

# Milk Figure Guilty In Connally Case

By George Lardner Jr.  
Washington Post Staff Writer

The leader of the dairy industry's 1971 drive for higher milk price supports pleaded guilty yesterday to conspiring to pay off then-Treasury Secretary John B. Connally for his help in securing the increase.

Harold S. Nelson, former general manager of Associated Milk Producers, Inc., admitted authorizing a \$10,000 bribe for Connally in 1971 from the giant co-op's corporate funds.

Appearing before U.S. District Court Chief Judge George E. Hart Jr., Nelson, 62, also pleaded guilty to conspiring to make illegal political contributions totaling more than \$330,000 over the past six years.

The illicit donations, Nelson acknowledged, included a \$100,000 cash payment in 1969 to President Nixon's personal lawyer, Herbert W. Kalmbach, in an initial effort by the milk producers to win an "entree" at the Nixon White House.

Watergate prosecutors are still investigating allegations that Mr. Nixon himself

was influenced by a \$2 million campaign pledge from the milk producers when he ordered the higher price supports. The White House has denied the charges.

Connally, who had strongly recommended the controversial price support increase, was separately accused by a federal grand jury here Monday of taking \$10,000 for the role he played.

Once ranked as a leading presidential contender, Connally has publicly denied any wrongdoing and sworn that he never took the money.

Evidently moving to lay the groundwork for Connally's dual Watergate special prosecutors negotiated yesterday's guilty pleas from Nelson in return for his promise to make a "full and truthful disclosure" of all he knows about the milk producer's political dealings.

Replaced as AMPI general manager in 1972 but kept on as a \$180,000-a-year

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consultant to the co-op until last fall, Nelson faces a maximum penalty of five years in prison and a \$10,000 fine. Both the bribery charge involving Connally and the illegal corporate contributions to other politicians were incorporated in a single conspiracy count.

Hart released Nelson in the custody of his attorney, Anthony Nicholas of San Antonio, Tex., and ordered a pre-sentence investigation.

Mr. Nixon ordered the higher price supports on March 23, 1971, at a meeting in the Oval Office with Connally and other senior advisers.

Nelson said yesterday that he subsequently authorized AMPI lobbyist Bob A. Lilly to give \$10,000 to Texas lawyer Jake Jacobsen with the understanding that the money would be passed on to Connally for his assistance.

The grand jury that indicted Connally charged that he got the cash in two installments. Once a close associate of Connally, Jacobsen, who was an AMPI lawyer at the time, allegedly paid the Treasury Secretary \$5,000 on May 14, 1971, and \$5,000 more on Sept. 24, 1971.

Indicted along with Connally but only on a single felony count, Jacobsen is ex-

pected to plead guilty and become a witness for the prosecution. Nelson and Lilly, who had been cooperating with Watergate investigators since last fall, are also likely to be called.

In addition to allegedly taking money, Connally stands accused of conspiring to cover up payments and lying under oath about them in two grand jury appearances.

The other illegal contributions that Nelson admitted

yesterday included \$8,400 to Sen. Edmund S. Muskie's 1970 Senate campaign, \$5,000 to the unsuccessful 1970 Senate race of former Democratic Gov. Philip Hoff of Vermont, and more than \$150,000 for Sen. Hubert H. Humphrey's last three bids for public office. Former AMPI special counsel David Parr, who was the co-op's No. 2 man under Nelson, pleaded guilty last week to taking part in making many of the same contributions.