

IRS Asked to Seize Re-Election Assets

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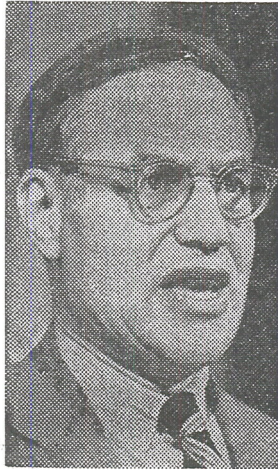
Washington Post Staff Writer

Rep. Henry S. Reuss (D-Wis.) asked the Internal Revenue Service yesterday to seize the assets of the Finance Committee to Re-elect the President for taxes before the committee "dissipates" them.

The request was based mainly on gifts of an estimated \$18 million to \$20 million in stock that had appreciated in value between the time of purchase by contributors and the time of sale by the committee. Neither the contributors nor the committee paid capital gains taxes.

Reuss, in a telegram to IRS Commissioner Donald C. Alexander, said that the committee, "like any other taxpayer, ought to pay taxes on gains realized on the sale of contributed appreciated property, and on other income as defined in the income and gift tax laws."

The possible liability of the committee for income and gift taxes exceeds \$5 million, said Reuss, who consulted Democratic tax ex-



HENRY REUSS
... "jeopardy assessment"

perts. Its financial assets are estimated at between \$4 million and \$5 million, he said.

The IRS should prevent the committee from "dissipating" its assets—by maintaining a staff eight months after the election, for example—below the probable level of taxes due, Reuss told Alexander. The congressman suggested this

be done by imposing a "jeopardy assessment," seizing cash balances or requiring a bond to assure payment.

There has been no final ruling by the IRS, the courts or Congress as to whether any political committee—including Sen. George McGovern's in the 1972 presidential campaign—is liable to taxation.

The Justice Department, urging the U.S. Court of Appeals in 1967 to force the Communist Party to pay income taxes, said that all political parties were obligated to report income.

A related problem is whether all contributions meet the IRS standard for a "gift": that it be made with "detached and disinterested generosity."

Mitchell Rogovin, a former IRS chief counsel who now represents Common Cause, a citizens' lobby, questions whether this standard was met in certain cases. One involves Robert L. Vesco, the financier who gave the committee \$200,000 in the expectation that he would get help in his prob-

lems with the Securities and Exchange Commission.

"The idea of Vesco making a \$200,000 contribution, motivated by 'detached and disinterested generosity,' boggles the mind," Rogovin said recently in the New Republic.

"The same demurrer must be asserted regarding the \$442,500 contributed by the milk producers to the Finance Committee," the lawyer wrote. "Shortly after the 'gifts,' the milk producers received a not-unexpected increase in federal milk support prices."