

WXPost FEB 28 1974  
**Dairy Group  
Lawyer Calls  
Gift Illegal**

SAN ANTONIO, Tex., Feb. 27 (UPI)—The chief attorney for Associated Milk Producers, Inc., the nation's largest dairy cooperative, said in a letter released today that AMPI made a \$100,000 "illegal" contribution to the Committee for the Re-election of the President and wants the money back.

Attorney E. C. Heininger also said AMPI gave \$5,000 to the People United for Good Government and "we understand that this money ultimately wound up in the hands of the Ellsberg burglars. . . ."

The letter, dated Jan. 21, 1974, from Heininger to Kenneth Parkinson, attorney for the Nixon committee, was introduced into evidence during a deposition hearing in an antitrust suit against AMPI.

In the letter Heininger said the \$100,000 was taken in cash from Citizen's National Bank of Austin by AMPI lobbyist Bob A. Lilly on Aug. 1, 1971, given to a law partner of Austin attorney Jake Jacobsen, indicted last week on charges of lying to the Watergate grand jury, and transferred to Herbert W. Kalmbach, personal attorney to President Nixon.

"This confirms our telephone conversation of Jan. 15, 1974, with respect to a political contribution in the amount of \$100,000 to the Committee to Re-elect the President, your client, from the corporate funds of our client, Associated Milk Producers, Inc.," said Heininger's letter to Parkinson.

The revelation came during the questioning of AMPI General Manager George L. Mehren by Justice Department attorney John Danielson. Danielson asked if Heininger had any objections to admitting the letter into the record.

"I don't think so," Heininger said, "provided you help to get the \$100,000 back."

In the letter Heininger quoted excerpts from a Jan. 8, 1974, White House white paper which confirmed that the \$100,000 was received by Kalmbach. According to the

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paper Kalmbach deposited the money in a trustee account at the Security Pacific National Bank in Newport Beach, Calif., which held contributions left from the 1968 election campaign.

In the Parkinson letter, Heininger asked for the return of the money and traced the method by which it was contributed.

"You reported that the committee does not recognize any legal obligation to return corporate funds or other illegal contributions, but that it has taken the ethical position that it does not wish to retain any contributions made in violation of the law," the letter read.

"We do not intend to argue the merits of the committee's legal obligation at this time. However, we do appreciate the good faith expressed by the committee in its policy of returning contributions which originated from illegal sources."

The contribution to the committee was made in 1969 and

the \$5,000 to People United for Good Government was in 1971.

Jacobsen, legislative assistant to President Johnson and later an AMPI attorney, was on the board of directors of Citizen's National Bank of Austin. He currently operates an Austin law office.

"Mr. Lilly delivered the \$100,000 to Mr. Milton Semer, a law partner of Mr. Jacobsen, at the Dallas airport," the letter read. "Mr. Semer, in turn, delivered the \$100,000 to Mr. Herbert W. Kalmbach in Los Angeles."

[Federal law prohibits the contribution of corporate money for political campaigns. Jacobsen, in a civil-suit deposition last November, had maintained that the \$100,000 was not AMPI corporate money, but came instead from the account of the Trust for Agricultural and Political Education, the dairy co-op's political arm. He said the money was given to Kalmbach in 1969 to "produce a more sympathetic understanding in this administration to the problems of the dairy industry."] ]