that Kalmbach be asked not to discuss the milk situation with Colson in the future.

Approve H. Disapprove

Comment

FILED
DEC 5 - 1973
JAMES F. DAVEY, Clerk

STRACHAN EXHIBIT NO. 11

February 1, 1972

MEMORANDUM FOR: H.R. HALDEMAN

FROM: GORDON STRACHAN G

SUBJECT: Political Matters

c) Kalmbach is very concerned about his involvement in the milk producers situation. He believes that Jacobsen and Nelson will deliver though they have cut the original 2,000 commitment back to 1,000. Kalmbach's concern centers around the recent press disclosures that link Jack Gleason and the '70 campaign election funding. Kalmbach will accept the risk of being subpoened by the court in connection with the Nader milk suit. The Attorney General believes Kalmbach should continue to handle the milk project, but Kalmbach wants your advice.

Recommendation:

That Kalmbach not be involved in the milk project because of the risk of disclosure.

Approve _____ Disapprove _____

Comment I'll discuss w/ HR

STRACHAN EXHIBIT NO. 12

Deposition Exhibit A.
11/28/73

February 16, 1972

MEMORANDUM FOR: H.R. HALDEMAN

FROM: GORDON STRACHAN G

SUBJECT: Political Matters

Finances

4) Kalmbach is working with the milk people to increase the 233 currently banked to 1,000 by April 7.

FILED
DEC 5 - 1973
JAMES F. DAVEY, Clerk

STRACHAN EXHIBIT NO. 13

ADMINISTRATIVELY CONFIDENTIAL "INFORMATION"

February 1, 1972

MEMORANDUM FOR: JOHN EHRLICHMAN

FROM: JOHN DEAN

SUBJECT: Nader v. Butz

On January 24, Ralph Nader, Public Citizen, Inc. (one of his new public interest groups) and two consumer organizations filed a class action suit in the District Court of the District of Columbia against Secretary of Agriculture Butz and the Commodity Credit Corporation. The complaint alleges that the decision of the Secretary of Agriculture to order an increase in the federal price support level for fluid milk for 1971-1972 was arbitrary, capricious, and based on considerations extraneous to the criteria prescribed by law for making such determinations. The suit prays for a finding that the milk subsidy increase is unlawful and an order rescinding the increase in the price support level.

The gist of Nader's case is that the dairy industry - through three political committees - funnelled substantial political contributions to appropriate parties in an eventually successful effort to obtain higher price support levels for milk. Their first attempts were directed toward Congressmen (primarily Democrats) in order to achieve their goals by special legislation. When Congress failed to pass such legislation, the dairy industry allegedly induced the Administration to reverse its position by starting substantial contributions to political committees established to aid in the re-election of the President. The details of these contributions, which Nader obtained from the reports filed by the political committees of the dairy industry under the Corrupt Practices Act, and the course of events leading to this suit are as follows:

Since 1969, the nation's three largest dairy marketing cooperatives, which control about fifty percent of all milk sales in the United States, have established three political action committees to make political

contributions and to take other actions supporting the objectives of the dairy industry. These three committees are the Trust for Agricultural Political Education (TAPE), the Trust for Special Political Agricultural Community Education (SPACE), and the Agricultural and Dairy Educational Political Trust (ADEPT). They are all financed by voluntary contributions from dairy farmers. As of January 1, 1972, these committees had on hand a combined total of more than $2.3 million for use in accomplishing their objectives.

From 1969 through 1971, TAPE, SPACE and ADEPT made contributions totalling $187,000 to 13 Senators and 50 Representatives, the large majority of whom are Democrats. Of this amount, Senator Humphrey received $15,625 and Senator Muskie $3,936. Practically all of these contributions were made before the March 25, 1971 decision by the Administration to increase the price support level of milk.

One of the primary goals of the dairy industry is, of course, to assure that the price support for milk is maintained at as high a level as possible. The Secretary of Agriculture is authorized by statute to fix this level at a position which he determines will assure an adequate supply of milk. This determination is made in March of each year and is effective for the period April 1 - March 31. On March 12, 1971, then Secretary Hardin announced that he had decided not to increase the milk price support level above $4.66 for the year April 1, 1971 - March 31, 1972. The basis of this decision was stated to be the fact that a large increase in the level of the 1970 price support had caused milk production to increase in 1970.

Following this initial decision, between March 16 and March 25, 29 Senators and 116 Representatives sponsored bills to increase the price support level. About one-half of these individuals had received campaign contributions from TAPE, SPACE and ADEPT.

Also after this March 12 determination, the dairy industry for the first time began strongly to support Republican fund-raising committees as well as to bring direct pressure to bear on the Administration. On March 22, TAPE deposited $10,000 with four Republican campaign accounts. On March 23, the President and Secretary Hardin met at the White House with a dozen dairy industry leaders, including top executives of the three milk cooperatives sponsoring the political

committees. The next day, SPACE contributed an additional $25,000 to the campaign accounts of four other Republican finance committees. Finally, on March 25, Secretary Hardin reversed his initial decision and announced that the price support level would be raised from $4.66 per hundred pounds to $4.93 per hundred. The basis for this reversal was cited to be increases in dairy farmers' costs.

Nader alleges that this decision was then followed by much larger political contributions to Republican campaign committees. Since March 25, TAPE, SPACE and ADEPT contributed another $287,500 to over 50 dummy committees for the re-election of the President, all located in the District of Columbia. Investigation of these committees by Nader further determined that many listed in the reports had incorrect addresses and that certain individuals listed as officers denied any connection whatsoever with the committees. These inaccuracies in listings have resulted in several complaints to the Clerk of the House by individuals whose names or addresses were used in connection with the committees without their permission.

From a legal standpoint, Nader should have a difficult time winning his case if the Department of Agriculture has documentation of its rationale for the reversal of position, which it apparently has. He will, nevertheless, have the rather dubious authority of Judge Bazelon's decision in the Three Sisters Bridge case (D.C. Federation of Civic Associations v. Volpe) to rely upon. However unsound that decision may appear, it is still the law in the D.C. Circuit.

Aside from the ultimate decision in this case, the discovery proceedings could prove disastrous. As in his suit against the Department of Transportation on the propriety of the rule making procedure regarding the installation of air bags in automobiles (Nader v. Volpe), Nader can be expected to try to obtain through discovery all communications between the White House and the Department of Agriculture. These will probably be amenable to protection by claims of executive privilege.

More difficult to defend against would be depositions of the dairy industry officials who attended the White House meeting with the President and Secretary Hardin. These officials will certainly be questioned in detail about all commitments made by the President at that meeting. Furthermore, depositions can be expected to be taken

of all the officers of the Republican campaign committees which received contributions from TAPE, ADEPT and SPACE. Although these individuals may quite truthfully be unable to have knowledge of any pressure brought to bear on Secretary Hardin because of these contributions, questioning about their duties with the committees and the manner in which the committees operate could prove highly embarrassing in an election year.

The best hope for avoiding the consequences of discovery is to win a dismissal of the complaint on the ground of mootness. The relief sought by plaintiffs is two-fold. First, they request a declaratory judgment that the March 25, 1971 decision and order by the Secretary increasing the price support level of fluid milk and the April 26, 1971 increase in the purchase price of cheddar cheese and nonfat dry milk by the Commodity Credit Corporation are unlawful, null and void. The increases in the purchase prices of cheddar cheese and nonfat dry milk result from the increased price support level for fluid milk since that price level is maintained by CCC purchases of nonfat dry milk, butter and cheese. The second relief sought is to enjoin the Secretary and the CCC from continuing to support the present price levels of fluid milk, cheddar cheese and nonfat dry milk.

Once the Secretary arrives at a new determination of the appropriate price support level for milk (from which the new level for cheese and nonfat dry milk will also be calculated) for the year April 1, 1972 - March 31, 1973, the old determination of March 25, 1971 will no longer be in effect and therefore not be capable of being enjoined. This decision by the Secretary is traditionally made sometime during the month of March, which is not far away. If Nader wishes to expedite the court procedure to obtain consideration before the new determination is made, he will probably have to resort to a motion for a preliminary injunction.

