

Kalmbach Cites Bid to Defame O'Brien on Taxes

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President Nixon's former personal attorney has told the House Judiciary Committee that John D. Ehrlichman was trying to leak a story that the Democratic party chairman, Lawrence F. O'Brien, was in trouble with the Internal Revenue Service weeks after Mr. Ehrlichman knew that I.R.S. had found no basis for auditing Mr. O'Brien's tax returns.

Herbert W. Kalmbach, the California lawyer who gave the testimony, also said that Mr. Ehrlichman had told him that "I am being pressured" to get the story about Mr. O'Brien printed.

Mr. Ehrlichman did not state where the pressure was coming from. At the time of the alleged episode, September, 1972, Mr. Ehrlichman's job as President Nixon's chief domestic policy adviser was such that no one was in a position to give him an order except the President himself or the White House chief of staff, H.R. Haldeman, acting on behalf of the President.

Conversation Alleged

Mr. Kalmbach's testimony, which was given to the committee behind closed doors in mid-July but made public only last week, dovetails with the earlier testimony of others that Mr. Nixon was discussing an audit of Mr. O'Brien as late as Sept. 15, 1972, although the I.R.S. had closed the case on Aug. 29.

Both the former White House legal counsel, John W. Dean 3d, and J. Fred Buzhardt Jr., who is still a White House lawyer, have said that there was a conversation about Mr. O'Brien's

taxes in the President's office on Sept. 15, among the President, Mr. Dean and Mr. Haldeman.

That portion of the Sept. 15 tape has not yet been made public, though it has been requested by both the special prosecutor, Leon Aworski, and the Judiciary Committee, headed by Peter W. Rodino r.

Mr. Ehrlichman and Mr. Haldeman have both stated that they believed Mr. O'Brien was the only effective politician involved in the Democrats' 1972 campaign against Mr. Nixon.

For this reason, Mr. Ehrlichman told the Senate Watergate Committee, he had wanted I.R.S. "to turn up something and send [O'Brien] to jail before the election."

Mr. Kalmbach, who has been sentenced to a 6 to 18-month jail term after pleading guilty to two crimes stemming from his fund-raising activities for the Nixon campaign, testified that Mr. Ehrlichman had called him in September, 1972, to propose that Mr. Kalmbach plant the defamatory story about Mr. O'Brien.

Mr. Kalmbach testified that Mr. Ehrlichman had put it to him this way:

"Herb, we would like — I

think he said we, he could have said I, but my best recollection he said we — would like to have you go up to Las Vegas, see Hank Greenspun and plant a story in The Las Vegas Sun on Larry O'Brien. He has I.R.S. problems."

Mr. Kalmbach's testimony did not explain why Mr. Greenspun, the publisher of The Las Vegas Sun, was chosen as the recipient of the leak.

Kalmbach Testimony

Mr. Kalmbach said that Mr. Ehrlichman gave him information on money that had been paid to Mr. O'Brien — about \$5,000 a year for three or four years — by a company with a name that "sounded like Dupar." The implication was that Mr. O'Brien had not reported receipt of the income.

Mr. O'Brien, reached by telephone today, said that the name of the company was Dukor Corporation, that he had been a director of the company and a paid consultant, and that he was mystified by Mr. Ehrlichman's action because he had reported the income, complete with tax withholding forms from the company.

Mr. Ehrlichman had earlier put pressure on the I.R.S. for

an audit of Mr. O'Brien based on Mr. Ehrlichman's suspicion that the Democratic party chief had failed to report some other income that was paid to him in a different way.

That other income was paid to Mr. O'Brien's management consulting concern, O'Brien Associates, Inc., by one of the companies controlled by Howard R. Hughes, the reclusive industrialist.

Mr. Ehrlichman had insisted twice, earlier in 1972, that the revenue agency look at Mr. O'Brien's tax return to see whether it reported enough income to cover the Hughes payments, which were said to total around \$300,000 over a period of two years.

The I.R.S. Commissioner, Johnnie M. Walters, and his superior, Secretary of the Treasury George P. Shultz, reported to Mr. Ehrlichman on Aug. 29 that Mr. O'Brien's return did contain enough reported income from his consulting concern to cover the Hughes payments. They reported that they were ending any further inquiry into Mr. O'Brien's taxes, and Mr. Ehrlichman, according to his own testimony, told Mr. Walters that he had done a "crappy job."