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Fair Campaign Unit Periled By Loss of Tax Exemption

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The Internal Revenue Service has revoked the tax exempt status of the Fair Campaign Practices Committee retroactive to 1966, a move that jeopardizes the existence of the 19-year-old non-profit, non-partisan watchdog organization.

Charles P. Taft, chairman of the committee and son of the 27th President, suggested this week that the Nixon administration's ruling on the committee's tax status might be retribution for the embarrassing disclosure in 1971 that Republicans had financed a series of newspaper ads in the closing days of the 1970 campaign denouncing eight Democratic senatorial candidates as "extremists" and "radicals." The advertisements were so harshly worded that they were repudiated even by the opponents of the Democratic candidates.

Responsibility for the advertisements was laid by the campaign practices group to Carl L. Shipley, a prominent Washington lawyer and a member of the Republican National Committee. Shipley vehemently denied it at the time, and sources outside the committee said the ads were prepared by a secret unit operating under the aegis of the White House.

The Fair Campaign Practices Committee was critical of the newspaper ads, and more recently has been critical of President Nixon's public statements about the Watergate scandals.

Last May, Taft, former mayor of Cincinnati and now a Republican city councilman, declared in a report that the tactics used in the Nixon re-election campaign were the "dirtiest" encountered in the nearly 20 years of the committee's existence.

In July, the committee publicly rejected what it termed Mr. Nixon's implication that Watergate was the "result of inadequacies in the law itself."

In an interview Taft, 76, said he had no evidence to prove that the IRS decision to revoke the committee's tax exempt status was a direct result of his statements on Watergate.

"But the first noises from the IRS came not too long after the Shipley affair. It makes you wonder whether someone made a telephone call to the right place," Taft said.

The committee, which monitors campaign practices and investigates complaints of unfair tactics, was notified by the IRS four months ago that it was losing its tax exempt status, Taft said.

In an undated memorandum sent to Samuel J. Archibald, the committee's executive director, the IRS ruled that the committee's release of information about a candidate's unfair campaign practices was, in effect, a statement in behalf of the candidate's opponent.

Therefore, the IRS reasoned, "such activity brings you within the definition of an 'action' organization," resulting in loss of tax-free status.

Taft said that the commit-

tee routinely monitors congressional, gubernatorial and presidential elections and, when a complaint is made by one candidate against another, attempts to verify the charges. Taft said that his group then notifies the accused candidate of the charges and sends notices to the news media that the files are available for examination.

In recommending the lifting of tax-free status, IRS agent O. C. Francisco wrote, "On the basis that your files are public records, you have continued to make them available to individuals coming to your office. There was no indication that they were made available only for non-partisan analysis, study or research purposes."

The Fair Campaign Practices Committee, whose members include three former national committee chairmen from each major party, last year investigated 80 complaints, of which only six stemmed from the presidential election.

In 1965, for example, the panel supported charges by former Republican Sen. Kenneth B. Keating that his Democratic challenger in New York, Robert F. Kennedy, unfairly distorted some of Keating's remarks. In 1964, the panel attacked the Citizen for Goldwater Committee for publishing "hate books" attacking President Johnson.

Taft said that if the committee loses an appeal of the IRS ruling, it is doubtful that the organization can survive financially.