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Senate Told Of Dairies' Funds Effort

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Leading dairy industry officials made a hurry-up attempt to raise \$300,000 for President Nixon's re-election campaign the morning after a 1971 White House meeting on milk price supports, according to secret Senate testimony.

The former executive director of Dairymen Inc., D. Paul Alagia, has told Senate Watergate committee investigators that officials of two other huge dairy cooperatives asked him to put up the money in a predawn meeting at the Louisville, Ky., airport on March 24, 1971.

President Nixon has said he ordered the controversial increase in milk price supports on March 23, 1971, after a pair of White House meetings on the issue, first with dairy co-op leaders and then with ranking administration advisers. However, no announcement of the decision was made until March 25, after the White House reportedly passed word to the dairymen that they were expected to reaffirm a "commitment" of \$2 million for Mr. Nixon's campaign.

Members of the Senate Watergate committee were alerted to Alagia's testimony at an executive session late Thursday, according to several sources. Staff investigators, one source said, reported that the milk-money investigation had developed "a more spectacular case than anyone thought."

According to the sources, Alagia turned down the request for \$300,000 and subsequent bids at the airport meeting for \$200,000 and then \$100,000, saying that Dairymen, Inc., which was headquartered in Louisville, didn't have that kind of money on hand. However, the co-op did raise \$25,000 and sent it by messenger to Washington, where it was donated for the Nixon campaign at a Republican fund-raising dinner on the evening of March 24.

Alagia was one of the dairy co-op leaders who had

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attended the March 23 meeting with Mr. Nixon in the midst of an intensive lobbying campaign for higher price supports. Sources said he gave this account:

After the White House meeting, Alagia testified that he flew on business to Chicago, where he was contacted by other co-op leaders still in Washington.

He returned to Louisville early in the morning of March 24 and the others flew down from Washington to meet him in a corporate jet maintained by the Associated Milk Producers, Inc. (AMPI), the biggest co-op involved.

Among those at the 4 a.m. meeting, Alagia said, were Harold Nelson, David Parr and Bob A. Lilly, all top officials of AMPI, and Gary Hanman, senior executive vice president of Mid-America Dairymen, Inc.

Alagia said they wanted a quick \$300,000 which could be donated for Mr. Nixon's campaign. Sources said there is evidence that this was to be contributed by a certain date, although not all of it by March 24.

After the meeting, the other dairy co-op officials returned to Washington in the AMPI jet. Dairymen, inc., sent up \$25,000 later on March 24, reportedly after Alagia, who was about to leave his post with Dairymen, Inc., conferred with his successor.

The White House has acknowledged that Mr. Nixon knew of the \$2 million campaign pledge at the time of the price-support increase. Nelson and Parr originally promised the support in 1970. The President has denied that this influenced his 1971 decision in any way.

However, Herbert W. Kalmbach, who was then the President's personal lawyer and chief fund-raiser, has reportedly told Senate investigators in other testimony of a meeting in his Washington hotel suite late on the night of March 24 at which the milk producers were asked to reassure the White House of the \$2 million "commitment."

According to Kalmbach's reported account, President Nixon's old confidant, the late Murray M. Chotiner, who had just left the White House staff to become a lawyer for AMPI, made the request of AMPI general manager Nelson, who, in turn, renewed the pledge.

According to several accounts of Kalmbach's secret testimony, Chotiner explicitly stated that White House domestic adviser John D. Ehrlichman expected confirmation of the \$2 million pledge in light of a forthcoming increase in milk-price supports.

The Nixon administration announced the increase the next day, on March 25.