

CLIMBING THE WASHINGTON MONEY TREE

By Thomas O'Toole
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"I think anyone who has served as special assistant to the President and has a fairly good knowledge of the workings of government could capitalize his earnings in that experience many times over."

— Jon Meads Huntsman, White House staff secretary and special assistant to President, Feb. 5, 1971, to Feb. 5, 1972. Washington

When Jon Huntsman came to Washington from California three years ago, he asked his former employer to advance his profit sharing so Huntsman could make a down payment on the house he bought in Bethesda, Md., a Washington suburb.

The 63-year-old Huntsman has no such money worries now. He owns and runs two thriving businesses, one a

Ambition, charm and connections

merchandiser of promotional recordings and the other a maker of plastic egg cartons with factories in California and Ohio.

His assets have risen to more than \$3 million including \$2.6 million in stock in Continental Dynamics Corp. (his record company) and Huntsman Container Corp. He also holds about \$500,000 in Salt Lake City, where he and his brother Blaine, are building adjacent and identical homes.

COST

The homes are located in the exclusive East Bench section of Salt Lake City, where the builder estimates they'll cost as much as \$200,000 apiece when finished this fall. That doesn't include the tennis courts and swimming pool to be built between the houses for the two families to share. The homes are located on a street named Huntsman Circle.

The tale of Jon Hunts-

man's climb up the money tree is an interesting one. It mixes his Mormon beginnings, a heady ambition and a quick and easy charm, a conviviality that even his enemies admire. And then there was the White House connection.

"Fifteen minutes after you've met him for the first time," recalls a Huntsman acquaintance, "he's convinced you that you're both the best of friends."

Consider his relationship with Julius Goldman a California poultryman whose Egg City is one of the world's largest egg producers.

MEETINGS

While leading Goldman on a White House tour one day last year, Huntsman agreed to arrange a meeting between Goldman and officials of the Agriculture Department. Out of that subsequent meetings, Goldman obtained \$8.8 million in indemnity payments for chickens stricken with an ailment called Newcastle Disease.

Huntsman?

His egg carton factory in Ohio now does business with

Haldeman liked him right away

the Kroger Co., which is the majority stockholder in Egg City.

Consider also Huntsman's relations with onetime White House aides Alexander P. Butterfield and Fred Malek, who played key roles in Huntsman's tenure at the White House. Malek hired him, Butterfield supervised him.

GIFTS

Before leaving the White House Huntsman offered gifts to both men.

He offered Butterfield an option to buy 1000 shares of stock in his record firm at \$1 a share, the same price Huntsman gave his own offi-

cers. He gave Malek the option to buy 2500 shares at \$1 a share.

It's possible that Huntsman owes some of his success to a quick talent for

self-advancement, which some of his former associates feel was never more evident than during his year in the White House.

Jon Huntsman was brought into the White House by Malek, onetime personnel scout for President Nixon and currently deputy director of the Office of Management and Budget. He was one of six candidates for the job of staff secretary, which is a kind of office manager and major domo in the White House.

"He was Malek's first choice for the job and mine too," said Butterfield, former White House deputy assistant and now administrator of the Federal Aviation Administration. "I had never met Jon, but I liked him right away. Haldeman liked him right away too."

HALDEMAN

H. R. (Bob) Haldeman, then White House Chief of Staff, may have liked Huntsman, but he thought Huntsman was overqualified for the job of staff secretary and told him so. He pointed out that Huntsman had run a fair-sized California corporation (Dolco Packaging Corp.) and was then an associate administrator at the Department of Health, Education and Welfare.

Huntsman persisted and was hired at a salary of \$30,000 a year, which was a cut of \$6000 from what he made at HEW.

He had spent five months at HEW, where he helped to direct programs like Medicaid and welfare that spent \$10 billion a year. He had been in charge of the Human Resources Program and had served on the National Task Force for Youth Development and Juvenile Delinquency.

By all accounts, Huntsman worked hard at his job.

He ran the travel account

often until 9:30 at night. He screened all the paperwork on its way to President Nixon, acting as a filter for

Haldeman.

He ran the President's \$75,000-a-year travel ac-

count, did budget liaison between the White House and the Republican National Committee and oversaw the \$2 million a year allocated to the White House and expenditures.

"He sort of set himself up as the Mormons' man in the White House," one senior Nixon aide recalls of Huntsman's tenure on the job. "It was nothing unusual to see Jon walking eight to ten people through on a private White House tour."

