

Ex-IRS Chief Reveals White House Pressure

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Former Internal Revenue Service Commissioner Randolph W. Thrower said yesterday that he resisted "strong pressure" from the White House in 1970 to hire John J. Caulfield or G. Gordon Liddy, both later implicated in the Watergate affair, to head an expanded IRS program to crack down on radicals.

Thrower said the pressure was relayed to him repeatedly by Charles E. Walker, then undersecretary of the Treasury. Thrower said he could not recall who "high in the White House" initially ordered him to hire Caulfield, but other sources said the order came from John D. Ehrlichman, then the President's top domestic aide.

The pressure came at a time when the White House was trying to politicize the IRS in an effort to attack radicals and other White House "enemies," according to memos given to the Sen-

ate select committee on the Watergate yesterday and Tuesday by former presidential counsel John W. Dean III.

Thrower said the pressure to hire Caulfield to head the Bureau of Alcohol, Tobacco and Firearms, which was then under IRS, came in August and September of 1970. He said he rejected Caulfield for the job. The pressure to hire Liddy for the same post came in October, he said. He said he also rejected Liddy.

Then, in November and December, Caulfield was back again. Thrower said, with the White House pressure this time to install Caulfield as head of the enforcement branch of the Alcohol, Tobacco and Firearms Bureau. Again, Thrower said, he rejected Caulfield.

Thrower said the White House was also pressuring him in late 1970 to put the

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enforcement branch "directly under me and to report directly to me. It would have been sort of my personal police force, and I didn't want any part of it."

The Alcohol, Tobacco and Firearms Bureau, which has since been transferred from IRS to the Treasury Department, is responsible for collecting alcohol and tobacco taxes and for enforcing laws against possession and trafficking in whisky, firearms and explosives.

Liddy, one of the seven Watergate conspirators, worked at the Treasury Department before he went to the White House in 1971. Caulfield, a former New York detective, went to work for Ehrlichman in the White House in 1969.

Caulfield left the White House in March, 1972, and worked for two months at the Committee for the Re-election of the President, before getting a job at the Treasury Department as staff assistant to the assistant secretary of the treasury for enforcement.

On July 1, he became acting assistant director for enforcement in the Bureau of Alcohol, Tobacco and Firearms, a post he held until his name became involved in the Watergate scandal earlier this year.

In earlier Senate testimony by Watergate conspirator James W. McCord, Caulfield was named as the man who transmitted an offer of executive clemency to McCord in January in exchange for his silence in not implicating higher-ups in the White House in the Watergate affair.

Caulfield testified that he did not convey an offer of executive clemency but had, at Dean's request, told McCord that his wife and family would "be taken care of" and he would be "rehabilitated with employment" after getting out of prison.

The idea for the "police force," Thrower said, was to crack down on "subversive organizations" which he said were illegally gathering firearms and bombs and engaging in acts of terrorism across the country.

Although he balked at hiring Caulfield or Liddy or setting up the "police force," Thrower acknowledged that he readily agreed with a White House plan to set up a special unit in IRS to audit the tax returns of radical groups and individuals.

The unit, called the Special Service Group, was spotlighted in memos submitted to the Senate Watergate Committee yesterday and Tuesday by John Dean.

One of the memos, a "briefing paper" which Dean said was based on "material provided to me by Mr. Caulfield," had as its goal making "the IRS politically responsive to the White House."

The same memo complains that the White House had been having difficulties, up to that point, in manipulating the IRS for political purposes. Written after Thrower left his IRS post in July, 1971, the memo complains that Thrower was "a total captive of the Democratic assistant commissioners. In the end, he was actively fighting both Treasury and the White House."

Thrower said he submitted his resignation in January, 1971, just after he had finished his battles with the White House over the hiring of Caulfield or Liddy and the revamping of the Alcohol, Tobacco and Firearms unit. He said that his resignation was unrelated to his battles with the White House, and that "it's between me and the President" as to why he actually resigned.

