

House inquiry

Testimony of pressure put on IRS

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WASHINGTON — President Nixon's first two Internal Revenue Service commissioners told the House impeachment inquiry that they were under intense political pressure from the White House to perform acts they considered improper and dangerous.

One, Randolph Thrower, Nixon's first IRS commissioner, was so disturbed by White House efforts to politicize the federal tax collection agency that he resigned.

His successor, Johnny M. Walters, admitted that he bowed to White House pressure and reopened an audit of former Democratic Party chairman Lawrence O'Brien's tax returns.

When that audit produced nothing, Walters said, he flatly refused to reopen it again despite a tongue-lashing from John Ehrlichman, then the President's chief domestic adviser.

Both Thrower and Walters submitted sworn affidavits to the lawyers for the House Judiciary Committee.

Coupled with memos and previous testimony by Nixon's top former aides on how

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the administration tried to use the IRS to punish the President's political "enemies" and reward his "friends," the affidavits establish a pattern of high-level efforts to use the IRS that might have violated internal revenue code restrictions against attempting to "obstruct or impede the due administration" of federal tax laws — a felony.

According to the memos and testimony, virtually all

of Nixon's onetime top aides, including Ehrlichman, chief of staff H. R. Haldeman, presidential counsel John Dean and special counsel Charles Colson, participated in drawing up enemies lists, received, used and sometimes "leaked" restricted IRS information and sought from time to time to help some of the President's friends who appeared to be

in tax trouble — friends like the Rev. Billy Graham, actor John Wayne and Florida businessman Charles G. (Bebe) Rebozo.

But, as was the case in other areas under investigation by the 38-member impeachment panel, there is lack of evidence linking those various activities directly to the President.

Both Thrower and Walters reported interference from the highest levels of the administration, but neither tied it directly to the Oval Office.

Nevertheless, the charges raised by Walters and Thrower are likely to be weighed heavily by the committee in any consideration of impeachment articles relating to Nixon's alleged failure to "faithfully execute," either by himself or through his subordinates, the duties of the office of President.

Moreover, there are indications that Nixon may yet be tied personally with the attempt to "politicize" the IRS.

Presidential counsel J. Fred Buzhardt, in executive session testimony before the Senate Watergate Committee — which has been turned over to the impeachment panel — said that on Sept. 15, 1972, Nixon, Dean and Haldeman discussed Dean's report on the O'Brien audit.

Nixon has made public only part of the Sept. 15 transcript, but subsequent portions which have been made public by other sources show that Dean and the President, did, in fact, discuss the political use of the IRS.

The impeachment panel is now seeking the entire Sept. 15 tape for for its inquiry.

The problem that ulti-

mately led to Thrower's resignation in 1971 came late that year when then-Undersecretary of treasury Charl Walker tried to pressure him into appointing two men, both of whom Thrower considered unqualified, to top IRS law enforcement posts.

The two were John Caulfield, an ex-New York cop who was then a White House aide often used to direct political investigations, and G. Gordon Liddy, an ex-FBI agent then serving as a Treasury Department official.

Liddy was later convicted as a ringleader of the Watergate break-in, Caulfield, who was appointed deputy chief of enforcement for the ATF division after Thrower resigned, was forced to quit last summer when his name cropped up prominently in the Senate Watergate Committee's probe of the Watergate coverup.

Although Walker told Thrower that the two men had powerful White House backing, including "presidential blessing," Thrower refused to hire them and said he would resign if they were forced on him.

The pressure on Walters in the O'Brien case came from Ehrlichman through

then Treasury Secretary George Schultz in the summer of 1972, according to Walters' affidavit. Schultz said Ehrlichman had a re-

port that O'Brien had received "large amounts of income which might not have been reported properly." Upon checking, Walters

was told that the IRS had already audited O'Brien's 1970 and 1971 returns, and after the payment of a small deficiency, the case was closed.

But under pressure from Ehrlichman, Walters ordered that O'Brien be reinterviewed.

When the second check

turned up no adverse information, Walters flatly told Schultz that the IRS could "do no more."

When Schultz and Walters

reported this to Ehrlichman in a conference telephone call on Aug. 29, 1972, Walters gave this account of Ehrlichman's response:

"Mr. Ehrlichman indicated disappointment, and said to me, 'I'm goddamn tired of your foot-dragging tactics.'"