

IRS Tries To Explain Aide's Role

By Douglas Watson
Washington Post Staff Writer

Internal Revenue Service officials yesterday tried to explain why an undercover IRS agent was paid \$54,961 during 1½ years in which they said he mainly visited Miami and Fort Lauderdale bars and collected allegations against 913 persons, none of which were substantiated.

"We hope to explain, not defend, what went on in the past," IRS Commissioner Donald C. Alexander said as he for the first time commented publicly on the Florida undercover project known as "Operation Sunshine."

Pressed by a House Government Operations subcommittee, Alexander and his aides yesterday discussed two other previously unpublicized IRS undercover projects in the Miami area, an "Operation W" and an "Operation Rosebud."

Alexander said, "We don't need money, in my judgment, for such things as Operation Sunshine, Operation W, and Operation Leprechaun," another undercover project that the IRS previously acknowledged involved compiling considerable information on the sex and drinking habits of dozens of Floridians.

However, Alexander said he only learned of "Operation W," in which an IRS informer was paid \$100 a day for his undercover efforts, on Monday, and was learning about "Operation Rosebud" also involving private informants in the Miami area, from yesterday's testimony.

Reacting to the fresh disclosures, Rep. Anthony T. Mofett (D-Conn.) said, "There's ample evidence to indicate that this agency has been out of control in many instances."

Alexander and other IRS officials testified that "Operation Sunshine" involved an undercover agent they referred to as "Mr. A."

who, between August, 1971, and January, 1973, "soaked up" allegations against 913 unidentified persons, including 49 judges and 11 others categorized as politicians.

They said Mr. A was working for IRS' Inspectional Service investigating possible corruption of IRS employees, but collected information on many

other persons—largely by frequenting bars near IRS offices in Fort Lauderdale and Miami. They said Mr. A did nothing illegal.

An "Operation Sunshine" memo submitted to the subcommittee included material such as: "A revenue agent engaged in conversation with a known taxpayer in a cocktail lounge agreed to take care of a 'tax problem' . . . The agent also borrowed money from a man connected with a corporation on which the agent had recently conducted an audit."

The memo continued, "In another instance a taxpayer was buying drinks with an IRS employee who was handling the taxpayer's offer-in-compromise . . ."

The IRS officials testified that as a result of Mr. A's observations nine investigations were opened, but none of the allegations was substantiated. They said Mr. A was paid a \$39,500 salary during 18 months and \$15,461 for moving and other expenses.

They said Mr. A was assigned to the undercover project by Vernon D. Acree, a former IRS assistant commissioner, who since 1972 has been commissioner of the U.S. Customs Service.

Asked why Mr. A's hiring and payment was handled in an unusual fashion, Alexander said, "The one who can respond fully to that question is Mr. Acree." Acree was ill yesterday and unavailable for comment, but Benjamin S. Rosenthal (D-N.Y.) said the subcommittee will ask him to testify.

Members of the subcommittee, which has been investigating IRS intelligence activities since April, questioned why yesterday's disclosures weren't made much sooner. Rosenthal (D-N.Y.), the subcommittee chairman, suggested that Alexander cable all IRS offices to ask, "Are there any more surprises in store?"

Alexander pledged a complete report on present IRS undercover activities, which he said are few and involve only a small number of agents.

Rep. Robert F. Drinan (D-Mass.) said he favors banning all IRS undercover activities. Drinan said the IRS report on Operation Sunshine "is not complete, is not candid, it's not even comprehensible."