

Cash Trail Testimony Snarls Connally Trial

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The bribery trial of former Treasury Secretary John B. Connally bogged down yesterday with technical financial testimony as prosecutors attempted to trace the path of \$10,000 allegedly provided by the former presidential contender to cover up illegal cash transactions.

With the testimony of Federal Reserve Board employees from Fed regions around the country expected to continue today, the prosecutors are apparently attempting to bolster earlier testimony provided by government witness Jake Jacobsen about the same \$10,000. The government's case may end today, prosecutors have said.

Jacobson said the \$10,000 was provided to him by Connally in October, 1973, reportedly to replace \$10,000 in illegal payments he made to the Treasury Secretary for his backing of a 1971 milk price support increase.

Connally has denied receiving the \$10,000 in illegal cash payoffs for his milk price support recommendations or providing another \$10,000 to Jacobsen in 1973 to cover up the alleged transactions.

The prosecutors contend that yesterday's and today's testimony will prove the money allegedly replaced by Connally in late 1973 could not have been gathered before then.

Before becoming a government witness, Jacobson had said the money had been in his safe deposit box untouched for two years.

Defense Attorney Edward Bennett Williams cross-examined the Federal Reserve employees on the reliability of their record-keeping system, apparently so he can argue that the prosecutors have really proved nothing about when the money might have been gathered, much less by whom it was gathered.

The testimony about the \$10,000 yesterday seemed to add little to the basic allegations against Connally. It apparently is just another facet of a complicated, attempt by the prosecutors to corroborate aspects of Jacobson's testimony in all possible ways.

Despite such corroborative evidence, the only witness so far who has testified about the actual passing of cash to Connally is Jacobson. Williams has made it clear that he considers Jacobson's credibility

the weakest link in the prosecutor's case.

U.S. District Court Chief Judge George L. Hart Jr. admitted at times that he was a bit confused about the testimony being presented. "I don't understand all this," he told Watergate Assistant Prosecutor Frank Therkheimer at one point. "Bless me . . . I don't."

The already complex case of alleged payment and cover-up had first become confusing Tuesday when prosecutors introduced into evidence a batch of cash totaling \$10,000 that had been provided to them by Jacobson.

A second batch of money, also totaling \$10,000, entered the case yesterday, the sixth day of the trial, and prosecutors sought to develop the following chronology:

• Jacobson said he obtained \$10,000 from Associated Milk Producers, Inc., employee Bob A. Lilly in May, 1971, to give to Connally for his backing of the milk price support increase. Jacobson said he gave the money to Connally in two installments—May 14, 1971, and Sept. 24, 1971—in cash in Connally's Treasury Department office.

Prosecutors have presented no evidence about what Connally might have done with that money he allegedly received.

Lilly testified he gave Jacobson another \$5,000 purportedly for delivery to Connally in November, 1971.

Jacobson has testified that he has no recollection of giving that money to Connally although he said he "must have" given it to the secretary if he obtained it for that purpose. Connally has not been charged with receiving that money and there is no other testimony about it.

When Watergate investigators began probing the milk fund's campaign contributions in late 1973, Connally is alleged to have given \$10,000, in a cigar box, to Jacobson with the assurance that all of the money was "old enough" to have been in Jacobson's safe deposit box untouched for two years.

Jacobson has testified that is the cover story he and Connally devised about the alleged payoffs: that Jacobson offered money to Connally on two occasions for political contributions, but Connally refused the offers and the money stayed

untouched in Jacobson's safe deposit box.

It is this money, the first batch, that was introduced Tuesday as evidence. Jacobson gave that money to prosecutors in March, 1974, after he began plea-bargaining with them. He said he had kept it in his house since November, 1973, after Connally allegedly gave him the other \$10,000 to replace the first batch of cash.

The second \$10,000, which was introduced yesterday as evidence, was taken from one of Jacobson's safe deposit boxes in Austin, Tex., in November, 1973. Jacobson said Connally gave him this money at an Austin residence after becoming concerned that the first batch of \$10,000 may contain "some Shultz bills," meaning they were signed by Connally's successor to the office of Treasury Secretary and therefore could not have been untouched for two years.

George P. Shultz became Treasury Secretary in June, 1972.

Jacobson had counted that first \$10,000 on the witness stand Tuesday, and 49 of the 280 bills in that batch were signed by Shultz. Williams apparently plans to argue that

Connally would have noticed such a large number of Shultz bills and never have given them to Jacobson.

7 S. Koreans Die In DMZ Tunnel

Reuter

SEOUL, April 9 — Seven South Korean army soldiers have died while working in a recently discovered infiltration tunnel built by North Korea across the demilitarized zone armistice line, the United Nations command here said today.

The seven men were found dead late Monday when an investigative team entered the tunnel after communications had been lost with them, according to the command.

It said they apparently died due to lack of oxygen although they wore protective masks. They were working to blast a concrete wall built by North Koreans to block the tunnel north of an intercepted shaft the U.N. command had dug to reach the North Korean tunnel, the command added.