

Hill Probes Report Mitchell Blocked Dairy Trust Case

By Brooks Jackson
Associated Press

Federal investigators have received reports that former Attorney General John N. Mitchell blocked a criminal antitrust investigation of a giant dairy cooperative that donated \$202,000 to President Nixon's campaign.

Mitchell said through his lawyer that he cannot recall such an incident.

The report, which apparently originated within the Justice Department, is being investigated by the Senate Watergate committee and a Senate Judiciary subcommittee.

According to the report, Mitchell vetoed a staff request to conduct a grand jury inquiry into alleged monopoly practices of the Texas-based Associated Milk Producers, Inc.

The department instead filed a civil antitrust action Feb. 1, 1972, accusing the milk producers of using illegal tactics to gain a hold on milk markets in 14 Midwestern states.

This contrasted with the department's handling of price-fixing cases against bakers in the Philadelphia and Baltimore areas, and against milk processors in Washington state and Alaska. In those cases, the department obtained criminal indictments and convictions that led to fines.

Former antitrust chief Richard W. McLaren, now a federal judge in Chicago, declined to comment on the milk-producers case.

Several Justice Department officials who are familiar with the case would neither confirm nor deny that Mitchell blocked a grand jury investigation.

Mitchell's lawyer, William G. Hundley, said that Mitchell can't recall any staff recommendation for a criminal investigation of the case. "He doesn't recall having a dispute with McLaren or anybody else," Hundley said. "Our best recollection is that it never came to our attention until it was in the

form in which it eventuated, which was the civil action that was brought."

According to the investigators' information, Mitchell vetoed a grand jury inquiry sometime before he quit as Attorney General to become fulltime director of the 1972 Nixon campaign.

Although the exact date is uncertain, it reportedly was in late 1971 or early 1972. By that time, Mitchell already was making important campaign decisions, and White House aides were counting on a promised \$2 million in dairy money to refinance early operations of the Nixon campaign headquarters.

Later the pledge was cut to \$1 million, according to one White House memo. Eventually, \$427,000 was traced from dairymen to the 1972 Nixon campaign. The milk producers gave \$202,000 of this, ending their gifts Sept. 10, 1971.

The Justice Department sued the milk producers about five months later and for any out-of-court settlement.

The milk producers now allege that the suit was part of an administration effort to pressure them to resume their promised campaign donations.

The milk producers, headquartered in San Antonio, are the nation's largest dairy cooperative with 40,000 dairy farmers as members.

The department's suit accuses them, among other things, of forcing milk haulers to deny services to farmers who are not members of the association, and of forcing dairies and other processors to buy milk only from association members.

Lawyers for the milk producers counter these charges by saying that some of the alleged practices aren't illegal and that others were not engaged in by the milk producers.