Private White House tours were apparently an obsession with Huntsman. He'd been at the White House five months when he recommended a young man named Patrick Price for the job of deputy in the visitors' office, which runs all private and public tours in the White House.

Price had worked for Huntsman in California and works for him today in Norwalk, Conn., where Huntsman's record company has a half-interest with the New York Times in a firm called Family Circle Crafts, Inc. Price came to Washington in June 1971 to work for then Secretary of Commerce Peter G. Peterson, but he got the call for the White House job a month later.

Price remembers Huntsman using his influence to get him the job, though Huntsman insists Price got the job through no influence of his at all.

Price was still at the White House late last year when egg producer Goldman was taken on a private tour by Huntsman, who had already left the White House.

Huntsman says that Goldman got a private White House tour because it was either a Sunday or a Monday, when no public tours are scheduled.

That day Goldman also asked Huntsman if he could get him in to see two men at

A look at Huntsman's background

the Department of Agricul-

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ture. They were Ernest E. Saulmon and R. P. Omohundre, who happened at the time to be looking into the disease that had stricken more than 1000 chicken flocks in California. Goldman's Egg City flocks were among those afflicted.

Huntsman arranged the meeting.

Omohundre admits to meeting with Goldman several times, both with and without his boss Saulmon. Meetings were even held at Goldman's huge Egg City ranch in Ventura county, just at the edge of the San Fernando Valley.

No fewer than 3.4 million chickens had to be destroyed at Egg City to prevent spread of the Newcastle Disease. Chicken feed and eggs also had to be destroyed, for fear that the disease might have contaminated them.

(When poultry or animals are suspected of disease and are destroyed on orders of the federal government, compensation to the owners is provided by federal law.)

Goldman insists he wasn't paid enough for what he lost, but the records suggest differently. The Agriculture

Department paid him \$2 for every bird he lost, which added up to \$6.8 million. He was also paid \$2 million for the feed and eggs he lost.

The \$8.8 million was the highest overall compensation paid out by the Agriculture Department.

What's more, the \$2 mil-

lion Goldman got for his feed and eggs made up almost 50 per cent of the "supplemental indemnities" paid out as a result of the Newcastle epidemic. The \$8.8 million paid to Egg City was only one third of the money paid to 140 egg ranchers in 14 counties of Southern California.

Did Huntsman benefit from his role in the Egg City indemnity payment? He says he set Goldman up with the right people in Agriculture because he knew Goldman back in California before coming to Washington. He admits that Huntsman Container Corp. is in the competitive business of making plastic egg cartons and that Egg City uses as many as two million cartons a day, but he denies he even

has the promise of any Egg City business.

"We've never sold Egg City one egg carton," Huntsman said. "Julius Goldman never even promised us any business."

That might be true, but the company in partnership with Goldman has done more than promise Hunts-

man some business. Egg City's majority stock interest is held by the Kroger Co., which buys thousands of egg cartons a week from Huntsman's plant in Troy, Ohio.

Just how many cartons Kroger buys from the Ohio plant is a mystery and depends on who is asked. The manager of the plant is a man named Gene Dempsey, who says Kroger buys 25 per cent of the plant's output of three million cartons a week. That adds up to a little more than 700,000 cartons.

Huntsman disagrees with that figure, saying that Kroger buys no more than 40,000 cartons a week.

The history of Huntsman Container Corp. sheds light on Huntsman's background.

A committed and active Mormon, Jon Huntsman grew up in Palo Alto, Calif., but unlike his Mormon friends who went to Brigham Young University and the University of Utah he went east to college, to the Wharton School of Finance at the University of Pennsylvania.

His first job was in 1961 with Dudley Swim, a conservative and wealthy California Republican with huge stock interests in National Airlines and Del Monte Foods. Three months later, he went to work for the Olson Brothers, a North Holly-

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wood egg ranching firm producing and selling eggs in all the western states.

Like Huntsman, Dean and Glenn Olson are Mormons. Huntsman married their niece and worked for the Olson brothers until he joined HEW in September, 1970.

By the time he left he was president of Dolco Packaging, Co., a company half-owned by the Olsons and Dow Chemical Co. Dolco pioneered the polystyrene egg carton in the United States.

When Huntsman left Dolco in August, 1970, he might have already been laying the framework for the Huntsman Container Corp.

He formed his own company out of Dolco Management, taking along no fewer than 14 people.

