

IRS May Dun Nixon Campaign Unit

By Jack Anderson
and Les Whitten

The Internal Revenue Service tentatively has decided to dun Richard Nixon's former campaign committee, the once mighty Committee for the Re-Election of the President, for taxes on its improper expenditures.

The IRS has completed a preliminary audit which shows the committee spent about \$3 million for nonpolitical and illegal purposes. The tax debt and interest on this would come to \$1.6 million.

Under the law, political candidates must pay taxes on any campaign contributions that they divert to their private use. The law isn't clear, however, whether campaign committees also are liable.

In this case, none of the misused money went into Nixon's pocket. The IRS, nevertheless, felt someone should pay taxes on the misspent contributions.

This left two possibilities: the IRS could collect the taxes from the committee itself or from the two former committee officials, John N. Mitchell and Maurice H. Stans, who authorized the improper spending.

The IRS has chosen to seek the money from the committee, which was taken over in 1974 by the Campaign Liquidation Trust. The trustees inherited \$3.5 million left over from the campaign.

They have drained off money to pay campaign debts and legal bills. They also have settled for \$775,000 a Watergate lawsuit brought by the Democratic National Committee.

This has reduced the committee's assets to \$1,575,394—just

about the exact figure that the IRS wants to collect in taxes. But unhappily for the trustees, they haven't yet resolved a \$5 million lawsuit brought by Watergate bugging victim Spencer Oliver.

Sources close to the negotiations say the trustees are willing to offer a \$200,000 settlement. But their attorneys have now cautioned against dispersing any more funds.

If the courts uphold the \$1.6 million tax liability, this could put the trustees in jeopardy. A \$200,000 payout to Oliver, for example, would leave them \$1,375,394 in CRP money. This would not be enough to meet the tax obligation, and the trustees might be hit up for the difference.

The outcome of this case could have a profound effect on political expenditures. Campaign committees would have to consider each expenditure carefully to make sure it is strictly legitimate. Otherwise, the committee may get a tax bill from the IRS.

Footnote: Our information came from sources wholly familiar with the facts. We also sought formal comment from the three CRP trustees and their attorneys. Except for one trustee who had only general knowledge of the IRS investigation, all the others were vacationing and couldn't be reached. An IRS spokesman told us no comment is ever given on audits, investigations or examinations.

Soviet Wheat Deal—The United States has asked the Soviets for advance notification before they make future grain purchases on the U.S. market.

This advance information is necessary, the United States explained, to prevent market dislocations. Many farmers are

known to be holding back grain from the market, for example, in anticipation of additional sales to Russia.

The Agriculture Department is eager to find out exactly how much grain the Soviets intend to purchase. They already made deals for 9.8 million tons.

Meanwhile, a temporary hold has been placed on sales to Russia until the department can reassess the U.S. crop. This is not expected to cause a hardship for the Soviets who can unload only 2 million tons of grain per month anyway.

The best estimate is that the Soviets won't buy as much grain as the farmers are withholding. This will force them to unload their grain at lower prices—bad news for the farmers but good news for the consumers.

Headlines and Footnotes—The latest intelligence reports confirm our story that hundreds of aging and ailing Cambodians, who were driven out of the cities by the Communists, have died of malnutrition in the countryside . . . West Germany may want to keep an eye on its new ambassador from Cuba, Alberto Boza Hidalgo-Gato. When

he was a Cuban diplomat with the United Nations in 1969, the youthful Boza was caught by U.S. intelligence officers spying on American military facilities

Another Pentagon bigwig, Assistant Air Force Secretary William Woodruff, has joined Hughes Aviation as a vice president. Earlier in his career, he helped hold down defense spending as a Senate Appropriations Committee staff member. Now he will be trying to increase defense spending . . . Nebraska Sen. Carl Curtis' wife, Mildred, has been serving quietly on the National Advisory Council on Educational Professions Development. Her efforts have been largely worthless to the taxpayers, but not to her. She has collected \$500 in honorariums for attending meetings . . .

An unpublished study by the conservative Americans for Constitutional Action shows that unions put \$966,951 into the 47 congressional districts they targeted in 1974. This helped to elect 21 pro-labor members of Congress.

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