

\$35,000 Dairy Co-op Fine Levied for Election Outlays

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WASHINGTON, Aug. 1—The nation's largest dairy cooperative was fined the maximum amount of \$35,000 today after pleading guilty to a six-count criminal information alleging that it conspired and willfully made illegal campaign contributions in 1968, 1970 and 1972.

Chief Judge George L. Hart Jr. rejected pleas by a lawyer for the Associated Milk Producers, Inc., that the co-op be fined only \$15,000. Judge Hart told the lawyer, Erwin C. Heininger, in United States District Court that it was a "cavalier violation" of a widely understood and widely disregarded law.

The action in Judge Hart's court centered on political contributions of \$280,900 in cash disguised on A.M.P.I. books as legal fees, payments to public relations consultants and payments for a mailing list that the co-op never received.

Also included were unspecified amounts in services by co-op salaried employees who worked in various political campaigns.

A \$2-million pledge to President Nixon for the 1972 campaign by A.M.P.I. and two other large cooperatives was not covered in today's pleadings.

Instead, the criminal information dealt with \$100,000 that went to Herbert W. Kalmbach, Mr. Nixon's former personal lawyer, in what one A.M.P.I. official described as an effort to "make peace" with the incoming Nixon Administration in 1969.

It also dealt with \$100,500 that went to the 1968, 1970, and 1972 campaigns of Senator Hubert H. Humphrey, Democrat of Minnesota.

Other amounts included \$50,000 in 1972 that benefited

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"various Democratic party candidates for Federal elective office in Iowa;" \$10,000 for the 1970 campaign of former Representative Page Belcher, Republican of Oklahoma; \$8,400 for the 1970 re-election campaign of Senator Edmund S. Muskie, Democrat of Maine; \$7,000 for the 1972 campaign of Senator James Abourezk, Democrat of South Dakota, and \$5,000 for the 1972 Presidential campaign of Representative Wilbur D. Mills, Democrat of Arkansas.

In addition, the criminal information noted work done by A.M.P.I. employees in the Draft Mills for President Committee and work in the Republican House campaign for Patrick J. Hillings, in California in 1970.

A Plea of Guilty

Mr. Heininger, after pleading guilty for the corporation to all six counts, told Judge Hart that a few corporate officers had engaged in such illegal acts but that they were no longer with A.M.P.I.

He said the co-op was made up of "40,000 sincere, hard-working dairy farmers" stretching through the Midwest states from Minnesota through Texas and New Mexico.

He said the co-op had suffered from "some bad legal advice" and that it had cleared out its top corporate officers when Dr. George Mehren took over as general manager on Jan. 12, 1972.

Those officers included Harold

S. Nelson, general manager, and his assistant, Boby A. Lilly; controller Robert O. Isham; the controller and David L. Parr, special counsel.

Both Mr. Nelson and Mr. Parr have pleaded guilty to charges arising from the investigation in the last two weeks, while Mr. Lilly and Mr. Isham were granted immunity from prosecution in exchange for their cooperation.

Mr. Heininger said that A.M.P.I. had learned "the bitter experience of giving too much power to too few" and that the organization had hurt itself.

Observation by Judge

The judge said that laws against corporate contributions had been on the books a long time but have been "completely disregarded by Republicans, Democrats, independents and what not for a long, long time."

He said he could not believe that the A.M.P.I. directors were not aware of the situation and added that "this type of cavalier violation of the law has got to be put to a stop."

In a related action, Representative James R. Jones, Democrat of Oklahoma, a former appointments secretary to the late President Johnson, conceded that he had written a memorandum to A.M.P.I. taking credit for a milk price decision during the lame-duck days of the Johnson Administration.

However Mr. Jones insisted today that when he wrote the

memo he was sick, angry and dizzy with medication and that he had never intended that it be mailed to the co-op.

He said today that he had no influence over the decision in December, 1968, to maintain milk price supports at the current level then. He said he had fabricated the letter in anger when his \$40,000-a-year job with A.M.P.I., which had been a five-year commitment, was cut short in 1972.

The memo was disclosed today in document made public by the Senate Watergate committee.

The \$2-million pledge to President Nixon's re-election campaign, which has been tied by various investigations to the

White House decision to raise milk price support levels in March, 1971, may be the subject of still further court action against A.M.P.I.

Henry S. Ruth, the deputy special Watergate prosecutor, stated in a letter setting out the arrangement for today's guilty pleas that bribery and conspiracy charges growing from that decision could still be brought against the co-op. It is also not immune from income tax charges, Mr. Ruth's letter noted.

Former Secretary of the Treasury John B. Connally was indicted this week on bribery, conspiracy and perjury charges in connection with the price support decision.