

Agent Calls I.R.S. School 'Amateurish'

NYTimes APR 16 1975

By NICHOLAS M. HORROCK
Special to The New York Times

WASHINGTON, April 15—A former special intelligence agent for the Internal Revenue Service said today he had attended the agency's secret undercover school and found it "extremely amateurish."

In a telephone interview, David Stutz, who worked on the investigation of C. Arnholt Smith, a close friend of former President Richard M. Nixon, said that he nearly flunked out of the school when two young I.R.S. women, posing as bar pickups, wheeled his assignment from him during an encounter in a Washington tavern.

Mr. Stutz said he was retained in the school after he related to his superiors the amateurish aspects of the course, which he said "was game playing."

Donald C. Alexander, commissioner of the service, told a House committee yesterday that the use of women and liquor to test potential undercover agents was "inappropriate" activity and had been discontinued in 1965.

Roles Investigated

The undercover schools, which the I.R.S. said continued without liquor and women tests until January, 1973, have become embroiled in the growing investigation of the agency's criminal investigation and intelligence activities. Three Congressional committees conducting investigations.

Mr. Stutz said he was enrolled in the two-week school in 1965 while serving in the agency's Los Angeles office. He said that he had been ordered to report to the school in Washington, using a ficti-

ous name, address and occupation. He said he was Dave Stewart, a hotel bellman from San Diego.

He said that he had been told to maintain a "cover" throughout the school, yet he discovered the first day that to get a special hotel rate to meet Government per diem levels, the agents were required to use their real names and show I.R.S. identity cards.

Mr. Stutz said the course attempted to sketch the undercover man's role and to anticipate the various types of situations an agent might find himself in.

"We learned to gamble and how to figure odds," he said. "The table gambling games were conducted right at main I.R.S. headquarters and then they took us down to Charles Town, W. Va., one night to play the horses."

He said he believed one of the agents was a big winner that night.

One evening, he said, the instructor asked several young agents "to join him for a toddy or two at Government expense." He said this aroused his suspicion but "I wasn't going to turn down a chance to drink on the Government."

He said the group went to a bar a few blocks from I.R.S. headquarters in downtown Washington. After they had had several drinks, Mr. Stutz said, two women in their early 20's entered and sat down nearby.

"Right away the instructor said, 'Check that out,' Mr. Stutz recalled.

He said that the next few minutes of conversation indicated to him that the instructor was trying to test whether an agent had the aplomb to approach the women.

"So I jumped up, martini in hand, proceeded to go over to them, cover name and all," Mr. Stutz said.

He said that he began talking with the women and what they kept asking questions about his job and the men with whom he was drinking. He said at first he told them his associates were in the insurance business but that statement was contradicted when another agent came over and said he was a car salesman.

Mr. Stutz said he had not been suspicious of the women and that, eager to take one of them to dinner, he had leaned forward and said "We're all secret spies going to a super spy school." Shortly thereafter the women declined his dinner invitation and left, he said.

The next morning, he continued, he attended a class on the use of tape recorders, and other recording devices.

"The instructor said that we would have two special instructors operate the tape recorder

and in walked the two girls," Mr. Stutz said. "They proceeded to play a tape of my telling them we were all spies. I could have dropped through the floor."

He was threatened with expulsion by his superiors at the school but they relented, he said, when he pointed out that there was little attempt to maintain real security and that even the instructors seemed not to be serious.

He said that in later field experience on undercover assignments the skills taught at the school had seemed out of touch with the reality of the underworld.