

Role of Nixon's Old Firm in Bond Issue Criticized

By MARJORIE HUNTER

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WASHINGTON, July 29—Representative Morris K. Udall charged today that a law firm in which President Nixon was once a partner stood to make "millions of dollars" as bond attorneys for the first issue of United States Postal Service bonds.

Mr. Udall, an Arizona Democrat, said that the House Postal Service Subcommittee, which he heads, might investigate "circumstances surrounding" selection of the old Nixon firm.

The selection of the New York firm of Mudge, Rose, Guthrie & Alexander to handle legal details of the transaction was disclosed by Mr. Udall and later confirmed by both the law firm and the Postal Service.

The firm is one of the nation's foremost in the field of municipal bonds. It is one of eight such New York firms specializing in this work.

A spokesman for the firm said late today that "no politi-

cal considerations" had been involved in the selection. He also declined to discuss the amount of fees the firm would receive from the bond underwriters: Salomon Brothers; Dillon Read & Co., Inc.; Merrill Lynch, Pierce, Fenner and Smith, Inc.; Morgan Guaranty Company, and Kidder Peabody & Co., Inc.

President Nixon and Attorney General John N. Mitchell were senior partners in the firm before the 1968 election. Both the President and the Attorney General are said to have severed all financial links with the firm.

Choice of Bond Houses

A spokesman for the United States Postal Service said today that Mudge Rose, as the firm is known in legal circles, was chosen as bond attorneys by the five New York bond houses underwriting the \$250-million postal issue.

"The selection was not made by the Postal Service," the spokesman said.

Gerald L. Warren, deputy

White House press secretary, said he would "doubt" that the President was even aware that his old law firm had been chosen as bonding attorneys.

Asked if there had been any White House pressure on behalf of the firm, Mr. Warren replied: "Absolutely none that I am aware of."

In criticizing the transaction, Mr. Udall quoted an unidentified Postal Service official as saying that the five bond underwriters had told the service that Mudge Rose "had to be hired."

Mr. Udall was one of the principal Congressional backers of the 1970 Postal Reorganization Act under which the Post Office Department was converted into a semi-independent Postal Service.

Praise for Blount

Mr. Udall commended Postmaster General Winton M. Blount for resisting "strong Republican party efforts to inject politics into the new Postal Service."

"But there is no way that this appointment of a law firm with

close ties to both the President and the Attorney General can be explained or defended to the many Congressional critics who are already calling for repeal of the Postal Reorganization Act," Mr. Udall said.

"Surely," Mr. Udall continued, "somewhere among the 250,000 lawyers in the country, there is someone else who can handle this. And surely, with all its other business, this bare-foot firm in New York can survive without this particular multimillion-dollar contract."

Mudge Rose, which maintains offices in New York, Washington and Paris, has acquired substantial new business in the bond field since President Nixon and Attorney General Mitchell left the firm.

The firm was chosen as bond attorneys for the Washington Metropolitan Area Transit Authority's \$2.5-billion subway. Also, the states of New Jersey, Kentucky, West Virginia and Nebraska have shifted large parts of their tax-exempt bond business to the firm.