

Cash Trail Testimony Snarls

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The bribery trial of former Treasury Secretary John B. Connally bogged down yesterday with technical financial testimony as prosecutors attempted to trace the path of \$10,000 allegedly provided by the former presidential contender to cover up illegal cash transactions.

With the testimony of Federal Reserve Board employees from Fed regions around the country expected to continue today, the prosecutors are apparently attempting to bolster earlier testimony provided by government witness Jake Jacobsen about the same \$10,000. The government's case may end today, prosecutors have said.

Jacobsen said the \$10,000 was provided to him by Connally in October, 1973, reportedly to replace \$10,000 in illegal payments he made to the Treasury Secretary for his backing of a 1971 milk price support increase.

Connally has denied receiving the \$10,000 in illegal cash payoffs for his milk price support recommendations, or providing money to Jacobsen in 1973 to cover up the alleged transactions.

The prosecutors contend that yesterday's and today's testimony will prove the money allegedly replaced by Connally in late 1973 could not have been gathered before then.

Before becoming a government witness, Jacobsen had said the money had been in his safe deposit box untouched for two years.

Defense Attorney Edward Bennett Williams cross-examined the Federal Reserve employees on the reliability of their record-keeping system, apparently so he can argue that the prosecutors have really proved nothing about when the money might have been gathered, much less by whom it was gathered.

The testimony about the \$10,000 yesterday seemed to add little to the basic allegations against Connally. It apparently is just another facet of a complicated attempt by the prosecutors to corroborate aspects of Jacobsen's testimony in all possible ways.

Despite such corroborative evidence, the only witness so far who has testified about the actual passing of cash to Connally is Jacobsen. Williams has made it clear that he considers Jacobsen's credibility

the weakest link in the prosecutor's case.

U.S. District Court Chief Judge George L. Hart Jr. admitted at times that he was a bit confused about the testimony being presented. "I don't understand all this," he told Watergate Assistant Prosecutor Frank Tuerkheimer at one point. "Bless me . . . I don't."

The already complex case of alleged payment and cover-up had first become confusing Tuesday when prosecutors introduced into evidence a batch of cash totaling \$10,000 that had been provided to them by Jacobsen.

A second batch of money, also totaling \$10,000, entered the case yesterday, the sixth day of the trial, and prosecutors sought to develop the following chronology:

• Jacobsen said he obtained \$10,000 from Associated Milk Producers, Inc., employee Bob A. Lilly in May, 1971, to give to Connally for his backing of the milk price support increase. Jacobsen said he gave the money to Connally in two installments—May 14, 1971, and Sept. 24, 1971—in cash in Connally's Treasury Department office.

Prosecutors have presented no evidence about what Connally might have done with that money he allegedly received.

• Lilly testified he gave Jacobsen another \$5,000 purportedly for delivery to Connally in November, 1971.

Jacobsen has testified that he has no recollection of giving that money to Connally, although he said he "must have" given it to the secretary if he obtained it for that purpose. Connally has not been charged with receiving that money and there is no other testimony about it.

• When Watergate investigators began probing the milk fund's campaign contributions in late 1973, Connally is alleged to have given \$10,000 in a cigar box, to Jacobsen with the assurance that all of the money was "old enough" to have been in Jacobsen's safe deposit box untouched for two years.

Jacobsen has testified that is the cover story he and Connally devised about the alleged payoffs: that Jacobsen offered money to Connally on two occasions for political contributions, but Connally refused the offers and the money stayed

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untouched in Jacobsen's safe deposit box.

It is this money, the first batch, that was introduced Tuesday as evidence. Jacobsen gave that money to prosecutors in March, 1974, after he began plea-bargaining with them. He said he had kept it in his house since November, 1973, after Connally allegedly gave him the other \$10,000 to replace the first batch of cash.

• The second \$10,000, which was introduced yesterday as evidence, was taken from one of Jacobsen's safe deposit boxes in Austin, Tex., in November, 1973. Jacobsen said Connally gave him this money at an Austin residence after

becoming concerned that the first batch of \$10,000 may contain "some Shultz bills," meaning they were signed by Connally's successor to the office of Treasury Secretary and therefore could not have been untouched for two years. George P. Schultz became Treasury Secretary in June, 1972.

Jacobsen had counted that first \$10,000 on the witness stand Tuesday, and 49 of the 280 bills in that batch were signed by Shultz. Williams apparently plans to argue that

Connally would have noticed such a large number of Shultz bills and never have given them to Jacobsen.