

Wheat Deal Probe By Justice Dept.

Washington

The Justice Department said yesterday its criminal fraud division has taken over a probe into alleged price rigging on the Kansas City commodity market during last summer's grain sales to Russia.

A Justice Department official said the division is looking into the results of a probe conducted by the Agriculture Department's Commodity Exchange Authority.

Since Kansas City is the world's largest market for hard winter wheat, the only kind bought by the Russians, transactions on the Kansas City board were an important factor in export transactions.

FUTURES

The CEA, watchdog of the nation's commodity markets, had been checking reports that grain futures traders manipulated the price of wheat on the Kansas City market so they could

qualify for larger government export subsidies.

Dr. Alexander Swantz, associate administrator of CEA, declined to say what the Agriculture Department probe had turned up, saying only that the findings were sent to the Justice Department for further investigation.

Sources within the Agriculture Department confirmed that the decision to ask Justice for its opinion is unusual. They said CEA usually sets penalties itself if evidence of wrongdoing is found.

BAKERS

The government probe started after the American Bakers Association asked CEA to look into the closing prices of wheat to determine if they had been artificially raised.

The General Accounting Office also has been looking into allegations surrounding the Russian grain sales. Its report is expected to be released soon.

In addition a Senate subcommittee has announced it is probing the grain sales.

The price of wheat soared 44 cents per bushel on the Kansas City futures market from July 3 to August 31. This forced the government export subsidy to rise from 5 cents a bushel to 47 cents a bushel.

SUBSIDIES

The Agriculture Department originally estimated it would pay out \$67 million in export subsidies last summer. Instead it paid out \$300 million.

Export subsidies are no longer in effect. The Agriculture Department discontinued them last September after they hit 47 cents.

The subsidies were designed to make American grain competitive with grain from other countries. They were based on the difference between the closing price of wheat on the American commodity market and the price on the world market.

Associated Press