

White House's Stop-Wallace Strategy

By Jack Anderson

To eliminate George Wallace as a threat to President Nixon's re-election, the White House not only smuggled \$400,000 in cash to his political rivals in Alabama but also brought pressure on him through a tax investigation of his brother.

Long before the 1972 election, the President knew from his secret polling that Wallace at the head of a third-party ticket would drain votes from him. The polls showed as many as four out of five Wallace voters otherwise favored Nixon. The White House, therefore, wanted to stop Wallace from running for President as an independent.

Both the secret polling and the stop-Wallace strategy were directed by the President's former chief of staff, H.R. Haldeman. So secretive were the moves against Wallace that Haldeman didn't even confide in his brother-in-law, who served as a go-between.

The White House strategy in 1970 was to block Wallace from winning back the governorship of Alabama. This would have deprived him of a power base and would have reduced his ability to campaign for the presidency in 1972.

Kalmbach Funds

Haldeman, therefore, arranged to sneak \$400,000 to Wallace's rivals during the 1970 Alabama primary. The money was siphoned from sur-

plus campaign funds in the custody of the President's personal lawyer, Herbert Kalmbach.

Mysterious arrangements were made for Kalmbach to fly across country and hand over the first \$100,000 to a stranger at New York City's Sherry-Netherland Hotel. Not long afterward, Haldeman's brother-in-law, France Raine, delivered another \$200,000 presumably to the same mystery man at the Sherry-Netherland. A similar trust was arranged at Los Angeles' Bank of California where Kalmbach turned over the final \$100,000.

Neither Kalmbach nor Raine would comment on the strange transactions. Sources close to the investigation told us, however, that both men were never told that the money would be used against Wallace, nor did they learn the identity of the bagman.

We also have been unable to identify the mystery man. From White House sources, we have established only that Haldeman's Man Friday, Larry Higby, was in touch with former Postmaster General Winton (Red) Blount about channeling anti-Wallace money into Alabama's 1970 Democratic primary. Blount couldn't be reached for comment.

Brother Gerald

At the same time that Haldeman sluiced \$400,000

into the campaign against Wallace, he also requested a rundown from the Justice Department of its tax case against Wallace's close associates, including his brother Gerald.

The Justice Department sent back a confidential progress report to the White House. According to this document, the Internal Revenue Service's audit division had found that Gerald Wallace allegedly had omitted legal-fee income from his tax returns in 1967 and 1968.

The charge was that the Wallace brothers' law firm was used in funneling political kickbacks and that Gerald failed to report all the income that came to him through the law firm. After deducting large losses from his cattle farm, he reported a total taxable income of \$109,944 in 1967 and \$65,980 in 1968.

The Justice Department report added that, on Jan. 20, 1970, the case was referred to Internal Revenue's crack intelligence division, which handles criminal investigations. A group of agents from various Southern offices was immediately assembled in Alabama.

Since we had exposed the kickback schemes which led to the tax investigation, details from the progress report were leaked circuitously to us. I sent my associate Brit Hume to double-check the facts and

to discuss the tax investigation with Gerald Wallace.

After George

"They have got 47 agents on me right now," Gerald said bitterly. "You all are trying to beat George Wallace. You're not interested in my tax returns." He added that federal agents had been after him "as long as George has been cousin' federal judges and most especially since he scared the hell out of Nixon and Humphrey."

We ran the tax story, which got a big play in Alabama. In the subsequent primary, George Wallace had a close call. He nosed out ex-Gov. Albert Brewer by a narrow 51.5 per cent of the vote.

Thereafter, the White House changed its strategy and sought to persuade Wallace to enter the 1972 presidential sweepstakes as a Democrat rather than an independent.

In May 1971, President Nixon visited Alabama and invited Wallace to ride with him on a flight from Mobile to Birmingham. No one will tell us what the two men said to each other during the plane ride. The subsequent events, therefore, may be merely coincidental.

But not long afterward, the tax case against Gerald Wallace was dropped and George Wallace announced he would run for President as a Democrat, not as an independent.