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John W. Dean 3d and his wife, Maureen, being photographed before yesterday's session got under way

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Ex-Counsel Says White House Kept 'Enemy

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49

List' That It Used For Harassment

Cites Background Check And Audit of Reporters

By Christopher Lydon
Special to The New York Times

WASHINGTON, June 26 — The Nixon White House kept and continually updated an "enemy list" John W. Dean 3d testified today, and often used Government investigators to harass the people on it.

Mr. Dean, the former White House counsel, said what had long been officially denied: That a background check on Daniel Schorr, a correspondent for the Columbia Broadcasting System, and tax audits of Robert W. Greene, a Newsday (L. I.) reporter, had both been ordered for political reasons by President Nixon's personal staff.

In addition, Mr. Dean submitted to the Senate Watergate Committee a White House document outlining the systematic use of tax investigations to spy on and bother "extremist"—and for the most part "leftist" organizations.

A memorandum, dated Sept. 19, 1970, from Randolph W. Thrower, then Commissioner of Internal Revenue, to the White House, reported that a secret staff within the Treasury Department had made a special screening of 1,025 organizations and 4,300 individuals in the program against extremists. As a result, it said, criminal investigations were then under way on four individuals and one organization.

Aide Not Satisfied

But Tom Charlts Huston, then the White House specialist on internal security matters, was clearly unsatisfied, according to a memorandum that Mr. Huston wrote to H. R. Haldeman, then chief of the White House staff.

Dismissing Mr. Thrower's report as "long on words and short on substance," Mr. Huston pressed for more action. "Nearly 18 months ago," he reminded M. Haldeman, "the President indicated a desire for I.R.S. [the Internal Revenue Service] to move against leftist organizations taking advantage of tax shelters. I have been pressing I.R.S. since that time to no avail.

"What we cannot do in a courtroom via criminal prosecutions to curtail the activities of some of these groups, I.R.S. could do by administrative action," Mr. Huston continued. "Moreover, valuable intelligence-type information could be turned up by I.R.S. as a result of their field audits."

Pased on Order

Mr. Dean acknowledged that he had transmitted the instructions for a tax audit of Mr. Greene, a 3-year-old reporter who wrote a series of investigative articles in Oct., 1971, detailing President Nixon's financial dealings with his friend Charles G. Lebozo.

"I got instructions," Mr. Dean testified today, "that one of the authors of that article should have some problems."

Mr. Greene commented this afternoon that he had received a "clean bill" a month after the audit began. "Nixon cost me untold mental anguish," Mr. Greene said chucking, "and he owes me \$100 I paid my accountant."

Another Audit

A spokesman for Newsday said today that David Laventhol, editor of the Long Island daily, had also been audited as a result of the Rebozo series. The newspaper believes that the same series got Martin Schram, then its White House correspondent, stricken from the list of reporters allowed to accompany President Nixon to China last year.

Mr. Dean said that the investigation of Mr. Schorr had been ordered by Mr. Haldeman and was quickly botched by the Federal Bureau of Investigation.

J. Edgar Hoover, the late F.B.I. director, proceeded with the investigation," Mr. Dean recounted, "but to the dismay of the White House, he did sort of a full-field wide-open investigation, and this became very apparent. So this put the White House in a rather scrambling position to explain what had happened."

The official story, when Mr.

Schorr and others became aware of the investigation in Nov. 1971, was that the long-time news reporter was being considered for a Government job in the environmental field — a story that was skeptically received even then.

TEXT OF HUSTON MEMO

I am attaching a copy of a report from the I.R.S. on the activities of its "special service group" which is supposed to monitor the activities of ideological organizations (e.g., Jerry Rubin Fund, Black Panthers, etc.) and take appropriate action when violations of I.R.S. regulations turn up. You will note that the report is long on words and short on substance.

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