Nader will also be certain to argue that even if the request for an injunction is mooted by a new determination, the request for a declaratory judgment is still valid. The D. C. Court of Appeals in the case concerning the sufficiency of the AEC environmental impact statement on the nuclear test blast at Amchitka Island indicated strongly that it believed that the legal issues in that case could not be mooted by detonation. (Committee for Nuclear Responsibility v. Seaborg, D. C. Cir. Oct. 28, 1971). Following the test, however, this question was never reached since plaintiffs voluntarily dismissed their case.

THE WHITE HOUSE
WASHINGTON

2 1972

February 1, 1972

For your further information, today the Antitrust Division at Justice filed a civil antitrust suit against Associated Milk Producers, Inc. (the largest of the three cooperatives involved in the Nader case and the organizer of TAPE) charging monopolization and other restraints of trade in violation of the Sherman Act.

STRACHAN EXHIBIT NO. 14

August 31, 1972

ADMINISTRATIVELY CONFIDENTIAL INFORMATION

MEMORANDUM FOR: H. R. HALDEMAN
JOHN EHRLICHMAN

FROM: JOHN DEAN

SUBJECT: Nader v. Butz

Last January, Ralph Nader filed a suit in the District Court of the District of Columbia alleging that the decision of the Secretary of Agriculture in March 1971 to order an increase in the Federal price support level for fluid milk for 1971-1972 was arbitrary, capricious and based on considerations extraneous to the prescribed legal criteria. The gist of the case is that the dairy industry -- through three political committees -- funneled substantial contributions to political committees established to aid in the re-election of the President and that these contributions were determinative in the decision to raise the price support level.

The facts of the matter are that on March 12, 1971 Secretary Hardin announced that he had decided not to increase the milk price support level above $4.66 for the year April 1, 1971 - March 31, 1972. This decision caused an intense congressional reaction and strong lobbying from the milk producers. On March 22, TAPE, one of the three political committees, deposited $10,000 with four Republican campaign accounts. On March 23, the President and Secretary Hardin met with a dozen dairy industry leaders, including top executives of the three milk cooperatives sponsoring the political committees. The next day, SPACE, another milk producers' committee, contributed an additional $25,000 to Republican finance committees. Finally, on March 25, Secretary Hardin reversed his initial decision and raised the price support level from $4.66 to $4.93 per hundred pounds, citing increased costs to dairy farmers as the reason. During the rest of 1971, the three milk producers' political committees contributed another $287,500 to over 50 dummy committees for the re-election of the President.

ADMINISTRATIVELY CONFIDENTIAL INFORMATION

After Secretary Butz performed his statutory duty in March 1972 and determined the price support level for 1972-73, the Government argued that the case was moot since the old determination was no longer in effect and not capable of being enjoined. Judge Jones concurred with that argument and dismissed the case. However, last week the Court of Appeals reversed Judge Jones and ruled that the case was not moot because Secretary Butz had continued the 1971-72 price support level without any change. The Court reasoned that even if the new decision were valid, the District Court should still investigate whether the 1972-73 price support level had been tainted by a possibly improper determination in 1971.

At the same time that the Court of Appeals reversed Judge Jones, a private lawsuit filed by the National Farmers' Organization in Kansas City against the major dairy cooperatives obtained through discovery letters by dairy industry officials relating to the Nader suit. These letters state that the milk producers' contributions were channeled through the Washington law firm of Harrison & Reeves, with Murray Chotiner being instrumental in designating the names of the Republican committees to receive the money. Dairy officials also wrote in the letters that the gifts "played a major role in this Administrative decision" to raise supports.

The result of these two developments will undoubtedly be to spur a vigorous discovery effort by Nader to attempt to establish links between the political contributions and the decision by Secretary Hardin. Although the Government will fight the plaintiff's discovery and try to obtain a ruling on its previous motion to dismiss on the merits, it is most likely that discovery will be allowed and will commence quite soon. Depositions may be sought from Secretary Hardin, Under Secretary Campbell and others in the Department of Agriculture; various dairy industry officials; Murray Chotiner and others in his law firm; officials of the dummy Republican finance committees who received the contributions; and possibly certain White House staff members such as Chuck Colson and John Whitaker. We can also anticipate efforts to obtain documents from all these sources, including internal White House papers. As is readily apparent, the potential for political embarrassment during the remaining months of the campaign is high.

ADMINISTRATIVELY CONFIDENTIAL INFORMATION

On the positive side, however, the Government's antitrust case against the Associated Milk Producers, Inc., one of the cooperatives which sponsored the political committees, has been moving quickly and could go to trial as early as next spring -- very rapid progress for an antitrust case. This vigorous prosecution should help call into question any allegations by Nader that the milk producers have influenced the Administration by their political contributions.

We will keep an eye on this case and keep you advised.

cc: Charles Colson
Clark MacGregor
Maurice Stans
John Whitaker

WEDNESDAY, MARCH 13, 1974

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 442, Russell Senate Office Building.

Present: Senator Inouye.

Also present: Barry Schochet and Alan S. Weitz, assistant majority counsels; and Robert Costa, minority investigator.

Senator INOUYE. Would you raise your right hand, please?

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Dr. PAARLBERG. I do.

Senator INOUYE. Thank you, sir.

[Whereupon the meeting recessed to reconvene in room G–334, Dirksen Senate Office Building.]

Mr. SCHOCHET. Dr. Paarlberg, would you give us, for the record, your present position?

TESTIMONY OF DR. DON PAARLBERG

Dr. PAARLBERG. Director, Agricultural Economics, Department of Agriculture.

Mr. SCHOCHET. How long have you held that position?

Dr. PAARLBERG. Five years.

Mr. SCHOCHET. Since when?

Dr. PAARLBERG. Since March 10, 1969.

Mr. SCHOCHET. What is your address?

Dr. PAARLBERG. My home address D–705, 2440 Virginia Ave. NW.

Mr. SCHOCHET. Could you tell us, briefly, your background in terms of education and training in the agricultural area?

Dr. PAARLBERG. Eight years of farming experience, a bachelor's degree in farm management from Purdue University, a master's degree in economics from Cornell, a doctor's degree in agricultural economics from Cornell. I have done research and teaching in agricultural economics at Purdue University for 14 years.

I have been in the Department of Agriculture for 8 years. For 5 years, from 1953 to 1957, I have been assistant to the Secretary. Then for 1 year, Assistant Secretary of Agriculture. That was in 1957 and 1958. I was special assistant to the President for 3 years in the general economic area, with special responsibility in agriculture.

Mr. SCHOCHET. Special assistant to the President?

Dr. PAARLBERG. Yes, I was also, for a time, coordinator for the food for peace program.

Mr. SCHOCHET. Have you authored any books?

Dr. PAARLBERG. Yes, I have. I am the author of "American Farm Policy," published by Wiley & Sons in 1964, and "Great Myths of Economics," published in 1968 by the New American Library.

Mr. SCHOCHET. Dr. Paarlberg, could you tell us what are the duties of your office and over which branches of the Department of Agriculture you supervise?

Dr. PAARLBERG. I have three agencies that I supervise. One is the Statistical Reporting Service that does our crop and livestock reports. Another is the Economic Research Service, which does our analytical work and our outlook analyses. The third is the Farm Cooperative Service, that serves farmer cooperatives. Those are my duties as a line officer. In addition to that, I have responsibilities of a staff nature as economic adviser to the Secretary of Agriculture.

Mr. SCHOCHET. Are you a member of the Board of Directors of the Commodity Credit Corporation?

Dr. PAARLBERG. Yes, sir.

Mr. SCHOCHET. Since you became Director?

Dr. PAARLBERG. The position of Director of Agricultural Economics carries with it a membership on the Board, yes.

Mr. SCHOCHET. Do you act as spokesman for the Agriculture Department on economic questions in the media and public responses?

Dr. PAARLBERG. To a considerable extent, many of us do.

Mr. SCHOCHET. I believe I noticed you recently in the Washington Post talking about the wheat problem and the bakers' problem, et cetera.

