

# A NEW AND FRIGHTENING TREND:

## WASHINGTON IS SWARMING WITH INVESTIGATORS

WASHINGTON, D.C.

In the tradition of the United States the government's power of investigation is to be used for the good of the taxpayers, to ferret out the dishonest and the disloyal. But in all too many cases today this power is being turned against the citizens. It is being used to intimidate, coerce and strike back at persons who challenge the rulings or oppose the policies of the government.

A contractor who won't accept government terms, a taxpayer who contests a government ruling, even the associate of another person under investigation—all may now find themselves hounded by gumshoes. In one recent and ominous instance a number of persons exercising their constitutional right to protest the war in Vietnam were ordered investigated. In another case an official used the investigatory power as a club in a private squabble.

Of course, some of the targets of investigation are Reds, racketeers and others not wholly deserving of sympathy. And in theory an innocent man has nothing to fear from investigators. But few have the resources or funds to stand up against relentless government prying. Moreover, once investigators have come around questioning a citizen's neighbors and associates, a cloud of suspicion is raised that may never be dispelled. His reputation may be ruined even though he is innocent of any wrongdoing.

The coercive investigation, it should be noted, is not practiced in all cases by any means, nor is it followed by all government agencies. The examples remain in the minority. But they are multiplying alarmingly.

One reason is that the federal bureaucracy is literally crawling with investigators who, if they are to earn their salaries, must investigate *someone*. Many agencies have become top-heavy with investigators. No one can say exactly how many have found their way onto the government payroll, for they are often camouflaged as attorneys, accountants or consultants. But a top official of one federal procurement agency confessed to PARADE: "We used to have a large staff of engineers and a few lawyers and investigators: Now we have a large staff of lawyers and investigators and a few engineers."

Additionally, this has become an age of investigation, in which the "routine background investigation" has become accepted, and other forms of prying and snooping are widespread.

The policy of intimidation-by-investigation has many facets. A favorite harassment of investigators is to toss difficult cases, no matter how unrelated to taxes they may be, to the Internal Revenue Service. "A lot of other agencies try to use us," Commissioner Sheldon Cohen acknowledged to PARADE. "We try to discourage this."

When the government moved to take over private homes on military bases, owners who resisted complained that they were suddenly besieged by tax agents. The Justice Department's Land Acquisition Section brought tax pressure, for example, on Nashville builder Edward Carmack, who was unwilling to sell 600 homes at Sewart Air Force Base, Tenn., at the government's price. Ralph Luttrell, then section chief, admitted to PARADE that he had drafted an

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official letter to Internal Revenue, pointing out "the possibility of tax evasion" in the Carmack case. The builder was subjected to an intensive investigation, which ended in dismissal of the charges. (A civil settlement is still awaiting the judgment of the Tax Court.)

One high official even used the Internal Revenue Service to take revenge on a driver whose car bumped his Cadillac at Washington National Airport. The official copied the license number of the other car, traced it to the owner, then ordered an investigation of his taxes.

PARADE talked to several attorneys who defended clients in federal cases. All but one complained of the government's tactics. The most outspoken was Urbana, Ill., attorney Joseph M. Williamson, who declared: "The government is the most unfair and corrupt opponent that you will ever have in a courtroom. Federal agencies have conducted investigations of my clients that were unbelievably improper."

Certainly most federal officials try to be fair. But the bureaucratic system tends to uphold the abuses of those few entrenched officeholders who regard themselves as the masters rather than the servants of the people. These latter usually are able to summon the massive weight of the U.S. government behind their rulings and recommendations because most agency heads, unfamiliar with the details of a case, are inclined to accept the judgment of their subordinates.

And once investigators start bloodhounding a case, only the boldest bureaucrat would dare intervene. "This is the Age of the Investigator," said one official. "The investigator is king."

"It isn't safe to stick your nose into an investigation," explained another. "What if the guy turns out to be guilty? The next thing you know, the inspectors will be trying to link you to the case."

### BUCK PASSING

When one regulatory agency rejected an investigator's recommendation that a Connecticut company be indicted for fraud, the investigator resubmitted his recommendation in stronger words. The commissioners, nervous that they might be accused of a whitewash, passed the buck to the Justice Department.

