

2 Democrats Mum On Campaign Gifts

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The former managers of the 1972 presidential campaigns of Sen. Hubert H. Humphrey (D-Minn.) and Rep. Wilbur D. Mills (D-Ark.) invoked the Fifth Amendment and declined to testify when questioned in April by the Senate select Watergate committee about allegedly illegal campaign contributions, according to a committee staff report.

The Senate committee has tried, without success, to interview both Humphrey and Mills during its investigation of campaign financing according to the report. In addition, "A request to Sen. Humphrey's office for production of records has not been fully met."

The report of the Senate Watergate committee's staff investigation, described in a cover letter by Samuel Dash, chief committee counsel, as a "joint majority-minority inves-

tigation," is the first to focus on Democratic presidential candidates in the 1972 campaign.

The staff report, made available yesterday, said that Humphrey's campaign manager, Jack Chestnut, destroyed "virtually all" of the financial records for the campaign prior to April 7, 1972, when a new campaign finance law went into effect.

"There was no legal obligation to retain campaign financial records under the law existing before April 7, 1972," the report said. "However, such wholesale destruction necessarily raises a question of motive and propriety."

In Humphrey's case, the report focused on two primary issues:

- The Humphrey campaign's use of \$25,000 in computerized

See CAMPAIGN, A6, Col. 2

CAMPAIGN, From A1

campaign services that were paid for "with corporate funds of Associated Milk Producers, Inc." (AMPI).

- The funneling of more than \$360,000 in stock revenues to a Humphrey campaign committee in apparent violation of the existing federal law prohibiting contributions from an individual of more than \$5,000 to any single committee.

In Mills' case, the report gave a detailed accounting of the organization and funding of a rally held in Ames, Iowa, on Oct. 2, 1971, allegedly to further the presidential campaign of Mills. The report suggested that the rally was held at the suggestion of Mills. The report states that more than \$50,000 in corporate funds of dairy cooperatives were used to pay for the rally.

The report also asserted that Mills' presidential campaign, a low-key affair that never got off the ground, received the benefit of about \$90,000 in corporate assets of dairy cooperative, \$40,000 in donations from members, employees and officers of AMPI for a total of about \$185,000, or 43 per cent of Mills' campaign revenues.

According to the report, the committee attempted, in letters sent by committee chairman Sen. Sam J. Ervin Jr. (D-N.C.), to schedule an interview with Mills.

"Sen. Ervin stated, 'We feel it necessary to speak to you' and 'we hope that you, at your convenience, can find time in your busy schedule to meet with a member of the committee,'" the report said. "No written reply was received, but on March 18, 1974, the attorney for Cong. Mills orally advised committee counsel that Cong. Mills would meet with a committee senator immediately after House action on certain legislation.

Con. Mills' counsel said Sen. Ervin would be notified of this by letter; however, no such communication has been received. On a television appearance (NPACT) on April 1, 1974, Cong. Mills stated he was "unaware of what was going on in the so-called draft Mills."

Mills' administrative assistant, Oscar Eugene Goss, said last night in a telephone interview that "Mr. Mills advised me that he did not recall ever being asked to visit with the staff or members of the committee."

Goss said that the "Ames, Iowa, thing has been gone over many times," that it was a meeting that he and Mills understood was organized by a group of cooperatives, that Mills and other politicians—including the governor of Iowa, one U.S. senator from Iowa



JACK CHESTNUT
... "destruction" cited

and at least one congressman—appeared and that "I would not characterize it as a Mills rally and neither would Mr. Mills."

Goss said he "knows nothing what whatsoever" about the invocation of the Fifth Amendment by the former Mills campaign manager, Joseph Johnson. Goss said that Mills knew little about the "Draft Mills" organization.

"The Draft Mills movement had his approval, but except for that it was virtually independent," Goss said. "He knew it was going on, but he didn't know anything about the mechanics of it."

Humphrey's press secretary, Betty South, said Humphrey had not received a copy of the report. "It has not been leaked to him," she said. "It is inappropriate to comment until it is in the final form."

