

WXPost APR 15 1975
**Cash Payoff
Is Denied
By Connally**

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Former Treasury Secretary John B. Connally, his voice firm and his words spoken slowly with emphasis, yesterday denied ever asking for, receiving or covering up an alleged \$10,000 in illegal cash payoffs from Texas lawyer Jake Jacobsen.

"I never asked him (Jacobsen) for anything at any time," Connally loudly told his defense attorney, Edward Bennett Williams. He denied just as firmly that Jacobsen had ever given him any money, saying Jacobsen offered him \$10,000 on two occasions for political contributions but that both offers were rejected.

Connally's denial came on the first day of his defense to two charges of receiving the alleged illegal payoffs for backing a 1971 milk price support increase.

U.S. District Court Chief Judge George L. Hart Jr. earlier refused to dismiss the charges against Connally at the end of the prosecution case.

Connally was preceded to the witness stand by character witnesses in his behalf.

The witnesses — including evangelist Billy Graham, Mrs. Lyndon B. Johnson, Democratic National Chairman Robert S. Strauss, Rep. Barbara Jordan (D-Tex.), former Defense Secretary Robert S. McNamara and former Secretary of State Dean Rusk—were the most impressive yet assembled by a defendant in a criminal case growing out of investigations by the Watergate special prosecutor's office.

They ranged in time from
See **CONNALLY, A8, Col. 1**

CONNALLY, From A1

the New Deal administrations of President Franklin D. Roosevelt, through the New Frontier of President John F. Kennedy, through the Great Society of President Lyndon B. Johnson to the post-Watergate Democratic Party machinery. There were none from Connally's last stint in government, as Secretary of the Treasury and political adviser to President Richard M. Nixon, a Republican.

Williams also presented witnesses yesterday afternoon in an attempt to discredit portions of Jacobsen's testimony. Two secretaries in Connally's Houston law office gave stories that conflict with Jacobsen's recounting of a meeting he had with Connally there, and former White House press secretary George Christian disputed Jacobsen's version of a meeting Jacobsen had with Connally at Christian's Austin, Tex., home.

Connally was on the witness stand for nearly two hours and was still giving direct testimony when the trial ended for the day.

Immaculately dressed in a blue pin-stripe suit, Connally told the jury of his early years as the son of a bus driver in Foresville, Tex., and his subsequent entry into the political world working for then Rep. Lyndon B. Johnson in the late 1930s. The jurors also heard of Connally's years with the Navy in World War II, and about his family — his wife, Nellie, two sons and a daughter who sat in the front of the courtroom as Connally testified.

Connally said he practiced law in Texas for 10 years before re-entering politics as Secretary of the Navy under former President Kennedy. He left that post in 1962 and won three terms as governor of Texas.

He said he had been surprised in late 1970 when then President Nixon asked him to become Secretary of the Treasury, but that he took the post after thinking over the offer for more than a week. He was sworn in Feb. 11, 1971, as the only Democrat in Nixon's Cabinet.

Connally testified he was involved in many Treasury Department projects that spring when Jacobsen came to him, concerned about a possible freeze in the milk price support payments. Connally said it took no convincing for him to see the need for increased price support payments, and assured Jacobsen he would be helpful if he could.

The jury had already heard a tape of the White House meeting on March 23, 1971, after which a milk price support increase was made. At the time, the Nixon administration had announced a freeze in the price support level and Connally recommended the increase based on

the "political aspects" of the situation.

Connally said he thought that meeting "dealt primarily with politics," since he felt that "Mr. Hardin [then Agriculture Secretary Clifford Hardin] and, frankly, Mr. Nixon, didn't believe in" price supports at all. He conceded that he carried what he called "the brunt of the conversation."

Williams asked Connally if he sought money from Jacobsen for his help in getting the milk price support level increased.

"I did not," Connally replied, almost in a shout.

"No such conversation ever took place . . . not in the Treasury Department, not anywhere," Connally continued. As for the cash payments to which Jacobsen testified, Connally said those incidents never happened.

He said that on two occasions Jacobsen offered him \$10,000 in cash to be used as political contributions on behalf of the dairy farmers, but that he rejected both offers.

The first rejection was made because he was in the "delicate position" of being a Democrat in a Republican administration and didn't want to contribute money to either side, and the second rejection was made about a year later, when milk fund campaign contributions had become the subject of widespread publicity, Connally said.

Connally said that he told Jacobsen to tell the truth about the two rejected offers of money, although they might be politically damaging to Connally. Jacobsen has testified he and Connally concocted an elaborate cover story in which Connally twice tried to replace the alleged illegal payoffs.

The first defense witness yesterday was McNamara, who now heads the World Bank, who said Connally "had the highest reputation I know of for integrity."

Spectators in the packed courtroom murmured audibly as the next defense witness was led to the stand. She identified herself as "Claudia Taylor Johnson, Mrs. Lyndon Johnson—also known by my nickname, 'Lady Bird'."

Courthouse observers said they could not remember a former First Lady ever testifying as a character witness. Some of the jurors looked at one another as Mrs. Johnson testified that "John is a man of integrity and honor."

Now some folks may not like him, but I don't think any of them doubt his integrity," Mrs. Johnson continued.

Rusk was so lavish in his praise of Connally's patriotism and public service that Judge Hart cut him off at one point. "His reputation was one of honest and integrity," Rusk concluded.