



Associated Press

Jack L. Chestnut

and directed that the checks be sent to Mr. Chestnut's office for forwarding to the advertising firm. All along, Mr. Lilly testified, they were referred to as "AMPI funds."

But the law under which Mr. Chestnut was tried required that willfulness and intent had to be proved. To do this, Mr. Bannigan introduced evidence of three other payments, two in personal checks from Mr. Lilly and one in cash, which totaled \$23,950. These had been contributed to the Minnesota Democratic Campaign Committee through Mr. Chestnut.

Mr. Nelson, and the 2 AMPI executive, David L. Parr, last summer pleaded guilty to making these illegal contributions and have served a four-month prison term.

Mr. Lilly's testimony described the mechanics of AMPI political contributions, which have figured in recent investigations of both Democrats and Republicans. He said that he would take out a personal loan, make the contribution with a personal check, and then the cooperative would be billed by a law firm for double the amount of the contribution.

The bill for the fictitious legal services would be paid, and Mr. Lilly would receive what he needed to retire the loan.

Mr. Bannigan argued that Mr. Chestnut must have known all along that personal checks from Mr. Lilly, which were referred to as "AMPI funds," could not have been legitimate contributions from the cooperatives political arm, Trust for Agricultural political Education.

That knowledge, he insisted, had to carry over to the payment of the Lennen & Newell bills.

One juror said that the consensus of the panel was that a prosecution witness, Penny Miller, had changed her story too often. Mrs. Miller, Mr. Chestnut's secretary, testified before the grand jury last November that Mr. Chestnut had burned some records, saying that "they [the Watergate Committee] won't get them, anyway."

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 '70 Humphrey Aide  
 Is Convicted Here  
 In Dairy Fund Case

By RONALD SMOTHERS

Jack L. Chestnut, manager of Senator Hubert H. Humphrey's 1970 senatorial campaign, was found guilty yesterday of arranging for and accepting an illegal corporate campaign contribution.

Mr. Chestnut, 42-year-old Minneapolis lawyer, sat erect and expressionless as the verdict was given after a four-day trial in Federal court here.

Senator Humphrey appeared as the first prosecution witness on Monday and testified that he had actively sought the support of the milk cooperative that made the contribution and had received it. But he added that he had had no personal knowledge of the financial arrangements and left those up to "the campaign committee and Mr. Chestnut."

After deliberating for an hour and fifty minutes, the nine-woman, three-man jury returned to the courtroom of Judge Edward Weinfeld at 2:40 P.M. The foreman, Rose Salerno, placed a sheaf of prosecution exhibits on the railing.

"We find the defendant guilty."

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ty," Mrs. Salerno said.

The jury was polled, and the verdict was unanimous.

Mr. Chestnut could be sentenced to two years' imprisonment and fined a maximum of \$10,000 for accepting a \$12,000 illegal campaign contribution from the Associated Milk Producers, Inc., and arranging to pay a campaign bill from a New York advertising firm with the money.

Mr. Chestnut, senior partner in the firm of Chestnut, Brooks & Burkhardt, became the first aide to a high Democratic politician to be convicted after a trial growing out of the investigations of the Senate Watergate committee and the Watergate special prosecutor.

In the hallway outside the seventh-floor courtroom, Mr. Chestnut said that he still felt he was not guilty of the charges. He repeated what he had said in the trial, that he could not recall having made arrangements for the contribution or recall signing and sending letters concerning the advertising firm's bill.

He said that he would appeal the verdict. Sentencing is scheduled for June 26.

Throughout the trial, Mr. Chestnut was depicted by his attorney, Douglas Thomson, by character witnesses and Senator Humphrey as a man on the periphery of politics who never ran for office himself, but heeded the Senator's call for help in his 1970 political comeback.

He said that he thought he would have fared better if he had been tried in Minnesota.

"People there would have understood the dairy business,"

he said as his wife, Karen, stood next to him and five friends from Minnesota gathered around.

He was referring to his testimony and that of Senator Humphrey that everyone in the campaign and in the area considered the term "AMPI contributions" to be synonymous with funds from the cooperative's legitimate political fund.

Some Jurors Agree

A number of the jurors questioned after the trial also felt that Mr. Chestnut might have done better in a court in Minnesota.

According to one juror, who requested anonymity, the character witnesses were the heart of the defense case, while the prosecution had a "good, sound case" with all the documents and a credible key witness in Bob A. Lilly, a former AMPI executive.

The case against Mr. Chestnut originated in the investigations of the Senate Watergate committee, and the indictment was obtained by the Watergate special prosecutor in Washington. However, shortly after that, in December, 1974, the case was turned over to the United States Attorney for the Southern District of New York for prosecution here.

A spokesman for the Watergate special prosecutor said that the case had been turned over to the Southern District because there was a greater manpower pool here than in any of the other districts where it could have been tried.

Sources close to the special prosecutor's office also said that there was an established relationship between that office and the United States Attorney's office here, because many people on the special prosecutor's staff worked here at one time, and they had been helpful in other cases.

Mr. Chestnut's lawyers had unsuccessfully sought to move the trial to the Federal Court in Minnesota.

The prosecution's case had revolved around the testimony of Mr. Lilly, who was executive assistant to the cooperative's general manager, Harold S. Nelson, and the testimony of Barry Nova, a former executive with the New York advertising firm of Lennen & Newell, now defunct.

Mr. Lilly testified that he had sent two AMPI checks for \$6,000 to the defendant on the defendant's arrangement. Mr. Nova testified that he had been instructed by Mr. Chestnut to send the bill to AMPI and eventually received the checks.

Assistant United States Attorney Eugene F. Bannigan, who prosecuted the case, introduced two letters signed by Mr. Chestnut. One directed Mr. Lilly not to pay an "incorrect" invoice for \$12,000, and the other accompanied four "correct" invoices for \$3,000 each.