

IRS Aids Dodd In Tax Dispute Williams Says

By Richard Harwood
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Sen. John J. Williams (R-Del.) accused the Internal Revenue Service yesterday of attempting to help Sen. Thomas J. Dodd (D-Conn.) escape tax liability on "testimonial gifts" of between \$170,000 and \$200,000.

Williams said IRS officials have hinted that Dodd may owe no taxes because of loopholes in the tax law and are quietly lobbying at the Capitol for a new law that would "excuse past violations."

"This would be a neat trick," Williams declared, "... if they (IRS) could get Congress and the public to accept it. I flatly refuse to be a part of any such backstage plan."

IRS Commissioner Sheldon Cohen denied the Williams allegation and said he has neither authorized nor heard of any lobbying on the matter by IRS.

Williams's charge came in the wake of spreading controversy over the Dodd affair and in the context of widespread expressions of concern in Congress over the ethical standards of men in public life.

Within the past week it has been disclosed that several Congressmen — Dodd, Sen. Thomas McIntyre (D-N.H.), Rep. Robert Glaimo (D-Conn.), Rep. Thomas Morgan (D-Pa.) and others — have been the beneficiaries of political contributions not earmarked for campaign purposes. More disclosures of this nature are expected.

Criticized by Case

"I feel strongly," Sen. Clifford Case (R-N.J.) told the Senate yesterday, "that both the giving and receiving of such contributions are thoroughly bad public policy."

As a minimum step, Case

urged the Senate to enact legislation requiring all members of Congress to disclose the sources of their income and to give a public accounting of their financial holdings.

In the House, Rep. Charles Bennett (D-Fla.) said the Dodd case has raised an issue "highly embarrassing to every member of the House and Senate" and has emphasized the need for new legislation. Bennett proposed the creation of a Commission on Ethics in the Federal Government, the creation of a House Committee on Grievances to receive detailed financial reports from House members, and a more effective lobbying law to be administered by the Comptroller General.

Williams Produces Letter

It was Williams, however, who bored into the Dodd case without regard for the niceties of Senatorial "courtesy."

He put into the record a solicitation letter used to raise funds for Dodd in 1963 which showed, Williams said, that the money was intended for Dodd's 1964 re-election campaign, that it was not a "gift"

to the Senator as Dodd's associates maintain, and that Dodd therefore owes income taxes on whatever amount he diverted to his personal use.

"Any effort to claim that campaign funds diverted to the personal use of a public official are not taxable is a farce," Williams declared. "In fact, as far as I am concerned even if the Member does pay tax on these diverted funds it is still improper."

Dodd has never made a detailed public statement on his use of the "testimonial funds" — estimated at up to \$200,000 — turned over to him in 1961, 1963 and 1965. But his "associates" claim they were tax-free gifts, not campaign contributions.

Fund-Raising Plea

To refute this claim, Williams introduced a letter written on Oct. 16, 1963, by Paul V. McNamara of Bridgeport, Conn. It solicited contributions to a \$100-per-person cocktail party and a \$25-per-plate dinner in Fairfield County on Oct. 26. The principal attraction was then Vice President Lyndon B. Johnson and the purpose of the fund-raising, according to McNamara's letter, was as follows:

"In 1964, our friend, Sen. Thomas J. Dodd will campaign for re-election . . . It does not seem necessary for me to stress the heavy financial burden this campaign will involve. For this reason, it is necessary for those of us who respect and admire Senator Dodd to lend whatever aid we can to assist him in presenting a vigorous campaign."

McNamara said yesterday "it sounds like my letter. If it is, it speaks for itself. Although it wasn't specified in the letter, I was aware in my own mind that the Senator was heavily encumbered from past campaigns and would have to meet those debts to get ready for 1964."