

The Washington Merry-Go-Round

IRS Quietly Auditing Montoya Taxes

Post 3/24/76

By Jack Anderson and Les Whitten

The Internal Revenue Service is conducting a quiet but exhaustive audit of the tax returns of Sen. Joseph Montoya (D-N.M.), whose subcommittee oversees the IRS budget.

It will be the first time his taxes have been thoroughly audited since 1950. Over this 25-year span, the senator has become a millionaire.

The Justice Department, meanwhile, has examined whether Internal Revenue Commissioner Donald Alexander intervened to block the auditing of Montoya's finances. The government attorneys have serious reservations about Alexander's judgment in the Montoya affair, but they have recommended that he not be prosecuted.

Secretary of the Treasury William Simon personally advised the IRS to audit Montoya's tax returns. He made the suggestion pointedly after studying the results of two investigations, which he ordered last fall.

One was conducted by the IRS, the other by Treasury general counsel Richard Albrecht following a Washington Post story that Alexander had squashed the Montoya audits.

Albrecht directed a painstaking study, involving more than 50 interviews, of Montoya's returns and Alexander's actions. The findings were so detailed that the summary alone ran 64 pages.

The investigation produced little evidence of actual wrongdoing by Alexander, but the report cited numerous

"extenuating circumstances" and "erroneous assumptions."

Montoya's 1972 returns, for example, raised questions that clearly called for an audit. Alexander held off, however, because Montoya had been appointed to the Watergate committee, which was investigating President Nixon's misuse of the IRS. Any probe of Montoya at that time, Alexander decided, would look like retaliation.

Nevertheless, Simon was so upset by the findings that he forwarded them to the Justice Department. He also called the IRS and urged strongly that the senator's tax returns for the past three years be audited.

The IRS immediately began a major investigation of Montoya's 1972 tax statement and also began checking the "audit potential" of his 1973 and 1974 returns.

Footnote: Montoya told us he had not been notified that his tax returns were being audited. But he emphasized: "I do not fear an audit." Then he added that he planned a "thorough investigation" of IRS harassment of taxpayers "from California to New York."

Agnew Questioned — Spiro Agnew, the deposed Vice President, has been questioned behind closed doors by the Senate intelligence committee about his role in J. Edgar Hoover's vendetta against civil rights leaders and black militants.

A memo turned up in the late FBI director's files reporting that Agnew

had solicited information about Dr. Martin Luther King's disciples, the Black Panthers and others on Hoover's hate list.

The committee concluded after a brief investigation that Agnew hadn't participated in the Hoover campaign but had received FBI information on individuals Hoover considered to be un-American. Apparently, the FBI chief wanted Agnew to use the FBI information to mount public attacks on these individuals.

Senate investigators confronted Agnew with these charges last October and arranged to question him in his office in Crofton, Md. He was interviewed by committee counsel Lester Sidel in the presence of Agnew's attorney, Judah Best.

Agnew stated unequivocally that Hoover's memo was wrong about the original approach. Agnew insisted he hadn't solicited FBI information from Hoover but that Hoover had approached him.

As Agnew recalled it, Hoover contacted him shortly after he took office in 1969 and kept calling him, sometimes several times a week. Agnew agreed with the old FBI curmudgeon about the black militants and other radicals. He was also disturbed over the black militant comic book that admonished children to "kill the pigs," meaning to murder police.

The former Vice President insisted that he had not used the material to attack Hoover's civil rights enemies.