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Panel Is Told White House Urged I.R.S. Political Acts

By EILEEN SHANAHAN
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WASHINGTON, June 27 — Members of the Nixon White House staff made repeated attempts to get the Internal Revenue Service to conduct "political actions and investigations" but were often balked by the President's own appointees to head the agency, according to a document submitted today to Senate investigators.

The document, an internal memorandum written partly

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by John W. Dean 3d and partly by John Caulfield, complained that the first two I.R.S. commissioners appointed by President Nixon had been "afraid and unwilling to do anything with I.R.S. that could be politically helpful."

For example, the memo stated, "we have been unable to obtain information in the possession of I.R.S. regarding our political enemies" and "we have been unable to stimulate audits of persons who should be audited."

The two commissioners named were Randolph W. Thrower, who served during the first two years of the Nixon Administration, and Johnnie M. Walters,

who served until this spring.

However, at least one such politically motivated audit was successfully suggested to the Internal Revenue Service, according to testimony that the investigators heard yesterday. This was an audit of Robert

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Greene of Newsday, the Long Island newspaper. Mr. Greene headed a team of reporters who investigated President Nixon's friend, Charles G. Rebozo.

The request for that audit was made by Mr. Caulfield, a former employe of the Committee for the Re-election of the President and one-time New York City police detective, according to Mr. Dean's account.

It was not clear when the audit request was made, because the memo was undated.

The memorandum proposed that H. R. Haldeman, former chief of the White House staff, tell the Secretary of the Treasury to put pressure on Commissioner Walters to undertake "discreet political action and investigations."

Whether the Secretary of the Treasury was John B. Connally or the incumbent, George P. Shultz, also was unclear.

Unresponsive to Requests

It had long been reported by members of the tax bar and others familiar with internal revenue that both Mr. Thrower and Mr. Walters had been asked to resign because they had been unresponsive to White House requests.

Mr. Walters declined to discuss any of the disclosures on the ground that it could violate the "orderly procedures" of the Senate investigation. Mr. Thrower was vacationing in Mexico and could not be reached.

The present Commissioner of Alexander, issued the following statement through a spokesman when asked what commitments he had made to the White House before being appointed to his job:

"I have read the news reports of Mr. Dean's testimony concerning statements that Internal Revenue Service was Democratically oriented and that after the elections people should be placed in this agency who would be responsive to White House requirements.

"If there is anything to those

statements then, in appointing me, they have appointed the wrong man. I intend to administer the Federal tax laws even-handedly and fairly and without any regard to political affiliation."

Obstacle Inedertified

The memorandum submitted by Mr. Dean identified Donald Bacon, a former assistant commissioner of I.R.S. in charge of compliance, as one of the obstacles to politically motivated audits.

"It is known that Bacon is a liberal Democrat holdover who has been continually identified with anti-Nixon intrigues at I.R.S. within the past two years," the memo said.

A former Internal Revenue official said he was not surprised that Mr. Caulfield complained about Mr. Bacon.

