

# Connally Milk Payoff Told

Washington

Attorney Jake Jacobsen testified yesterday he paid former Treasury Secretary John Connally \$10,000 in milk lobby money in 1971 and later conspired with Connally to cover up the payoffs.

Jacobsen, the star prosecution witness in Connally's bribery trial, stated the very heart of the government's case in testimony delivered under Connally's steady scorn.

Connally has pleaded not guilty and his defense has alleged that Jacobsen is lying to save himself from further prosecution. They had been friends for 25 years.

Jacobsen said he paid Connally \$10,000 in cash provided by the Associated Milk Producers Inc. in two installments, on May 14 and Sept. 24, 1971, as a reward for Connally's help in persuading then-President Nixon to raise federal milk price supports.

"He told me how helpful he had been in getting the price support decision and

## Food Stamp Advice

Washington

People who use food stamps will not lose their eligibility because of tax rebates they may get, the Agriculture Department said Wednesday.

The department sent a telegram to all states nothing that the new tax law specifically says refunds and special payments shall not be counted as income in determining eligibility or the amount of benefits received under any federal assistance program.

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that he understood AMPI was raising a lot of money for political contributions," Jacobsen, then an AMPI attorney, testified.

"He said in effect, why didn't I get them to raise a little money for him."

With Connally staring straight at him, Jacobsen said he himself decided \$10,000 would be an appropriate sum, neither too stingy nor so blatant as to make it appear "we bought the (milk support) decision."

He said he presented Connally the cash in Washington on the two dates alleged, breaking it into two payments "to get more credit for it."

Jacobsen testified he and Connally contrived a cover-up story in October, 1973, when Jacobsen learned Watergate investigators were questioning a milk producers' lobbyist about allocation of milk lobby funds.

He said he telephoned Connally in Houston to tell him of this development and Connally then suggested the coverup line.

"He said, 'You never gave me any money,'" Jacobsen testified. "I said, 'That's right, I never gave you any money.'"

Jacobsen said they later reaffirmed the cover story.

"I told him I was not going to say I gave any

money. I was going to stick with that story. He said that was fine," Jacobsen testified.

Jacobsen said they agreed to say that Jacobsen had offered Connally political campaign money and Connally had turned it down. He said Connally gave him \$10,000 to place in the safe deposit box from which the alleged payoff money had been taken.

Jacobsen said Connally first gave him \$10,000 in a cigar box in October, 1973, but this had to be replaced when it was discovered some of the bills were too new to have been circulating in 1971. He said Connally gave him another \$10,000 wrapped in a newspaper, which went into the safe deposit box only one day before FBI agents inventoried the contents.

Jacobsen said he used the false story several times in sworn testimony before Watergate grand juries and the Senate Watergate committee.

Jacobsen faces two years in jail after pleading guilty to bribery in a deal he



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ATTORNEY JAKE JACOBSEN  
Star witness despite old friendship

worked out with the prosecutor to avoid prosecution for crimes that could have brought him up to 40 years.

Earlier, the prosecution played the White House tape of a March 23, 1971, conversation in which Connally urged Mr. Nixon to raise milk price supports on politi-

cal grounds. Mr. Nixon did so two days later.

The prosecution also took testimony from Connally's former Treasury Department secretary, Rose Cicala, who said Connally had met with Jacobsen on the dates of the alleged payoffs.

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