

# Kalmbach Funds Inducement

## Join the 'Privileged Few,' He Pitched; One Person Didn't

By Morton Mintz <sup>7.20.74</sup>  
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An official of the cigarette industry's trade association said yesterday that President Nixon's personal lawyer had solicited him for a \$100,000 campaign contribution in 1970, the inducement being that he could join "the privileged few that would have the honor of raising funds for the President."

The "privileged few" pitch—made by lawyer Herbert W. Kalmbach in the White House "turned me off immediately," John F. (Jack) Mills, senior vice president of the Tobacco Institute said. "I didn't give him one dime," he told a reporter.

Mills said his impression was that Kalmbach was meeting systematically with trade association officials, among others, in what later came to be dubbed "Operation Townhouse."

This effort raised, by Kalmbach's accounting, \$3.9 million which was surreptitiously funneled into 1970 congressional races by a political committee that had neither a chairman nor a treasurer, both of which are required by the Corrupt Practices Act.

Pleading guilty to the violation in federal court on Feb. 25, Kalmbach said the offense was willful, which made it a felony. He began on July 1 to serve a sentence of 6 to 18 months.

The House Judiciary Committee today published papers on "Operation Townhouse" which it obtained from the office of the Watergate special prosecutor.

One of the papers is a "personal and confidential" letter of Nov. 6, 1970, in which Kalmbach listed for presidential staff chief H.R. Haldeman "everyone contacted on my recent assignment."

Attached to the letter is a list of 70 persons who by Nov. 3 had pledged \$2,809,000, or 37 per cent more than the \$2,050,000 original goal of the 1970 campaign program. Industrial tycoon John Mulcahy gave \$1.1 million more.

Many of the pledges had been made by Mr. Nixon's personal friends, such stalwarts as W. Clement Stone and Donald M. Kendall, each listed for \$250,000. Also listed for \$250,000 was computer magnate H. Ross Perot.

Kalmbach told Haldeman that the pledges were honored, with the "very few exceptions" being indicated by footnotes.

A footnote accompanying the name "Mills, Jack" said, "Pledge from to-

bacco group not yet realized."

Mills, in a phone interview yesterday, recalled that Jack A. Gleason, then an assistant to presidential aide Harry Dent, had invited him to meet with Kalmbach in the White House. Gleason later ran "Operation Townhouse" in the basement of a converted downtown residence.

Mills said that Kalmbach wanted him to raise the \$100,000 and turn it over to the lawyer for distribution to Senate candidates.

Mills said he refused, "my point being that if we were to do it, we were going to do it on our own."

Mills said he might have had a sympathetic reaction if the lawyer's appeal had been straightforward. That is the kind of appeal Mills said he had become familiar with while he was director of the Republican Congressional Campaign Committee, a post he left in 1966, and then at the Tobacco Institute.

"I was frankly — I don't like to use this term — an old pro," so when Kalmbach said the President had picked him, "I discounted him right away," Mills said. "This b—— about I'm one of the 'privileged few,' that turned me off immediately."

Initially, Mills said, he told Kalmbach that "we couldn't raise anything for him." But "merely to get the matter off my mind, and to get away from Mr. Kalmbach," Mills said he would try to raise \$25,000—the amount of the pledge listed for him in the lawyer's papers that now are public. Actually, he made no effort to raise anything, he said.

Mills said Kalmbach had made no suggestion that any favors might be done for the cigarette makers. The only cigarette-legislation in 1970, a law banning television commercials for smoking, was already on the books. Mills also said that along with other trade association representatives, he had been interviewed by the Watergate special prosecutor's office, but had not been asked about the Kalmbach episode.

The Kalmbach papers listed a \$25,000 pledge, apparently honored, by Claude C. Wild Jr., who was Gulf Oil's Washington vice president. A company spokesman, declining comment on a reporter's question whether the money had come illegally from Gulf's corporate treasury, said the firm is inhibited by two pending stockholders' suits

involving political contributions.

Wild, who is no longer with Gulf, did not return a reporter's phone call.

In November, Gulf and Wild pleaded guilty in federal court to having made illegal contributions in the 1972 campaign—\$100,000 to President Nixon, and a total of \$25,000 to two candidates for the Democratic presidential nomination, Rep. Wilbur D. Mills of Arkansas and Sen. Henry M. Jackson of Washington.

On the ground that the stockholder suits are pending, the company yesterday renewed its longstanding refusal to say whether the Gulf treasury was also the source of secret contributions Wild had made in 1972 to congressional candidates, including Sen. Howard H. Baker Jr. (R-Tenn.), \$5,000 and Sen. James A. McClure (R-Idaho), \$2,500.

Other highlights of the "Operation Townhouse" pledge list:

- Edward (Ned) Gerrity, International Telephone and Telegraph's vice president for corporate relations, was listed for \$50,000, with Kalmbach saying in a footnote that he was "reasonably certain" the money would be forthcoming. However, Gerrity said yesterday that he had never made a commitment, and that "there never was any money paid."

- John W. Rollins Sr., host to President Nixon at a reception at his Delaware estate in 1971 and who is a partner of former Treasury Secretary John B. Connally in a cattle-breeding and feed business in Jamaica, was listed for \$250,000. However, Kalmbach noted, "While pledge amount not received directly into this program, am advised by Rollins (confirmed by Harry Dent) that his total contributions to various campaigns this year will exceed \$500,000."

Rollins heads Rollins International, a \$100 million conglomerate empire with interests in enterprises ranging from racetracks to real estate. He did not reply to questions, submitted through his secretary, about how, and to whom, he had contributed the half-million dollars.

- Joan Whitney Payson, president of the New York Mets, listed for \$25,000, got confidential instructions from Jack Gleason suggesting that she make her checks payable to GOP Senate candidate committees in each of five states, with each candidate to get \$5,000. The states were Alaska, New Mexico, Tennessee, Utah and Wyoming.