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Panel Probes Possible Use Of IRS Against 'Enemies List'

By Jules Witcover
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The Joint Committee on Internal Revenue Taxation has asked the Internal Revenue Service for tax returns and any IRS audits on more than 300 hitherto unpublished "political enemies" of the Nixon administration to determine whether audits have been used punitively against them.

The new list, according to Lincoln Arnold, deputy chief of staff for the committee, is made up of more than 200 new names "out of the White House," plus others that have come to the committee through complaining phone calls and letters.

The new list is in addition to the lists totaling 216 names made public through the Senate Watergate hearings. Arnold declined to make public any of the new names for whom returns and audits have been requested from IRS.

About 100 personal income tax files already have been forwarded to the committee, each with returns for the years 1968, 1969, 1970 and 1971, Arnold said. The committee is expected to require about six weeks to review the more than 500 files requested, he said.

Examination of the files should determine which of them were audited routinely by IRS computer selection, which were audited on the basis of information from informers, and which may have been so-called political audits, Arnold said.

Leading officials at IRS through the first Nixon term, including former IRS commissioners Randolph Thrower and Johnnie M. Walters, and former Under Secretary of Treasury Charles E. Walker have already been interrogated, he said.

Also under consideration to be called, the staff official said, is John W. Dean III, former White House

counsel and the chief accuser of President Nixon in the Senate Watergate hearings.

The investigation was inspired, Arnold said, by testimony at those hearings that the White House had tried to use the IRS to punish or harass those judged to be political opponents or critics of the Nixon administration.

Dean provided to the Watergate committee internal White House memoranda on establishment of a special unit in IRS to audit tax returns of radical groups and politically oriented individuals, called the Special Services Group. Its objective, Dean testified, was to make "the IRS politically responsive to the White House."

A memo from former White House aide Tom Charles Huston to then IRS Commissioner Thrower dated Sept. 19, 1970 said the unit first was called the Activist Organizations Group, focusing on the tax status of politically active "extremist" groups.

Under its new name, Huston wrote, its sole objective was "to provide a greater degree of assurance of maximum compliance with the Internal Revenue laws by those involved in extremist activities and those providing financial support to these activities."

Time magazine reported yesterday that the special IRS unit has collected files on 3,000 activist groups and 8,000 of their officials and contributors.

Regional IRS director John T. Flynn confirmed the authenticity of an eight-month-old memo quoted by Time that described the Special Services Group as "a central intelligence-gathering facility within the IRS" commissioned to "receive and analyze all available information on organizations and individuals promoting extremists' views or philosophies."

In Washington, an IRS spokesman denied there was any secrecy to the unit, but said he could not confirm the number of files it had collected until a full report is received on Tuesday.

In his June testimony, Dean said that, for example, after an unfavorable article appeared in Newsday, the Long Island daily, about C. G. (Bebe) Rebozo, the President's close friend, "I got some instructions that one of the persons who wrote the article should have some problems." The reporter, he said, had his return audited.

Following Dean's testimony, Thrower said in an interview he had not been pressured by the White House to run audits on political foes. Thrower added that he "would be surprised if we didn't receive information from the White House that we were to follow up on." Thrower resigned in July, 1971, reportedly after White House dissatisfaction with him.

His successor, Walters, also asked after Dean's testimony about White House pressure, declined comment. A background paper submitted to the Ervin committee by Dean observed: "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."

In his Watergate testimony, former White House aide John D. Ehrlichman sought to characterize political audits as a long-standing practice going back to the Kennedy administration.

Ehrlichman said that Carmine Bellino, chief investigator of the Ervin committee and one-time special consultant to President Kennedy, often examined federal income tax returns for the Kennedy White House.

In the first 15 months of the Nixon administration, Ehrlichman said, the White House made only nine written requests for permission to view IRS tax records. But Sen. Joseph Montoya (D-N.M.), in questioning Ehrlichman, cited IRS documents indicating that in 1972 alone, the Nixon White House had requested 915 tax checks on various individuals.

Ehrlichman said the tax checks were standard procedure that did not involve disclosure of tax returns. They were merely to see whether an individual, possibly one under consideration for a federal job, had pending tax problems.