# A Time of Trouble Looms for Mitchell Firm

By LESLEY OELSNER

They tried to be lawyerlike about it, responding officially with "No comment" and unofficially with remarks like "Life goes on" and "We're a law firm, after all."

They met with their clients, as usual; they worked on cases, as usual; they even insisted, as one partner put it, that "there's nothing different today than any day."

But the star partner, John N. Mitchell, had just been indicted and, for all the calm veneer, this had brought plenty of trouble for the firm of Mudge Rose Guthrie Alexander & Mitchell.

The stodgy and affluent firm once boasted Richard M. Nixon as a partner. Now, in the wake of the indictment, it has to fight incursions into both its reputation and its client list—a reputation and clientele that lately has grown substantially, thanks not just to Mr. Nixon but also to Mr. Mitchell.

### Issue of Mitchell Status

From their expensively if blandly furnished offices next-door to the New York Stock Exchange, the 40 partners of Mudge Rose now also have to resolve Mr. Mitchell's status in the firm — and if it is decided that he is to withdraw, they must divide up the assets and agree on his share.

While it is far less immediate, they have a third problem, equally unavoidable — choosing the next top partner for the firm, a spot that, a year or so ago, was expected to go ultimately to Mr. Mitchell.

Neither Mr. Mitchell nor the firm's spokesman, John A. Alexander, would talk yesterday or any other recent day about the firm's future. Nor would they or other Mudge Rose partner even discuss the firm's general workings.

But elsewhere in New York's legal community, in the other large law firm, at the luncheon clubs, at the Association of the Bar, Mudge Rose has been a prime topic of speculation, assessment and gossip.

And from these lawyers, many of whom never heard of Mr. Mitchell before President Nixon appointed him Attorney General, as well as from lawyers who have recently worked at Mudge Rose, comes a picture of Mudge Rose as a firm in trouble.

### Firm Expected to Survive

"Obviously, it's a tough wick et for them," said a Wall Street lawyer who is an official of the Association of the Bar.

"They've got a real problem," said another downtown lawyer who formerly worked at Mudge Rose. "If I were still there, I'd be worried."

The outsiders generally agree that the firm will probably survive, with a bit of battering along the way, and that it will probably take severl months before the battering can be measured in terms of dollars lost. One lawyer, a former Federal judge here, explained, "You don't change lawyers that easily; You lost wuite a bit by changing."

They base their assessment, for the most part, on the type of firm that Mudge Rose is: old and established; large, with a business - oriented clientele and a mix of general corporate work, trusts and estates, litigation, tax and bonds — Mr. Mitchell's specialty.

### Some Losses Foreseen

Other New York firms have been caught in scandals; they have splintered, with some splinters surviving as new rirms and others dying. But none were so big as Mudge Rose, which has branch offices in Washington, and Paris and, in addition to its 40 partners, has nearly twice that number of "associates," younger lawyers not yet accepted into the partnership.

According to senior partners in several other firms, Mudge Rose is unlikely to lose many of its old-time clients. But, they say, the firm may well lose many of what one Wall Street lawyer termed the "itinerant, rolling stone type"—the clients who signed on in the days since Mr. Nixon joined the firm in 1963 and lifted it from relative obscurity.

"You see cients looking to that firm for Washington connections," said another prominent Manhattan lawyer, a former state judge. "They may very well rer away in the future—in fact, it's a red flag."

Certain lawyers within Mudge Rose have similar fears, according to former associates of the firm and lawyers with friends still there.

Mudge Rose, like many of the Wall Street area's giant firms, has evolved over many years through various alignments and realignments. One segment was founded in 1869 and merged, in 1955, with a nearly-as-old firm, and the combination became Mudge, Stern, Baldwin & Alexander. It was espected, if unknown to the world outside Wall Street.

### Nixon Brings Fame

Then Mr. Nixon joined in 1963. The firm became Nixon, Mudge, Rose, Guthrie & Alexander—and famous.

It took in a few more firms and then, in 1966, it added another—a small one, headed by Mr. Mitchell, generally acknowledged as one of the country's experts on municipal bonds, who brought with him a large and lucrtive practice.

Both men left with Mr. Nixon's election; Mr. Mitchell returned last year, after his resignation at Attorney General. His homecoming was not exactly joyous. Some of the young associates, and even a few partners, were hesitant about having him back because of distaste for his role in public life.

### Bond Practice Lucrative

He was acceptedw, according to lawyers close to the matter, partly because Randolph H. Guthrie, the partner who dominates the firm, wanted him back, and partly because Mr. Mitchell's bond practice was so lucrative. According to one recently departed associate there, the bond department made more money per person than other departments.

But it was not until this past January that the firm name was changed to include Mr. Mitchell's.

Some time ago, when partners at Mudge Rose were willing to speak publicly about their firm—a memorandum has since been distributed telling lawyers there not to talk to the press — the firm's leaders told of not wanting to be a "political firm." And, indeed, they have not become "political" in the sense of such firms as Paul Weiss Rifkind Wharton & Garrison, with members actively involving themselves in political matters.

Its offices at 20 Broad Street reflect its growing affluence and size. It has five floors—22, 23, 24, 25, and 27—with a gold-carpeted intra-office spiral stairwell and a reception area decorated with gray fabric-covered walls and brown velveteen settees.

## $67.4-Million for Phase 3

WASHINGTON, May 10 (UPI)—President Nixon asked Congress today for $67.4-million to pay salaries and expenses for administration of the Phase 3 wage and price control program.