Jacobsen Is Plea-Bargaining; Connally Reported the Target

WASHINGTON, June 20 (UPI) —Jake Jacobsen, former milk cooperative lawyer and long-time political associate of former Treasury Secretary John B. Connally, is plea-bargaining with the Watergate special prosecutor, Leon Jaworski, his attorney said today.

Charles McNelis, who represents Mr. Jacobsen, said the two sides had not agreed on a specific charge, but acknowledged that "there's movement along those lines, yes."

Plan Is Reported

WASHINGTON, June 20 (AP) —Informed sources said today that Mr. Jacobsen had already worked out a tentative arrangement to plead guilty to a reduced charge and to testify against Mr. Connally.

United Press International
Jake Jacobsen

Mr. Jacobsen once testified that he offered Mr. Connally a $10,000 payment from his client, Associated Milk Producers, Inc., but that Mr. Connally had refused the gift.

The sources said that Mr. Jacobsen is now offering to testify that Mr. Connally took the money for helping the dairy-farmer cooperative with Government problems and that Mr. Connally had later tried to cover up the transaction after Federal investigators began looking into the affair.

Mr. Connally has consistently denied taking the money, and says that Mr. Jacobsen offered it to him, not as a bribe, but as a fund from which he could make political gifts to candidates. His lawyer, Edward Bennett Williams, said he had heard "rumors" that the Government might have worked out a deal with Mr. Jacobsen.

Least Serious Charge

Watergate prosecutors have reportedly offered to let Mr. Jacobsen plead guilty to the least serious felony charge of offering or paying a bribe, for which the maximum penalty is two years in jail and a $10,000 fine.

In return for the guilty plea and Mr. Jacobsen's cooperation, the prosecutor will drop their perjury case and a separate, unrelated Texas savings-and-loan indictment, the sources said. Mr. Jacobsen faced a maximum punishment of 40 years in prison and $80,000 in fines if convicted on all counts.

The Senate Watergate committee decided yesterday against calling Mr. Jacobsen to testify under immunity about the Connally matter. The committee chairman Senator Sam J. Ervin Jr. of North Carolina, reported that the Watergate prosecutor had said the testimony might interfere with some future action by the prosecutor.

According to informed sources, Mr. Jacobsen's lawyer, Charles McNelis, tentatively, agreed to the bribery-charge deal more than two weeks ago. Mr. Jacobsen had been seeking to have all charges against him reduced to misdemeanors, which would have greatly improved his chances of keeping his license to practice law. Conviction of a felony almost automatically leads to disbarment.

Mr. Jacobsen, meanwhile, was reported to be concerned about his wife, said to be ailing and in need of constant attention.

Fund Misuse Charged

Mr. Jacobsen races a seven-count felony indictment in connection with alleged misuse of funds belong to a savings and loan institution in San Angelo, Tex.

In addition, Mr. Jacobsen faces possible re-indictment on a perjury charge related to the Connally money. The indictment said that Mr. Jacobsen lied when he swore that the $10,000 he offered Mr. Connally stayed in a bank vault for two and a half years.

Mr. Jacobsen is reportedly prepared to testify that Mr. Connally received two $5,000 payments, one of them after helping the milk producers get an increase in Federal milk price supports in 1971, and the other after helping with another Administration matter.

Spokesmen for the special prosecution force and the Justice Department declined comment. A spokesman at Mr. Connally's Houston law office would not divulge his whereabouts.