

SFChronicle
Political Funds

Banker Indicted-- Milk Fund Probe

Washington

A Watergate grand jury yesterday charged a milk industry lobbyist with lying about what happened to \$10,000 he obtained from dairy interests, allegedly to reward a public official for helping win milk price supports from the administration in 1971.

The one-count indictment, returned against Texas banker Jake Jacobsen, said the grand jury has evidence he solicited and received the cash from Associated Milk Producers Inc. on his word it would be "paid to a public official for his assistance in connection with the price support decision."

The official was not named.

Jacobsen was legislative counsel to President Johnson in 1965-67 and is a close friend of President Nixon's former treasury secretary, John B. Connally.

Jacobsen specifically was charged with lying when he told the grand jury a month ago he put the money in a safe deposit box and never touched it until an FBI agent inventoried last November.

"The declarations . . . as he then and there well knew, were false," the indictment said. The indictment did not



AP Wirephoto

JAKE JACOBSEN
Campaign donations

say, however, what happened to the \$10,000.

The crime carries a maximum penalty of five years in prison and a fine of \$10,000 upon conviction.

Jacobsen, 54, who lives in Austin, Tex., where he is a lawyer and president of a bank, was not present when the indictment was received by U.S. District Judge John J. Sirica.

Jacobsen faces another indictment, handed down February 6 by a federal grand jury in Texas, accusing him and a former business part-

ner of misapplying \$825,000 belonging to the First Savings and Loan Association of San Angelo, Tex. One of the seven counts in that indictment also charges Jacobsen with making false statements under oath.

Yesterday's indictment charged that Jacobsen, as a lobbyist for the milk producers, obtained the \$10,000 in cash from the organization "within two months" after the March 25, 1971, administration announcement of increased milk price supports.

Two days earlier, President Nixon had met privately with dairy leaders.

The White House contended in a "whitepaper" last month that it raised the supports because the Democratic congress was holding "a gun to our heads" for an even larger increase. The White House denied the increase had anything to do with the milk producers' promise of \$2 million in contributions for Mr. Nixon's re-election campaign.

Both the Senate Watergate committee and the special prosecutor have been investigating possible connections between the 1971 increase in price supports and the milk producers' contributions, which eventually totaled \$437,000.

United Press