

Connally Indicted In Payoff, Perjury

7-30-74
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Former Treasury Secretary John B. Connally was indicted by a federal grand jury yesterday on charges of taking illegal payoffs, conspiracy to obstruct justice and perjury.

The grand jury charged that Connally received \$10,000 for recommending an increase in milk price supports, conspired to concoct a false story to thwart investigators probing the alleged bribe and then lied to the grand jury which was investigating the alleged gifts.

Connally, a protege of President Johnson who served as Democratic governor of Texas for three terms before joining the Republican Party last year, faces a possible maximum prison term of 19 years and fines totaling \$50,000 if convicted on all of the charges.

Texas lawyer Jake Jacobsen, who is expected to be a government witness against Connally, also was indicted, on a single count of making the illegal payments to Connally. That charge carries a maximum of 2 years in jail and a fine of \$10,000.

Connally is the fourth former Nixon Cabinet member to be indicted or to plead guilty to a criminal offense. He served as Treasury Secretary under President Nixon for 18 months, remained an adviser to the President after stepping down from the Treasury post, and headed a re-election effort in the 1972 Nixon campaign called "Democrats for Nixon."

Connally will be arraigned before U.S. District Court Chief Judge George L. Hart Jr. on Aug. 9. He issued a statement yesterday afternoon saying "I am confident that I will be completely vindicated of these charges."

"For months, there have been leaks, rumors, and speculations concerning my role in the milk support price increase in March, 1971. The matter is now in the open, where it can be dealt with honestly and fairly. I again deny that I am guilty of any wrongdoing," Connally said through a spokesman.

The indictment returned yesterday morning by the Watergate grand jury charges Connally specifically with two counts of receiving "illegal payments"—one count for each of two alleged \$5,000 transactions; one conspiracy count concerning the alleged planning of perjury and obstruction of justice in which Jacobsen is named as an unindicted co-conspirator, and two counts of lying to the Watergate grand jury that has been probing the milk scandal and alleged illegal campaign contributions.

Jacobsen represented the Associated Milk Producers, Inc. He is charged in the first count of the indictment with making the \$10,000 in payments to Connally on May 14 and Sept. 24, 1971, "for and because of official acts performed by him, to wit, his recommendations in his

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official capacity concerning an increase in the federal milk price support level to be fixed by the Secretary of Agriculture, announced on March 25, 1971.

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Jacobsen was indicted for perjury by the Watergate Special Prosecution Force in February. But that charge was later dismissed by Judge Hart, who ruled that the alleged lie was a "literally truthful" answer to the way the question was asked by the prosecutors.

After the dismissal of that perjury indictment, Jacobsen reportedly agreed to cooperate with the prosecutors in return for being charged solely with offering the illegal payment to Connally, which carries a lesser maximum penalty.

The next two counts charge Connally with receiving the illegal payments on May 14 and Sept. 24, 1971.

Although the charges come under federal bribery statutes, they do not in the legal sense carry the same strict definition as bribery, according to various legal observers.

The counts charge that Connally merely received the \$10,000 for an official act, and not that he necessarily

performed the act because of the money or with corrupt intent. One legal observer said the charge amounts to Connally allegedly having received "a tip—an illegal bonus" for performing his official duties.

Connally was charged in the fourcount with conspiring with Jacobsen to lie and obstruct justice in connection with Senate Watergate committee and grand jury investigations into the alleged payoffs.

That false cover story, according to the indictment, included a plan for Jacobsen and Connally to tell investigators that Jacobsen had offered \$10,000 on two occasions in 1971 and that Connally had declined in both instances.

The offers, according to the cover story detailed in the indictment, were to have been "first for the purpose of enabling (Connally) to give it to candidates for public office and second as a contribution to 'Democrats for Nixon.'"

The cover story went on to say that Connally declined the money the first time because he was then a Democrat in a Republican administration and did not want to appear to favor candidates from either party, the indictment said.

Connally was said to have declined the second offer, according to the cover story charged in the indictment,

because "in light of several of the problems Associated Milk Producers, Inc., had at that time, it would be prudent to decline the offer."

Jacobsen was then to testify that he had kept the money in a safe deposit box from the time he received it from AMPI to offer to Connally in 1971 until his testimony during the investigation in late 1973, according to the indictment.

Jacobsen reportedly gave that cover story to investigators, and gave them the money to examine during their investigation that he had reportedly kept in his safe deposit box for three years. Sources have said, however, that investigators discovered that the money included bills that were not issued until July, 1973.

The conspiracy count lists 12 "overt acts" in furtherance of the cover-up plot, including six conversations between Jacobsen and Connally between Oct. 24, 1973, and Nov. 25, 1973.