

Milk Figure Is Indicted For Perjury

By George Lardner Jr. *2/2/74*
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A Texas lawyer was indicted yesterday for lying to a federal grand jury about an alleged \$10,000 payoff for the Nixon administration's controversial 1971 increase in milk price supports.

The indictment represented the first disclosure by Watergate prosecutors of evidence that bribe money was paid by the milk producers who lobbied the White House for the higher price supports.

The attorney, Jake Jacobsen, a former White House aide in the Johnson administration, was accused of perjury in testifying last month that he put the \$10,000 in a safe deposit box and never touched it until FBI agents checked the box last fall.

The grand jury said it had evidence that Jacobsen got the money in 1971 from the Associated Milk Producers, Inc. (AMPI), "on the representation that such money was to be paid to a public official for his assistance in connection with the price support decision."

The public official was not named, nor was it alleged in yesterday's indictment that he did in fact receive the money from Jacobsen.

A lawyer for AMPI at the time of the lobbying campaign, Jacobsen, 54, has testified elsewhere, however, that he enlisted the help of then-Secretary of the Treasury John B. Connally, an old friend, in the drive for higher support prices.

"Secretary Connally understands the farmers' problem pretty good," Jacobsen recalled in a civil-suit deposition last November, "and he said he would do all he could to help us."

Connally could not be reached by phone for comment yesterday. But after testifying secretly both before the grand jury and the Senate Watergate committee last fall, he strenuously denied a report

that he got \$10,000 on one occasion and \$5,000 on another for helping the milk producers with their problems.

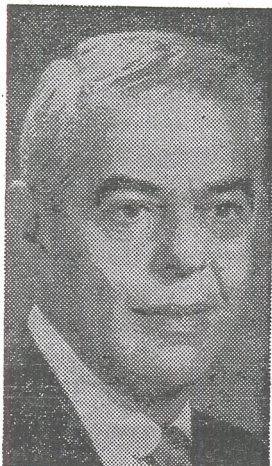
"Whoever said that lied," Connally told reporters then.

A Connally associate, who declined to be identified, said Jacobsen did offer Connally \$10,000—in June or July of 1971—for distribution to political candidates of Connally's choosing. But Connally was said to have refused the money.

"He said he was a Democrat in a Republican administration," the associate said yesterday. "He didn't want any part of political activity . . . I don't know whether that's the same \$10,000 or not."

President Nixon ordered the increase in price supports after a series of March 23, 1971, meetings at the White House, first with dairy co-op lobbyists

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JAKE JACOBSEN
... named in charge

MILK, From A1

and officials and then with top administration advisers on the issue.

According to the White House account of the controversial decision, it was Connally who brought "the political power of the dairy industry lobby" to the President's attention at the meeting with his advisers.

"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 White House said last month in a so-called "white paper" on the decision.

The White House acknowledged that Mr. Nixon had been told in 1970 of a \$2 million pledge for his re-election from AMPI, the biggest dairy co-op involved, but denied that this influenced him in any way.

"Neither the secretary nor anyone else discussed possible contributions to the President's campaign," the White House said of Mr. Nixon's March 23, 1971, meeting with his senior advisers. "Mr. Connally argued that the milk industry's case also had merit on strictly economic grounds, and rising costs for dairy producers were mentioned."

In the end, the White House said, Mr. Nixon approved the increase because he felt that Congress would require it by legislation anyway and because the President felt he could not veto it without alien-

ating the farmers—an essential part of his constituency.”

Secretary of Agriculture Clifford Hardin promulgated the higher price supports two days later despite Hardin’s initial refusal—on March 12, 1971—to order an increase.

In its indictment of Jacobsen yesterday, the grand jury said it has already heard evidence that he got the \$10,000 from AMPI, ostensibly for a payoff, less than two months after the support level was raised.

Emphasizing that it was investigating possible violations of federal bribery and conspiracy laws in connection the price support increase, the grand jury said it called Jacobsen before it four weeks ago.

According to the indictment, he testified that he got the \$10,000 from Robert Lilly, AMPI’s legislative director and secretary of the co-op’s political arm; the Trust for Agricultural and Political Education (TAPE).

The Austin lawyer said he put it in a safe deposit box where the money remained until FBI agents inventoried it on Nov. 27, 1973.

Jacobsen was indicted on a single count of lying under oath for the following exchange:

Q. And it is your testimony that that \$10,000 was the \$10,000 which you put into that box within a number of weeks after it was given to you by Mr. Lilly and it was untouched by you between then

and the time you looked at it with the FBI agent? (Nov. 27, 1973.)

A. That is correct.

Q. You are certain about that?

A. Yes sir.

Jacobsen has also admitted playing a role in the delivery of \$100,000 in cash to President Nixon’s personal lawyer in an initial AMPI effort 4½ years ago “to get a more sympathetic understanding” from the administration for the dairy industry’s problems.

Jacobsen said Lilly with- ter of His will and prepare drew that money in August, 1969, from TAPE’s account at an Austin bank where Jacobsen was chairman of the board. It was subsequently handed to Mr. Nixon’s attorney, Herbert W. Kalmbach, by another lawyer for AMPI with whom Jacobsen was associated.

Watergate prosecutors declined to comment on whether Jacobsen’s indictment here

was designed to pressure him into cooperating with the government. He had already been indicted earlier this month by a federal grand jury in Abilene on charges of misapplying \$125,000 in a Texas saving and loan association’s funds in 1970.

Conviction on yesterday’s indictment would carry a maximum penalty of five years in prison and a \$10,000 fine. Jacobsen is expected to be arraigned here within the next two weeks.