

I.R.S. Team Collects Data On Extremists for Tax Use

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By ROBERT M. SMITH JAN 13 1972

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WASHINGTON, Jan. 12—The Internal Revenue Service acknowledged tonight that it has a special seven-man unit whose sole job is to collect information on extremist political organizations of the left and right and their leaders to uncover situations where there may have been tax evasion.

Leon Levine, a public information officer for the revenue service, said that he was not clear what criteria were used to place people in the "extremist" category. But, he said, "because of the way some of these people behave in their everyday affairs, it's reasonable to believe some of them may be violating the tax laws."

The acknowledgement came after a former agent of the Federal Bureau of Investigation said he had seen a soundproof room in which the special squad worked.

The former agent, Robert N. Wall, mentioned this while discussing some of the inner workings of the bureau.

He said bureau activities had included monitoring the telephone calls of the Israeli Embassy; investigating, and trying to place young informants in,

a liberal research institute; soliciting information from banks and telephone companies without getting subpoenas, and attempting to foment strife within radical circles through such devices as anonymous letters.

Mr. Wall, a 33-year-old former naval officer who was an F.B.I. special agent for five years, made disclosures in an

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The New York Times
Robert N. Wall

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article, which will appear in The New York Review of Books, and in an interview at his home in Buffalo.

He described himself as so disenchanted with the American life style that he plans to move to a farm in Nova Scotia. He left the Federal Bureau of Investigation in April, 1970. He says he had become disillusioned with the bureau.

Almost all of Mr. Wall's allegations about the bureau have been independently verified by reliable sources inside and outside the Government.

An F.B.I. spokesman was asked today whether the bureau tries to create dissension in radical circles whether it monitors the telephones of foreign embassies and whether it solicits information from banks and telephone companies without subpoenas.

The spokesman said the bureau would make "no comment whatsoever." A spokesman did confirm, however, that Mr. Wall had been a special agent.

A reliable source confirmed Mr. Wall's allegations about the bureau's attempts to sow dissension in extremist organizations. He said the tactic had also been pursued effectively in the case of the Ku Klux Klan and that the technique had been borrowed from F.B.I. operations against organized crime. There, he said, an anonymous letter could result in gang warfare or the murder of a gangster.

Dissent Was a Goal

Johnnie M. Walters, Commissioner of Internal Revenue said that he did not know much about the special I.R.S. unit's operations because the existence of the unit came to his attention only about a week ago, in connection with a discussion of a possible reorganization of the agency.

When the unit finds evidence that extremists have access to large sums of money, it passes on the information to the regular tax enforcement personnel at Internal Revenue. Among the items checked are whether the organization's leaders have filed tax returns and whether the organization itself is claiming a tax-exempt status that it does actually have.

According to Mr. Wall, one purpose of the F.B.I.'s counter-intelligence program "was to create dissent among the various groups involved in the New Left to prevent them from working together."

"In one case we addressed a letter to the leaders of the National Mobilization Committee which said that the blacks of Washington, D. C., would not support the upcoming rally of the N.M.C. [in 1969] unless a \$20,000 'security bond' was paid

to a black organization in Washington. At the same time we instructed some informants we had placed in the black organization to suggest the idea of a security bond informally to leaders of the organization.

"The letter we composed was approved by the bureau's counterintelligence desk and was signed with the forged signature of a leader of the black group."

"Later, through informants, we learned that the letter had caused a great deal of confusion and had a significant effect on the planning for the march."

Mr. Wall's article in the Jan. 27 issue of The New York Review of Books will also say that some of the agents in the Washington field office, where he worked, tried to confuse peace demonstrations by "handing out leaflets giving misleading information about the time and place when the marchers were supposed to meet."

'To Reduce Violence'

A source here acknowledged, "We do disrupt where possible. We do the same thing with the Ku Klux Klan. We do it only where there is a likelihood of violence, to reduce violence."

The source went on to say, however, that with the exception of a 1967 march led by the Rev. Dr. Martin Luther King Jr., "There never was a peace march on Washington that didn't have a potential for violence."

This source also reported that the Federal Bureau of Investigation tried to deepen factional conflicts within the radical Students for a Democratic Society by writing anonymous letters designed "to play one faction off against another."

The source here said that these maneuvers were basically an extension to the "radical" area of tactics the bureau has long used to combat organized crime. "One of these hoodlums would get out of his territory. We'd send an anonymous letter to the man in charge of that territory telling him about it," the source said.

Potential Results

What would happen? "a number of things might happen," he said. "These criminals all agree invading someone else's territory is a terrible thing. Two chieftains might get to fighting with one another, or one chieftain would start to turn other chieftains against the guy." The source acknowledged that the letter written by the bureau could end in the murder of the "poacher" by the gang.

In Buffalo Mr. Wall is a supporter of liberal causes ranging from the free-form Cause school—to which he sends his daughter—to the defense of a

radical college student arrested with the help of a police undercover agent.

For the last year and a half he has been a law student at the State University of Buffalo but is now leaving school for Nova Scotia because he feels "law cannot handle society's problems."