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. As you realize, Dr. Paarlberg, this committee has been investigating the milk price-support decision of 1971, the fact that an initial decision setting the price support of $4.66, since it was announced on March 13, 1971, and that decision was reversed in announcement on March 25, 1971, raising the price of the support-level to $4.93.

Of course, we are interested in your knowledge of this situation and in the first instance, I wonder if you could give us a little bit of a background on some of the terminology that we have found in our investigation. I wonder if you could explain what manufactured milk and ancillary products are in relation to the milk price support we are talking about?

Dr. PAARLBERG. Some milk is consumed directly in fluid form. Milk is also manufactured into end products like butter and cheese and nonfat milk. When we talk about manufactured milk, we mean milk whose end uses will be butter, nonfat dried milk and cheese.

Mr. SCHOCHET. And would you please explain for us the function and purpose of the milk price-support program, particularly as it relates to parity in that term?

Dr. PAARLBERG. The law under which we were operating in connection with the milk price-support decision reads as follows:

> The price of milk shall be supported at such level not in excess of 90 percent nor less than 75 percent of the parity price thereof as the Secretary determines necessary in order to assure an adequate supply.

That is how the law reads. The parity standard is a statistical measure and index that reflects changes in the prices of articles bought by farmers. I think the best explanation of parity is one that I heard a farmer give. He said, "If a pair of overalls would buy a bushel of

wheat in the base period, then to be a parity, the price of wheat should be enough now to buy a pair of overalls."

If prices of commodities and services that farmers buy go up, the notion is that the prices that farmers receive should go up in step. That is the essential idea of parity and if the price goes up at the same rate as prices paid, then prices are at 100 percent of parity.

If they go up 90 percent as fast as prices paid, it is at 90 percent of parity. If they go up at 75 percent as fast, then it is 75 percent of parity. The base period of all this is 1910 to 1914, which encompasses the year that I was born. That is a long way back. Some 75 percent of the people now living were born since the base period.

Mr. SCHOCHET. Thank you very much. Over the course of the last few years, from 1969 through the present, have you been involved at all in the milk price-support decisionmaking process?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. Were you involved in the 1971 milk price-support decision?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. As a formal function of your position?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. What was the nature and extent of your participation in this 1971 price-support decision? I wonder if you could give us some background as to how, within your department, the price-support program is formulated.

Dr. PAARLBERG. I participated in that decision in two roles. One role was as the Director of Agricultural Economics, responsible for economic analysis that relates to major issues, and the people in my agency undertook a review of the dairy situation and of the likely consequences of supporting prices at various levels.

They prepared a report which was made available to the Board of Directors, so I had analytical responsibility with regard to this decision.

I also had operational responsibility as a member of the Board of Directors that passed on the question. That is not unusual. That is the standard role for the person who occupies my chair.

Mr. SCHOCHET. In other words, did your department prepare statistics reflecting various price-support levels, and how they would affect the economy in terms of purchases by the Government?

Dr. PAARLBERG. Yes, we did.

Mr. SCHOCHET. Did you recommend or advise a particular price-support level for 1971?

Dr. PAARLBERG. Yes, I did.

Mr. SCHOCHET. Could you please tell us what that level was?

Dr. PAARLBERG. That was the position that was announced on March 12.

Mr. SCHOCHET. And the price-support level would have been $4.66. That was the same that it was in the previous calendar year of 1970?

Dr. PAARLBERG. That is correct.

Mr. SCHOCHET. What were the reasons for your determining to remain at this same level of $4.66 for 1971?

Dr. PAARLBERG. The major reason was concern that if we increased the level of price support, we might incur heavy costs and that we might pile up excessive stocks of manufactured dairy products.

We had, during the 1970 to 1971 marketing year, acquired 7.2 billion pounds of milk equivalent, which was up significantly from the 4.4 billion pounds that we had acquired in 1969 and 1970. So, there was concern on the part of the analysts which shared that increasing the price-support level might reduce consumption and stimulate production and be excessively costly. That was the main concern.

Mr. SCHOCHET. Was there decision of this reasoning and these concerns among the members of the Board of the Commodity Credit Corporation—which we will now refer to as the CCC?

Dr. PAARLBERG. Yes, but I can't recall the details.

Mr. SCHOCHET. Was there a heated discussion over the proposal to keep the price-support level at the same level? Was there any argumentation or tremendous amount of dissention?

Dr. PAARLBERG. I don't recall there was great difficulty reaching that decision. There was discussion. There was discussion of the fact that the dairymen had a campaign underway to increase the level of price support, but I don't remember any basic disagreement as to the potential costliness of increasing the level of price support.

Mr. SCHOCHET. In other words, did Secretary Hardin or Assistant Secretary Campbell express any opposition to coming to the March 12 conclusion of keeping the $4.66 level? Did they concur in the $4.66 proposal?

Dr. PAARLBERG. I don't recall any strenuous objection.

Mr. SCHOCHET. Did they vote for it at the CCC Board meeting?

Dr. PAARLBERG. The individual vote is not recorded. I presume that Secretary Hardin was in accord with it, because he approved it as Secretary of Agriculture, and I don't recall actions of the Board that had been taken in opposition to the Secretary's position, or rather I don't recall his ever having acquiesced in a decision that he himself basically opposed. This includes the three Secretaries of Agriculture for whom I have worked.

Mr. SCHOCHET. In other words, do you recall either Secretary Hardin or Assistant Secretary Campbell citing to you that they did not approve of the $4.66 level?

Dr. PAARLBERG. I don't recall that.

Mr. SCHOCHET. I wonder if you could clear up a confusing matter we found in our investigation. Could you tell us the difference between a pre-Board clearance of the price-support program docket and a report from an inner agency supply estimates committee? We have heard the two used interchangeably. First of all, could you explain the interagency dairy supply estimate?

Dr. PAARLBERG. The Interagency Dairy Estimates Committee has membership from the Economic Research Service for which I am responsible, and the Agriculture Stabilization Conservation Service and the Foreign Agriculture Service and Export Marketing Service. There may be others, but its responsibility is to try to obtain the best possible information as to demand, supply, and to quantify to the best degree possible the present and prospective situation regarding the commodity.

Mr. SCHOCHET. Does it just give statistics or does it make recommendations?

Dr. PAARLBERG. Its basic function is to do statistical analyses. What sometimes happens is that an analytical job will be done and this will

be brought to the Board in preliminary form. The Board will look at this and react to it and perhaps say, "We think the situation should be shaped up in this particular fashion or that particular fashion." Then, having that guidance, a docket for action will be prepared.

Mr. SCHOCHET. Is this what occured in 1971, with regard to the milk price-support program?

Dr. PAARLBERG. I believe it is, but my recollection over so long a time is not completely trustworthy, but I believe that is what occurred. It would be a standard thing.

Mr. SCHOCHET. So the Interagency Dairy Estimates Committee would report its statistical analysis to the Board?

Dr. PAARLBERG. Yes, and a pre-Board review or clearance or indication of attitude would come in.

Mr. SCHOCHET. Would this be held at an official meeting or passed around to individuals in their offices and would there be an informal discussion of the suggestions of the supply estimates committee? How does this pre-Board clearance come about?

Dr. PAARLBERG. It can come about in any of several ways. It can come about at a regularly called meeting. It does not involve a decision and it probably does not appear on the record. The position could be cleared by individual consultations with the members of the Board. There is no standard way in which this is done.

Mr. SCHOCHET. Do you remember how it was done in the first situation?

Dr. PAARLBERG. I do not remember how this was done. I do know there was a preliminary review.

Mr. SCHOCHET. Do you know any of the details concerning the preliminary review, how this particular review took place?

Dr. PAARLBERG. I do not. I do know that my agency was involved in it, and I do recall——

Mr. SCHOCHET. Your agency being the——

Dr. PAARLBERG. The Economic Research. I do recall that the analysis indicated concern that an increased support level might pile up excessive amounts of manufactured dairy products.

