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Nixon's Ex-Firm Doing Very Well

DEMOCRATS are digging into the operations of President Nixon's former law firm, which seems to have an inside track with the federal bureaucracy.

Unlike many law offices, Mudge, Rose, Guthrie and Alexander doesn't list its major clients in the legal directories. But it's no secret among lawyers that the former Nixon firm represents many of the giants of American industry.

What's more, the clients are getting their money's worth. Mudge, Rose has had remarkable success in dealing with governmental problems of banks, broadcasters, brokers, defense contractors, drug makers, grain dealers, insurance companies, manufacturers, oil and gas producers, tobacco firms and utilities.

The Mudge, Rose firm seems to have an affinity for power. On the same day Richard Nixon joined the firm in 1963—by coincidence, the lawyers insist—it opened Washington offices. These were expanded after Nixon left to become President. The new offices are located conveniently at 1701 Pennsylvania Ave. where clients can gaze out the window at the White House across the street.

The distance between 1600 and 1701 Pennsylvania Ave., measured in cozy relationships, is even shorter. Not only do clients know that the President once practiced at Mudge, Rose but another former law partner, Leonard Garment, is an influential White House aide.

ANOTHER LAW partner, Franklin Lincoln Jr., also draws fees and expenses from the White House for serving on the foreign intelligence advisory board. Although the firm represents a number of clients with overseas interests, Lincoln assured us none are involved in the intelligence operations

that are reviewed by the board.

Of course, John Mitchell, who left the firm to become Attorney General in 1969, is now back practicing law at the old stand. He spends a lot of time in the Washington offices, which are bustling with activity.

There is no evidence that the President has lifted a telephone for his former firm or its clients. But the clients somehow seem to get their governmental problems straightened out. Here are some examples:

- One of the firm's clients, Investors Variable Payment Fund, came under federal scrutiny in 1968 in connection with its purchase of Schenley liquor stock. Two agencies, the Securities and Exchange Commission and the Federal Communications Commission, investigated the deal. But after the Nixon administration took office, both agencies suddenly lost interest in the investigation.

- Randolph Gutrie, a partner who lends his name to the firm, helped arrange complex financing for Liquidonics Industries to take over the older and wealthier UMC Industries. He also happens to be counsel for a Swiss bank, the Banque de Paris et des Pays-Bas, which granted a \$40 million loan on 100 per cent margin. A U.S. bank accepting more than 20 per cent margin on a loan would have been subject to criminal prosecution. The SEC and Federal Reserve both considered the possibility of legal action. But such thoughts were abandoned after a private meeting between federal officials and members of Mudge, Rose.

- When Penn Central was tottering on the edge of bankruptcy in 1970, the railroad retained Mudge, Rose. Suddenly the Nixon administration, after a series of secret meetings, proposed a \$200 million federal loan to Penn Central.

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