

FBI Probes Cash Gift by Dairy Co-op

6/1/73

By Bob Woodward
and Carl Bernstein
Washington Post Staff Writers

The FBI is investigating a \$50,000 cash contribution to President Nixon's re-election committee by the Washington lobbyist for LeHigh Valley Cooperative Farmers, a Pennsylvania dairy group, according to reliable government sources.

The \$50,000, in \$100 bills, was given to two Nixon committee aides in separate \$25,000 donations, the first on April 20, 1972. That day Secretary of Agriculture Earl L. Butz, addressed the stockholders of the LeHigh group. The second contribution was made in May, 1972.

A recent General Accounting Office report listed the \$50,000 contribution as an anonymous gift to the Nixon committee that was not publicly reported as required by the campaign finance disclosure law.

The \$50,000 went into a secret Nixon campaign fund that was turned over in July, 1972, to Frederick C. LaRue, a top campaign aide to former Attorney General John N. Mitchell. LaRue has testified that some of this money was used to buy the silence of the Watergate conspirators last year, according to Justice Department sources.

J. Curtis Herge, a former Nixon campaign aide, said this week that the \$50,000 came from the LeHigh group and was handled "according to the absolute instructions" of Mitchell and former deputy Nixon

See FUNDS, A10, Col. 2

FUNDS, From A1

campaign manager Jeb Stuart Magruder.

Dairy campaign contributions to the President's re-election effort have been controversial since it was disclosed that several large dairy cooperatives gave at least \$422,500 to the Nixon campaign.

The contributions came after the Nixon administration and the Agriculture Department, in a sudden reversal of policy in 1971, raised the price supports for milk from \$4.66 to \$4.95 per hundredweight.

That decision was worth about \$300 million a year to dairy farmers, according to sworn testimony of Harold S. Nelson, former general manager of Associated Milk Producers, Inc.

The price support decision was made March 25, 1971, just two days after leaders of the dairy groups met with President Nixon.

William Dobovir, an attorney for consumer advocate Ralph Nader, has sued to reverse the price-support decision on the grounds that the decision was "improper-

ly and unlawfully influenced" by the campaign contributions.

Spokesmen for the dairy groups, the White House and the President's re-election committee have denied that there was any relationship between the contributions and the decision to increase the price supports.

Herge, now a special assistant to Deputy Attorney General Joseph T. Sneed, said that he and former Nixon scheduling director Herbert L. Porter turned the \$50,000 over to Hugh W. Sloan Jr., who was then the Nixon committee treasurer.

"I was absolutely certain it would be properly reported and had no idea what the money might be used for," Herge said.

Other government sources said that the \$50,000 was given to the Nixon committee by Frank Carroll, the Washington lobbyist for the Lehigh group.

Asked about the contribution yesterday, Carroll said it was "privileged information." He declined to answer questions about whose money was contributed and

why the money was given to the Nixon committee in cash.

Carroll shouted his answers in a telephone interview. Asked why he was shouting, Carroll said: "You just wait until I get warmed up."

Richard L. Allison, president of the LeHigh group, did not return a reporter's telephone calls for three days. Chester S. Dutton, administrative vice president for LeHigh, said he had no knowledge of the contribution.

LeHigh, which handles about \$73 million annually in milk sales for its 879 co-op members, was scheduled to have Vice President Spiro T. Agnew address the April 20, 1972, annual stockholders meeting. Butz appeared as a substitute for Agnew, according to Dutton.

One source at the Nixon committee said that LeHigh pledged to give \$100,000 to the Nixon-Agnew campaign were Agnew to make the speech, but cut the contribution in half when Butz spoke in his place.

Herge said he also discussed the contribution with

former Commerce Secretary Maurice H. Stans, the chief Nixon fund-raiser. Referring to Stans, Mitchell and Magruder, Herge added, "They were quite pleased with a contribution of that amount."

Herge said it was the only cash noncontribution of which he was aware.

The General Accounting Office report of May 20 said that the Nixon committee collected more than \$1.7 million in cash before April 7, 1972, when the new campaign finance disclosure law took effect.

The \$50,000 from the LeHigh dairy group was part of that \$1.7 million. It was unclear why the FBI is investigating the contribution because the GAO, the investigative arm of Congress, has jurisdiction over the campaign law.

Two former Nixon campaign officials said this week that they were interviewed about the contribution by the FBI before the GAO report of May 20 was released to the Justice Department for FBI investigation and possible prosecution.