Mr. SCHOCHET. Will you please tell us then the procedure from this point in which the recommendations for the price-support level were made in the Agricultural Stabilization Conservation Service and transmitted up through the Board of the CCC, how, exactly, step by step, did this take place? If you could tell us when it occurred and how it occurred, leading to the March 12 announcement of establishing the $4.66 level?

Dr. PAARLBERG. I can't recall, after so long a time, precisely how this was done. I don't remember it was in any way unique. The normal way would be that the people in the Agricultural Stabilization and Conservation Service would prepare a document, which is a legal document, set out for decisionmaking. They would prepare that document in accordance with direct allocation that came from the informal session of the Board and this would be cleared with the General Counsel's department for its legal adequacy and would come to the Board members before the meeting so they would have a chance to study it and would come up for action at the Board.

That is a standard way of doing it and I have no recollection that we departed from that standard practice in this case.

Mr. SCHOCHET. What role did the Office of Management and Budget have in this decisionmaking process?

Dr. PAARLBERG. I do not know. I do not know that. Customarily, on important decisions that involve the expenditure of large amounts of money, there is a review between the Department of Agriculture and the Office of Management and Budget or the Bureau of Budget, and the responsibility for clearing that is not with me. It is with the Agricultural Stabilization and Conservation people or the Secretary.

Mr. SCHOCHET. Do you know what the input of the Council of Economic Advisers would have been in this decisionmaking process?

Dr. PAARLBERG. I do not know that.

Mr. SCHOCHET. Do they generally have a role in this decision?

Dr. PAARLBERG. Often they do. Not invariably, but often they do.

Mr. SCHOCHET. Did you receive or have any knowledge of correspondence prior to March 12, suggesting that the price-support level be at levels higher, or keep it the same level, from such groups as the American Farm Bureau Federation, or any of the cooperatives?

Dr. PAARLBERG. The milk cooperatives had a campaign to raise the level of price support. I was aware of this, as was everyone else. I don't recall that I, myself, received any letters from those people or that I was called on by any of them, but they were active in the Congress. Whether they met other members of the Board, I don't know. Quite possibly they did, but I don't know.

Mr. SCHOCHET. But, even so, you felt that the $4.66 level should remain?

Dr. PAARLBERG. I did.

Mr. SCHOCHET. Did you feel there was any economic merit to raising the price-support level?

Dr. PAARLBERG. I felt there was a risk in it, that we might pile up excessive supplies of milk at considerable cost, and price this product out of the market. I had been through such an experience in the 1950's and, while I was out of Government, there was another experience in the 1960's, and I had no desire to repeat that kind of experience.

Mr. SCHOCHET. How did you express your feeling to the Secretary and other members of the Board of the CCC? Was it through written documents or informal discussions? Did you stand up at the meeting of the Board and present your position on behalf of the economists or how was that done?

Dr. PAARLBERG. Oh, I don't recall the details precisely. I am sure that I made it plain in discussions with the Board that I favored the $4.66 level. Just how I did that, and with what words, I cannot say.

Mr. SCHOCHET. Did you make projections as to how much more raising the price-support level of parity would cost the Government?

Dr. PAARLBERG. We did make such projections. I can't recall them. These are working papers that I do not have, but there was such an estimate and I should say at this point, that when the price-support level was, indeed, raised, that cost turned out to be less than we had projected and adverse consequences of raising the level of price support that we had feared in our analysis turned out not to really develop.

Mr. SCHOCHET. Why did that happen? Were there any unforeseen factors that you could not see on March 12, 1971, which intervened, causing a different economic impact than what you and your Congress predicted?

Dr. PAARLBERG. The whole level of prices was carried upward by the inflationary forces that were then operating in the economy and we perhaps should have seen that, but we did not.

There was a decline in the level of milk production, despite the increased level of price support for reasons that I do not even know or fully understand. That is the decline below the level that we had anticipated.

Even in retrospect, I cannot fully understand why the results turned out as they did. We had to operate on the basis of what was visible at the time we had the decision before us.

Mr. SCHOCHET. Isn't it true that in the past several years following 1970 and 1971, that with smaller dairy farmers increasingly larger numbers were giving up their farm and taking jobs in town, which was not foreseeable in the economic impact?

Dr. PAARLBERG. That is true.

Mr. SCHOCHET. And the feed prices went up?

Dr. PAARLBERG. But the milk feed ratio price was fairly constant. Milk count numbers did decrease and the numbers of dairy farmers did decrease.

Mr. SCHOCHET. And I believe you told us that there was a higher rate of inflation that would reduce the effect of any price increase?

Dr. PAARLBERG. That is right. The consumer price index for food which, in the 1971 marketing year, stood at 101.5, and rose in 1971 and 1972 to 119.8.

That is a 4-percent increase in the consumer price index. That carried up the price of milk along with other products. For what other accommodation of forces, the increase in the level of price support did not have the adverse consequences that our analysts had projected.

Mr. SCHOCHET. But, your analysts did project adverse consequences if the prices were raised to the Government, also to the consumer?

Dr. PAARLBERG. That is right.

Mr. SCHOCHET. You don't have any figures on that?

Dr. PAARLBERG. I do not. I only keep my working papers for a short while.

Mr. SCHOCHET. But, as of March 12, 1971, your department or agency within ASDA had predicted that if the price-support level was raised from $4.66 there would be additional costs to the Government and to the consumer?

Dr. PAARLBERG. That is right.

Mr. SCHOCHET. And on March 25, 1971, that projection was still in effect that at that point, if it had been raised, there would be additional costs to the consumer and cost to the Government right before the announcement was made?

Dr. PAARLBERG. Well, there was only 2 weeks difference. The fundamental and economic situation had not, in my estimation, changed during that period of time. We did not do a new appraisal between March 12 and March 25.

Mr. SCHOCHET. Did you also have an estimate or conclusion as to how much more raising the price-support level from $4.66 to approximately 85 percent of parity, $4.92 or 93 percent, would mean to the dairy industry?

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Dr. PAARLBERG. I believe that we did, although I don't have that document before me. We customarily do this, and I think we did, and I think it would show an increased return for dairy people as a consequence of raising the level of price support.

I can't be sure what that was, but many other analyses have been done since that date, and are more vivid in my memory, and it would have shown such an effect.

Mr. WEITZ. In that regard, there have been public estimates made by various officials, some of them members of the dairy industry, as to the net income to dairy farmers as a result of the increase in 1971, and the estimates range from approximately $300 million to $700 million. Could you tell us whether, from your background or recollection, whether either of those figures or which of those figures might be substantially accurate as of approximately March 1971?

Dr. PAARLBERG. I think the $300 million or lower end of that range is a credible figure. The upper range, I don't think is credible.

Mr. WEITZ. Is it correct that if the total increase of 27 cents in 1971 resulted in an increase of $300 million in dairy farmer income, is that a roughly proportional, an increase of half of that would have, by those projections, resulted in an increase of half that total amount of income?

Dr. PAARLBERG. No; I don't think so. It is not a linear relationship.

Mr. WEITZ. Do you know what the relationship would be? For example, at the time $4.92 was estimated to be approximately 85 percent of parity. In fact, the increase, the level set on March 25, was $4.93, 1 penny in excess of approximately 85 percent.

What I am trying to determine—is there any way, based on the total estimates of $300 million in farmer income from the increase—is there any way to ascertain or roughly approximate what increase in farmer income might be ascribed to that extra penny in the price-support level?

Dr. PAARLBERG. I suppose the departure from linearity would not be enough to offset that. You take the $300 million and take the difference between the $4.66 and $4.93, which is 27 cents—if that is the right number—I suppose you could divide that by 27 cents and get for that increment possibly a meaningful number.

Mr. WEITZ. It should be $10 million more.

Dr. PAARLBERG. It is not unreasonable.

Mr. SCHOCHET. Did you have, prior to the March 12—had there been discussions in the Department on impending legislation in Congress to raise the price-support level?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. What was the nature of this discussion? Was this prior to March 12? Was it thought that this legislation pro forma, or substantial legislation that was going to work and be enacted?

Dr. PAARLBERG. There was recognition that it was a stronger drive than there had been in some years past, and there was some assessment or effort to assess the likelihood that the dairy people could get this legislation passed.

