

Former Dairy Officials Story

Kalmbach and Milk Deal

Kansas City

A former official of a giant dairy cooperative said in a statement filed yesterday in federal court that he was told onetime Nixon fund raiser Herbert W. Kalmbach had arranged an abortive deal to kill a government antitrust suit against the co-op in return for a \$300,000 campaign contribution.

The former official of the Texas-based Associated Milk Producers, Inc., Dwight L. Morris, said in the statement filed in U.S. District Court that he was told of the alleged deal by the cooperative's president, John Butterbrodt.

Lawyers for the milk producers said Morris' statement is false, and added that Butterbrodt is prepared to deny it under oath.

Another milk producer official, George Mehren, already has given sworn testimony that appears to conflict with Morris' allegations.

Senator investigators say, however, that the evidence tends to support Morris' charges.

The linking of Kalmbach to the alleged deal came during proceedings involving multiple lawsuits against the dairy cooperative, which also is the target of a Watergate grand jury investigation.

In his hearsay statement, Morris said Butterbrodt told him the deal with Kalmbach

fell through when the ITT scandal hit front pages, raising questions about the Nixon administration's handling of another antitrust suit.

• Morris, former secretary-treasurer of the milk pro-

ducers, testified Monday behind closed doors both at the Senate Watergate Committee and a Watergate grand jury in Washington, D. C.

Lawyers opposing the milk producers said Morris' statement raises the possibility that somebody has committed perjury and that the co-op tried to buy its way out of the antitrust suit.

A source at the Senate Watergate Committee, contacted by phone yesterday, said Morris' testimony backs up sworn allegations from other witnesses and appears to fill in what had been some unanswered questions about mysteriously voided checks, which turned up recently in the files of the milk producers.

The 30 checks, each made out for \$5000 and each with the payee left blank, were signed by general-manager Mehren and another official about the time Morris says the alleged deal was made.

The statement filed with the court was made by Morris to the Senate Watergate Committee investigators and was dated February 28. It was in response to a letter which the committee's investigators had sent to several present and former milk producer officials.

Morris was a leading official of the co-op until an internal shakeup Jan. 12, 1972.

Less than three weeks later, on February 1, the Justice Department sued the co-op and accused it of using illegal monopoly tactics to gain control of 12.4 per cent of the nation's milk.

Morris said he met alone with Butterbrodt in Chicago on April 11, after an Arkansas faction threatened to withdraw from the co-op.

"We were together two or

three hours and during the course of the conversation he told me that he and George Mehren had gone to Washington in an attempt to settle the antitrust suit," Morris said. "No one in Washington would talk to them about this — not the Justice Department, FTC or the White House.

"A suggestion was finally made to them that they should see Kalmbach," the statement continued. "Mehren and Butterbrodt told me that they had agreed with Kalmbach to pay \$300,000 to Kalmbach and the antitrust suit against AMPI would die a natural death.

"Kalmbach was to direct them where (to what committees, etc.) the money should be sent. Before this could be accomplished the ITT thing hit the press and Kalmbach sent AMPI word that he didn't want their money."

Morris gave no further elaboration, but investigators said his story is strengthened by the existence of the voided checks.

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