

Dairymen's Lawyer to Testify on Funds

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Rejecting claims of an attorney-client privilege, U.S. District Court Chief Judge John J. Sirica has cleared the way for grand jury testimony by a former lawyer for the Associated Milk Producers Inc.

The attorney, Joseph A. Rose Jr., has cited what he called a scheme to channel corporate funds of the big dairy co-op directly into political campaigns.

AMPI, already under investigation in connection with its contributions to President Nixon's re-election campaign, sought to block Rose's testimony by invoking the attorney-

client privilege at a hearing before Judge Sirica last month.

The controversy involving Rose centers on a reported \$1,036,944 in legal fees that AMPI paid out during a 10-month period ending April 30, 1972. Of that total, \$305,166 was listed as having been paid to Stuart Russell of Oklahoma City, long a lawyer for AMPI.

In testimony given in a civil antitrust case before his deposition was ordered closed to the public, Rose quoted Russell as having said that some of his fees were converted to cash and returned to Robert Lilly, the co-op's legis-

lative director and secretary of its political arm, the Trust for Agricultural and Political Education (TAPE).

Russell has testified in another deposition that he got about \$110,000 in disguised payments from AMPI, primarily in 1970 and 1971. He said the fees were actually reimbursements for money he paid out of his own pocket to Lilly and other AMPI officials, but said he did not know what they did with the funds.

Fired by AMPI in September after he went to the FBI, Rose also said he had been asked to approve a \$1,500 legal fee on Lilly's behalf "to secure his silence as to past acts

which were described to me as crimes." Rose has said he was once told in a conversation with Lilly that AMPI money went "direct" in "brown bags" to various politicians.

AMPI general manager George Mehren has denied the allegations about generating political funds by payment of over-sized legal fees last year.

Judge Sirica ruled Wednesday that Rose should be permitted to testify before the grand jury. Sirica also said that documents in Rose's possession should be produced, except for portions of a memo and a letter he wrote last August to Mehren.