For my part, it seemed to me that this was not likely to happen, that some of the efforts in behalf of the dairymen were, as you say, pro forma, and those that were earnest seemed to me not that likely to be successful.

There was concern about the price of food. There was concern about the cost of this program to the Government and recollection of the past experience with high price supports for dairy products, so that my own assessment at that time was that it was unlikely that the legislation would pass.

Mr. SCHOCHET. On March 25, it was announced that the price-support level had been revised upward of $4.93. Were you involved in the price-support reversal decision before it was announced?

Dr. PAARLBERG. No.

Mr. SCHOCHET. Were you ever asked by Secretary Hardin or Under Secretary Campbell as to its advisability immediately prior to its reversal?

Dr. PAARLBERG. No.

Mr. SCHOCHET. Did you know the level would be raised before it was announced on March 25 for certain?

Dr. PAARLBERG. I did not know it for certain.

Mr. SCHOCHET. When did you first hear of any initial waivering on the price-support situation?

Dr. PAARLBERG. I talked with Under Secretary Campbell between the March 12 and March 25 date, and I can't recall what the date was when I visited him. I expressed satisfaction at that time that we had held the price rather than increasing it, and he said, "Don't get too enthusiastic about it. It might not stick." I knew then that there was some possibility that the decision might be changed.

Mr. SCHOCHET. Did he tell you why it might not stick?

Dr. PAARLBERG. I remember the conversation, and he said he was getting some feeling that it might not stick.

Mr. SCHOCHET. But, did he elaborate on it?

Dr. PAARLBERG. No.

Mr. SCHOCHET. Can you pinpoint for us the approximate date? Was it the decision of March 25? Do you remember if it was during that week, closer to the 12th or the 25th?

Dr. PAARLBERG. The Under Secretary made a speech in which he referred to the decision of the Commodity Credit Corporation on dairy price supports, supporting that decision and I commended him on his speech. At that point, he said, "I am not so sure that this is going to stick." That is as much as I can remember in trying to fix that time.

Mr. WEITZ. Had he already given that speech or had you seen a copy of the speech?

Dr. PAARLBERG. My recollection is that he had given the speech.

Mr. SCHOCHET. What was your reaction to the reversal, particularly, considering that you, as head of the Agriculture Commission, had not been asked your advice or let in on the fact?

Dr. PAARLBERG. My reaction was one of surprise and unhappiness.

Mr. SCHOCHET. Do you still feel the same way about it?

Dr. PAARLBERG. I do. As I indicated before, the economic results of increasing the price were not adverse, at least not to the degree that our analysis had indicated.

Mr. SCHOCHET. Let us look back to March 12, and not look on hindsight or any Monday morning quarterbacking at the time. That is all we can properly look at, is what was going through the experts' analyses at the time the decision was made as to projecting the future. At the time, why were you upset about the decision to reverse?

Dr. PAARLBERG. I was concerned on several counts. One was that I thought on economic grounds this was the wrong decision, and the other was that I felt this put the Secretary of Agriculture in a bad position and, in effect, reversed him.

The other was that there was, even at that time, talk about the intensive lobbying practices of the dairy people and the money they were using in connection with their lobbying practices and I felt concerned on those counts. On all three of those counts, I felt concerned.

Mr. SCHOCHET. Do you know of any other time that the milk price-support level decision or any other price-support decision has been reversed for implementation of an initial price decision?

Dr. PAARLBERG. I don't know of any other time.

Mr. SCHOCHET. Do you know of any other instances in which amended documents, reversing the initial decision of the CCC Board, were prepared before the Board itself acted on such reversal? In other words, do you know of any other instances in which an amended document, changing a decision of CCC Board, would be prepared before the Board and it would actually be prepared and released before the Board could have reversed itself on the decision? In other words, the document moves ahead of the Board's decision?

Dr. PAARLBERG. I don't recall such instances. I recall instances in which documents have been moved after a decision had been made by the Secretary. That has occurred.

Mr. SCHOCHET. There were instances where decisions were made by Secretary of Agriculture and documents followed that before without the approval of the CCC Board?

Dr. PAARLBERG. Which were later confirmed by the CCC Board.

Mr. SCHOCHET. But, have there ever been any instances where the Secretary of Agriculture has reversed an initial decision of the Board before he consulted the Board?

Dr. PAARLBERG. I don't know of any such instances.

Mr. SCHOCHET. Were there any meetings of the Board between March 12 and March 25?

Dr. PAARLBERG. I don't recall any.

Mr. WEITZ. In that connection, without a formal meeting, was it your experience that Secretary Hardin might consult with you or other members of the Board, informally, over possible decisionmaking?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. So, the fact that no meeting took place did not preclude the possibility of Secretary Hardin consulting with members of the Board on an informal basis?

Dr. PAARLBERG. But that did not occur.

Mr. WEITZ. Do you know whether he did with anyone else?

Dr. PAARLBERG. No.

Mr. WEITZ. And no one else discussed the matter with you?

Dr. PAARLBERG. No.

Mr. SCHOCHET. Did you know of the impending March 23 meeting at the White House between the President and the dairy spokesmen before it occurred?

Dr. PAARLBERG. I know there was such a meeting. My recollection is that I found out about it after it had occurred, but I can't be certain.

Mr. SCHOCHET. Did you think it was unusual for the dairy people to meet with the President after a price-support decision had been reached?

Dr. PAARLBERG. I did.

Mr. SCHOCHET. Why?

Dr. PAARLBERG. My experience is that special interest groups seek audiences with decisionmakers prior to the time of the decision rather than subsequent to the time of the decision, and I thought the decision had been made and was firm.

Mr. SCHOCHET. Subsequent to the March 25 announcement, did you talk to Secretary Hardin and ask him why he had decided to reverse it?

Dr. PAARLBERG. I did not.

Mr. SCHOCHET. In other words, would there be a relationship between you and the Secretary of being an adviser, you would be an economic adviser to the Secretary, and if you made an economic decision, you would normally ask him for advice? Is that what your position was?

Dr. PAARLBERG. We had a good relationship, yes. I felt free to counsel with him, to volunteer counsel if I felt it important. I judged that this decision was not an economic decision, that it was a political decision.

I judged, although I have no real way of knowing it, that this was a matter that was difficult for him. I was reluctant to bring up a matter that was, if political, out of my area of responsibility and which I also suspected was to him a rather unpleasant thing.

Those are the reasons I did not go to him about it. In addition to that, it had been made for the second time, and I could not imagine it being again reopened, so it was, in fact, accomplished.

Mr. WEITZ. In that regard, was it your understanding that Secretary Hardin had, of his own initiative, reversed the decision, or had been instructed by the White House to reverse the decision?

Dr. PAARLBERG. I have no knowledge of that, but my reason leads me to believe that the Secretary would be unlikely to reverse himself on his own initiative 2 weeks after he had made the decision.

Mr. WEITZ. And it was with that understanding in mind that it was not his own changed mind with regard to the merits, is one of the reasons which lead you to avoid discussing the matter with him?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. Are you aware of any other reasons in which a document was reversed because of a political decision on the price-support decision?

Dr. PAARLBERG. There may have been such. I don't recall during the period when I served on the Board.

Mr. SCHOCHET. Have you read the white paper issued January 8, 1974?

Dr. PAARLBERG. Yes; I have.

Mr. SCHOCHET. And the initial reasons that the White House says that the price-support decision was reversed by the President, do these political considerations fall within the statutory criteria for an adequate supply of milk?

Dr. PAARLBERG. I don't find it in the legislation.

Mr. SCHOCHET. Did anyone ever tell you or suggest to you that political contributions were a factor in the milk price-support reversal?

Dr. PAARLBERG. There was common talk of this sort, which I discounted. I was told by my colleague, Clarence Palmby, that contributions had been a factor in this reversal.

Mr. SCHOCHET. Are you speaking of contributions from the dairy industry to President Nixon's reelection campaign?

Dr. PAARLBERG. I can see, and this is hearsay.

Mr. SCHOCHET. But this is what he told you?

