

Milk Figure Arraigned in Alleged Payoff

By George Lardner Jr.
Washington Post Staff Writer

Texas lawyer Jake Jacobsen pleaded innocent yesterday to a charge of lying to a federal grand jury here about an alleged \$10,000 payoff for the Nixon administration's 1971 increase in milk support prices.

Jacobsen was arraigned before U.S. District Court Judge George L. Hart and released on his own recognizance.

A former lawyer for Associated Milk Producers, Inc., Jacobsen, 54, was caused of perjury in testifying that he put the \$10,000 in a safe deposit box and never touched the money until FBI agents checked it last fall.

His indictment appeared to have been designed by Watergate prosecutors to pressure him into cooperating with the government, but Jacobsen's lawyer, Charles A. McNelis, told newsmen that no plea bargaining was under way or contemplated.

The grand jury said it had evidence that Jacobsen got the \$10,000 from AMPI in mid-1971 "on the representation that such money was to be paid to a public official for his assistance in connection with the price support decision."

A onetime White House aide in the Johnson administration, Jacobsen has said that he enlisted the help of then-Secretary of the Treasury John B. Connally, an old friend, in the

milk producers' controversial 1971 drive for higher support prices.

President Nixon ordered the increase on March 23, 1971, at a White House meeting with Connally and other ranking advisers on the issue. The Agriculture Department had previously refused to increase the price supports.

Connally has denied getting any money for helping the milk producers with their problems. He has told reporters that Jacobsen did offer him \$10,000 in June or July of 1971 for distribution to political candidates of Connally's choosing, but Connally says he declined the offer.

Leaving the courthouse with his lawyer yesterday, Jacobsen refused to comment on whether Connally was the "public official" mentioned in the indictment.

Judge Hart gave McNelis 30 days to file pretrial motions in the case and said he would set it for trial two weeks after completion of another that Jacobsen faces in Texas:

He was accused in a seven-count indictment by a federal grand jury in Abilene last month of misapplying \$825,000 from a Texas savings and loan association where he was a controlling stockholder and director.

Jacobsen has already

pleaded innocent to those charges, which also include a count of lying to a federal grand jury investigating the savings and loan transactions. All the charges against him, both here and in Texas, carry a maximum prison penalty of five years each.

McNelis said Jacobsen's Texas trial is expected to be held sometime in May.

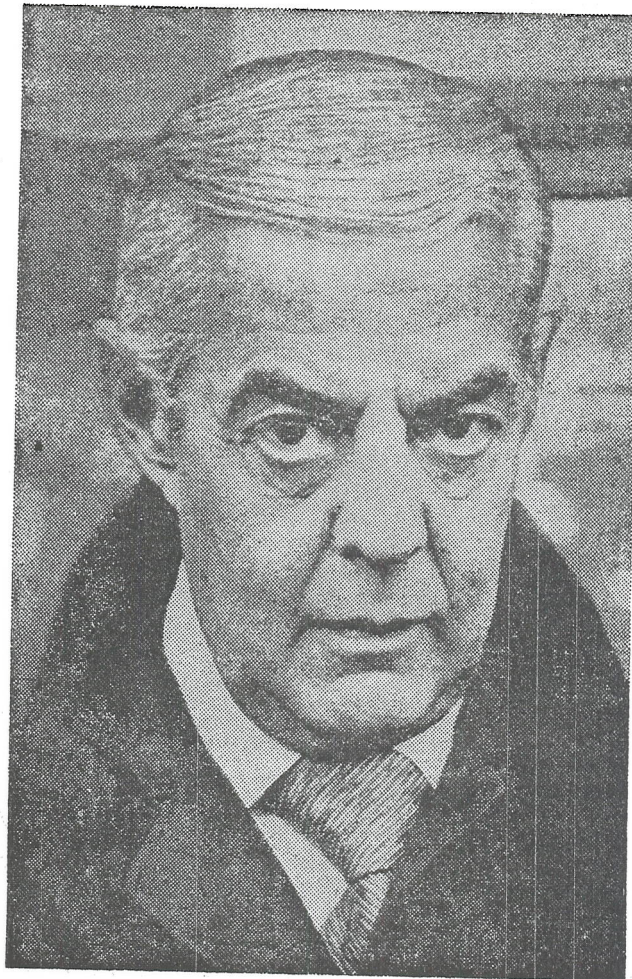
Assistant Watergate Special Prosecutor John Sale asked Hart to order the white-haired

defendant not to leave the country without court permission, but Hart said he didn't want to bother with such admonitions.

"I don't think he's going to run away," the judge said.

"I can assure the court that he's not," McNelis added.

Sale estimated that Jacobsen's trial here would take three or four days unless some documentary testimony can be disposed of by pretrial agreement.



By Margaret Thomas—The Washington Post

Jake Jacobson, accused of perjury in alleged payoff.