

PERJURY CHARGED

JUL 30 1974

Watergate Jury Votes 5 Counts on Deals for New Price Level

NYTimes

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Special to The New York Times

WASHINGTON, July 29—

Former Treasury Secretary John B. Connally, until recently considered a possible Republican Presidential candidate, was indicted by a Watergate grand jury today on five counts dealing with accepting a bribe, perjury and conspiring to obstruct justice.

The former Texas Governor, a millionaire who recently shifted to the Republican party, was indicted for allegedly receiving \$10,000 in two cash payments from a dairy farmer group in exchange for his recommendations that the Federal milk price support level be raised in March, 1971.

The indictment stated that the money was supplied by the Associated Milk Producers, Inc., and handled by a lawyer for the dairy group, Jake Jacobsen.

Mr. Jacobsen, who had an earlier perjury charge against him dismissed, was indicted again today but this time under the bribery laws for making an illegal payment to a public official. He was also named an unindicted co-conspirator in the conspiracy charge against Mr. Connally.

Friends of Johnson

In a statement today issued through his Houston law firm, Mr. Connally said, "I am confident that I will be completely vindicated of these charges." Charles A. McNelis, Mr. Jacobsen's lawyer, declined to comment.

Both Mr. Jacobsen and Mr. Connally were friends and Democratic party political associates of former President Lyndon B. Johnson.

In a two-minute proceeding this morning before Chief Judge George L. Hart Jr., in United States District Court, Mrs. Ada Chapman Foreman of the third Watergate grand jury, which was sworn last August, handed the indictment to a clerk. The judge accepted it and thanked the grand jury mem-

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bers for their work.

If convicted, Mr. Connally could get a maximum of sentence of 19 years in prison and \$50,000 in fine. Mr. Jacobsen's charge carries with it a maximum penalty of two years in prison and a \$10,000 fine.

Edward Bennett Williams, Mr. Connally's lawyer, said the thought his client would be arraigned next week.

Brief statement, Mr. Connally said:

"For months there have been leaks, rumors and speculation concerning my role in the milk support price increase in March 1971.

"The matter is now in the open where it can be dealt with honestly and fairly. I again deny that I am guilty of any wrongdoing, and I am confident that I will be completely vindicated of these charges."

Earlier Testimony

Both defendants have stated in sworn testimony that Mr. Jacobsen twice offered a \$10,000 payment to Mr. Connally to be put to any political use Mr. Connally chose. Both also have stated that Mr. Connally twice declined the offers.

Mr. Jacobsen told a Watergate grand jury that the money lay untouched in a safe deposit box.

Today's indictment alleged that these assertions were only a cover story and that the money "ink fact" went to Mr. Connally in \$5,000 payments on May 14 and Sept. 24, 1971. At the time, Mr. Connally was serving as Secretary of the Treasury in President Nixon's Cabinet.

In addition, it alleged, Mr. Connally agreed to have \$10,000 in cash ready to give to Mr. Jacobsen "so that he could make it available for inspection if called upon."

Late last year when the Senate Watergate committee and the grand jury began looking into the political donations made by the milk cooperatives, the indictment alleges, a series of telephone calls, meetings and cash transfers took place with Mr. Connally delivering \$10,000 on each of two occasions to Mr. Jacobsen "pursuant to this conspiracy."

The double payment is not explained in the indictment and the Watergate special prosecutor's office declined to comment on why \$20,000 would have been paid.

Charges Explained

Specifically, Mr. Connally is charged with two counts of accepting an "illegal payment" of \$5,000 while serving as a public official under the "bribery of public officials and witnesses" section of the criminal code.

Under the same section, Mr. Jacobsen is charged with "giving an illegal payment."

The conspiracy charge alleges that the two men "unlawfully, willfully and knowingly did combine, conspire, confederate and agree together . . . corruptly to influence, obstruct and impede . . . the due administration of justice" and that they also obstructed the Senate hearings and conspired to "make false material declarations under oath" before the grand jury.

Under the general perjury laws, Mr. Connally is charged with having "knowingly" made "false material declarations" to

the grand jury on two occasions.

When Mr. Connally appeared before the grand jury on Nov. 14, 1973, the following questioning took place, according to the indictment:

Q. When have you last discussed this matter [\$10,000 cash political contribution] with Mr. Jacobsen?

A. Oh, gosh, a long time ago. I don't recall.

Q. Have you discussed it with him recently, within the last three or four weeks?

A. No.

Q. Have you had any conversations with him in the last three or four weeks?

A. No, I have been gone for a little over two weeks now, and I had one conversation with him about two and a half weeks ago, I guess, or three weeks ago, in which I asked him to check into a bank application for me, but that was the only contact I have had with him."

3 Calls Alleged

The indictment alleges that between Oct. 24 and Nov. 12, 1973, there were three telephone calls between the two men and two meetings and that at one of the meetings Mr. Connally gave Mr. Jacobsen the first \$10,000 payment.