The case went to a U.S. attorney, who later admitted there was insufficient evidence for an indictment. But he didn't want to take the responsibility for overruling the agency. Playing it safe, he submitted the decision to a grand jury, which in turn felt he wouldn't have presented the case if an indictment weren't justified. Result: Company officials were duly indicted, though no one except the original investigator thought they deserved to be. The trial jury found them innocent—but not until they had gone through two years of mental anguish, federal harassment and legal expense.

How many individuals can stand up against the awesome power of the federal government? No private bank account can match the bottomless vaults of the Treasury. No private staff can marshal the manpower

available to the government. Once caught in the federal vise, a private citizen must rely upon the restraint and fairness of the authorities to get an even break.

Some contend that the government should offer no quarter to Reds and racketeers who will twist every comma in the Constitution to thwart justice. But others warn that any tactics the government is permitted to use against them could be turned against anyone.

Many attorneys who would like to see Teamsters boss Jimmy Hoffa behind bars, for example, believe the government has carried its campaign to put him there too far. His every move has been shadowed, his every transaction scrutinized, his every associate investigated. Even two congressmen who defended Hoffa on the House floor suddenly had their taxes audited.

The Justice Department has indicted some of his business associates, then offered to drop the indictments if they would testify against him. A Miami banker who had never been accused of anything worse than a traffic offense until he got involved in a deal with Hoffa, was hauled before a grand jury on tax evasion charges. The evidence wouldn't support a tax indictment, so the grand jury indicted him for perjury instead. Even this charge was later dropped. But meanwhile the banker was so discredited that he was forced to sell his banking interests at a sacrifice.

A Baltimore insurance man who did business with Hoffa was so harassed that he told PARADE bitterly:



Commissioner of Internal Revenue Sheldon Cohen admits investigators have tried to "use" his agency for harassment.

# INTIMIDATION BY GOVERNMENT

## READY TO HARASS THOSE WHO CHALLENGE THE U.S.

"Five years ago I would have been willing to die for my country. Now I hate my country for what it has done to me."

There was sworn testimony, disputed by the Justice Department, that agents had even used voodoo in an effort to persuade Thomas Ewing Parks, an uncle of a Teamsters official, to testify against Hoffa. A Nashville voodoo doctor, Bishop St. Psalm, was allegedly retained to perform the mystic rites. He lit two candles on a portable altar, according to the testimony, then placed upon the altar an article of Parks's clothing borrowed from a dry cleaning shop. But the superstitious Parks, though a believer, apparently didn't respond to the voodoo spell.

Congressional investigators have turned up some astonishing facts about government snooping. Investigators have planted secret microphones in everything from picture frames and desk sets to lamps and telephones. Listening devices have even been slipped into pillows for eavesdroppers who like pillow talk. Even more remarkable is a set of low-frequency coat buttons that can be fitted to a victim's coat in a matter of minutes. The top button is a microphone, the second a transmitter, the third a miniature battery unit. These will turn the wearer into a walking radio station whose every word is broadcast to the snoopers.

One government agency made arrangements with Washington trash collectors to turn in all the trash

picked up at some 50 addresses. When Rep. Cornelius Gallagher (D., N.J.) learned about it, he demanded an explanation from the Sanitation Department. Commissioner C. M. Duke wrote back that the trash was segregated "to determine from typical household units the characteristics of refuse for statistical and design purposes." He didn't explain why the trash for this study should be collected only from people under federal investigation.

The government also seems increasingly tempted to use its investigative powers to intimidate its critics. Many a newsman after writing a critical article has suddenly become aware of federal watchdogs sniffing his trail. Several citizens who wrote to President Johnson expressing sympathy for the Vietnam demonstrators received replies from the Internal Security Division of the Justice Department. A spokesman blandly denied this was an attempt to intimidate anyone. But Jack Ferriss Jr. of Chattanooga, who exercised his inalienable American right to call the President "tyrannical, dictatorial and domineering," was promptly visited by Secret Service agents.

