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**Milk Group's Aid to Nixon
Reportedly Hidden in '72**

By NICHOLAS GAGE

At least \$200,000 in contributions for Republican Congressional candidates was diverted in 1972 to the Finance Committee to Re-elect the President as part of an elaborate scheme to "launder" money promised by milk producers for President Nixon's campaign, according to Congressional sources.

The sources said that the Senate Watergate committee had been investigating the transactions involving the money and late last month described the transactions to a group of Republicans connected with the campaign organizations that originally received the funds.

The Republicans were told that \$300,000 had been contributed to two organizations, the Republican Senatorial Campaign Committee and the Republican Congressional Campaign Committee, but that ultimately \$200,000 of it had been

diverted to Mr. Nixon's own campaign.

The fact that milk producers gave \$300,000 to the two committees was disclosed previously, but it was assumed that all the money went to campaigns of Republicans running for the Senate and the House of Representatives.

The sources said that the plan to use the Republican Congressional campaign committees had been conceived after the milk producers had balked at making further contributions directly to the President's campaign. The producers balked after it was disclosed that they had given \$322,500 following a March, 1971, increase in the federally set price level for milk.

The March price rise came after a White House meeting of dairy farm leaders with Mr.

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Nixon. The Agriculture Department originally rejected a price increase that year, but its order was reversed two days after the dairymen's meeting at the White House.

In mid-October of 1972, Lee Nunn, a major Presidential fund-raiser and former White House aide, visited George L. Mehren, general manager of the Associated Milk Producers, Inc., a large Texas-based cooperative of dairymen, in San Antonio and asked for more money from the dairy industry than had been contributed up to that time.

The milk producers had reportedly promised \$2-million in contributions to the President's campaign at the time the industry was seeking an increase in the price level for milk. Available records show that four political organizations connected to the three major milk cooperatives, including Associated, contributed \$437,000 directly to President Nixon's re-election effort in 1972.

Mr. Mehren allegedly told Mr. Nunn that further contributions to the President's campaign would increase the adverse publicity the milk industry had received for its initial contributions.

Mr. Nunn then proposed that Associated's political arm, the Committee for Thorough Agricultural Political Education, or

C-TAPE, make contributions to Congressional fund-raising committees instead, the sources said.

On Oct. 27, 1972, C-TAPE sent contributions of \$150,000 each to the Republican Congressional and Senatorial campaign committees.

Between Oct. 31 and Nov. 7, the Republican Congressional Campaign Committee sent \$101,000 and the Republican Senatorial Campaign Committee sent \$120,000 to the Republican National Finance Committee.

Then from Nov. 7 to Nov. 13 the Republican national Finance Committee sent \$200,000 to the Finance Committee to Re-elect the President, the fund-raising organization for Mr. Nixon's campaign. Maurice H. Stans was chairman of both finance committees.

Mr. Nunn said in a telephone interview from his home in Kentucky that he had met with Mr. Mehren. He said that when Mr. Mehren told him that the milk industry was not willing to make further contributions to the President's campaign, he proposed that contributions be made to other Republican candidates. Mr. Mehren could not be reached for comment.

Asked if he suggested that contributions be made to the Republican Senatorial and Congressional committees, Mr. Nunn said: "I might have mentioned the committees. I can't remember."

But the money contributed by C-TAPE to the two committees and the money the committees sent to the Republican National Finance Committee had "no relation" to each other, he said.

"There was no money diverted," Mr. Nunn said. "The money from the milk people went to the Congressional committees for Republican candidates. The money the Congressional committees sent to the National Finance Committee was part payment for money it had advanced to them."

A high milk industry official has told the Senate Watergate Committee, however, that most of the money contributed by C-TAPE to the Republican Senatorial and Congressional campaign committees was earmarked from the outset for diversion to President Nixon's campaign, according to a Senate source.

In addition to the initial \$300,000 that C-TAPE gave the Republican Senatorial and Congressional committees, it also made a payment of \$25,000 to the two organizations. After the two organizations sent \$221,000 to the Republican National Finance Committee, \$104,000 remained from C-TAPE's contribution for distribution to individual Republican candidates, the Congressional sources said.

At about the same time that C-TAPE made the contributions to the two Republican committees, it also gave \$109,500 to the House Democratic Congressional Campaign Committee and the Democratic Senatorial Campaign Committee.

The route and timing of all these contributions meant that C-TAPE was able to conceal the last-minute gifts until after the Nov. 7 election and to conceal from the public the actual recipients of the money.

The four Congressional finance committees that received the contributions had to disclose later, on March 10, the names of recipients to whom they gave funds. But the milk contributions were commingled with other gifts to the committees and could not be traced specifically to individual candidates.

It was only after the milk industry official told the Watergate committee that new funds had gone to Mr. Nixon's campaign that it was able to determine the diversion of money from the Republican Congressional committees, sources said.