Miss South also denied that Humphrey had refused to be interviewed by the committee. She quoted a letter from Ervin to Humphrey saying, in part, "The committee has absolutely no evidence indicating that you had contemporaneous knowledge of this payment," referring to the \$25,000 from AMPI to pay for the computerized services.

Nevertheless, Miss South said Ervin continued, the committee felt it was "necessary for a committee member to speak with you respecting these circumstances"

Humphrey replied on Feb. 20 that neither at the time of the transaction nor then did he know about the "alleged matter." As a result, Humphrey said, "I see no point in inconveniencing any member of your committee with me."

In both instances, however, the report indicated that the inability of the staff to interview Humphrey and Mills has prevented it from making a full and complete investigation.

In assessing the results of its inquiry into AMPI's connection with the Minneapolis firm that provided computerized services to the Humphrey campaign, the report stated,

"The evidence indicates that the initial contract between AMPI and (Valentine, Sherman and Associates) was drafted by Jack Chestnut, a Minneapolis lawyer, who was Sen. Humphrey's campaign manager in the 1970 senatorial race and his 1972 Presidential campaign. Furthermore, there is evidence that Chestnut was informed in July, 1971, that AMPI corporate funds were being used to pay VSA, and that, at a later time, he notified VSA that a \$25,000 payment for the Humphrey campaign account would be made by AMPI."

Use of the corporate funds to finance a federal political campaign is a violation of federal law.

Chestnut could not be reached for comment last night. He was reportedly vacationing in the Minnesota woods.

The report also describes how \$362,046.30 in stock was funneled to the Humphrey campaign by three persons and a "blind trust" of Humphrey's. The contributors of the stock were listed in the report as Dwayne Andreas, a Minnesota banker; Sandra A. McMurtrie, Andreas' daughter, and Doris Hastings, described as a friend of Andreas.

A \$25,000 contribution by Andreas to the Nixon re-election campaign in 1972 provided the first financial link between the Watergate conspirators and the Committee for the Re-election of the President when federal investigators were able to trace a check in Watergate conspirator Bernard L. Barker's bank account back to the Nixon re-election committee.

Andreas also served as trustee for the blind trust, established by Humphrey. A blind trust is one in which the beneficiary of the trust is kept ignorant of the trust's holdings and dealings, often as a means for public officials to avoid a possible conflict of interest.

The stock was transferred to the firm of Jackson and Co., described by the report as a limited partnership established by the Humphrey campaign to process the sale of stock contributions. One of the partners in the firm was Paul Thatcher, Humphrey's campaign treasurer, the report said.

After selling the stock, the report said, Jackson and Co. transferred \$356,000 to Backers of Humphrey which in turn transferred \$80,000 to Humphrey for President account in the National Bank of Washington.

Although other candidates went to great lengths to establish several and in some cases hundreds of committees to circumvent the \$5,000 limitation on contributions from any one individual, "The Humphrey campaign officials" did not trouble themselves with the

creation of numerous committees," the report said. Several donors gave to the Humphrey campaign in apparent ignorance, defiance or indifference to the limitation, the report asserts.

Last summer and fall, it was revealed that both the Humphrey and Mills campaigns had been the recipients of illegal corporate contributions.

Claude C. Wild Jr., a vice president of the Gulf Oil Corp., was fined \$1,000 for making an illegal corporate contribution of \$15,000 to Mills' campaign. Gulf Oil was fined \$5,000.

Minnesota Mining and Manufacturing Co. was fined \$3,000 for making illegal contributions of \$1,000 each to the Mills and Humphrey campaigns. Chairman of the board Harry Heltzer was fined \$500.

John L. Loeb Sr., New York, pleaded no contest to charges involving illegal contributions to the Humphrey campaign. Loeb was fined \$3,000.

An earlier Senate Watergate committee staff report called for a major overhaul in the campaign finance law that went into effect on April 7, 1972. Among the recommendations of the staff was one to abolish the proliferation of campaign committees by requiring a candidate to designate one committee as the primary campaign committee.

The report also called for a limitation of \$3,000 on individual contributions to a presi-

dential campaign and a limit of \$6,000 on the amount that organizations, such as the political arms of labor unions, can contribute.

The recommendations also included a proposal to ban the donation of stocks, bonds, real estate and other things of value other than money for political campaigns.