Dr. PAARLBERG. This is what he told me.

Mr. SCHOCHET. You are speaking of Clarence Palmby, Assistant Secretary of Agriculture, Marketing and International Affairs?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. He was the Assistant Secretary in charge of Agricultural Stabilization and Conservation Services at the time?

Dr. PAARLBERG. That is correct.

Mr. SCHOCHET. Through which the procedures of the milk price-support document would have originated and followed through to the CCC Board?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. How long have you known Mr. Palmby?

Dr. PAARLBERG. I have known him since the mid-1950's.

Mr. SCHOCHET. What was the impact of the conversation? Could you tell us how it occurred, when it occurred and how it affected you?

Dr. PAARLBERG. I don't recall the date, but I do recall the conversation, which was brief and it occurred in the hall with just the two of us, and it was a thing that struck me with considerable impact.

Mr. WEITZ. You indicated that there was common talk in the Department of the political impact or political influence on the March 25 decision. You said you discounted that?

Dr. PAARLBERG. I said there was common talk in the Department about the activities of the dairy people in lobbying the Congressmen and Senators and contributing to their campaigns.

That was common talk. There is so much loose talk in this town that in the absence of authentication of this, I did not allow this to weigh very heavily on me.

Mr. WEITZ. My question is, could you describe for us the reasons why Mr. Palmby's discussion with you apparently affected you or influenced you differently than this other talk that you had heard?

Dr. PAARLBERG. He is a close colleague and I have respect for him and he had been, as Assistant Secretary, close to this whole operation, and I, therefore, was more impacted by his comment than by the other loose talk.

Mr. WEITZ. You have known him for a long time, and is it your impression, based on your contact with him, that he was merely speculating in the way that people might speculate, or that he was imparting to you something that had not been previously commonly spoken of in the rumor mill, so to speak, in the Department?

Dr. PAARLBERG. It is possible that he was engaging in loose talk, like some other people engage in loose talk, but it is not his habit to engage in loose talk, and I, therefore, was concerned by what I heard from him.

Mr. WEITZ. Did it appear to you, under the circumstances of the conversation, that he was particularly upset or excited about a par-

ticular matter which would have led him to perhaps lose his composure or for some other reason, speak out of a very excited or vindictive move with respect to the earlier decision?

Dr. PAARLBERG. I judged from the tone of his voice that he was concerned about this whole matter, that he had some depth of feeling about it. Whether this might have inclined him to what this town calls loose talk, I am not able to judge. It was not a light, easy matter for him, nor was it for me.

Mr. WEITZ. In any event, you did not take it as merely loose talk and speculation on his part, based on unknown rumors or not based on anything specific?

Dr. PAARLBERG. I did not dismiss it.

Mr. WEITZ. Did you discuss it with anyone else?

Dr. PAARLBERG. With my wife.

Mr. WEITZ. Only?

Dr. PAARLBERG. Only.

Mr. WEITZ. Did you express a similar concern?

Dr. PAARLBERG. I did.

Mr. WEITZ. Was there any reason why you did not discuss this with Mr. Palmby?

Dr. PAARLBERG. I thought about whether I should discuss this further with Mr. Palmby or with anybody else and I concluded that I should not do that. Mr. Palmby and the others who were directly involved in these meetings at the White House had more knowledge than I did.

There was nothing I could tell them that they did not know. They also had more responsibility than I. There was nothing I could do that they could not also do, and I concluded that I should do my job and not raise further questions about this.

Mr. WEITZ. Was it your understanding that Mr. Palmby had attended or had played a greater role in the decisionmaking process, with regard to the March 25 decision than you had, or had attended the meeting in the White House?

Dr. PAARLBERG. Certainly.

Mr. WEITZ. Was that one of the reasons that you feel that it was not for you to pursue it since he was much closer to the matter than you?

Dr. PAARLBERG. Correct.

Mr. WEITZ. But, you felt he was imparting something to you that you had not previously known?

Dr. PAARLBERG. Correct.

Mr. WEITZ. What was your personal reaction to the price-support reversal? Why do you think the reversal had happened?

Dr. PAARLBERG. I judged political pressure had been applied and that was the administration's response to this political pressure.

Mr. SCHOCHET. Do you have a little more definite thought on what type of political pressure you were speaking of?

Dr. PAARLBERG. I read the white paper. The white paper referred to the pressure exerted in the Congress. It refers to the felt importance of support of the administration in the rural areas and those considerations no doubt existed, and were important.

I was aware of them. There was talk, as I said earlier, about the dairy people using money in addition to the more customary ways of exerting influence and the possibility that this might be a factor was a matter of concern to me.

Mr. SCHOCHET. Even before it was mentioned to you by Mr. Palmby?

Dr. PAARLBERG. That possibility was a matter of concern to me.

Mr. SCHOCHET. Why?

Dr. PAARLBERG. Well, I am an official of this Government, and I like to think that decisions are made on the basis of the merits of the case or on the basis of political forces as they customarily operate and as they are accepted and the departure from or the indications of departure from that kind of deportment was a matter of concern to me.

Mr. SCHOCHET. Are you talking about the fact that there had been a meeting at the White House with the dairy people and the unusual circumstances in which the reversal was made, without Board approval or coming to you for advice, is that what you are talking about by unusual circumstances?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. Anything else?

Dr. PAARLBERG. Those are the considerations.

[Discussion off the record.]

Mr. WEITZ. Dr. Paarlberg, I think in all fairness, we want to inform you that we, of course, asked Mr. Palmby questions about conversations that you have related to us and Mr. Palmby frankly has no explanation as to—or no explanation for the impression you gained from him that he was stating or declaring there was a relationship between the political contributions and the March 25 decision. I wanted to, in fairness, inform you and ask whether, in view of that, there is any explanation you can give of a possible discrepancy in the testimony?

Dr. PAARLBERG. I have not discussed this with Mr. Palmby. I have deliberately decided against discussing it with him. I am very relieved and gratified at what you tell me. It is quite possible that Mr. Palmby felt deep displeasure at the reversal of this decision and that in his displeasure, he may have passed this comment that upsets me.

That is a very possible thing to which I alluded in my earlier statements before I was aware of the fact that you had discussed this with Mr. Palmby.

Mr. WEITZ. But nonetheless, the impression you have related to us is your best account and understanding of the conversation as you know it and as you understood Mr. Palmby?

Dr. PAARLBERG. I do know that as faithfully as I am able and I regret if, in passing on this conversation, I have caused embarrassment to Mr. Palmby, or whether I have placed undue emphasis on this statement of his, which may have been one made in petulance or in disappointment. That is quite possible.

Mr. SCHOCHET. Dr. Paarlberg, turning to the White House white paper, in the section entitled, "Government Inventories of Dairy Products," on page 12 of the official release, had the $4.66 level remained, would the cost of milk to the consumer and cost of running the milk price-support program to the Government be less than it turned out to be?

Dr. PAARLBERG. Yes.

Mr. SCHOCHET. And would you give us your analysis of that statement?

Dr. PAARLBERG. I think that the statement is more generous with regard to the effect of the decision than a careful analysis would support.

Mr. SCHOCHET. The White House paper further states that the President's action raising the price level was based in part, on the economic merits of the case itself. You have earlier stated in a session today, that you did not feel the economic merits justified a price-support increase, is that correct?

Dr. PAARLBERG. That is correct.

Mr. SCHOCHET. Did the other members of the Board of the CCC agree with the economic merits, as presented by the dairy industry in their arguments, to raise the price-support level?

Dr. PAARLBERG. If they had, they would not have acted as they did on March 12, it seems to me, unless they were overpowered by political considerations.

Mr. SCHOCHET. At the time, did you feel—and I am talking about March 12 and March 25—did you feel that maintaining the $4.66 level would have caused serious economic repercussions to the whole dairy industry?

Dr. PAARLBERG. The income of dairy farmers would have been less than $4.66 had it been continued. That is true. But, there were adjustments underway in the dairy industry and though painful, these were needful and I felt that the dairy industry would be capable of making the needed adjustments. I felt that these adjustments could be made with the support level at $4.66.

