

Nixon Aid To Friends

Charged

SF Examiner

NEW YORK — (UPI) —

Life magazine has reported that the Nixon Administration has "taken steps to neutralize and frustrate its own law enforcement officials" to protect friends of the President from prosecution in San Diego.

The Justice Department in Washington denied the report, saying it had "proceeded properly and vigorously and without favoritism to anyone" in the cases, which Life charged yesterday involved income tax evasion totaling several million dollars, accepting a bribe, and an alleged scheme to cover up an illegal contribution to President Nixon's 1968 campaign.

It was the second investigative report in two weeks alleging improper links between the Administration and San Diego.

The Senate Judiciary

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Committee is investigating charges by columnist Jack Anderson that the Justice Department agreed to settle an antitrust suit against International Telephone and Telegraph Corp., in exchange for a \$400,000 contribution from an ITT subsidiary to help finance the Republican national convention in San Diego this August.

"The Nixon Administration has seriously tampered with justice in the city of San Diego," Life said. "In an effort to protect certain of its most important friends there from criminal prosecution, the Administration has in several instances taken steps to neutralize and frustrate its own law enforcement officials," wrote Life associate editors Denny Walsh and Tom Flaherty.

Denial

In a statement, the Justice Department said, "The Department of Justice states unequivocally that there has been no White House influence or attempted influence, direct or indirect, in the department's investigations and prosecutions.

"The department has proceeded properly and vigorously and without favoritism to anyone."

The magazine said the Administration had intervened on behalf of C. Arnholt Smith, a multimillionaire and close friend and supporter of Nixon; Smith's one-time associate, John



JOHN CURRAN
Former mayor

Alessio, who owns horse and dog tracks and runs legal bookmaking operations in Mexico, and Frank Curran, who was mayor of San Diego at the time.

Alessio, his son and three brothers were charged with evading \$929,999 in taxes from 1963 through 1966. A separate civil action sought to recover from them another \$6.5 million in unpaid taxes and penalties, Life said.

Conviction

Alessio was prosecuted and is serving a three-year prison term. But his indictment came only eight days before the statute of limitations would have run out in an important part of the case, Life said, and only after the White House made attempts to talk privately to Internal Revenue Service

Agent David Stutz, who did much of the investigation into that and the other cases, Life said.

FBI Director J. Edgar Hoover personally asked that Alessio be prosecuted, Life said.

Curran was tried with other city officials on charges of accepting a bribe but was acquitted after IRS Commissioner Randolph Thrower prevented Stutz from testifying, Life said. It was the first time the IRS had refused to let Stutz testify in a case, the magazine said.

Baseball Owner

Smith, who owns among other things the San Diego Padres baseball team and the Westgate - California Corp., and was called "Mr. San Diego of the Century" by the San Diego Union newspaper, was linked to an alleged scheme to cover up contributions to Nixon's 1968 campaign, Life said. He was never charged.

Harry Steward, whom Smith recommended to his post of U.S. attorney for the southern district of California, helped block the investigation, Life said.

It said the FBI gave the Justice Department a report on possible obstruction of justice by Steward, but Richard Kleindiest, then deputy attorney general and now the attorney general designate, absolved Steward, Life said.

Smith

Smith has denied all



JOHN ALESSIO
Serving time

charges of wrongdoing, Life said, including a charge that he went to the White House to discuss Alessio's case with the President and that he tried to get Stutz fired.

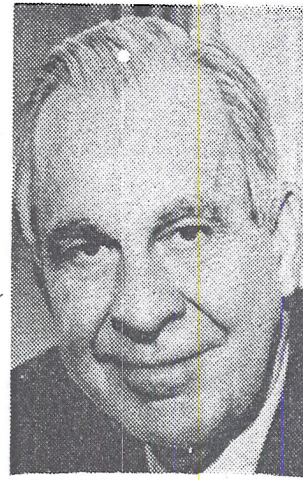
The three major investigations in which Life said Administration influence was brought to bear were into:

- An alleged scheme in which the Smith-controlled Barnes-Champ advertising agency served as a conduit for illegal campaign contributions.

- The mayor's alleged acceptance of a bribe from Charles Pratt, president of the San Diego Yellow Cab Co. — in which Smith formerly owned a \$100,000 bloc of stock — to help raise taxi fares.

- The Alessio tax case, which became "one of the biggest tax-evasion prosecutions on record in the western United States."

Life said Steward blocked the campaign contribution investigation by preventing



C. ARNHOLT SMITH
Charged as schemer

a special federal grand jury from serving a subpoena on Frank A. Thornton, Smith's "top lieutenant in political matters" who was vice president of Barnes-Champ and

chairman of the 1968 Nixon campaign in San Diego.

Later, Life said, he overruled Stutz, who led the investigation by a Justice Department organized crime strike force, when Stutz requested certain documents from Barnes-Champ.

Stutz pursued the investigation, however, and — armed with a detailed report from Pratt on how he allegedly contributed \$2068 to the Nixon campaign through the advertising agency — recommended that the government seek indictments against Smith, Thornton and Pratt, Life said.

The magazine said that during the investigation Smith had told Pratt not to worry about Stutz because "Smith was going to the White House to get Stutz fired."

Stutz later was ordered back to Los Angeles as a "disruptive influence," Life said, but he resigned from the IRS to stay in San Diego as a special investigator for the district attorney there.

The agent also was involved in the bribe case against Curran and seven other San Diego office holders and had expected to testify for the prosecution.

"But Stutz was never heard," the magazine said. In mid-trial the IRS commissioner ruled that Stutz could only testify in the local case if both Pratt and his cab company waived their legal protection restricting the disclosure of federal tax information, Life said.

Life said Nixon called the Democratic mayor at his home the morning after his acquittal to congratulate him.