

# U.S. Inquiry on 'Theft' of \$50-Million From Hunt Foods Reported Rejected

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LUBBOCK, Tex., Sept. 21 — A member of the Hunt oil family says that its widely advertised H. L. H. food company lost \$50-million to \$60-million between 1960 and 1970 because of "stealing" by key company employees and that the Justice Department has refused for five years to investigate.

Thomas M. Hunt, a nephew of H. L. Hunt, the eccentric late oil billionaire, who used the radio program "Life Line" to advertise his food and drug products, said that the Justice Department was under pressure from the Central Intelligence Agency not to investigate the alleged thefts, and to prosecute two members of the Hunt family for wiretapping.

Thomas Hunt is production manager for H.L.H.'s parent company, the Hunt Oil Company, which is family owned. Mr. Hunt is a cousin of Nelson Bunker Hunt and W. Herbert Hunt, who are on trial in Federal District Court here on wiretapping charges. Testimony in the case begins tomorrow.

Bunker Hunt has said his refusal to allow the C.I.A. to use his Middle-Eastern oil operations as a cover is the possible reason behind the Government's insistence on trying him and his brother on six-year-old wiretapping charges.

### Refused Request

A C.I.A. memorandum dated Dec. 6, 1965, indicated that Bunker Hunt would be asked to allow the agency to use his company as a cover in the Middle East. The Hunts had an oil concession in Libya. Bunker Hunt said such a request was made to him in 1966 by the C.I.A., but that he refused to allow it because he did not want to alienate the Libyans.

The intelligence agency has declined to allow the Hunts to see nine of 12 items it has in its files on Bunker Hunt, saying in a letter dated April 3, 1975, that to release these items would imperil "intelligence sources and methods."

One of these items if revealed, the C.I.A. said, would constitute a clearly unwarranted invasion of the personal privacy of the individual volunteering information.

Thomas Hunt said that the family believed that this individual was one of the H.L.H. employees who organized the system under which the food company was stripped of huge sums of money.

The Justice Department refused to comment on the Hunt contentions.

However, department officials have signed affidavits that none of the evidence being presented in the wiretap trial came from the C.I.A.

### Checking Losses

The Hunts say that the wiretap charges grew out of efforts by Herbert and Bunker Hunt to find out why H.L.H. was losing so much money. Thomas Hunt said that H.L.H. losses in 1968 had reached \$8-million a year, when a company projection has shown they should be making a profit.

Thomas Hunt's phone was one of those tapped by three private detectives hired by his cousins in November, 1969. The other phones were those of H. L. Hunt's private secretary, a Hunt oil company vice president and three lesser company officials.

Losses of H.L.H. were getting so massive in 1968 and 1969 that the Hunt Oil Company, which had been absorbing the losses, "was getting into a cash bind," Thomas Hunt said.

The wiretaps were discovered in January, 1970, and three private detectives were later convicted and sent to prison for short terms. The detectives, after being released, told a grand jury, under threats of contempt citations, that the Hunt brothers hired them, and the Hunts were indicted in February, 1973.

Thomas Hunt said that before his cousins resorted to hiring private detectives, they had become convinced that the company officials who ordinarily would have investigated thefts "were the chief thieves." An independent audit later proved this surmise to be correct, he said.

### Every Operations

The thefts, he said, stretched from coast to coast and involved almost every operation of H.L.H.—purchases, sales and operations. Company payrolls were loaded with nonexistent employees and company officials got kickbacks on purchases and commissions on sales through dummy food brokerage companies, he said.

Thomas Whitaker, a former agent of the Federal Bureau of Investigation who now is chief security officer for the Hunt Oil Company, said that more than \$5-million in thefts had been documented and many more were being investigated.

He and Thomas Hunt gave as an example of a typical operation the sale of an H.L.H. pecan crop from company groves near Tyler, Tex., and the subsequent purchase of a pecan processing plant at the same city.

"We had sold a pecan crop to a company in El Paso," Mr. Hunt said. "The we were told by one of the thieves that he had not realized that pecans were selling for so much and had agreed to sell them to somebody else for two cents a pound less."

### Reports Commitment

Mr. Whitaker said that the same former employe negotiated the purchase of the pecan processing plant, committing H.L.H. to paying \$180,000 for it.

"The plant had been shut down by the Food and Drug Administration, it was all rusty, and has not been operated to this day," Mr. Whitaker said.

