

Statement Links Kalmbach, Dairymen

Associated Press

KANSAS CITY, March 12—A former official of Associated Milk Producers, Inc., said in a statement filed today in U.S. District Court that he was told that one-time Nixon fund raiser and personal attorney Herbert W. Kalmbach had arranged an abortive deal to kill a government antitrust suit against the cooperative in return for a \$300,000 campaign contribution.

The former official of the Texas-based co-op, Dwight L. Morris, said in the statement that he was told of the alleged deal by the milk producers' 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's official, general manager George

Mehren, already has given sworn testimony that appears to conflict with Morris' allegations.

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 producers, testified Monday behind closed doors both at the Senate Watergate committee and a Watergate grand jury in Washington. 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 today, 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 \$5,000 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 Feb. 28. It was in response to a letter the committee's investigators had sent to several present and former milk producer officials.

A copy of the statement was sent by Morris to Judge John J. Oliver of U.S. District Court. Oliver received it this morning.

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

Less than three weeks later, on Feb. 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 traveled to the West Coast and met with Kalmbach. 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 ac-

complished 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.

They noted that the checks total \$150,000, half payment for the alleged deal; that the \$5,000 denominations of the checks were the maximum amount that could be contributed to a single political committee under the old Corrupt Practices Act, and that the payees were left blank. All this gives the appearance, the investigators said, that the checks indeed had been intended for distribution to various political committees and then for eventual consolidation into the Nixon campaign.

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