

# Connally Accused Of Seeking Bribe

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Federal prosecutors said yesterday that former Treasury Secretary John B. Connally demanded and received \$10,000 in illegal payments from a Texas lawyer for his endorsement of a milk price support increase with these words: "Do you think you could get some of that money for me?"

Defense attorney Edward Bennett Williams told the jury in Connally's bribery trial that the allegations against Connally are false. "He did not at any time receive anything whatsoever from the milk producers," Williams said, adding that Connally actually rejected two unrequested offers of money from the lawyer, Jake Jacobsen.

The opening statements by Assistant Watergate Special Prosecutor Jon A. Sale and de-

fense attorney Williams began the first bribery trial of a Cabinet official since Interior Secretary Albert Fall was convicted in 1929. Twelve jurors and six alternates were chosen early yesterday morning.

Specifically, Connally is charged with receiving \$10,000 in two installments through Jacobsen from the Associated Milk Producers, Inc. (AMPI) for helping to persuade President Nixon to raise milk support prices in March, 1971. The recommendation and increase came 11 days after Clifford Hardin, then Agriculture Secretary, had refused to permit such an increase, and they became a major political issue that, when later investigated, revealed massive illegal political campaign expenditures by AMPI.

See CONNALLY, A12, Col. 1

## CONNALLY, From A1

Prosecutors will begin presenting witnesses this morning in the courtroom of U.S. District Chief Judge George L. Hart Jr. to support their charges against Connally. The former Treasury Secretary and onetime possible presidential contender appeared calm and confident at the defense table yesterday.

Williams portrayed his client as one of eight children of a Texas bus driver, who first entered politics while in college in 1937.

Connally is, according to Williams, a longtime supporter of farmers and recommended the price support increase because he felt it was economically and politically proper.

Jacobsen, on the other hand, was described by Williams as a deceitful and dishonest lawyer-banker who is testifying against Connally as part of a deal to avoid prosecution on several felony counts carrying possible prison terms of up to 40 years. Jacobsen has pleaded guilty to one count of giving the money to Connally, a charge that carries a two-year prison term, and all other charges have been dropped.

Jacobsen told AMPI that he

was going to give the money to Connally, but in fact converted it to his own use, Williams told the jury.

"He kept it. He converted it to his own use. He embezzled the money." Williams also said Jacobsen told investigators on six different occasions—four times under oath—that he had never given money to Connally, and changed his story only after being indicted in two separate cases.

"His testimony against defendant John Connally is false, ladies and gentlemen," Williams said, gesturing with a pen in his hand, as his voice rose slightly to emphasize his statement.

Williams' defense argument followed a detailed accounting of the prosecution case by Sale, a round-faced, young prosecutor from the Watergate Special Prosecution Force who has been one of the chief investigators of the milk producers' campaign funds.

Sale methodically gave the jurors what he called a "road map" to the government's case against the former Cabinet official.

The government will prove, said Sale, that while Connally was Secretary of the Treasury he "asked for and then re-

ceived \$10,000 ... as a thank you for ... going to bat for the milk producers."

He told the jurors how the milk price support level is determined yearly by federal officials to supplement dairy farmers' incomes, and how in the spring of 1971, AMPI officials were lobbying in Washington for an increase in that level.

Jacobsen was an attorney representing AMPI when his friend of 25 years, John Connally, was named Treasury Secretary in February, 1971, Sale said.

"Mr. Jacobsen didn't waste any time at all to make the pitch for his client," Sale said, claiming that Treasury Department logs will show that Jacobsen spent more time with Connally that spring than anyone except government officials.

Connally agreed to help AMPI in its drive for higher milk support prices after meeting with Jacobsen on March 4, 1971, but eight days later Hardin announced there would be no increase, Sale continued.

"This was unhappy news to milk producers," Sale said, and a week later Jacobsen met again with Connally.

A White House tape of a subsequent meeting on March 23, 1971, involving Connally, Nixon, and six other powerful government officials will prove "just how helpful Connally was," Sale added. "You will hear it was the recommendation of Mr. Connally that dominated that meeting."