FACTORY

Huntsman's enterprise was financed and incorporated in April, 1971, two months after Huntsman began his White House job. He leased a factory in Fullerton, Calif., then moved his management team into the plant one by one. The first four made up the entire financial team at Dolco.

Huntsman Container began business by making the same polystyrene egg cartons that Dolco had made. While a highly competitive business, plastic egg cartons were looked on by people in the egg industry as a "growth business." They're stronger than fiberboard, meaning fewer eggs break. They now have more than 20 per cent of the egg carton business in the United States.

Dow Chemical Co. sued Huntsman after he went into business, charging that "at least as early as October, 1970, the defendants conspired to steal the Dolco trade secrets, and organize, finance and operate Huntsman Container Corp. to compete with Dolco using the Dolco trade secrets."

The suit was settled out of court last year, by which time the technology that Dow pioneered was well known.

When Huntsman joined the White House staff, he told Butterfield, Malek and White House counsel John W. Dean III of his company ownerships. He told them that "from time to time I would need to make trips to California and would need to conduct personal business."

CLAIM

"I was interviewed by Mr. John Dean and informed him of my holdings and status," Huntsman went on. "He informed me that as long as I resigned as an officer and director of any corporations that I was involved with that I could take leave time on personal time and see how my businesses were operating as long as

other members were actually operating them."

A former Huntsman employee named Richard Vonk (he was fired by Huntsman) says that Huntsman appeared at his California factory in April, May and June, 1971, three of his first five months in the White House. Vonk said Huntsman was there on White House time at White House expense.

Vonk also claims that Huntsman spent the last two weeks of his White House year in his California factory, even though he had no official leave time to be there.

"He spent a lot of time with his salesmen," Vonk said. "He called on customers."

In his defense, Huntsman concedes he made five trips to California while he was a special assistant to the president. He admits being in California his last two weeks, but insists he was there on time owed him by the White House.

VACATION

"I had taken no vacation," Huntsman said. "I took that vacation those last two weeks to catch up on my business."

The White House has declined to comment.

Claiming that all but two of the trips were made at his own expense, he said he acted as courier to San Clemente once, carrying classified presidential information. He said he flew another time on a presidential back-up plane that took White House staffers to San Clemente.

An Atlanta egg rancher named Jerry Faulkner told of the time he and other members of the egg industry came to Washington to seek Huntsman's help in drafting a bill to combat egg prices.

"We had a meeting and we called Mr. Huntsman over from the White House," Faulkner said. "He came over and helped us for about an hour and a half or two hours."

Huntsman left the White

House after only a year on the job, raising a question about the circumstances of his departure. There were whispers that he'd been let go, largely because of a conflict of interest that kept his mind more on his business than on the White House.

One former ranking White House aide had this to say about Huntsman's departure:

"Haldeman became terribly dissatisfied with Huntsman. He decided to ease him out."

If Huntsman was eased out, he was done so in an oblique fashion. Fred Malek offered him the No. 2 job in ACTION, which included VISTA and the Peace Corps. Huntsman turned that job down, and when he turned in his resignation Huntsman was kept on as a White House consultant until the elections in November of 1972.

Still, questions linger about Jon Huntsman's one year at the White House. Why did Jon Huntsman stay at the White House only a year? Why did he make the offer of a gift of stock to Malek and Butterfield?

Huntsman explains his short time at the White House in very succinct terms.

"I was the father of seven children . . . and was able to have only two or three dinners at home with my family during that period," he said. "I also had to spend more time on my business."

His explanation of his

stock offerings is more complex. So are the explanations of Butterfield and Malek in describing the circumstances of the stock offering.

Butterfield said he went so far as to put the 1000 shares on which Huntsman offered him options on the financial statements he filed with Congress when he was nominated to be administrator of the Federal Aviation Administration. Butterfield said that was a mistake, because he never exercised the options.

When Huntsman made the offer, Butterfield said he called John Dean to ask him if he should accept the offer.

"Dean said there was really nothing wrong with it," Butterfield recalls. "He said it was sort of fuzzy, and that I should do whatever I wanted with it . . . I've done nothing with it."

Malek tells a similar tale of the options for 2500 shares — worth almost \$4 a share based on Huntsman's own financial statement — he was offered by Huntsman. He said he has not exercised the options, even though he was offered them more than a year ago.

"I have a blind trust and have turned the matter over to my trustees," Malek said. "As to whether I do purchase, it's up to my trustees."