After more questioning about their single conversation before the grand jury, Mr. Connally continued:

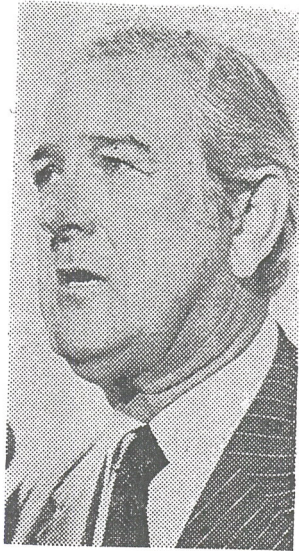
"We have discussed this whole dairy thing. But I don't recall we did it on that occasion and in our discussions. We have simply treated it just like we treat anything else. We are both going to tell the truth about it, and that is all there is to it."

Q. When was the last occasion on which you did discuss, as you describe it, this "whole dairy thing with Mr. Jacobsen?"

A. We really haven't—I am just trying to think if there was any definitive discussion of it. I don't recall having any major discussions with him since last fall."

The other false testimony came from Mr. Connally's appearance before the grand jury last April 11.

Mr. Connally was questioned about the one telephone conversation on Sunday, Oct. 28, 1973, that earlier he had acknowledged having with Mr.



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John B. Connally

Jacobsen about the "bank application." But this time he added that there was a meeting between the two men on Friday, Oct. 26.

He stated to the grand jury that in the telephone call of Oct. 28 he told Mr. Jacobsen that he was leaving the country for a few weeks and wanted to get the bank charter application "under way."

Q. Did he tell you whether or not he had been subpoenaed to appear before this grand jury in that telephone call? A. No. He did not, then. He had already told me that.

Q. When did he tell you that? A. He told me that on Friday.

Q. Where was that? A. In Austin.

Q. Would you tell us about that please?

A. I have been—I had gone to Austin to engage in a lot of different activities on Friday, March 26—I guess—on Oct. 26. Among other things we had a luncheon for the distinguished alumni of the University of Texas.

I had a TV taping, I had a meeting, a rehearsal out at the auditorium for the affair that evening. It was an extremely busy day and also I was in the process of selling my airplane at the same time and I got back to the hotel, I guess, about 4:45 or may be 5 o'clock—in that range—and had a message to call Mr. Jacobsen.

So I called him and he said he needed to talk to me, and I said, "fine, come on down." I said, "I am in a hell of a hurry," but, I said, "We have to be dressed and out at the university in a tux by 6 o'clock but come on down." So he did. I suppose he got there at 5:20 or something like that. That is when he told me he had been subpoenaed.

Words Underlined

The special prosecutor indicated by underling the words in the transcript that Mr. Connally had failed to tell the truth when he said their conversation was about the bank charter, when he said he first learned that Friday in Austin of the subpoena and that he had invited Mr. Jacobsen down for the meeting.

"The underscored declarations quoted . . . were material to the investigation and, as he then and there well knew, were false," the indictment stated.

Mr. Connally is the fourth former Nixon Cabinet officer to be indicted in the Watergate affair.

Former Commerce Secretary Maurice H. Stans and former Attorney General John N. Mitchell were both indicted in New York in connection with a \$200,000 campaign contribution from a financier, Robert L. Vesco, and both were acquitted of conspiracy and perjury charges. Mr. Mitchell still faces trial in the alleged conspiracy to cover up the Watergate burglary.

Earlier, former Attorney General Richard G. Kleindienst had pleaded guilty to misdemeanor charges that he failed to answer questions accurately before a Senate committee.

Mr. Connally was a central figure in the 1971 negotiations by the dairy cooperatives in their efforts to win a rise in milk support prices.

The dairy lobby had pledged as much as \$2-million to Mr. Nixon's re-election campaign and is believed to have delivered almost \$700,000 through various committees.

Mr. Jacobsen, who has been negotiating with Special Prosecutor Leon Jaworski's office, is apparently cooperating with the prosecution in the case against Mr. Connally.

He faces seven charges, including bank fraud and perjury in connection with savings and loan investigations there. Reports since mid-June have indicated that the special prosecutor, with the cooperation of the Justice Department, is prepared to drop all other charges against him in return for his cooperation and his guilty plea to today's single bribery charge.

Last week a former dairy official, David L. Parr, pleaded guilty to a conspiracy charge involving making illegal campaign contributions to the Presidential campaign of Senator Hubert H. Humphrey, Democrat of Minnesota, and Representative Wilbur D. Mills, Democrat of Arkansas.

Mr. Connally's indictment followed a weekend of family festivities in Houston, during which Mr. Connally's younger son Mark was married to Anne Marion Peddie of Houston.

The wedding took place Saturday at the Church of St. John the Divine in Houston, and Mr. Connally was his son's best man.

The Connallys were host to many of Houston's top attorneys and financiers at the River Oaks Country Club following the wedding.