Joined Agency in 1965

Mr. Wall, who is a tall, thin man, joined the F.B.I. in May, 1965, after graduating from St. Bonaventure University in Olean, N.Y., and serving as a lieutenant (jg.) in the Navy. After training, he worked in the bureau's Miami office. From March, 1966, to March, 1967, he says, he attended language school at the National Security Agency at Ft. Meade, Md., studying Hebrew.

Why Hebrew? "They told me the Israelis were trying to get American atomic secrets for their desalination project," he said. A reliable source here said that the American intelligence community did feel the Israelis wanted atomic information, but he said he did not know why.

Mr. Wall said he was being trained to listen in on the telephone calls of the Israeli Embassy. That was also confirmed by this source, who said the Federal Bureau of Investigation also monitored and taped the conversations of Arab Embassies.

Mr. Wall said in the interview that during the six-day Israeli-Arab war of 1967, the bureau was short-handed and he was pressed into service at a switchboard set up by the F.B.I. to monitor all the calls being made to and from the Israeli Embassy. He said he did not overhear any interesting conversations. As a matter of fact, he said, he had difficulty understanding the conversations — "there are different accents, you know."

'Think Tank' Investigation

Mr. Wall's article in The New York Review of Books also says that while he was a member of a security unit in the Washington field office he investigated the institute for Policy Studies, a liberal "think tank" here headed by Marcus Raskin and Richard J. Barnet. Mr. Wall recalls that he himself opened that investigation:

"There are hardly any limits on the bureau's activities in compiling political information, particularly about the New Left. . .

"The Institute caught my attention shortly after I began investigating the New Left. Reports from F.B.I. informants showed that many of the leaders and spokesmen of the anti-war and civil rights organizations called at the Institute

when they visited Washington. "I reasoned that if there were a conspiracy that linked all these groups, the Institute was the logical place to look for it. I drafted a memo to that effect and requested that a case on the Institute be opened and assigned to me. My supervisor quickly agreed; he was then trying to increase the case load of the squad [called S-7] to justify a request for an increase in manpower."

Closed but Reopened

Mr. Wall reports that he closed the investigation after becoming convinced the Institute "was not the secret mastermind of any conspiracy," but that another agent later reopened the file.

"He began monitoring the checking account of the Institute to determine where its money was going," Mr. Wall says. "He asked for telephone company records and compiled a list of the Institute's long-distance telephone calls. He attempted to place informants in the Institute as student interns and gathered every available paper published by it."

"Individual investigations," Mr. Wall reports, "were then opened on the people who worked for or received money from the Institute."

Mr. Wall concludes, "So far as I have been able to determine, the F.B.I. has found no evidence whatever of any illegal activity by the I.P.S., but it continues to be investigated."

Mr. Barnet, co-director of the Institute of Policy Studies, said yesterday he had not been aware the F.B.I. was investigating it until he met Mr. Wall recently. "It only suggests," he said, "that any organizations that do critical analysis are fair game for surveillance. We will continue to operate as we have, and we will take whatever measures we can to protect ourselves from this."

Tells of Affidavits

Mr. Barnet also said the institute had affidavits from Mr. Wall saying that the bureau had seen bank records of the institute. The institute, said Mr. Barnet, is considering taking legal action against the Riggs Bank, the largest in Washington, for having made the records available without being served a subpoena.

John R. Cocker of the Riggs Bank said today, in response to a question, that "our practice has always been that we require a subpoena for any records from any Government agency whatsoever, including the Congress."

According to Mr. Wall, "an agent would go to Riggs and other banks and look at the statements and checks we were interested in the day the state-

ments were supposed to go out to the customer. The bank would hold them back, then send them out the next day. The agent would Xerox them or take notes. We knew it wasn't supposed to be done."

Mr. Wall also said the Chesapeake & Potomac Telephone Company in Washington gave the bureau telephone records without a subpoena ("It was a working relationship").

Frederick W. Langein, general counsel for the telephone company, said today it was "absolutely untrue" that the telephone company gave the F.B.I. records of calls without a subpoena. He said that making known the existence of a message was a violation of Federal law.

School Records

Mr. Wall said, "We also had no problem in getting school records and hospital records—nothing is sacred. You could even get Social Security records, but you had to justify that quite heavily."

"The only thing we didn't get was I.R.S. [Internal Revenue Service] records. It was too much hassle, and generally they wouldn't give them to us. It was nice to know you couldn't get something."

A reliable source confirmed that "the Bureau does get financial information from banks on subjects."

"The relationship," he added, "is the same one you have to your confidential sources. Some won't go along with it and will request legal procedures. We also get stuff from the phone company. Years ago we got the stuff almost across the board."

"Recently," the source went on, "there was trouble in New York, a suit or something, and now many of them request legal procedures. It depends on the ingenuity and resourcefulness of the agent and the willingness of the man in charge. If an agent goes to the wrong individual in the company, well, he won't cooperate."

A Soundproof Room

Mr. Wall said that he went to the Internal Revenue Service for information on one of the New Left people he was investigating sometime between April and June, 1969, and was taken to a soundproof room in the basement of the I.R.S. building.

"The room had no name on the door and it had several locks," Mr. Wall said. "Inside were two guys, who seemed surprised that I had shown up. On a long table in the middle of the room were piles and piles of manila folders. It turned out they were investigating the taxes of these people and my man's folder was on the table."