

Humphrey's '70 Campaign Aide Indicted

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NEW YORK, Dec. 23—The manager of Sen. Hubert Humphrey's 1970 Senate campaign was indicted by a federal grand jury today on a charge of accepting an illegal \$12,000 campaign contribution from a milk producer's cooperative.

Jack L. Chestnut, a Minneapolis lawyer who also was Humphrey's campaign manager in the 1972 presidential campaign, was accused of arranging for a Manhattan advertising agency to receive contributions from the Associated Milk Producers, Inc. (AMPI), in violation of federal campaign laws.

While a number of corporations have been charged with making illegal campaign contributions, Chestnut is the first individual recipient to be indicted under the federal campaign contributions law.

If convicted, he faces a maximum penalty of two years in prison and a \$10,000 fine.

According to the indictment handed up in U.S. District Court, Chestnut made arrangements for AMPI, a major corporate contributor to former President Nixon's re-election campaign, to pay for one month's services by Lennen & Newell, Inc., a now defunct Madison Avenue advertising firm.

The purpose of the billing arrangement, according to the indictment, was to circumvent federal prohibitions against acceptance of campaign contributions from banks, labor unions and corporations.

In a statement issued in Minneapolis, Humphrey, a Minnesota Democrat, said he was unaware of a corporate gift. He referred to Chestnut as "a highly respected lawyer and a man of personal integrity," adding:

"If it does turn out there was a violation of election law with respect to any of his campaigning responsibilities, I have every confidence that it was unintentional."

Last summer, Chestnut in-

voked the Fifth Amendment guarantee against self-incrimination and refused to testify to the Senate Watergate committee about corporate gifts to Humphrey's campaigns of 1970 and 1972.

However, Barry Nova, who
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in 1970 worked as a political advertising specialist in the Lennen & Newell firm, signed a sworn statement for the committee last summer saying that Chestnut had asked him to forward some of his bills to AMPI, the nation's largest milk cooperative.

The co-op pleaded guilty Aug. 2 to one count of conspiracy and five counts of violating the federal campaign law in connection with the \$12,000 payment. It was fined \$35,000.

The Senate committee's files contain copies of a letter signed by Chestnut asking the milk producers' lobbyist, Bob A. Lilly, to pay the advertising firm. The files also contain a statement quoting Lilly as saying he sent \$12,000 in corporate checks to Chestnut to forward to the advertising firm.

The payment was based on four invoices of \$3,000 each sent by Lennen & Newell to AMPI, with the notation, "Consulting fee for Minnesota," according to the Senate committee's files.

In a statement filed with the



JACK L. CHESTNUT
... lauded by Humphrey

Senate committee, Lilly's lawyer, Anthony Nicholas of San Antonio, Tex., said, "This billing was to be for services rendered but in truth and in fact, the money was to go to Jack Chestnut for the Hubert H. Humphrey campaign at the time."

Chestnut is scheduled to enter a plea to the indictment Jan. 6.

AMPI was involved in another campaign contribution to Humphrey's campaign in which \$25,000 in computerized services were paid for by the cooperative, based on a contract drafted by Chestnut, according to a Watergate committee staff report. The services allegedly were provided by Valentine, Sherman and

Associates, a Minneapolis computer services firm.

In that case, Norman Sherman, an aide to Humphrey, pleaded guilty to a misdemeanor count of aiding and abetting illegal campaign contributions, according to the Watergate special prosecutor's office.

Last week Stuart H. Russell, an Oklahoma City attorney who worked for AMPI, was indicted by a federal grand jury in Washington, D.C., in connection with funneling \$13,400 in illegal contributions to the 1970 re-election campaign of Sen. Edmund S. Muskie (D-Maine).

Last July, Harold S. Nelson, AMPI general manager, and David L. Parr, former AMPI special counsel, pleaded guilty to charges connected with \$360,000 in illegal campaign contributions to members of both parties in the 1968, 1970 and 1972 elections.