

## O'Brien Targeted, Senate Report Says

# Ehrlichman's IRS Role

Washington

John D. Ehrlichman pressured the Internal Revenue Service into speeding up a tax audit of Democratic Chairman Lawrence F. O'Brien in the hope of sending O'Brien to jail before the 1972 election, the Watergate committee staff says in a new draft report.

The report quoted Ehrlichman as saying in sworn testimony, "I wanted them to turn up something and send O'Brien to jail before the election and unfortunately it didn't materialize."

The report said IRS officials found nothing amiss in O'Brien's tax returns.

The staff report, made public yesterday, is to be considered by the full committee.

O'Brien, informed of the contents of the report by a reporter, said: "I am completely appalled and disgusted. I can't comprehend a President or an assistant using an agency of the government to destroy an individual," said O'Brien, a former White House aide under Democratic Presidents.

The report says Ehrlichman, who was President Nixon's chief domestic adviser, repeatedly pressed various officials to investigate O'Brien, to see if there was anything illegal about payments his consulting firm received from a firm owned by billionaire Howard R. Hughes.

It said Ehrlichman castigated the head of the IRS for taking too long to call O'Brien in for an interview, and that the White House aide passed along sensitive tax information about O'Brien to Mr. Nixon.

Ehrlichman became interested in the Hughes money to O'Brien when he found out about it in a "sensitive case

report" given to him by assistant IRS commissioner Roger Barth, a one-time Nixon campaign worker.

The report quoted Barth's boss, IRS Commissioner Johnnie M. Walters, as saying he hadn't known that Barth was leaking case reports to Ehrlichman.

The report quoted Barth as saying that Ehrlichman suggested to him that the Hughes money to O'Brien may have been either an illegal corporate campaign donation, or may not have been properly reported as income on O'Brien's own tax returns.

Barth checked O'Brien's returns personally and found nothing wrong, the report said. Ehrlichman also called the then secretary of the Treasury, George Shultz, and prompted a second high-level review of O'Brien's returns by Walter, who reported back that field auditors had found nothing wrong with O'Brien's taxes.

These two checks weren't enough for Ehrlichman, the report said.

"Sometime later the secretary indicated that that had not completely satisfied Mr. Ehrlichman and, wasn't there anything else that could and should be done?" Walters was quoted as saying.

He said the IRS already had decided to re-open the O'Brien audit and to call him in for an interview, but had decided not to do this until after the election in order to stay clear of politics, the report said. The IRS also was delaying related investigations of Mr. Nixon's own brothers and his closest friend, Charles G. (Bebe) Rebozo, Walters was quoted as saying.

The IRS interviewed O'Brien on August 17, less

than three months prior to the election. Rebozo and Donald Nixon were not interviewed by the IRS until six months after the election.

Walters testified that O'Brien would not have been interviewed until after the election "had it not been for the generation of pressure from the White House, Ehrlichman. . . ."

On August 29, Shultz called Ehrlichman to tell

him that the audit had found nothing wrong with O'Brien's taxes and that the case was being closed. Walters and Barth took part in the conversation, using extension telephones.

Walters said Ehrlichman scolded him for taking too long with the audit, using language that offended him. Walters said he hung up on Ehrlichman.

Associated Press