

27 Sep 75 (1)

DeMarco trial - Raymond P. Kuschke, an IRS agent, testifies at DeMarco's trial that he was dissuaded from investigating Nixon's "gift" of Vice-Presidential papers, because it was feared that an audit of Nixon's 1971-72 tax return might be publicized; says top IRS officials warned him in May 73 to "handle this examination in a very confidential manner."

Kuschke says he and another agent interviewed DeMarco and Arthur Blech 23 May 73. Blech, the accountant who prepared Nixon's tax returns, declined to show certain data (unspecified in story). Kuschke, who had been instructed not to talk to "unauthorized persons," apparently decided not to contact "third parties" or to go any further.

As a result of Kuschke's audit Nixon was informed that his returns were in order.

NYT 29 Sep 75 [AP]

Nixon, "gift" of

Vice-Presidential papers - See entry, DeMarco trial
1971-72 tax returns - " "

Project Haven - "The Internal Revenue Service has temporarily suspended a large-scale investigation of trust accounts established overseas by American citizens to avoid paying taxes, according to highly reliable government sources....

The order to suspend the operation came last month [no date] from IRS Commissioner Donald C. Alexander, according to the sources.... This action came just as dozens of IRS special agents were about to begin a massive probe of numbered stock brokerage accounts in the United States allegedly used by the foreign trusts maintained by American citizens. These numbered accounts are used to help conceal the identity of the trust holders."

See story for details, which include the obtaining by Richard Jaffe of about 450 pages of photographed records of Castle Bank and Trust (from context, located in the Bahamas). "Castle Bank and Trust is not a bank in the traditional sense ... but in many cases merely acts as a bookkeeping operation, appearing to transfer money back to the United States for investment. In many cases, in fact, the money never leaves the United States, according to sources."

WXP 27 Sep 75, Bob Woodward - filed CIA (d)

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Castle Bank and Trust - See entry, Project Haven

Richard Jaffe - " "

(27 Sep 75) AMP

(A) - "When I.R.S. investigation methods came under criticism earlier this year, Mr. Alexander ordered a halt in payments to informants, and the Tradewinds information stopped. In August ... the dissemination of information already on hand from Operations Haven was halted."

NYT 30 Sep 75, Nicholas M. Horrock - filed CIA (d)

(B) - "In January, 1973 ... the revenue service obtained the names of 300 Americans with such deposits by photographing the contents of a briefcase belonging to a Bahamian while the man was having dinner with a woman companion. The briefcase was obtained by a paid informant of the I.R.S. who had arranged for the woman to distract the Bahamian."

NYT 7 Oct 75, Nicholas M. Horrock - filed CIA (d)

- "The records, apparently photographed in a Bahamian apartment after being provided by sources within the bank, listed 300 trusts, many in the names of U.S. citizens."

WXP 27 Sep 75, Bob Woodward - filed CIA (d)

- "In early 1973, a 'reliable criminal informant' contrived to photograph the contents of a briefcase of a Bahamian official by arranging for a woman operative to distract him. Some sources said this incident had taken place in the Bahamas, but at today's news conference [held by Alexander, 29 Sep] I.R.S. officials said it had been in Miami."

NYT 30 Sep 75, Nicholas M. Horrock - filed CIA (d)