

Profits From Tips On Wheat

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Vice President Spiro T. Agnew said yesterday the FBI has been ordered to investigate the \$750-million sale of U.S. wheat to the Soviet Union.

Agnew accused Democrats of trying to use the wheat deal as "another Watergate," referring to the break-in at Democratic headquarters, by making innuendoes about it. He said President Nixon ordered the investigation to answer the questions being raised.

Disclosure of the FBI probe came in an Agnew news conference as former Assistant Secretary of Agriculture Clarence D. Palmby, now an executive with Continental Grain Co., testified in Washington that his firm sold about 188 million bushels to the Soviets in early July before it was generally known that Moscow would buy such large quantities.

George McGovern, the

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FBI'S GRAIN PROBE

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Democratic presidential nominee, has accused the administration of feeding tips to big grain companies, allowing them to profiteer at smaller farmers' expense.

"The Federal Bureau of Investigation has a business-fraud and business-practices unit that has been asked by the President to look thoroughly into this matter," Agnew said; "to investigate the profits of these big grain exporters that you refer to, to see whether anyone has taken any undue profit, due to any misinformation or improperly revealed information on the part of the federal government."

Agnew said "that investigation is in progress." A spokesman at FBI headquarters in Washington said no request for such an investigation had been received by the bureau, but said such a request would go first through the Justice Department.

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The sales, for cash, were negotiated secretly between the Russians and Continental. Palmby said. The total represented nearly one half of the 400 million bushels of wheat eventually sold to the Soviets this summer.

But Palmby described as "an outright lie" allegations that he took advance information on a grain credit arrangement with the Soviets to Continental when he joined the company on June 8. He denied also that his company reaped windfall profits from export-subsidy manipulations.

Further, Palmby told a House Agriculture subcommittee, he took no active part in the sale of grain to the Russians by the New York firm.

Representative Neal Smith (Dem-Iowa) said it was drought and crop failure that forced the Soviets to buy U.S. grain, not any special push by the Nixon administration or Agriculture Secretary Earl L. Butz.

Moreover, Smith said, the Russians were able to buy



EX-AGRICULTURE AIDE CLARENCE PALMBY
His firm sold 188 million bushels of wheat to Soviets

U.S. wheat at relatively low harvest-time prices because they knew it was cheaper to deal "with certain grain exporters" who wanted to sell.

"They apparently have good intelligence sources on who to see and how our markets work and, in fact, know better how to operate in the free enterprise market than do some of our so-called experts in the Agriculture Department," the Iowan said.

Palmby and Smith were

among windup witnesses at the hearing, begun last Thursday, by Representative Graham Purcell (Dem-Tex.). The probe was directed mainly into allegations by Senator George McGovern and others that the Agriculture Department entered into a "conspiracy of silence" with the private grain companies by not telling the public all it knew about sales prospects to the Soviets.