

Caulfield Tied To IRS Probe Of Nixon's Pal

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Washington—John J. Caulfield, a former White House aide whose name figured prominently in yesterday's Senate Watergate testimony, tried three years ago to obtain Internal Revenue Service intelligence for the White House on one of President Nixon's closest friends, according to sources close to the matter.

The sources said Caulfield tried unsuccessfully to get a special IRS agent to report to John D. Ehrlichman, then domestic adviser, intelligence gathered by the agency on C. Arnholt Smith, whose friendship and financial support of Mr. Nixon spans nearly three decades.

IRS sources said that what Caulfield was reported to have been asking the agent to do was a violation of federal law and agency regulations governing the disclosure of internal revenue information.

Neither Caulfield nor Ehrlichman was available for comment. It wasn't clear why the data on Smith was requested.

Pressure Reported

James W. McCord Jr., a convicted Watergate conspirator, swore before the Senate Watergate committee that it was Caulfield who "conveyed" to him what he believed

was White House pressure to remain silent in exchange for executive clemency and financial aid.

The sources who spoke about the alleged effort by Caulfield to obtain IRS information on Smith for the White House gave this account:

In the spring of 1970, Caulfield, an assistant to Ehrlichman, tried to persuade the IRS agent to visit the White House secretly and discuss his



UPI Telephoto

John J. Caulfield

agency's investigation of Smith. The agent was also asked to report on John Alessio, Smith's closest business associate, who later went to prison for federal income tax evasion.

Smith is an important Republican fund-raiser. The two stanchions of his business empire are the United States National Bank and the Westgate California Corp., a conglomerate with assets ranging from hotels to canning.

His private holdings include the San Diego Padres Major League baseball team.

Memo Requested

In his only direct conversation with the agent, via telephone, Caulfield asked about Alessio and Smith, who both live in San Diego.

When the agent outlined the inquiries and told of problems encountered at the U. S. Attorney's office in connection with the Smith inquiry, Caulfield requested that the agent send him a memorandum detailing the information.

He requested that there be

nothing in the memorandum to indicate where the document originated or for whom it was prepared.

The agent dictated the memorandum and it was sent to Caulfield at his White House office. No copies of the document were made and the secretary who prepared it destroyed her notes.

Trip to Washington

Caulfield later got in touch with the agent through a federal law enforcement officer, not an IRA agent, who works in southern California. He told the IRS agent that Caulfield wanted him to go to Washington to talk to Ehrlichman about the memorandum.

The intermediary said the White House did not want anyone in IRS to know of the trip. The agent was asked either to take some annual leave or to make the trip over a weekend to insure secrecy. The agent, who was

stationed in San Diego, balked.

"If they want to use what I know for a legitimate prosecutive purpose, then they would have no compunction about putting in an official request for me to come back," he said.

"If it's to be used for some type of political decision, to protect Smith or feed into a decision the Administration is going to make relative to San Diego, I don't want any part of it."

The agent told the intermediary to tell Caulfield that he didn't like the idea of sneaking around on his agency and to put his request in writing through the agent's superiors. The White House rejected that approach.

Another Proposal

On June 19, 1970, the intermediary presented the agent with an alternative proposal from Caulfield. This time, the agent was asked to go to the Western White House in San Clemente, Calif., for talks.

The agent said he was about to start a vacation in Mexico and that if someone from the White House wanted to see him he could be reached there.

The following week, the intermediary visited the agent in Mexico and told him the White House had decided

against a meeting with him. The intermediary said the reason the White House had backed away was that the agent began to appear to Caulfield as an "idealist — the type of guy that job security was not all that important, and, consequently, who would expose what he thinks to be a wrong."

"We can't let this ever get out," the intermediary quoted Caulfield as telling him.

Denial Is Made

When Caulfield was asked about the matter last year by the now-defunct Life magazine, he acknowledged that he made inquiries about the Alesio tax case in June, 1970, but he denied ever talking to the IRS agent and said he had never mentioned it to Ehrlichman.

IRS sources said yesterday that what Caulfield was asking the agent to do is in violation of federal laws and agency regulations.

The agent has since resigned.

Caulfield, a former New York City policeman, left the White House in March of last year to act as a law enforcement consultant to the committee to reelect the President.

After that, he was a Treasury Department consultant, and then became acting assistant director of criminal enforcement in the Alcohol, Tobacco and Firearms Bureau of the Treasury Department. He was appointed to the post permanently on Dec. 17.

He was placed on administrative leave yesterday, which means he had been relieved of all duties but continues to be paid.