

IRS Hinders Hughes Cash Probe, Ervin Committee Counsel Says

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Washington — Investigators for the Senate Watergate Committee have accused the Internal Revenue Service of obstructing the panel's inquiry into a \$100,000 presidential campaign donation from Howard R. Hughes.

In a report to committee members, the panel's assistant chief counsel, Terry F. Lenzner, also charged that IRS has, in effect, defied a Senate resolution by refusing to provide tax returns and other needed data to the committee.

A copy of Lenzner's report was made available to the New York Times.

In it, Lenzner suggested that the IRS had repeatedly bowed to White House wishes in its investigation of the \$100,000 contribution.

'Another Cover-Up'

The money was given to Charles G. Rebozo, one of President Nixon's closest friends, in 1969 and 1970. Rebozo and the President have said the money was unused and was returned last June.

A number of closely involved sources, depicted the Senate investigators as being convinced that the IRS participated — as one official put it — in a cover-up of tremendous dimensions."

In an interview with the Miami Herald last Fall, Rebozo said the IRS had cleared him of any wrongdoing.

But the Senate committee's inquiry last month heard testimony by Herbert W. Kalmbach, President Nixon's former personal attorney. Well-placed sources said Kalmbach testified that Rebozo had told him he had used some of the cash to make payments or loans to the President's two brothers, Edward C. Nixon and F. Donald Nixon, and to his personal secretary, Rose Mary Woods, "among others." All denied it.

Some Examples

Lenzner's report listed the following examples of activity by the IRS:

— It was almost a full year after the IRS learned of the \$100,000 Hughes contribution before its agents began to in-

terview Rebozo about the money, in May, 1973.

— Rebozo was advised by the White House of the IRS interest in the cash before he was contacted by the IRS.

— John Bartlett, the Florida IRS agent assigned to the Rebozo case, began his interrogation of potentially key witnesses by initially requesting the interviews through Kenneth Gemmill, Rebozo's attorney for tax matters.

— Similarly, Bartlett subsequently told Rebozo that investigators for the special Watergate prosecutor's office, then headed by Archibald Cox, had been given his IRS file. Such information is normally not disclosed to a suspect.

Data Exchange

Lenzner's most significant complaint dealt with what he termed an attempt by the IRS to place "frustrating and debilitating roadblocks" in the committee's path by refusing to provide it with documents as had been agreed.

The Senate investigator said he and two IRS intelligence agents met last Janu-

ary and agreed to exchange all information regarding the Hughes-Rebozo investigation. At the time, Lenzner wrote, the committee had conducted more than 300 interviews in the matter.

The Senate on Feb. 21, 1974 passed a resolution calling for a full exchange of data between the committee and the IRS.

Papers Denied

However, after a series of letters to Treasury Department officials, Lenzner's report said, the committee was told last April 12 that it could receive no additional data pending a dispute over language in the agreement.

"As a result," Lenzner said, "except for a handful of tax returns and the chance merely to read a few interviews, we have received nothing from the IRS and have furnished them with voluminous materials."

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