Dr. Carlton Fredericks has felt the hot breath of the federal government on his neck ever since he started feuding with the Food and Drug Administration 17 years ago. The agency has called him "a crackpot, culturist, food faddist and dispenser of nutritional nonsense." Yet amazingly, it has never taken him into court to prove the charges but has tried his case instead in the newspapers. The record against him consists almost entirely of press releases. More than once, agents have raided food-supplement producers who had absolutely nothing to do with Fredericks; yet the press releases, announcing the raids, have been devoted almost wholly to attacks on him. Food and Drug officials have warned newspapers and radio stations against him, have enlisted the help of the Federal Communications Commission to drive him off the air and, of course, have initiated an investigation into his taxes. Laments Fredericks: "Food faddists have a right to their beliefs. They have a right to buy the foods they want. They should not be made half criminals."

### \$2.35, PLEASE

One of the most insidious federal weapons is the jeopardy assessment, which is supposed to be used to tie up the funds of taxpayers who might try to skip the country. Agents have used this power indiscriminately to force settlements out of reluctant taxpayers. In Missouri, one agent barged into a bank with a \$2.35 assessment on a businessman's account, though the agent could have collected the money merely by calling on the businessman a few doors down the street.

Noel Smith, a Taylor, Mo., farmer, had his funds tied up for four years after he refused to pay a \$570,000 tax claim. He was obliged to live off the proceeds of a business deal in Canada. The government finally offered to settle the claim for less than 10% on the dollar. Though he stoutly insisted he didn't owe anything, he coughed up \$54,000 in order to get access to his own bank account again. He complained that the four-year ordeal had ruined his reputation, broken his health and cost him \$1 million in lost profits. "If

I had it to do over again," he says, "it would be easier to go to jail."

Several government contractors complained to PARADE that some agencies have become obsessed with audits and investigations. They have seized upon technical violations and treated respectable businessmen like criminals. In a case that has become all too typical, the Court of Claims recently "lectured" a federal contracting official for his arrogance and arbitrariness. "He nearly took a shillelagh and struck the contractor down," declared the court.

For many contractors, government profits are no longer worth the harassment. More than one told PARADE they would never bid on a government contract again. A top General Services Administration official said he doesn't blame them. "We're fighting with every contractor we do business with," he said wearily.

### STRONG ARM STUFF

Frequently Uncle Sam holds up payment until the contractor, desperate for money to meet his bills, settles for less than he was supposed to get. One contractor, in order to rush work on the Bomarc missile, lived for four months in a trailer and worked around the clock at the missile site. But the government was in no such rush to pay him. Eight years after the contract was completed, he is still trying to collect what is due him. Worse, Uncle Sam doesn't hesitate to use criminal charges to coerce a contractor into accepting civil settlement. "You will find," said an attorney, "that a fraud investigation almost always follows civil dispute." S. Harvey Klein, a Philadelphia electronics manufacturer, got into a legal hassle with the government over the termination of a contract. Not until he had rejected the government's settlement offer did he find himself under investigation for allegedly filing a false claim.

The Brussel Sewing Machine Company had a government contract reviewed by the Renegotiation Board, which concluded that the company's profits had not been excessive. After the case was closed an informer charged that the company had overstated its estimated cost. Investigators immediately swarmed all over the company, and the government filed a false-claim charge. Unimpressed with the government's arguments, the court concluded that it wasn't "the intention of the statute [governing such contracts] to make dealing with the government hazardous, should someone later conceive the notion that the government had paid too much."

John A. Maxwell, a Michigan manufacturer, was actually fined \$30,000 and sentenced to a three-year prison term because he followed the government's own suggestion and filed estimated instead of exact costs. It had been agreed that the exact figure would be determined later. Though the government had been a party to his act, it brought criminal charges against him for submitting estimated, hence false figures. The Appeals Court found the government's position so outrageous that it set aside the guilty verdict.

Most Americans look upon Uncle Sam as a benevolent Big Brother, which he usually tries to be. But lately our federal uncle has been developing an alarming vindictive streak.



Teamster president James Hoffa has been frequent target of investigators—even some opponents say all too often.