

Kalmbach Reportedly Told Of 1971 Dairy Co-op Deal

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By The Associated Press

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WASHINGTON, May 6—Herbert L. Kalmbach has testified about a midnight meeting at which he said a top dairy cooperative official was told that milk prices would be increased and that the White House wanted confirmation of a \$2-million campaign pledge, according to informed sources.

Mr. Kalmbach, a former campaign fund-raiser and personal attorney for President Nixon, reportedly testified that the session took place on March 24, 1971, in his suite at the Madison Hotel here.

Milk price supports were increased the following day.

Mr. Kalmbach's testimony was given in executive session six weeks ago to two investigators for the Senate Watergate committee, Alan Weitz and David Dorsen, the sources said.

The White House has said that Mr. Nixon's milk price order was not influenced by the promise of campaign contributions from the cooperative, an organization of dairy farmers.

The alleged meeting, after a Republican fund-raising dinner attended by dozens of dairy cooperative officials, included Mr. Kalmbach, Murray M. Chotiner and Harold S. Nelson, according to the reported Kalmbach testimony.

Mr. Chotiner had quit three weeks earlier as Mr. Nixon's special counsel, and had just entered private law practice, in which he was receiving a retainer of \$57,000 a year from the nation's largest dairy cooperative, Associated Milk Producers Inc. Mr. Nelson was the chief executive officer of the cooperative.

According to the sources, Mr. Kalmbach testified that Mr. Chotiner had told Mr. Nelson that John D. Ehrlichman wanted Mr. Nelson to affirm the milk producers' promise of \$2-mil-

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lion in light of a milk-price increase that the President had just ordered. Mr. Ehrlichman is the President's former domestic affairs adviser. Mr. Kalmbach said Mr. Nelson had agreed, the sources said.

The next day the Administration announced publicly the price increase of 27 cents per hundredweight, which subsequently added hundreds of millions of dollars to the income of dairy farmers.

The sources maintained that this testimony, with other unspecified evidence, had provided the basis for a letter sent by lawyers for the House Judiciary Committee to the White House April 19. That letter, intended to substitute the impeachment investigators' need for 45 Presidential tape recordings about the milk-fund affair, was made public Friday.

It said that on March 24, 1971, "Mr. Chotiner stated to several dairymen that Mr. Ehrlichman expected the dairy industry to reaffirm its \$2-million 'commitment' in light of a forthcoming increase in milk price supports."

Colson Linked

The White House has said that President Nixon was aware of the dairy farmers \$2-million promise, because his former counsel, Charles W. Colson had told him about it in 1970. Mr. Colson has been identified as the main liaison in the White House for Mr. Nelson and other dairy cooperative officials.

The White House has said that Mr. Nixon's decision to raise prices was influenced by "traditional political considerations" including what was called pressure from Democrats in Congress who wanted a price increase.

According to the White House, Mr. Nixon gave the

order to raise prices March 23, 1971, at a White House meeting that included Mr. Ehrlichman.

The House impeachment lawyers alleged that Mr. Ehrlichman had called Mr. Colson, who called Mr. Chotiner, and that Mr. Chotiner told dairymen that Mr. Ehrlichman wanted them to reconfirm their "commitment."

After this time, several references to a "commitment" show up in material already discovered in milk-fund inquiries.

One June 16, 1971, a lawyer for the cooperatives, Marion E. Harrison, who shared law offices with Mr. Chotiner, sent a letter to Mr. Nelson complaining about delays in getting contributions. "The fact that all this took so long and is yet incomplete frustrates me, believe me, even more than it frustrates you," Mr. Harrison wrote. "Sometimes it is difficult to honor a commitment."

Want \$100,000 Returned

Months later, after unfavorable publicity about the cooperatives' donations, a top official of the milk producers, George L. Mehren, allegedly said he wanted to talk to Mr. Kalmbach to say the dairy farmers "were not welching on their commitment," according to a statement attributed to Bob A. Lilly, a former lobbyist for the cooperatives.

Mr. Chotiner died last Jan. 30 of injuries suffered in an auto accident. Lawyers for Mr. Nelson and Mr. Kalmbach declined comment.

Documents and public records indicate the dairy farmers cut their promise to \$1-million in early 1972. The milk producers and two sister cooperatives, drawig on funds contributed by their members, funneled \$427,000 to the Nixon campaign through political committees. The milk producers also gave Mr. Kalmbach \$100,000 in cash in 1969, and another \$200,000 wound up in Mr. Nixon's campaign days after the Nov. 7 election in 1972.

The milk producers have asked for return of the \$100,000 they gave in 1969, saying that it came illegally from the cooperatives' corporate account.

The other contributions were made from political trusts financed by contributions from members. The milk producers, for example, asked each of their 44,000 members to contribute \$99 a year. To be legal, such donations must be voluntary. Presently, the milk producers' trust is the richest in the nation, with \$1.4-million at last report.

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