

Texan Pleads Guilty in \$10,000

By William Claiborne
Washington Post Staff Writer

Texas lawyer Jake Jacobsen pleaded guilty yesterday to a charge of making a \$10,000 payoff to former Treasury Secretary John B. Connally in exchange for a recommendation to increase milk price supports.

Under the terms of an agreement with Watergate special prosecutors, Jacobsen will testify as a government witness against Connally, who is the fourth former Nixon Cabinet member to be indicted or to plead guilty to a criminal offense.

In addition to dismissing all other counts of the indictment in the milk case,

federal prosecutors agreed to drop their pursuit of an unrelated case in Abilene, Tex., in which Jacobsen is accused of misapplying \$125,000 in a Texas savings and loan association's funds in 1970.

He had been scheduled to go to trial on those charges Sept. 23.

After his arraignment before U.S. District Court Chief Judge George L. Hart Jr., Jacobsen was released in the custody of his lawyer to await a pre-sentencing investigation.

The single-count bribery indictment carries a maximum prison sentence of two years and a fine of \$10,000.

Connally, charged with six counts of taking bribes, conspiracy to obstruct justice and perjury, will be arraigned before Hart Friday.

Connally served as Treasury Secretary under President Nixon for 18 months, and remained as an adviser to the President afterward. He has denied the charges, saying, "Nobody could buy me . . . not for \$10,000 or \$10 million."

Jacobsen, a former lawyer for Associated Milk Producers, Inc., replied in a firm voice, "I plead guilty, your honor," when asked by Hart to respond to the first count of the indictment.

When asked by the judge

whether he gave the money to Connally, the silver-haired lawyer, who once served in the White House as legislative counsel to President Johnson, replied in a subdued tone, "Yes, sir."

The plea ended months of negotiating with federal prosecutors in which Jacobsen agreed to retract his earlier testimony that Connally twice rejected an offer of \$10,000 in dairy industry money as part of a concerted attempt to influence the Nixon administration's policy on milk price supports.

The deal was complicated when Jacobsen was indicted

\$10,000 Payoff to Connally

for perjury in February, a charge later dismissed by Hart on the grounds that the alleged lie was a "literally truthful" answer to the way the question was asked by the prosecutors.

Jacobsen was accused of falsely telling a grand jury here last January that he had put the \$10,000 in a safe deposit box in 1971 after receiving it from the milk producers, and that he never touched it until FBI agents checked the box last fall.

In a letter "embodying the understanding" that Jacobsen has with federal prosecutors, Watergate Deputy Special Prosecutor Henry S. Ruth Jr. said dismissal of the charges is conditioned on the Texas lawyer's "full and truthful" disclosures of the milk lobby payoffs.

In the letter to Jacobsen's lawyer, Charles McNelio, Ruth said the agreement would not bar prosecution for any false testimony in the future, or for "any serious offenses committed . . . of which this office is presently unaware."

Jacobsen reportedly is prepared to testify that he gave Connally the \$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 later at a meeting with Connally and other senior advisers on March 23, 1971.

AMPI lobbyist Robert Lilly is quoted in court papers as saying that he gave the \$10,000 to Jacobsen with the understanding that the money would be given to the Treasury Secretary for his assistance.

Instead of giving Connally the entire \$10,000 at once, it is alleged in the indictment Jacobsen made one \$5,000 payment May 14, 1971, and put the rest in a safe deposit

box at the Riggs National Bank, just across the street from the Treasury Department.

Later, on Sept. 14, Jacobsen returned to Washington and gave Connally the second installment, according to the indictment.

In addition to the charges of accepting the money "for and because of official acts performed by him," Connally is accused of concocting a cover story to thwart the Senate Watergate committee and grand jury investigations of 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 the \$10,000 so that it could be forwarded to congressional candidates and to the Connally-organized



JOHN B. CONNALLY
... arraignment coming

Democrats for Nixon organization.

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

If convicted on all charges, Connally faces a possible maximum prison term of 19 years, plus fines totaling \$50,000.