Mr. WEITZ. Dr. Paarlberg, with respect to the price-support level on farmer income, is it not true that there are at least two factors that bear on farmer income with respect to this program, one being the price-support level itself and the other the productivity or total production of milk by each farmer, that is, even if the parity level remains the same, but for each farmer production or productivity per cow increases, they can remain the same or even increase?

Dr. PAARLBERG. That is true.

Mr. WEITZ. And wasn't there a trend in 1971 of greater productivity per cow?

Dr. PAARLBERG. Yes; there was.

Mr. WEITZ. And would this offset some of the adverse consequences in the subsequent drop in parity?

Dr. PAARLBERG. That is true. It is especially true for the larger herds. The smaller herds that are less efficient have relatively high costs and for them, maintaining the $4.66 was a greater burden than for the large units.

Mr. WEITZ. They would be more marginal operations?

Dr. PAARLBERG. Right. These have been leaving the dairy business for many years, really, whether the support for dairy products were increased or decreased. There has been a longtime trend toward retirement from dairying of these small units.

Mr. SCHOCHET. Would there have been a large drop in milk production at the $4.66 level?

Dr. PAARLBERG. No.

Mr. SCHOCHET. And to review the statutory basis and reasoning for allowing a milk price program, in order to secure an adequate supply of milk, you feel that an adequate supply would exist at $4.66 level.

Dr. PAARLBERG. I did. As a matter of fact, during the previous year, we acquired 7.2 billion pounds of milk through purchase and that was up sharply from the previous year.

Mr. WEITZ. Dr. Paarlberg, one of the responsibilities of the Board is to insure not only an adequate supply for the country, but an adequate supply for the Agriculture Department programs; is that not so?

Dr. PAARLBERG. I don't believe this is the case. We are authorized by law to go into the market and acquire dairy products if we need them in order to distribute to needy families or to school-lunch outlets, so that we are not required by law to support the level of dairy products high enough to acquire the supply for distribution. What we need to do, as I read the law, is to see that there is an adequate supply of milk and, insofar as there are needs for dairy products in the school-lunch programs or to needy families, these can be obtained either through supplies acquired in the price-support operation or direct purchase in the market.

Mr. WEITZ. To the extent that CCC supplies are relevant, once the decision is made that some dairy products will be provided to certain governmental programs, I believe in that regard the white paper on page 12 addresses itself to the level of inventories over a period of years as of January 31 for each year, and suggests that the decreasing level, particularly the low level in 1971, was a cause of concern that might have justified an increase in the price-support level, I have two questions.

I gather you answered the first and that is the level of supply is not necessarily, as you understand the law, a relevant basis for an increase; and the second question, would be, even if it were, is there any misapprehension, so to speak, or conclusions that might be drawn by looking at the figures for January of each year, as opposed to a different time?

Dr. PAARLBERG. I think there are two reasons that these numbers, while accurate for what they state, are not wholly indicative of the position. One is that the one you alluded to, namely, that it shows it for January only and there are other periods of the year that are also important. Another is that the level of stock does not, in and of itself, indicate the actual consequence of the level of price supports.

The stocks are the net of a carry-in acquisition and distribution. You can have a low stock figure because you have acquired only a little or you can have a low stock figure because you have distributed an enormous amount, so that the stock figure, while useful, is not a full indication of the appropriateness or inappropriateness of an inner support level.

Mr. WEITZ. On page 12, I want to direct your attention to the section, "Cost of Milk Program to the Government." By way of background, let me first ask you, is it true that under normal circumstances the price, market price of milk, is lower during the spring period than in other times of the year?

Dr. PAARLBERG. That is correct.

Mr. WEITZ. And is it also not true that during that period it is more likely that the market price will approach and sometimes rest on the support level than at other times during the year?

Dr. PAARLBERG. That is correct.

Mr. WEITZ. Is it not then true that during the spring of a given year, the Government purchases, in fact the support level and market prices are close, will be greater than other times during the year?

Dr. PAARLBERG. Correct.

Mr. WEITZ. And is it not also true that for the 1971–72 marketing year for the price-support program, to the extent there were Government purchases through the price-support program, that the purchases would have been greater in the spring than in other times in the year?

Dr. PAARLBERG. That is correct.

Mr. WEITZ. Is it not true that in the fiscal year 1970–71, during the fiscal year 1971 figure provided in the white paper, which runs from July 1, 1970, to June 30, 1971, would be a more relevant index of the March 1971 price-support decision than the figure for fiscal year 1972?

Dr. PAARLBERG. In fiscal year 1971, you have the months of April, May, and June. For fiscal year 1972, the addition under question applied to 9 months, July through the following March. Now, my reservation about that little table in the white paper is that it has the operations of the Commodity Credit Corporation alone and there are other programs under which purchases are made.

These are section 32, section 709, "Export Assistance Under Title I of Public Law 480." Those do not appear in this summary. Those other expenditures are of some significance, so this is less than complete reporting of the costs.

Mr. WEITZ. It is less than complete and also what I was asking you is that the statement following the table, which refers to the fiscal year in question as 1972, is not fully accurate because it ignores acquisitions and relevant figures for the spring period in 1971?

Dr. PAARLBERG. The spring of 1971, the 3 months following the increase in the support level, are in fiscal year 1971. That is right. The 9 months that should be attributed to that decision, the subsequent 9 months, appear in fiscal year 1972.

[Discussion off the record.]

Mr. WEITZ. Dr. Paarlberg, you have been referring in your testimony to a table and I would like to mark it as exhibit 1 to your executive session and enter it into the record. It is entitled, "Net Government Expenditures on Dairy Supports and Related Programs, Fiscal Years 1950 to 1973," and it is an Agricultural Stabilization and Conservation Service publication, dated November 1973.

[The document referred to was marked Paarlberg exhibit No. 1, for identification.*]

Mr. WEITZ. I take it the figures in this exhibit for the relevant years that also appear in the white paper, that they are different. They cover the same period, but the figure for net support purchases and related costs are not identical to those in the white paper.

Dr. PAARLBERG. It may be that the figures in the table that you have referred to include some items, such as packaging, transportation, and processing that don't appear in the white paper.

Mr. WEITZ. But it does appear in the white paper that there was a substantial increase from the fiscal year 1969 to 1970, and in 1969 and 1970, and from 1970 to 1971, there was a slight decrease, but still greater than the previous 1969 figure.

[Discussion off the record.]

Mr. SCHOCHET. From 1971 on, compared to other parts of our economy, have the prices of dairy products risen faster than other components of the cost-of-living index?

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*See p. 7532.

Dr. PAARLBERG. From 1971 to December 1973, dairy products rose from an index of 112.7 to 130.4. The total food index rose from 115.5 to 144.7, so that the dairy products, during that span of time, rose less than other food products.

Mr. SCHOCHET. That is contrary to what you told us in the last session we had in which you stated that you felt that the prices of dairy products have risen faster than other components of the cost-of-living index.

Dr. PAARLBERG. They did not for that entire span of time, but over that many years, from 1910 to the present, they have risen more rapidly than other farm products. On a 1910-to-1914 basis, dairy products were higher than many other farm products.

Mr. SCHOCHET. Have dairy products been less subject to the inflation than other aspects of our economy, such as grains, or textiles, steel, et cetera?

Dr. PAARLBERG. Dairy products rose quite a bit.

Mr. SCHOCHET. In other words, was it less than the general rate of inflation?

Dr. PAARLBERG. Covering what period of time?

Mr. SCHOCHET. From 1971 to the present.

Dr. PAARLBERG. I don't have that information with me. I can't answer accurately.

Mr. SCHOCHET. I think you touched on this before in this session, but I want to make it complete for the record. Did you feel that there were independent unforeseen factors which helped cause the economic impact of the price-support decision to be different than was anticipated before March 1971? In other words, the White House paper is justifying the decision in terms of what actually happened? In your opinion, were there circumstances that occurred since March 1971 that were not foreseen by you and your economists at the time you made the decision to keep the $4.66 price?

