

SF Chronicle  
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**Spying by**  
**IRS Revealed**

Washington

The Internal Revenue Service disclosed yesterday it has used undercover agents equipped with microphones concealed in tie clasps and chap sticks, as well as lunch tape recorders and body transmitters.

It also revealed it has trained more than 100 undercover men since 1963 and actually used more than 20 of them with the deep "cover" of a thoroughly documented false identity.

The disclosures came in two IRS internal audits presented to the House Government Operations Subcommittee, which is holding hearings on the performance of the tax-collecting agency.

To congressmen wondering what business the IRS had doing this type of

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spying. IRS Commissioner Donald C. Alexander replied that the acts were committed by overzealous agents in violation of IRS guidelines.

He said all non-accountant investigative work by the agency's 2700 "special agents" has been suspended until new and tighter guidelines can be issued. They had been dealing in organized crime and narcotics traffic in addition to tax matters.

An internal IRS audit conducted for the period Jan. 1, 1973, to Feb. 25, 1974, revealed that agents were recording telephone conversations without proper authorization and that many "sensitive electronic surveillance devices" had not been turned back to the agency after missions.

"These items included body transmitters, an automatic telephone monitoring device capable of use for a wiretape, briefcase and lunch box tape recorders, room-type microphone bugs, pen desk set with built-in microphone, a 'drop-in' telephone microphone; and lapel, chap stick, inhaler, tie clasp and fountain pen microphones," the report said.

*United Press*