A Treasury Department

source said yesterday that Thrower's departure was definitely linked to his battles with the White House. The source said Ehrlichman had sent Walker a memo ordering him to order Thrower to hire Caulfield.

When Thrower repeatedly balked, the source said, the word came back from the White House that Thrower had "won the fight over hiring Caulfield, but would have to leave." President Nixon, in receiving Thrower's letter of resignation of Jan. 26, 1971, said he accepted it "with particular regret."

The source said that his own recollection was that Thrower had been pressured by the White House only on the initial effort by Caulfield to seek an IRS post, and not on later efforts by Liddy and then Caulfield again to obtain jobs. "Liddy," the source said, "came on his own."

He said Thrower may have assumed Liddy was also being pushed by the White House. Thrower himself said yesterday that the most intense pressure was to get the top Alcohol, Firearms and Tobacco post for Caulfield.

Thrower was reached by telephone yesterday in Mexico, where he is vacationing. One of the documents submitted to the Watergate committee by Dean was a Sept. 19, 1970, memo from Thrower to White House aide Tom Charles Huston on the Special Service Group.

Huston was the aide who wrote the memos which served as the basis for the domestic security plan which called for break-ins and buggings to attack domestic radical groups and to

obtain information from foreign embassies in Washington.

The plan was approved July 23, 1970, with the concurrence of President Nixon, the President has stated, but was rescinded five days later when then-FBI Director J. Edgar Hoover refused to go along with it.

The report from Thrower to Huston said that the Special Service Group was formed "to receive and analyze all available information on organizations and individuals promoting extremist views and philosophies."

Thrower insisted yesterday that, although the document mentions only leftist or black nationalist groups—Black Panthers, Student National Coordinating Committee (SNCC), Students for a Democratic Society, Republic of New Africa—the special unit also directs its attention to right-wing organizations.

The Thrower report to Huston stated that data had been compiled on approximately 1,025 organizations and 4,300 individuals, and that information had been forwarded to IRS field offices for "enforcement action" on 26 organizations and 43 individuals.

Thrower yesterday defended the establishment of the Special Service Group and said it was not created as the result of White House pressure on him.

"I always felt I stood firm against any suggestion for the use of the IRS for political purposes," Thrower said.

"You've got to go back to the atmosphere that existed at that time in early 1970. There was great concern in the country about the use of explosives and firearms by subversive groups. This (special unit) was set up partly in response to the wave of subversive bombings that was just reaching its peak then."

Thrower said that another reason for setting up the unit was congressional concern, following 1969 hearings, that certain foundations and individuals were furnishing money to radical causes and that no taxes

were being paid by the groups or persons receiving the money.

"So, this unit was merely fulfilling normal functions of IRS," Thrower said. "If organizations were violating the firearms or explosives laws or not paying taxes, it was a legitimate and proper obligation of the IRS to see that these laws are enforced."

Despite the concern over bombings that were blamed on radicals, Thrower said, he could see no reason to hire Caulfield or Liddy or to revamp the Alcohol, Tobacco and Firearms unit.

Thrower said the post Caulfield and Liddy were seeking was a civil service one and he felt that "under the circumstances, what with the White House inter-

est in this, it would have seemed politically motivated to appoint either one of them. It would have had a bad effect on morale in the agency."

As for revamping the firearms unit, "I appraised it as a sincere effort to contribute to more effective enforcement," Thrower said. "I didn't read anything sinister into it. I just felt it was ill-advised. I didn't need a personal police force."

Although the White House pressure was relayed through Treasury official Walker, Thrower said that Walker himself did not exert pressure and "gave me consistent, understanding support on this matter."

As for the Huston memo that called for the use of break-ins by the FBI, IRS and other agencies to obtain intelligence on radical organizations, Thrower said, "none of that was ever suggested to me."