The previous owner of the pecan plant gave a deposition to Hunt Oil officials saying that he had paid cash kickbacks of more than \$80,000 to three H.L.H. employes.

But the biggest source of income at H.L.H. expense, he said, was at least five dummy food brokerage corporations that were set up by H.L.H. employes to receive 3 per cent commissions on all H.L.H. sales.

After auditors had established the duplicity of H.L.H. executives in early 1970, "the whole scheme was laid out" to the F.B.I., Mr. Whitaker said.

In July, 1970, a claim of \$442,873.19 was filed with the Fidelity and Casualty Company of New York by Hunt Oil, detailing allegations of thefts by employes whose honesty had been insured by Fidelity.

### Sought Eastland Aid

After the private detectives were indicted in 1970, the Hunts made efforts to have the prosecution dropped through political connections, asking Senator James O. Eastland, Democrat of Mississippi and chairman of the Senate Judiciary Committee, to intercede with the Justice Department.

One Hunt attorney said that the Hunts had been led to believe that if they would drop damage suits against former employes and settle the company's claim against the bonding company for \$100,000, the case "would blow over." The suits were dropped and the settlement made with the bonding company.

If such an agreement was reached in Washington, it did not hold.

The three detectives were convicted and sent to prison, and after they testified before a special grand jury in 1973 in Dallas, the Hunts were indicted on the wiretapping charge in February of that year.

After the Hunts were charged, one of their attorneys, Philip Hirschkop of Alexandria, Va., asked the Federal courts to require the Justice Department to investigate the thefts from H.L.H.

### Warned of Dismissal

In response to a statement from Federal District Judge H. O. Woodward in 1973 that he would dismiss cases against the Hunts "if some agency does not investigate," Hunt officials "once again laid out the whole situation to the F.B.I." and other Justice Department officials, Mr. Whitaker said.

Two former employes of H.L.H., John Curington and John H. Brown, were later indicted and were convicted last year for using the mails to defraud H.L.H. They were fined and placed on probation. A third former employe, Paul M. Rothermel, who had been chief of security for Hunt Oil Company, was given immunity from prosecution by the Government, but he was never called to testify at any trial.

The three men said that H. L. Hunt had given them permission to act as food brokers to sell H. L. H. products, a statement denied by the late billionaire.

In an effort to show that the Hunts were being prosecuted because they refused to cooperate with the C.I.A., Mr. Hirschkop asked both the agency and the F.B.I. for any C.I.A. information they had on his clients.

### Three Items

The three of 12 items that the C.I.A. would release to Mr. Hirschkop were a biography of Bunker Hunt, a copy of a memorandum that recommended that Bunker Hunt be asked to be "operational" and copies of attacks made on Bunker Hunt by Tripoli Radio.

Bunker Hunt said that in 1966, the C.I.A. asked him to allow it to use his Libyan oil operations as a cover for C.I.A. agents in the Middle East, but that he refused.

The December, 1965, memorandum on Bunker Hunt said that the C.I.A. had "had good cooperation . . . on our routine requests but have no way of judging possible reaction to operational requests. Our estimate is that we see no reason we should not make a cautious approach."

In pretrial hearings, the Hunts asked Judge Woodward to order the C.I.A. and other intelligence agencies to furnish information on the Hunts and on Mr. Curington, Mr. Rothermel and Mr. Brown.

### Found No Relevance

Judge Woodward examined reports from the C.I.A. on Mr. Rothermel and on all three men from the National Security Council but ruled that they had no relevance to the wiretap case and he would not allow the Hunts to see the documents.

Thomas Hunt said that H.L.H. Food Products Division of Hunt Oil Company had been reorganized and was now showing a profit.

Thomas Hunt said that the Hunt oil interests had been paying about \$160-million in taxes to the Libyan Government before Mr. Hunt was ousted from the country.

Mr. Hunt said that this advice had been rejected. Tripoli Radio said in June, 1973, that Bunker Hunt's half-share in an estimated 10 billion barrels of oil in a desert field in Libya had been seized because Mr. Hunt was "an adventurer and broker seeking gains and

Thomas Hunt said that the State Department also had been involved, urging Bunker Hunt to pay \$43-million still owed to the Libyan Government on the 1972 taxes. These taxes were withheld after Libya seized Mr. Hunt's oil interests in that nation in 1973.