The decision was made then to increase the milk price support level from 80 to 85 per cent of parity, or 27 cents per hundredweight of milk, Sale added, but up through that point no laws had been broken.

"This is not a charge of bribery, (but) gratuity," Sale explained. In other words, Connally was not paid to force an increase in the price level; rather, it is alleged he was paid after the fact for an official duty he performed.

The criminal acts began on April 23, Sale told the jurors. Connally was meeting with Jacobsen on that day at the Treasury Secretary's office when he allegedly made this comment to Jacobsen:

"You know I was some help on the price support question. I understand those milk producers are giving out money to politicians ... do you think you could get some of that



money for me?"

As Sale outlined his case:

Jacobsen will testify that he carried that request to another AMPI official, Bob Lilly, who took out a \$10,000 loan from an Austin bank and gave the cash to Jacobsen for delivery to Connally.

Jacobsen will testify further that he brought the cash to

Washington on May 13, and prosecutors will introduce Madison Hotel records for that date to show he was there.

On May 14, Jacobsen will testify, he met with Connally, gave him \$5,000 and said, "There's more where this comes from." Later that day, Jacobsen put the remaining \$5,000 in a safe deposit box at the American Security and Trust Co. bank at 15th and M Streets NW, a move Sale said will be corroborated with bank records.

The second alleged payment came on Sept. 24, 1971, one day after Jacobsen reportedly reminded Connally that "I have some more of that money."

Jacobsen had no set appointment with Connally that morning, but Treasury Department logs will show that the lawyer met with the Treasury Secretary for 10 minutes anyway—between the time Connally left a two-hour meeting at the White House and was scheduled for an appearance on Capitol Hill, prosecutors said.

There were no more transactions between the two men until the fall of 1973, prosecutors said. In October of that year Jacobsen reportedly called Connally to inform him that Lilly was cooperating with investigators probing AMPI's campaign finance dealings.

At a meeting in Austin, Connally and Jacobsen concocted a cover story in which Jacobsen would say he offered \$10,000 to Connally for campaign contributions but that Connally rejected that offer, Sale said.

When Jacobsen was subsequently subpoenaed by investigators and told that story, he again called Connally and Connally told him to charter a plane to come from Austin to Houston. Once in Houston, Connally gave him \$10,000 in a cigar box for Jacobsen to place in a safe deposit box and which Jacobsen was to claim was the original \$10,000, the prosecutor continued.

Jacobsen told investigators that the \$10,000 had been in the safety deposit box all along, and investigators asked to see it. Jacobsen agreed.

In late November, 1973, Jacobsen received a telephone call from a mutual friend of his and Connally's—former President Johnson's press secretary, George Christian. Christian allegedly set up a meeting between Connally and Jacobsen at his house, at which Connally reportedly took Jacobsen aside and told him some of the money in the \$10,000 had not been in circulation in 1971 and could not have been in the safe deposit box all of that time, the prosecutor said.

"I have another \$10,000 and I want you to replace it," Connally reportedly told Jacobsen. Jacobsen told Connally he might have problems replacing it because investigators had told him to leave the safe deposit box untouched.

Jacobsen asked a former law partner, Joe Long, who was an officer at the Austin bank where the money was kept, to let him into the safe deposit area, Sale continued.

However, Jacobsen and Long were seen in that area by another bank employee who insisted they sign in a record book in which safe deposit boxes transactions are recorded.

The second \$10,000, reportedly given by Connally to Jacobsen, still had 16 bills which could not have been in circulation at the time they were supposedly placed in the box, Sale charged.

He urged the jurors, "Use your good logic and your common sense."

The jury was selected by 11 a.m. yesterday. Judge Hart has refused to disclose the names of the 12 jurors or the six alternates, none of whom is sequestered.

They range in age from 25 to 63 years old, and their occupations include computer specialist, historian/educator, a maid, a cook, a retired printer and two unemployed persons.