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Dairymen's Democratic Aid Revealed

By Brooks Jackson
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The nation's largest dairy cooperative spent \$137,000 in corporate funds on computer mailing lists for campaign use by Midwestern Democrats, including Sens. Hubert H. Humphrey and James Abourezk.

Details of the 1971 transactions were assembled from court documents, interviews and a report by the cooperative on activities of its leaders.

One of the largest payments covered most of the cost of a mailing list for the Iowa Democratic Party. That transaction came after co-op officials sought to make a donation to the unannounced presidential campaign of Sen. Harold Hughes, an offer the Iowa senator says he declined.

Other payments went for lists requested for Govs. David Hall of Oklahoma and Robert Docking of Kansas. Those lists weren't completed because the state Democratic parties didn't pay their share.

The firm that received the money and assembled the list has admitted falsifying correspondence and invoices covering the transactions. Watergate investigators are seeking to determine whether the payments violated federal law prohibiting donation of corporate money to political campaigns.

The story of the mailing-list subsidies is outlined in a lawyer's report, commissioned by the co-op's board of directors, on the past political and financial dealings of its top officials, some of whom have been ousted.

Payments were made by the Texas-based Associated Milk Producers, Inc., in six installments from July 16 to Dec. 29, 1971. They went to share the cost of computerized mailing lists that politicians or businessmen use to reach specific groups of people, such as Kansas Democrats over age 65 or Iowa farmers who vote.

Gerald M. Singer, an attorney for the Minneapolis computer-mail firm that compiled the costly lists, was interviewed by telephone. Singer gave the following breakdown of the cooperative's payments:

- AMPI paid \$50,000 in two installations for a list of residents of rural Iowa. The state Democratic Party, which requested it, paid \$10,000. Senator Hughes said through a spokesman that co-op officials

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offered to help finance the project after he turned down their offer of a donation to his campaign. He said he and Iowa party officials didn't know the co-op paid its share from corporate funds.

- AMPI paid \$7,000 for a list for Abourezk, who was running in South Dakota for his present Senate post. Total cost was \$20,000. Abourezk said through a spokesman he was unaware that AMPI's share came from its corporate account, and said he would have refused the help if he had known corporate money was being used.

- AMPI paid \$30,000 for a list requested by Governor Hall, but Oklahoma Democrats failed to pay their share, and the list wasn't completed. Hall could not be reached for comment.

- AMPI paid \$25,000 for a list sought by Governor Docking, but this project also was abandoned when Kansas Democrats didn't pay. Docking also was unavailable for comment.

- AMPI paid \$25,000 for mailing lists used in the 1972 Florida and Maryland presidential primaries by Senator Humphrey. Through a spokesman, Humphrey disclaimed knowledge of the transaction and referred newsmen to his former campaign manager, Minneapolis attorney Jack Chestnut. Chestnut said he has no first-hand knowledge of the payment, either.

Singer said the computer-mail firm—Valentine, Sherman and Associates—had expected AMPI to pay its part of the bills from its political trust, rather than from its corporate account.

Federal law prohibits corporations from donating company funds to political campaigns, but allows use of trusts for donations so long as the trusts are financed through voluntary contributions. Although AMPI has one of the richest political trusts in the nation, its records show it used company funds to pay its share of the list bills.

AMPI never used the lists, according to a report to the co-op's board by Edward L. Wright, a former president of the American Bar Association.

Wright said the co-op received six reels of computer tapes containing about one million names, less than one-fifth of the total that \$137,000 normally would buy. He said the co-op never broke the seals on the tapes.

However, cooperative officials said that the lists had at least a potential business use. Wright's report quotes the organization's former political treasurer, Bob A. Lilly, as saying he was told the co-op wanted names and addresses of farmers "for possible use in soliciting life insurance." Lilly said he was told this by former general manager Harold Nelson. Co-op officials told the same thing to the Valentine, Sherman firm, according to its attorney, Singer.

But the cooperative never entered the insurance business.

Singer said the Valentine, Sherman firm originally asked the co-op for "political dollars, not corporate dollars." He said it wasn't until the last corporate check came through in July, 1971, that the firm realized things wouldn't be that way.