Dr. PAARLBERG. The rate of inflation was greater than we had anticipated. The decline in the number of dairy farms was greater than we had anticipated. We had some increase in the price of feed, more than we had anticipated. I think that these are major factors that we failed to anticipate in our analysis.

Mr. SCHOCHET. As Chief Economist for the Agriculture Department, in your view, is it valid that, in fact, the economic merits showed that raising the price-support level was beneficial to the country?

Dr. PAARLBERG. I think it is perfectly appropriate to do what they do, and that is to show that the adverse consequences of raising the level of price supports that we in our analysis had indicated at the time, that those were not borne out in the practical case. I think that is perfectly appropriate.

Mr. SCHOCHET. You stated they were not as adverse as you thought they would be?

Dr. PAARLBERG. It costs more to the Government, raising it to $4.93 than if it were left at $4.66. Raising it to $4.93 returns more income to farmers than would have been the case at $4.66. Raising it at $4.93 costs the consumers more for milk than if it had been left at $4.66.

Mr. SCHOCHET. Who was benefited by this decision to raise the price support?

Dr. PAARLBERG. The dairy farmers.

Mr. SCHOCHET. Anyone else?

Dr. PAARLBERG. No, they were the major beneficiaries.

Mr. SCHOCHET. Do you have any further comment on the economic consequences?

Dr. PAARLBERG. I don't have any further comments on the paper.

Mr. WEITZ. I would like to also, just for the record, I believe you have brought with you a table which is entitled, "Milk Production, Utilization, and USDA Purchases, 1969–70 to 1972–73 Actual, and Estimated 1971–72 and 1972–73 With No Support Price Increase." I think the title indicates the contents.

[Discussion off the record.]

Mr. WEITZ. I would mark this as exhibit 2.

[Whereupon, the document referred to was marked Paarlberg exhibit No. 2, for identification.*]

Mr. WEITZ. I would ask you briefly, Dr. Paarlberg, is it not true that this exhibit indicates that comparing the actual level for 1971–72 with the price-support increase against the estimated level production, consumption, and stock, with no price-support increase that essentially milk production would have been slightly less without the price-support increases you estimated, but at the same time consumption would have been slightly less, purchases would have been slightly greater, and the stock of the CCC would have been the same between your estimate and the actual level?

Dr. PAARLBERG. That is what the table shows.

Mr. WEITZ. And this table was prepared by the economic researchers?

Dr. PAARLBERG. Yes.

Mr. WEITZ. Did anyone, to your knowledge, at the Department of Agriculture, particularly in the Economic Research Service, provide any information or were they requested to provide any information to the White House in connection with the preparation of this white paper, and in particular with the preparation of economic analysis in the white paper?

Dr. PAARLBERG. I was not involved in that. Whether other people were, I do not know. I was not.

Mr. SCHOCHET. That will conclude the executive session. The committee wishes to thank Dr. Paarlberg for his candid cooperativeness and response.

[Whereupon, at 1:15 p.m., the hearing in the above-entitled matter was adjourned.]

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*See p. 7533.

PAARLBERG EXHIBIT NO. 1

Table 13.--Net Government expenditures on dairy support and related programs, fiscal years, 1950-73

Year beginning July 1	Net support purchases 1/	Military milk 2/	Section 32 3/	Section 709 4/	Export assistance 5/	Total (excluding special milk)	Special milk program 6/
	Million dollars						
1949-50	170.5	---	17.6	---	---	188.1	---
1950-51	7/-49.1	---	8/-.9	---	---	7/-50.0	---
1951-52	1.6	---	7.5	---	---	9.1	---
1952-53	274.9	---	25.1	---	---	300.0	---
1953-54	400.4	---	74.0	---	---	474.4	---
1954-55	228.7	4.3	24.4	---	---	257.4	22.2
1955-56	237.9	7.3	39.0	---	---	284.2	48.2
1956-57	239.1	16.4	75.6	---	---	331.1	61.0
1957-58	205.9	30.4	123.7	---	---	360.0	66.7
1958-59	102.1	23.0	106.2	---	---	231.3	74.7
1959-60	159.5	23.6	35.1	---	---	218.2	81.2
1960-61	173.9	25.3	82.1	---	---	281.3	87.0
1961-62	539.0	25.9	47.1	---	---	612.0	91.7
1962-63	454.0	24.8	---	---	6.7	485.5	93.7
1963-64	311.7	26.5	4.4	---	36.5	379.1	97.1
1964-65	157.2	26.2	105.6	---	44.7	333.7	86.5
1965-66	26.1	---	38.7	---	3.8	68.6	97.0
1966-67	283.9	---	.9	14.2	18.4	317.4	96.1
1967-68	357.1	---	---	---	7.1	364.2	103.1
1968-69	268.8	---	45.4	---	13.1	327.3	101.9
1969-70	168.6	---	107.1	7.8	7.4	290.9	102.9
1970-71	315.4	---	91.6	3.2	11.6	421.8	91.8
1971-72	267.0	---	63.9	---	7.3	338.2	93.6
1972-73	135.8	---	15.4	.1	1.5	152.8	90.8

1/ CCC support purchases and related costs (for processing, packaging, transporting, and storing) of dairy products, less proceeds from sales. 2/ CCC reimbursements to U.S. military agencies, Veterans' Administration, and other participants. 3/ Expenditures of Section 32 funds to buy dairy products in the market and from CCC for school lunch and welfare uses. 4/ Purchases of dairy products at market prices under Section 709, Food and Agriculture Act of 1965, for domestic school lunch and welfare use. 5/ Value of Payment-in-kind certificates issued by CCC on exports of nonfat dry milk, butter, and other high-milkfat products, and CCC cost of exports under Title I, P.L. 480, of dairy products not originating in CCC stocks. 6/ Expenditures of CCC and Section 32 funds to increase milk consumption by children in schools, child-care centers, and similar institutions. 7/ Net receipt due to sales exceeding purchases. 8/ Receipt due to adjustment.

Agricultural Stabilization and Conservation Service, USDA.

DS-348, November 1973 25

Milk production, utilization, and USDA purchases, 1969-70 to 1972-73 actual, and estimated 1971-72 and 1972-73 with no support price increase

Item	Unit	Actual				With no price increase	
		1969-70	1970-71	1971-72	1972-73	1971-72	1972-73
Support level	Dol./cwt	4.28	4.66	4.93	4.93	4.66	4.66
Percent of parity equivalent	Pct.	83	85	85	79	80	75
Milk production	Bil. lb.	116.2	117.4	119.4	119.1	118.9	118.0
Less farm use	Bil. lb.	4.2	3.9	3.7	3.5	3.7	3.5
Marketings	Bil. lb.	112.0	113.5	115.7	115.6	115.2	114.5
Beginning commercial stocks	Bil. lb.	3.3	3.5	3.6	3.4	3.6	3.4
Imports	Bil. lb.	1.8	1.7	1.5	1.6	1.5	1.6
Total commercial supply	Bil. lb.	117.1	118.7	120.8	120.6	120.3	119.5
Commercial use	Bil. lb.	109.2	107.9	110.8	112.4	111.7	113.5
Ending commercial stocks	Bil. lb.	3.5	3.6	3.4	3.2	3.4	3.2
Total utilization	Bil. lb.	112.7	111.5	114.2	115.6	115.1	117.7
USDA net purchases	Bil. lb.	4.4	7.2	6.6	5.0	5.2	2.8
Butter	Mil. lb.	182	305	262	220		
Cheese	Mil. lb.	31	57	87	20		
Nonfat dry milk	Mil. lb.	358	452	464	260		
Evaporated milk	Mil. lb.	107	79	102	81		
Number of cows	Thou.	12,201	11,953	11,807	11,648	11,770	11,570
Milk per cow	Lb.	9,518	9,820	10,109	10,223	10,100	10,200
Price:							
Manufacturing grade milk	Dol./cwt	4.55	4.76	4.91	5.22	4.66	4.91
Milk, wholesale all	Dol./cwt	5.56	5.77	5.91	6.20	5.66	5.91
Cash receipts	Mil. dol	6,284	6,610	6,868	7,235	6,590	6,840