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**Jacobsen Tells Jury
Of Connally Payment**

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Texas lawyer Jake Jacobsen

yesterday told a federal jury here that on two occasions in 1971 he handed \$5,000 in \$100 bills to then Treasury Secretary John B. Connally in his Treasury Department office.

The payments, which Jacobsen said Connally acknowledged with a "thank you," were allegedly paid upon Connally's request by a large dairy co-op for Connally's role in urging a rise in the milk price support level that year. But Jacobsen said he decided on the amount Connally should be paid.

"I didn't want it to be too small because I didn't want it to seem we were unappreciative," Jacobsen said. "I didn't want it to be too big. It would have made it look like we bought the decision."

Jacobsen was on the witness stand for 1½ hours, and told of his 25-year friendship with Connally, the attempts by the Associated Milk Producers, Inc. (AMPI), to get the milk price supports increased in 1971, the alleged \$10,000 in illegal payments to Connally after that increase, and purported attempts by him and Connally to cover up the transaction.

Connally stared at Jacobsen



JAKE JACOBSEN
... decided on amount.

intently from the defense table. Jacobsen did not seem to return his stare, but did point directly at the former Cabinet member when asked to identify him in the courtroom, and described him as "that silver-haired gentleman sitting at the table."

Connally and his defense attorney, Edward Bennett Williams, have denied that the

See CONNALLY, A4, Col.

CONNALLY, From A1

money was ever paid to Connally. Williams, who has portrayed Jacobsen as a liar and a thief seeking to protect his own interests, is to begin cross-examining Jacobsen at 10 a.m. Monday. There is no court session today.

Jacobsen was the fifth government witness called yesterday, as Connally's bribery trial moved into its first day of tes-

timony. The first day of the trial was taken up by jury selection, and opening statements by the prosecution and defense were given on the second day.

The jurors also heard yesterday a tape recording of the White House meeting on March 23, 1971, in which Connally strongly urged President Nixon to increase the milk price support level. A transcript of the tape had been made public during impeachment hearings last year.

The other witnesses included bank and hotel officials who presented records to document that Jacobsen had access to safe deposit boxes and was in Washington specifically around times when the alleged payoffs were to have occurred. A Treasury Department employee also produced log books and appointment books to confirm that Jacobsen had met with Connally on the days the illegal payoffs were reportedly made.

But Jacobsen—the only per-

son reportedly present when the cash payments were said to have occurred—was clearly the government's star witness.

A silver-haired man with a Texas accent, he traced his legal and political career since entering Texas politics in 1949 and through his two years as an aide to former President Johnson in the 1960s.

He said his law firms in Texas and Washington were on a \$2,500-a-month retainer from AMPI when he was asked to intervene with Connally for aid in the milk price support fight in 1971.

He told of meeting with Connally at least twice before the support level was raised, and then meeting with him about one month later, April 28, 1971. It was at that meeting that Connally asked for "some money" from AMPI because he had been "helpful" on the milk price support question, Jacobsen said.

He obtained \$10,000 from AMPI aide Robert Lilly in Austin, and brought it to Washington to give to Connally, Jacobsen said. On May 14, 1971, he said he passed the first payment of \$5,000 to Con-

ally in the Treasury Secretary's office, and Connally replied, "Thank you very much."

The next payment was made on Sept. 24, 1971, Jacobsen said. After both payments, Connally walked into his adjoining Treasury Department bathroom with the money in his hand and came out without it, Jacobsen said.

He also said that Connally gave him \$10,000 in cash to put in safe deposit boxes on two occasions when they attempted to cover up the payments in late 1973. They concocted a cover story at that time, Jacobsen said, in which he would testify that he offered Connally \$10,000 for political contributions but that Connally turned it down on two occasions.

Jacobsen claimed he had lied on at least six occasions earlier by sticking to that cover story. He also admitted he was bankrupt, he had been indicted in a banking scandal in Texas and for perjury here, and that all but one charge

against him was dropped in exchange for his testimony.

That charge to which he pleaded guilty, Jacobsen told the jury, was "giving a gratuity to a public official."

"Who was that public official?" asked Watergate Assistant Special Prosecutor Frank Tuerkheimer.

"Secretary Connally," Jacobsen replied.

Prosecutors began their case against the former secretary yesterday morning by telling the jury they and defense attorneys have agreed to three basic facts underlying the case: Connally was Secretary of the Treasury at the time of the alleged payoffs, former Agriculture Secretary Clifford Hardin had announced that the milk price support level had been frozen on March 12, 1971, and then Hardin reversed himself to announce publicly 13 days later that the dairymen would receive an increase.

The first witness to take the stand was Donald Paarlberg, director of agricultural eco-

nomics at the Department of Agriculture. Paarlberg gave the jury a description of the milk price support program, which assures dairy farmers of an established market in the government for a certain portion of their products.

Then prosecutors played the tape of the March 23, 1971, White House meeting at which Connally urged the higher milk price support level.

In contrast to the Watergate cover-up trial where all spectators were given earphones, U. S. District Judge George L. Hart Jr. allowed only the jurors and court officials to listen to the tape in that manner. Spectators heard the often-unintelligible recording of the conversation through a loudspeaker.

Eight persons participated in the White House meeting, including Connally, Hardin, former White House John D. Ehrlichman and Nixon. The tape lasted 33 minutes, and Connally sat at the defense table turning the pages of the transcript as it unreeled.