

Connally Indicted

--Milk Payoffs

Washington

Former Treasury Secretary John B. Connally Jr. was indicted yesterday on charges of accepting \$10,000 in bribes to influence a 1971 increase in milk price supports, and then lying to a grand jury about it.

He is the fourth member of President Nixon's first-term cabinet to be charged with criminal conduct.

Watergate grand jury No. 2 submitted the long-rumored indictment to chief U.S. District Judge George L. Hart Jr. in a 90-second proceeding in open court.

Connally, a Democrat-turned-Republican from Texas, promptly denied any wrongdoing. In a statement issued through his Houston law office, Connally said, "I will be completely vindicat-

ed of these charges."

Connally, 57, was charged with two counts of accepting bribes, one count of conspiracy to commit perjury and obstruct justice, and two counts of making false declarations before the grand jury.

The charges carry a maximum penalty of 19 years in prison and \$50,000 in fines.

The grand jury also indicted Connally's longtime Texas colleague, Jake Jacobsen, 54, on one count of making an illegal payment to a public official, and named him an unindicted co-conspirator in the plot to cover up the bribe. The maximum penalty would be two years and \$10,000.

The charges against both

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men grew out of Connally's role in Mr. Nixon's controversial 1971 decision to increase the federal price support for raw milk after the milk producers' \$2 million pledge to Mr. Nixon's reelection campaign.

The grand jury accused Jacobsen of paying Connally

"for official acts performed by him, to wit, his recommendations in his official capacity concerning an increase in the federal milk price support level to be fixed by the Secretary of Agriculture, announced on March 25, 1971."

It said the cash came from Associated Milk Producers, Inc. which Jacobsen then represented.

The indictment said Jacobsen paid Connally \$5000 around May 14, 1971, and another \$5000 around September 24.

It said that more than two years after the payments, when Watergate investigators were checking out a second-hand allegation about the money, Connally and Jacobsen fabricated a false story to cover it up.

Both men swore that Jacobsen had offered Connally \$10,000 not as a bribe, but for use in making political contributions. Both swore that Connally refused the money on grounds that it would be awkward for him, as a Democrat in a Republican administration, to give to either party.

The indictment charged that the story was false and part of an illegal conspiracy to obstruct justice.

It also said that Connally gave Jacobsen \$10,000 in cash which Jacobsen placed in a safe-deposit box and which he swore was the money Connally had refused.

The perjury counts charge that Connally lied to the Watergate grand jury last November 14, when he swore that he talked to Jacobsen only once in the preceding three or four weeks and that the conversation concerned a bank charter and not the \$10,000.

Connally was accused of lying a second time on April 11, when he told the grand jury a somewhat different story. Connally then said he spoke with Jacobsen three times before his grand jury testimony, and that during the first talk Jacob-

sen said he had been subpoenaed to testify about the \$10,000.

The indictment said that Connally and Jacobsen actually met or talked five times before Connally's first grand jury appearance.

It said Connally gave Jacobsen \$10,000 before either of them had testified, and later gave him another \$10,000 two days before Jacobsen led an FBI agent to the bank vault.

According to previously published reports, Connally had been worried that the first batch of bills were too new to fit the alleged cover story. The second batch was no better, as it turned out.

Investigators found that 34 of them were still in federal banks when Jacobsen swore he received them and put them into the box, according to the final report of the Senate Watergate Committee. One of the bills didn't circulate until 1973, the committee said.

Based on this evidence, the grand jury indicted Jacobsen for perjury last February 21, but the indictment was dismissed on a technicality.

Jacobsen then worked out an agreement with Watergate prosecutors to plead guilty to a single bribery count and to testify against Connally provided the government would drop the perjury case and an unrelated indictment in a Texas savings-and-loan scandal, according to informed sources.

Jacobsen is scheduled to plead to the bribery charge on August 7. Connally is scheduled to answer the charges against him August 9.

Jacobsen faces a maximum possible penalty on the bribe count of two years in prison and a \$10,000 fine.

A.P. & U.P.