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Jacobsen Reported Set to Plead Guilty

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Texas lawyer Jake Jacobsen has tentatively agreed with the office of Watergate Special Prosecutor Leon Jaworski to plead guilty to a reduced charge of bribery in exchange for testimony against former Treasury Secretary John B. Connally, informed sources said yesterday.

Jacobsen, according to these sources, is willing to retract his earlier testimony that Connally twice rejected an offer of \$10,000 provided by the dairy industry and instead is now offering to say that the former Nixon administration official accepted the money.

These sources said that Jacobsen will testify that the money was passed to Connally in his Treasury Department office during 1971 as part of a concerted dairy industry attempt to influence the Nixon administration's policy on milk price supports.

Connally has repeatedly denied taking any money from Jacobsen, a one-time lawyer for Associated Milk Producers, Inc. Connally's lawyer, Edward Bennett Williams, refused yesterday to comment on the case.

As of late yesterday, however, sources said that neither Jacobsen's lawyer, Charles McNelis, nor Jaworski's office

had reached final agreement on a deal, although one source close to the case said it was "imminent."

The possible deal has been complicated by attempts of the Watergate prosecutors to corroborate Jacobsen's latest account of the transaction and by an unrelated seven-count felony indictment brought against him in Texas by other Justice Department officials.

The Justice Department would not comment yesterday on reports that it was willing to drop the charges against Jacobsen in Texas. He was indicted there on charges of per-

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JAKE JACOBSEN
... charge of bribery

JACOBSEN, From A1

jury and misapplying the funds of a savings and loan company of which he was a director.

In addition to the Texas charges, Jacobsen faces possible re-indictment here in connection with the alleged payoff to Connally. He had been indicted for perjury earlier this year by a federal grand jury, but the charge was later dismissed on technical grounds.

Jacobsen is reportedly prepared to testify that he gave Connally \$10,000 in two installments after President Nixon's controversial 1971 increase in milk price supports.

A lawyer for AMPI at the time, Jacobsen had enlisted Connally's help in the drive for higher support prices which Mr. Nixon approved at a meeting with Connally and other senior advisers on March 23, 1971.

Subsequently, on May 4, 1971, Jacobsen got \$10,000 from AMPI lobbyist Bob Lilly with the understanding that the money would be given to the Treasury Secretary for his assistance.

"Jacobsen made it clear that Connally had delivered for us and now wanted his money. Jacobsen told me, 'the man wanted his money,'" Lilly has been quoted as saying in a statement contained in court records.

But instead of giving Connally the entire \$10,000 at once, one informed source reported, Jacobsen claims that he gave the Treasury Secretary only \$5,000 at the outset and put the other \$5,000 in a safe deposit box at the Riggs National Bank here. The bank's main office is just

across the street from the Treasury Department.

"Jacobsen apparently figured, 'Why blow it all at once?' when he could come back and get another thank you," one source said.

According to this account of Jacobsen's proffered testimony, the Texas lawyer returned to Washington in the summer of 1971 and withdrew the other \$5,000 from the safe deposit box. Jacobsen then met with Connally again on the same trip, this source said.

Lilly has said he gave Jacobsen still another \$5,000 for Connally in November, 1971, at a meeting in Jacobsen's law offices in Austin, Tex. Lilly said he came up with the cash after Jacobsen reported that he "was going to D.C. and

wanted to tell John Connally that he had another \$5,000" on hand for him.

Lilly said this delivery was made "after the Internal Revenue Service has discontinued its investigation" of AMPI on controversial tax deductions claimed by the high-spending dairy co-op. "Connally was supposed to have helped on this matter," Lilly said.

Jacobsen is reportedly prepared to testify that he also gave this \$5,000 to Connally.

Jacobsen, a White House aide during the Johnson administration and an old friend of Connally, is said to be considering pleading guilty to a federal bribery charge which carries a maximum two-year penalty. In return, all other charges against him would be dropped.