

Nixon Interest in Tax Audit Told

Washington

John Ehrlichman has admitted to Senate Watergate committee investigators that he briefed President Nixon on an audit of former Democratic party chairman Lawrence F. O'Brien's tax returns.

This was disclosed in a memo sent to members of the committee April 15 by its assistant chief counsel Terry Lenzner.

Lenzner's memo also discloses that committee investigators still are pursuing the theory that the original Watergate break-in at Democratic National Committee headquarters may have been motivated by concern that O'Brien knew of a \$100,000 campaign contribution from Howard Hughes.

The Hughes money was given President Nixon's close friend C. G. (Bebe) Rebozo in two installments in 1969 and 1970.

At the time of the break-in, O'Brien was serving as an unpaid consultant for Hughes interests. He had previously been paid for this work and it is not clear how much he was doing for Hughes while serving as Democratic chairman.

Lenzner's memo says the committee also is seeking copies of IRS sensitive case reports on Hughes Tool Co.; F. Donald Nixon, one of the President's brothers; Rebozo, and others.

Lenzner wrote that these reports had been transmitted to Ehrlichman, formerly Mr. Nixon's chief domestic adviser, at the White House, and from him to others, including Mr. Nixon.

Lenzner's memo says, "Indeed it is of interest that Ehrlichman admitted briefing the President on the results of the O'Brien tax audit, has admitted to inquiring of (Treasury Secretary) George Shultz of the results of that audit, and that the White House reconstructed

chronology of the President's meetings with (former White House counsel) John Dean, as submitted to this committee, reflects that the conversation of Sept. 15, 1972, dealt primarily with the discussion of Larry O'Brien's tax audit."

An informed source said that Ehrlichman's briefing of Mr. Nixon occurred in late summer 1972.

The Lenzner memo also reports that unlike other taxpayers Rebozo was informed by White House officials of the IRS interest in him before he was contacted by the IRS.

Lenzner also wrote that Jack Bartlett, the IRS agent in charge of the case, sought to check Rebozo's account of the contribution with third party witnesses by requesting through Rebozo's attorney to interview them.

On Oct. 18, 1973, Bartlett advised Rebozo that Archibald Cox, then Watergate special prosecutor, had sought and was given IRS information about Rebozo. "This gratuitous information was supplied to Rebozo shortly before Cox was ordered to be fired by President Nixon," Lenzner wrote.

Rebozo has maintained that he kept the money intact in a safe deposit box for three years and then returned it to Hughes representatives. He has said he told only Mr. Nixon's personal secretary, Rose Mary Woods, about the contribution.

Published reports have said that Mr. Nixon's former attorney Herbert W. Kalmbach has told the committee that Rebozo informed him last April 30 that some of the money was given to Mr. Nixon's two brothers and to Miss Woods for their personal use. Miss Woods and the Nixon brothers have denied this.

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