

Please return for WG file. When I farmed and Xmas presents were one of the more promising and profitable aspects of that business, there were two people in the Continental DC office, the nice guy who ran it, Sam something or other, and a really very nice woman, a regular customer. Continental was one of my very smallest Xmas-present customers. And you guessed it- every one went to Ag. Dept. I delivered all in person. As I recall, it was all geese or geese and capons. H

New Conflict Seen In Grain Deal Case

By Nick Kotz *9/26/72*
Washington Post Staff Writer

A former Agriculture Department official involved in trade negotiations with the Soviet Union conceded yesterday that he bought a cooperative apartment in New York City weeks before he left the department, giving as references four officers of the New York-based firm he ended up joining.

But the official, former Assistant Secretary Clarence D. Palmby, insisted that he had not yet decided to take the job with Continental Grain Co. and said the apartment purchase was a "gamble."

Palmby provided what he called "supplemental details" in a letter to Rep. Graham Purcell (D-Tex.), chairman of a House Agriculture Grains subcommittee. Purcell's subcommittee has been investigating allegations that grain exporters like Continental profited from "inside information" on the Soviet grain deal at the expense of U.S. farmers and consumers.

Last week, the subcommittee questioned Palmby, who moved from the Agriculture Department to Continental in the midst of U.S.-Soviet negotiations. Continental became the biggest beneficiary of the trade, selling the Soviets 187 million bushels of wheat and more than 4½ million tons of feed grains. The bulk of Continental's sale was made three days before announcement of the U.S.-Soviet credit agreement.

Purcell said the information



CLARENCE D. PALMBY
... grain inquiry continues

supplied in Palmby's letter "raises new questions about possible conflict of interest." Purcell said he will keep the hearing record open and await the report from an FBI investigation of the grain deal.

The letter says Palmby bought the cooperative apartment at 45 Sutton Place on April 3 or 4, just before leaving to lead the U.S. agricultural negotiating team on a trip to the Soviet Union.

Tenants in the building said a two-bedroom apartment like Palmby's would sell for from \$90,000 to more than \$100,000 and would entail \$500 monthly maintenance costs.

Palmby earned \$38,000 a year at the Agriculture De-

See PALMBY, A10, Col. 6

Purchase of N.Y. Apartment Detailed by Former Official

PALMBY, From AI

partment and now reportedly makes more than \$100,000 at Continental.

When he testified before Purcell's subcommittee last week, Palmby said Continental had made him an offer in early March "but I did not really take this very seriously." Further, he testified that between March and May 12, when he notified Agriculture Secretary Earl Butz he planned to resign, his contact with Continental was "very limited."

"I talked only with the president (of Continental) and they were very limited conversations," Palmby testified.

Palmby's letter provides his explanation of why he would buy an apartment in New York, with Continental officials as references, when he was still an Agriculture Department official in Washington.

Palmby said that he and his wife had decided in the early spring that when he left government service, they would not live in Washington.

"After the approach from the president of Continental (Michel Fribourg) in early March regarding employment with the firm in New York,"

he said, "Mrs. Palmby and I spent several hours in New York looking at apartments and living conditions generally."

Palmby wrote that because of his interest and experience in international trade he decided "that whether I accepted the Continental offer nor not, we were prepared to move to the seat of world trade in the United States, New York City."

"Somewhat by happenstance," he said, he found an apartment that would be available in July "if we acted quickly."

"Mrs. Palmby and I both realized there was a gamble as to when we might occupy the apartment, but we both had absolute confidence that I could successfully and gainfully continue my career in the private international trade sector . . . It was our feeling that an investment in good real estate in our situation with family responsibilities already fulfilled represents minimum financial risk."

Explaining why he listed the four top officers of Continental, along with his hometown banker, as credit references, Palmby said the Continental

men had known him for many years and knew about Fribourg's offer of a job.

"I wished to avoid disclosure of personal matters suggesting an intention to leave government before I had myself decided among various possibilities and had advised appropriate officials in government. To minimize the risk of such premature publicity, I chose as my personal references the persons all in this one company, from which I had an offer of employment; Continental as a company had nothing to do with my contracting for the apartment," Palmby wrote.

Palmby said he did not decide finally to accept the Continental offer until May 11.

Palmby's statement in his letter that he had an offer from Continental when he bought the apartment in early April is at variance with his testimony before the Purcell subcommittee. Asked when he had a firm offer from Continental, he had replied: "The firm offer came finally along — as I recall, somewhere around the first part of May, in that area."