

Connally Plans Leave to Avoid Job Conflicts

By William Chapman
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John B. Connally said yesterday he will resign his corporate positions and take a leave of absence from his law firm during the time he serves as President Nixon's part-time adviser.

His announcement in Houston came several hours after questions were raised in a White House news briefing about possible conflicts of interest between his business connections and his role as unsalaried consultant to the President.

The questions arouse because of a potential connection with the Watergate case. Connally's Texas law firm represents a company whose president is being investigated by a grand jury in connection with a political contribution that wound up in the bank accounts of a man who pleaded guilty in the Watergate conspiracy.

Connally also had recently been named a director of Pan American World Airways, which is seeking a major transcontinental air route in a case pending before the Civil Aeronautics Board.

His statement apparently represented a new decision by Connally to sever his legal and corporate connections. In announcing his new position yesterday, the White House said he would continue in his legal practice.

Yesterday morning, Deputy White House Press Secretary Gerald Warren answered newsmen's questions by saying that no issues involving potential conflicts of interest would be discussed by the President and Connally. He said that "great care will be taken to avoid any conflict of interest."

Connally's announcement was issued several hours later through his Houston law firm. During his period as presidential adviser, he said, "I will not engage in any legal practice nor participate in any dividends or revenues as a partner of the firm . . ." He will continue to be a partner in the firm but will receive no compensation, a spokesman for the firm said later.

Connally also said he will resign from all corporate boards of directors. Besides Pan Am, those include directorships of a Dallas oil field equipment manufacturer, a Canadian manufacturer, a savings and loan company, and the First City National Bank of Houston, according to a spokesman for the law firm.

The firm of Vinson, Elkins, Searls, Connally and Smith has represented since 1959 the Gulf Resources & Chemical Corp., whose president, Robert H. Allen, appeared yesterday before a Houston grand jury investigating a contribution to the President's reelection committee last year.

The contribution was made through Gulf Resource's Mexican lawyer and \$89,000 of it later wound up in the Miami bank account of Bernard L. Barker, a former CIA agent who pleaded guilty in the Watergate bugging conspiracy.

Allen has denied that the money was a corporate contribution, which would be illegal. He said it was his personal contribution, routed through Mexico in order to retain his anonymity. At Allen's request, his entire \$100,000 contribution was returned by the Committee To Reelect the President, he has said.

Connally had never personally represented either Allen or the company, according to his law firm's spokesman. The firm had represented the company in corporate matters since 1959, he said, but is not representing Allen in the current grand jury inquiry.

Connally became a director of the financially-troubled Pan Am in February. The airline has two cases pending before the CAB. One is a request to be awarded a lucrative route from Los Angeles to Miami. The other is a request to be allowed to carry passengers between Tampa and Miami.

Decisions on domestic air routes are made by the CAB. The President has the authority to determine which airline is awarded international routes.