One of the other memos submitted to the Watergate committee by Dean related to the use of the IRS and other federal agencies to get certain "enemies" of the White House.

Thrower said that he was never pressured from the White House to investigate certain persons or organizations, but added, "I would be surprised if we didn't receive information from the White House that we were to follow up on."

He said members of Congress often forward information that might lead to a tax audit or investigation, but that neither Congress nor the White House had ever pushed to "get" a particular person or group.

Thrower's successor as IRS commissioner, Johnnie M. Walters who recently stepped down from that post, said yesterday that he could not comment as to whether anyone at the White House had ever ordered him to "get" someone through a tax audit or investigation.

Walters said that from reports he had heard of the Dean memos, "they would seem to indicate that we (IRS) were running a professional operation without letting irrelevant factors enter into our tax decisions. I tried to run the agency on a strict tax basis."

The background paper submitted to the Watergate committee by Dean complained that Walters "has not yet exercised leadership. Unevaluated reports assert he has been either reluctant or unwilling to do so."

And the paper adds:

"Walters must be made to know that discreet political actions and investigations on behalf of the administration are a firm requirement and responsibility on his part."

Walters said that from what he had seen in the press, "there was a desire in the White House to exert political pressure on IRS," but he refused to say whether such pressure was exerted while he was in of-

fice, saying "this thing (Watergate) is so messy that it would serve no purpose for me to comment on that."

However, Walters was quick to comment on the Special Service Group, saying it is "a legitimate operation to try to collect the taxes that are owed the government." Walters said he "would vigorously disassociate myself" from any White House memos saying the unit was to be used as a political instrument. He said the unit's purpose was to collect tax money that might be owed the government and not to harass radicals.

The existence of the Special Service Group was first disclosed in January, 1972, by former FBI Special Agent Robert N. Wall in an article in The New York Review of

Books. Wall said that among those investigated was the Washington-based Institute for Policy Studies, a liberal think tank actively opposed to the Vietnam war.

Meanwhile, Rep. Wilbur D. Mills (D-Ark.), chairman of the Joint Committee on International Revenue Taxation, said yesterday he has directed committee staff to investigate Dean's allegations that the White House ordered income tax audits of political opponents and other "enemies."

The question of tax returns being used by the White House came up earlier in the Nixon administration before Mills' committee.

In April, 1970, Thrower told the committee that Clark Mollenhoff, then a White House aide, had been supplied with the income tax returns of nine citizens since September, 1969. Thrower said at the time that none of the returns were those of elected public officials or their staffs and Mollenhoff said none of the returns were those of news-

men. Thrower, in response to Democratic criticism of the arrangement, said at the time that there was precedent for giving tax returns to the White House. Thrower said that on May 23, 1961, an unnamed assistant to President John F. Kennedy had orally requested and obtained tax returns from then-IRS Commissioner Mortimer M. Caplin.

Records failed to disclose any tax returns made available to the White House during Lyndon Johnson's presidency, Thrower said at the time.

An IRS spokesman said yesterday that the agency would have no comment on Dean's testimony or documents related to IRS "until we have time to ascertain the facts." He said that there are no statistics immediately available on the efforts of the Special Service Group, which is still in operation.

The documents Dean gave the Watergate committee also included a June 12, 1972 memo from then-White House aide Charles W. Colson to Dean concerning "a well-informed tip that there are income tax discrepancies involving the returns of Harold J. Gibbons, a vice president of the Teamsters Union in St. Louis."

Colson described Gibbons as "an all out enemy, a McGovernite, ardently anti-Nixon. Please see if this one can be started on at once and if there is an informer's fee, let me know. There is a good cause at which it can be donated."

In an interview with a Washington Post reporter recently, Lawrence F. O'Brien said he had "been subjected to intensive scrutiny by the IRS since 1970 upon my return as Democratic National Committee chairman. Up to this point, I had no reason to believe the audits were on anything but the merits. Now, I'm not so sure."