

Milk Group's Cash to GOP 'Diverted'

New York

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 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 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. 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 politi-

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cal organizations connected to the three major milk cooperatives, including Associated, contributed \$437,000 directly to Mr. Nixon's re-election effort in 1972.

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

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 October 31 and November 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 November 7 to November 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 Stans was chairman of both finance committees.

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