

McGovern Tale Was Rumor

By Stephen Green

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A Republican charge that George McGovern, the Democratic presidential candidate, has taken advantage of a tax loophole to shelter his income is based on reports of sales pitches made by a New York tax attorney to potential clients.

Republican National Committee Chairman Bob Dole last week accused McGovern, who has called for ending tax loopholes, of sheltering his income by taking accelerated depreciation on investments in foreign-produced films.

Dole said the accusation is based on "extremely reliable sources" whom he did not identify.

The Washington Post learned that the accusation was based on a report of two sales sessions, conducted by Ira M. Pitchel, the tax attorney, attempting to persuade prospective New York City clients to invest in foreign-produced films.

Pitchel, according to a report given to the Republican National Committee, said during the sessions that he had set up similar deals for McGovern.

Contacted by The Washington Post yesterday, Pitchel denied that he, personally, had set up such a deal for McGovern. "I've heard rumors that McGovern did this but it's all hearsay."

Norman N. Barnett, chief financial officer of Moller Industries of New York City, a holding company, attended the first session. Barnett was accompanied by Paul Hubeck, one of his aides.

Barnett said that during the first session, held Sept. 25 at a Wall Street law firm, Pitchel stated that he had set up "a similar deal" for a group that included McGovern.

"I remember Pitchel made

some comment like that but I don't remember exactly what it was," said Hubeck, explaining that he entered the meeting after it started.

Barnett said that on Oct. 18 he attended a similar session held by Pitchel at the 21 Club. "Out of curiosity, we asked Pitchel, 'were you kidding about McGovern (at the Sept. 25 meeting)?' He said it is true."

Told about Barnett's version of the meeting, Pitchel insisted that he did not recall saying he set up a tax shelter deal for McGovern and that he only has heard rumors of McGovern's participation in such deals.

McGovern has said his money is now tied up in a blind investment trust. A trustee is Henry Kimelman, the McGovern campaign finance chairman.

At the same press conference in which the tax shelter allegation was made, Dole accused Kimelman, once an aide to former Interior Secretary Stewart Udall of using that position to accrue a fortune in Virgin Islands real estate deals.

The Justice Department began investigating such charges in 1969 and last year said it found no conflict of interest.

Another Dole charge, accusing McGovern of nepotism by putting his brother-in-law, Robert Pennington, on the congressional payroll when McGovern was a member of the House is true and has been reported previously.

Pennington was placed in charge of McGovern's district congressional office in Mitchell, S.D. for some 18 months in 1959 and 1960. He was paid at the rate of \$8,667 a year. At the same time he held a teaching job at Dakota Wesleyan University.

Since then, a nepotism law, prohibiting senators and House members to employ relatives, including brothers-in-

law, has been enacted. Relatives on the congressional payroll before the law took effect in 1968 are exempted from its provisions.

Kirby Jones, McGovern's press secretary, acknowledged that McGovern, as Dole asserted, remained director of Food For Peace in 1962 after announcing his senatorial candidacy. McGovern resigned from the post after winning the South Dakota Democratic nomination for the Senate.

A spokesman for Dole said that most of his other charges came from a biography of McGovern written by Robert Sam Anson. These accusations included charges of a McGovern whispering campaign against his 1962 Republican opponent, Joe Bottum; a \$20 bribe to an Indian, Chief Eagle Feathers, to prophesy a McGovern victory in the 1968 Senate race; McGovern's knowledge of World War II war crimes, which he failed to report; and McGovern encouraging Daniel Ellsberg to take the stolen Pentagon Papers to The New York Times.

The Anson book does not attribute to McGovern the whispering campaign of rumors alleging that Bottum belonged to right wing organizations. Anson wrote that the whispering campaign was encouraged by McGovern supporters.

The Anson book also says a McGovern aide gave \$20 to Chief Eagle Feathers for the favorable prophecy. Jones contends the \$20 was a contribution to an Indian food fund after the prophecy was made.

According to the Anson book, McGovern, a World War II bomber pilot, kicked his bombardier off his crew after the bombardier destroyed a farm house. The book also says McGovern overheard two fighter pilots brag that they shot two Italian civilians but was not sure whether they were telling the truth.

McGovern "apparently" advised Ellsberg to take the Pentagon Papers to The New York Times, according to the Anson book. A footnote in the

book says McGovern stated he told Ellsberg he would have to make his own decision about what to do with the Pentagon Papers.

Dole also charged McGovern permitted his Los Angeles campaign headquarters to be used "to drum up publicity for riotous antiwar activities" during President Nixon's visit to the city last month.

Jones said that "some people came to our office (in Los Angeles) to use our phones. When we found out what they were doing we kicked them out of the office."

Dole also accused McGovern of failing to disclose all his campaign expenses in 1968 in filings with the secretary of the Senate. Jones acknowledged this. According to officials in the office of the secretary of the Senate, federal law did not require full disclosure at that time and most candidates did not make public all their expenditures.