

Watergate Probers Check on Connally

By Jack Anderson

The Watergate prosecutors are investigating bribery charges against former Treasury Secretary John Connally.

The crack FBI squad, which is assigned to the special prosecutor's office, has dug up evidence that Connally pocketed \$10,000 from the Associated Milk Producers, Inc., and hastily returned the cash after the dairy lobby came under investigation.

This dramatic development could finish Connally as a presidential contender. For the past six months, he has barnstormed through more than 30 states addressing Republican audiences and courting party leaders in hot pursuit, presumably, of the 1976 presidential nomination.

Our FBI sources say the alleged \$10,000 bribe was passed by AMPI official Robert Lilly to lobbyist Jake Jacobsen, who delivered it to Connally. Jacobsen already has been indicted for perjury for testifying that he stashed the \$10,000 in a safe deposit box and never removed it until the FBI opened the box last November.

Connally has emphatically denied that he ever received the money. An associate has said that Jacobsen offered the \$10,000 as a campaign contribution for distribution to GOP candi-

dates but that Connally turned down the offer.

The FBI's Watergate squad has painstakingly tracked down evidence, however, that the \$10,000 not only was accepted by Connally but that he made two trips to return the money after it became hot.

The first time, according to our FBI sources, Connally gave back the money in \$100 bills. Later, he allegedly became worried that the bills could be traced and brought a second batch of smaller bills, which he exchanged for the first \$10,000.

He took pains, say our sources, to select bills that had been issued before the \$10,000 payment was made. He allegedly didn't want the FBI to find any new bills among those Jacobsen said had remained untouched in a safe deposit box.

Ironically, the former Treasury head forgot that Federal Reserve banks don't necessarily issue currency during the year it is dated. FBI agents have established that some of the bills in the bank box were not issued until after Jacobsen claimed the money had been deposited.

A methodical FBI check of deposit slips, telephone tolls and travel records have poked other damaging holes in Connally's alibi. Our sources say witnesses have also given the FBI state-

ments which contradict Connally.

After Connally pocketed the \$10,000 from the milk producers, according to the FBI evidence, he juggled his schedule on March 16, 1972, to meet with AMPI officials George Mehren and Harold Nelson. They were brought over to the Treasury by Jacobsen.

Connally was then at the height of his power and prestige. He listened carefully to the dairymen's appeal for greater dairy subsidies and for settling an antitrust action against AMPI.

Then in the presence of the dairy lobbyists, according to sworn testimony, he telephoned former Attorney General John Mitchell and told him in blunt Texas language:

"John, get off your—and find out what is going on in the the Midwest. There is discontent among the dairy farmers, and I have a group of them here."

A year earlier, Connally huddled with the AMPI's Robert Lilly at Washington's Page terminal, where the private planes tie up. The Treasury Secretary allegedly told Lilly that a dairy subsidy increase was "in the bag."

This was the same Lilly who later handed over \$10,000 to Jacobsen for delivery to Connally.

A few days after the airport

meeting, Connally attended a White House meeting with the dairy lobbyists. They promised to raise a campaign chest for President Nixon's re-election.

The White House has acknowledged that "Secretary Connally said that their votes would be important in several Midwestern states, and he noted that the industry had political funds which would be distributed among House and Senate candidates in the coming election."

The following day, the White House ordered a price support increase—which the Agriculture Department had just rejected—worth approximately \$500 million a year to the dairy industry.

Footnote: There is a final irony. In his speeches to Republican audiences, Connally has told them they aren't to blame for Watergate. "Don't wear the cloak of guilt," he has shouted, his cowboy jaw thrust forward defiantly. "You're not guilty."

Connally told us emphatically that he had not received the \$10,000. "I have told the Watergate prosecutors the truth about it, and I am going to continue to tell them the truth about," he said. We were unable to reach Jacobsen.