

# HUMPHREY DENIES

## HE KNEW OF GIFT

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Says at Trial He Sought Aid of Dairy Group but Didn't Hear of Illegal Donation

By RONALD SMOTHERS

Senator Hubert H. Humphrey testified yesterday at the trial of his former campaign manager that as a candidate for the Senate in 1970 he sought the support of the Associated Milk Producers, Inc. But he said he had no "personal knowledge" of the illegal contribution that Jack L. Chestnut, the former aide, is accused of taking from the dairy cooperative.

The calling of the 1968 Democratic Presidential candidate as a prosecution witness came as a bit of a surprise to the defense.

Mr. Chestnut, a 42-year-old Minneapolis lawyer, has been associated with Senator Humphrey since the 1968 campaign and is generally considered to be the man who engineered the Minnesota Democrat's return to politics in 1970.

When asked by Eugene F. Bannigan, Assistant United States Attorney, in United States District Court here if he personally sought A.M.P.I. support, Senator Humphrey said, "I surely did." But he said he had no personal knowledge of the details of the contribution.

Mr. Bannigan asked the Senator if he had ever given instruc-

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tions to his campaign staff on which contributions were legal and which were illegal.

Senator Humphrey responded: "Sometime during the campaign, I'm sure it happened. Those of us in campaigns are aware of the corrupt campaign practices laws. I'm sure those instructions were given to Mr. Chestnut."

"Did you ever ask where the funds came from," asked Mr. Brannigan.

"Mr. Chestnut is a lawyer," the Senator replied. "He knows the law. I'm sure they came from TAPE [Trust For Agricultural Political Education, the political arm of A.M.P.I.]. That is the only legal fund [for the milk cooperative]."

Mr. Humphrey took the witness stand at 12:55 P.M. after a morning of jury selection and



Associated Press

Jack L. Chestnut

opening statements. With the jury of nine women and three men seated, Mr. Brannigan told the jurors that he would prove that Mr. Chestnut had "willfully and flagrantly violated laws to insure integrity of elections."

Mr. Chestnut, a former Assistant Attorney General in Minnesota, who now heads his own law firm specializing in antitrust cases, is charged with accepting a \$12,000 contribution from A.M.P.I. The indictment charges that he arranged for the money to be used to pay for the cost of two months' work done for Mr. Humphrey's Senatorial comeback by the New York advertising firm of Lennen & Newell, Inc.

The indictment grew out of investigations by the Select Committee on Campaign Practices or the Watergate Committee and the indictment was obtained by the office of the special prosecutor in December, 1974.

A spokesman for the special prosecutor's office would not comment on why Mr. Chestnut's case had been turned over to the United States Attorney for the Southern District shortly after the indictment. He said that that had happened with only one other case, which he declined to name.

Mr. Chestnut's lawyer, Douglas Thompson of Minneapolis also, in his opening remarks said that the contributions from A.M.P.I. were to come from the 42,000-member cooperative's political arm, TAPE, which was set up for such purposes and was legally limited to donating no more than \$5,000 to a candidate's campaign.

### Read It in Papers

"The first time Mr. Chestnut became aware that those bills were paid, not by TAPE, but by A.M.P.I. funds, was when he read it in the newspapers," Mr. Thompson said.

During the first day of the trial, which defense and prosecution sources said would last for about five days, Mr. Bannigan began to build his case on nearly 11 documents that he told the jury "by themselves established a violation" and the testimony of Bob A. Lilly, a former assistant to the general manager of A.M.P.I. and its lobbyists.

Mr. Lilly, testifying with immunity from prosecution, said that as far back as 1968 he had been instructed by the cooperative's general manager, Harold S. Nelson, to make political donations of corporate funds in the form of personal checks to disguise their source. He said he knew that such contributions by the San Antonio, Texas-based cooperative with members in 22 states, were illegal.

It was Mr. Nelson, he said, who instructed him to pay the bill of Lennen & Newell "through Jack Chestnut." He held off paying the \$12,000 bill when Mr. Chestnut called him to tell him that the bill already sent was "incorrect" and a corrected bill would be sent.

He subsequently received four bills of \$3,000 each that he said were accompanied by a letter from Mr. Chestnut. He had the cooperation yhs - had the cooperative controller mak out A.M.P.I. checks as opposed to the easily distinguishable TAPE checks and they were sent to Mr. Chestnut, he said.

"In your phone conversations, did you or Mr. Chestnut mention the word TAPE?" asked Mr. Bannigan.

"No, at no time," answered Mr. Lilly.

During nearly three hours on the stand Mr. Lilly contradicted Mr. Humphrey's assertion that he was sure the funds from A.M.P.I. came from their political arm. The soft-spoken Texan identified an exhibit as a periodic financial report of TAPE that showed no contributions to Senator Humphrey's campaign and also testified that none of the funds had come from the political arm.