

# IRS Ignored 'Enemies' List, Probers Say

Washington

Former Internal Revenue Commissioner Johnnie Walters, acting at the direction of Treasury Secretary George P. Shultz, ignored a White House request in 1972 to conduct a special audit of the tax returns of 490 "enemies" of the Nixon administration, a joint congressional investigating committee said yesterday.

Most of the persons on the list supplied by former White House counsel John W. Dean III were supporters of Senator George S. McGovern.

Following a six-month inquiry, the Joint Congressional Committee on Internal Revenue Taxation concluded that Walters shelved Dean's "enemies" list and then resisted attempts by the former White House counsel to get the special audits underway.

The list was different from one containing 216 names that Dean made public during testimony before the Senate Watergate committee in June.

In a 29-page staff report, the committee concluded that there was "absolutely no evidence" to prove that the persons on the two "enemies" lists were treated any more harshly than the average taxpayer.

Moreover, the committee said, some of the "enemies" were not audited when they should have been, or were treated too leniently when they were audited. In going over the lists the committee found that some of the "enemies" had not filed any returns some years.

In some cases, blatant er-

Back Page Col. 6

From Page 1

rors overlooked by the IRS were found by committee auditors, disclosing large underpayments of taxes. In one case, an individual subtracted his minimum tax pyhent from his regular tax rather than adding it.

However, the committee staff said it was still not certain whether the IRS had

given special favorable treatment to seven White House "friends." Among them were actor John Wayne and evangelist Billy Graham.

Committee chief of staff Laurence N. Woodworth said he had asked the IR to investigate three of the seven "friends" but he refused to disclose their names.

One other Whit House "friend" who had been flagged for favorable tax

---

More enemies news  
on Pages 18-19.

---

treatment, Dr. Kenneth Riland of New York, has been indicted on tax charges. Riland was once President Nixon's personal physician.

The second, previously-undisclosed list of 490 White House "enemies" included the names of former Democratic national chairman Lawrence O'Brien and Frank Mankiewicz, McGovern's campaign director.

Other McGovern aides included Richard Dougherty, press director; Pierre Salinger, Gary Hart, Kirby Jones, Rick Starnes, Ted Van Dyck and Gordon Weil, all of whom held key positions in the McGovern campaign.

Also listed were McGovern supporters Clark Clifford, Mortimer Caplan, Frederick G. Dutton, Frances (Sissy) Farenthold, Representative Bella Abzug (Dem-N.Y.), Senator William Proxmire (Dem-Wis.) and actress Shirley MacLaine.

The committee staff said the second "enemies" list was turned over to Walters by Dean at a meeting on September 11, 1972, at the Executive Office Building!

Woodworth said that Walters' notes of the meeting indicated that Dean said ex-White House Aide John Ehrlichman had initiated

the list to "see what type of information could be developed" on the persons named, and that Dean had not been asked by Mr. Nixon to have the IRS work done.

The next day, the committee said, Walters discussed the matter with Shultz, and the Treasury chief directed that Walters "do nothing." Walters told the committee that he locked the list in his safe, and that nobody but he and Shultz ever saw it.

As for the list, the committee said, there has been no evidence that it ever went to the IRS.

The committee auditors examined IRS files and tax returns of more than 700 persons named on the lists, Woodworth said, and found that the number screened for possible audit — and the number actually audited — closely paralleled the proportion of average returns checked, taking into account the tax brackets and occupational characteristics involved.

Washington Post