

## INVESTIGATIONS

## Big John Indicted

It was always assumed that John Connally was the greatest living practitioner of fast-on-the-draw, sleight-of-hand Texas politics, and much too smart ever to be caught on the wrong side of the law. That theory was shaken last week when Connally was indicted on five counts of accepting an illegal gratuity, perjury and obstruction of justice for his role in the White House milk scandal. If convicted on all counts, he could face up to 19 years in prison and \$50,000 in fines.

Connally's alleged \$10,000 bribe was actually only a small piece of the milk action. The milk producers had offered \$2 million to President Nixon's 1972 campaign at the same time that they



JOHN CONNALLY

*The biggest tree so far.*

were lobbying for a boost in the price support of milk. Eventually, to forestall an even higher increase threatened by the Democratic Congress, Nixon has contended, the price was raised enough to give the producers an extra \$300 million a year in income. Acting as a middleman in the producers' dealings with the White House in 1971, Connally, the indictment charges, was personally rewarded with two contributions of \$5,000 each, which were brought to him by Old Friend Jake Jacobsen, a Texas attorney who was representing the milkmen.

When the scandal began to be uncovered in 1973, Connally, according to the indictment, decided to cook up an alibi with Jacobsen: the pair agreed to testify under oath that although Jacobsen had offered the money to Connally,

the Treasury chief had refused to take it. Whereupon, the story went, Jacobsen put the cash in a safe-deposit box in a bank in Austin. To make the alibi stick, the prosecution believes, Connally gave Jacobsen \$10,000 out of his own pocket to place in the box.

If the indictment is correct, the Secretary of the Treasury did not show much familiarity with his own bills. Belatedly realizing that the cash in the box had been issued by the U.S. Treasury after the deposit had supposedly been made, Connally is believed to have hastily replaced it with another batch of bills. Once again, he apparently slipped up. Though these bills were dated prior to the deposit, some of them had not been put into circulation until several months later. Thus investigators concluded that Connally and Jacobsen were lying. Confronted with the evidence, Jacobsen pleaded guilty to one count of perjury and started talking.

The case against Connally, however, does not rest on Jacobsen's testimony alone. Other witnesses have been lined up. Last week Harold Nelson, former general manager of Associated Milk Producers, Inc., the nation's largest milk cooperative, pleaded guilty to a charge that he had conspired to bribe Connally. In the information filed against Nelson, several other officials of milk cooperatives were named as unindicted co-conspirators. Some are likely to testify against Connally under immunity.

**Legal Fee.** In a related action last week, Associated Milk Producers, Inc. was fined a maximum \$35,000 in federal court in Washington after pleading guilty to making illegal campaign contributions to Democratic and Republican candidates in 1968, 1970 and 1972, including Hubert Humphrey, Edmund Muskie, South Dakota Senator James Abourezk and Arkansas Representative Wilbur Mills.

In addition, Norman Sherman, former press secretary to Humphrey, was named last week in a criminal information filed in federal court by the special prosecutor. Sherman is charged with the misdemeanor of accepting illegal funds from the Associated Milk Producers, Inc. to pay for computerized mailing lists. And Humphrey's onetime campaign manager, Jack Chestnut, was accused in a sworn statement by another Humphrey aide of sending \$12,000 in campaign bills to the milk co-op, which then paid them.

Connally has hired Defense Attorney Edward Bennett Williams, who can help him beat the charges if anyone can. Why Connally allowed himself to get into this scrape is another question. Though a "poor millionaire" (less than \$10 million in assets) by inflated Texas standards, he hardly needed to risk his reputation and presidential ambitions for \$10,000. Says a Washington politician: "John would think of that as a legal fee to which he was entitled. He wouldn't think of it as a bribe."