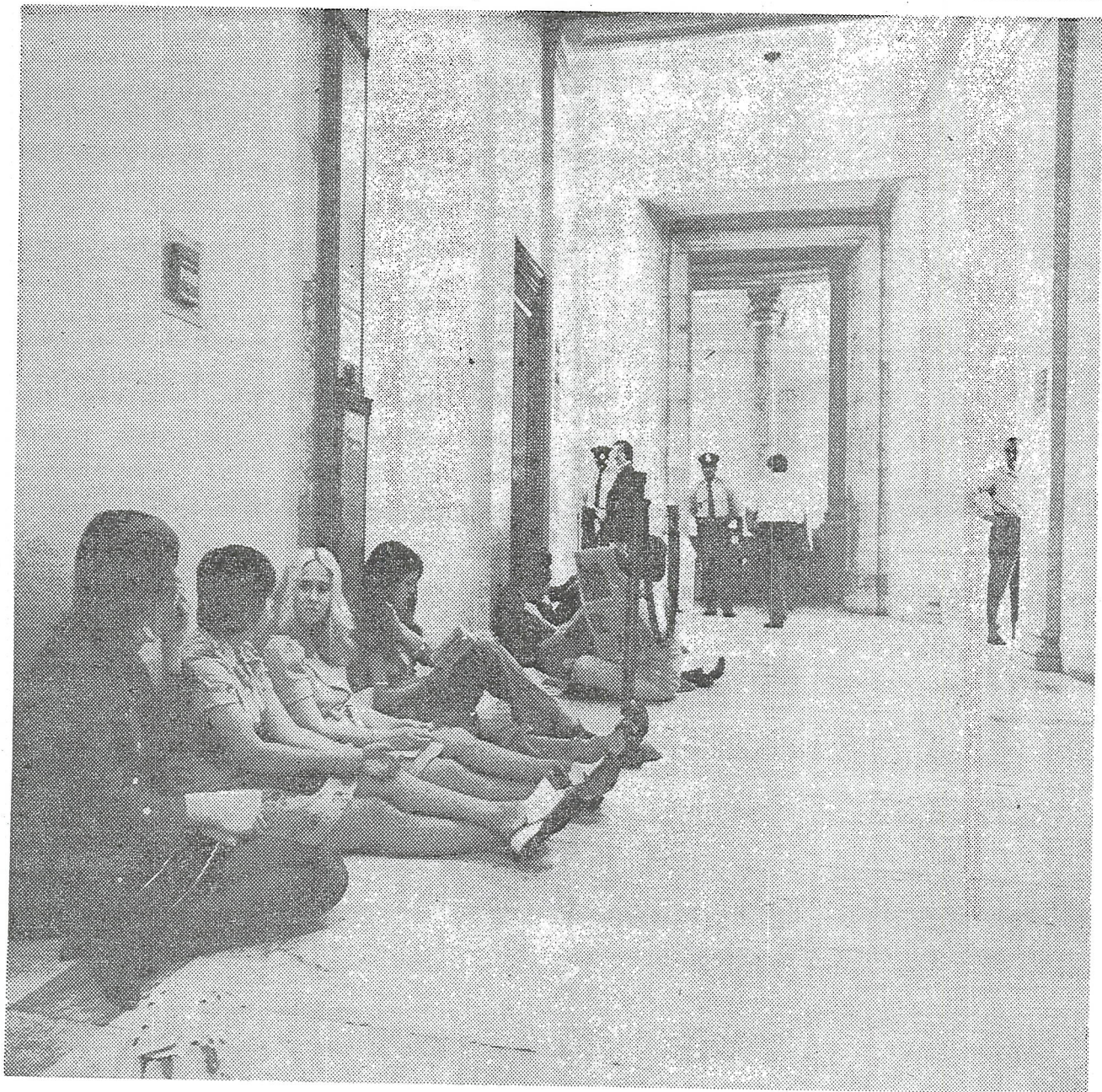
He said Mr. Bacon had refused to hire Mr. Caulfield as head of the Bureau of Alcohol, Tobacco and Firearms on the ground that Mr. Caulfield was unqualified because he had no previous management experience.

The bureau was subsequently transferred out of the Internal Revenue Service and into another part of the Treasury Department, and Mr. Caulfield given a job there.

Linked to McCord

Besides being named yesterday as the man who ordered the audit on Mr. Greene, the Newsday reporter, Mr. Caulfield has been mentioned in the hearings into the Watergate scandal as the man who allegedly carried an offer of executive clemency to James W. McCord Jr., one of the convicted Watergate burglars.

In addition to resisting making certain audits that the White House suggested, Commissioners Thrower and Walters also failed to follow through on proposals that it "crack down on the multitude of tax-exempt foundations that feed left-wing political causes," according to the memo.



The New York Times

Young people waiting outside the Caucus Room for a chance to get inside and attend the Watergate hearing



The New York Times/Barton Silverman

Samuel Dash, left, chief counsel to the Senate Watergate committee, conferring with Rufus L. Admiston, deputy counsel, during yesterday's testimony by John W. Dean 3d.

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