

IRS Agent's Busy Time in Bars

Washington

An Internal Revenue Service undercover agent known as Harry the Hat spent 18 months in Florida bars collecting 913 names in an investigation of bribery of IRS employees, it was revealed yesterday.

Top IRS officials described Operation Sunshine to a House government operations subcommittee, but said it was halted without producing any valuable tax-related information.

Sunshine allegedly was an investigation of bribery of IRS employees in the Miami-Fort Lauderdale area to falsify tax returns.

Subcommittee chairman Ben Rosenthal (Dem-N.Y.), said the operation raised questions of a possible Watergate-related scandal which he would explore later.

The questions raised include the timing of Operation Sunshine, August, 1971, to January, 1973, when President Nixon's White House was using the IRS for political ends; the fact that Vernon D. Acree, an IRS official appointed to head the United States Customs Service in April 1972, circumvented normal IRS procedures in setting up Operation Sunshine, and Harry the Hat's later employment by the customs service.

The IRS report on Sunshine was prompted by an earlier disclosure of IRS agents working undercover in Operation Leprechaun, collecting information on the sex lives and drinking habits of about 30 Miami-area politicians.

Harry the Hat "frequented a number of restaurants and bars in the Miami and Fort

Lauderdale areas in close proximity to Internal Revenue Service offices," the IRS report on Operation Sunshine said.

"He subsequently furnished the inspection service with names of service employees that he observed in these establishments, the names of owners, employees, regular and occasional customers as well as other individuals referred to in conversations that he overheard or participated in."

Harry the Hat was paid \$4700 to move to Miami from Philadelphia where he had done previous work for the IRS. \$10,700 in expenses and \$39,554 for his 18-month salary. He scribbled the names he gathered on scraps of paper and sent them to the IRS where his information was "prepared in alphabetical order on about 950 five-by-eight cards."

Harry the Hat had turned in 913 names, the IRS report said, each of which was cross-checked with a computer file to determine if any of the IRS employees frequenting the staked-out establishments had audited or handled any of the tax returns of the other names listed.

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