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I.R.S. HEAD SCORED FOR INQUIRY CURBS

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House Panel's Leader Says
Alexander 'Overreacted' to
Controversy in Florida
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WASHINGTON, Jan. 8—The chairman of a House subcommittee contended today that restrictions imposed by Donald C. Alexander, the Commissioner of Internal Revenue, on intelligence-gathering "may constitute a free pass to organized crime figures and others seeking to evade or avoid the payment of Federal taxes."

In a report on the nine-month investigation by the Oversight Subcommittee of the Ways and Means Committee, Representative Charles A. Vanik, the subcommittee's chairman, said the I.R.S. had "overreacted" to charges made last spring that its investigators acted improperly in setting up Operation Leprechaun, a Florida intelligence-gathering maneuver.

As a result of this action, the Ohio Democrat said, "restrictions on the use of confidential funds and cooperation with other law enforcement agencies imposed by the I.R.S. national office after Operation Leprechaun news reports have brought the collection of tax-related information to a virtual standstill."

Unit 'Demoralized'

Mr. Vanik also contended that Mr. Alexander's restrictions on the tax agency's Intelligence Division "discouraged informants from imparting information on a paid or voluntary basis and demoralized the Intelligence Division."

Mr. Vanik's criticism comes at a time when Mr. Alexander's future as Commissioner has been seriously questioned. The tax agency is under extensive investigation by two House committees, and more than a half dozen other Congressional committees have made long investigations of some I.R.S. activities.

In two matters, allegations regarding the connections between Mr. Alexander's former law firm and a bank in the Bahamas, and an invitation to cruise on a yacht and meet a convicted felon, the questions have involved Mr. Alexander's integrity, not his handling of the tax agency. Both matters are under Congressional investigation. In addition, the Federal Bureau of Investigation is looking into the boat trip invitation.

Mr. Alexander has denied any wrongdoing and has said the criticism stems from a small group of present and former members of the tax agency's Intelligence Division who do not agree with "policies. The commissioner has also



Representative Charles A. Vanik criticized the I.R.S.

urged that the allegations be investigated.

The Oversight Subcommittee began its investigation at the same time that the press in Miami exposed Operation Leprechaun. According to the press accounts, an informer was assigned by Miami-based intelligence agents to investigate the sex lives and drinking habits of 30 prominent Floridians, including several judges and the Dade County (Miami) prosecutor.

Mr. Alexander ordered an investigation by the tax agency's Internal Affairs Section. Before the investigation was complete, however, Mr. Vanik's report noted, "The Commissioner of Internal Revenue and other top officials of the [tax agency's] national office made statements before Congressional committees, in the media and in other forums which tended to support unverified allegations and pre-establish unfavorable conclusions as to Operation Leprechaun."

"It now appears," Mr. Vanik's report said, "that these conclusions were both premature and, at the very least, unfortunate."

The Oversight Subcommittee's investigation disclosed that the I.R.S. agents associated with Operation Leprechaun had been "cleared of punishable wrongdoing" by an I.R.S. Personnel Division review; that the operation had been aimed at tax-related information and was not, as charged, a foray to learn about the private lives of prominent persons, and that John T. Harrison, the special agent in charge of the operation, "was successful in collecting tax-related information which resulted in actual or potential tax claims totaling about \$7 million."

Mr. Vanik's report also said that Operation Leprechaun was an I.R.S. project and was not controlled by the Department of Justice strike force in Miami.

Mr. Alexander had suggested that the operation was controlled by the Justice Department strike force. The Justice Department denied this, but the chief of the strike force was transferred to Washington during the controversy.