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Haven Link to IRS Chief

Washington SFCronicle

Internal Revenue Service agents have discovered a possible link between the former law firm of IRS Commissioner Donald Alexander and a Bahamian bank suspected of being a haven for Americans attempting to evade taxes, sources familiar with the investigation said yesterday.

These sources said that a "reliable informant" obtained a telephone card index from a senior official of the bank and made it available to Internal Revenue Service intelligence agents in early 1973. The list included the names of many persons who had secret numbered accounts in the bank and were already under investigation by the service.

The telephone index also contained the name and address of Dinsmore, Shohl, Coates and Deupree, a Cincinnati law firm in which Alexander was a senior partner before his appointment to the IRS in 1973.

The names in the index were part of material gathered to provide leads in Operation Tradewinds and Project Haven, related IRS inquiries into Americans who attempt to evade income taxes by secret foreign investments.

Alexander approved a suspension of the Tradewinds-Haven investigation last August.* IRS intelligence agents have told investigators on two House subcommittees they believe Alexander may have approved the suspension because he discovered his own law firm might be involved. * 13 NOV - (WXP 28 OCT)

A spokesman for the IRS acknowledged that the firm's name had been one of 260 names and telephone numbers acquired from the index by the agents. But he said that Alexander did not not it was among the lead items until after the program was suspended, and thus the firm's involvement did not enter into his decision making.

Tradewinds is a decade-old effort by Internal Revenue to trace covert movement of money from the United States to the

Bailey Subs At White House

Washington

Singer Pearl Bailey will replace country singer Johnny Cash as the entertainer at a White House dinner tonight in honor of Egyptian President Anwar Sadat.

Cash notified the White House Saturday that he is "physically exhausted" and would not be able to perform as scheduled.

Associated Press

Bahamas. In January, 1973, an informant aided IRS agents by photographing a list of 300 names of persons who had secret accounts in the Castle Harbor Bank of Nassau.

This list became the basis for a nationwide investigation dubbed Project Haven, headquartered in New York.

The Cincinnati law firm does not have an account in the bank, the IRS spokesman said.

However, law firms in several cities are under investigation for aiding their clients in making covert money deposits, IRS officials have confirmed.

When the list was obtained, Alexander was still in private practice with the firm in Cincinnati. He specialized in creation of trusts and estate planning, according to lawyers familiar with his career.

He said, through a spokesman at the service, that he had had no dealings with the Castle Harbor Bank and had never arranged a trust account or other matter there for a client.

In early 1975 or late 1974 — accounts on this point differ — Alexander ordered an internal review of various intelligence gathering methods operated by the IRS.

Newspaper accounts of Project Leprechaun in Miami, involving the use of undercover agents to investigate the sex lives

and drinking habits of Florida politicians, drew attention to that area. Alexander said it was as a result of scrutiny of Leprechaun that he learned of the existence of Project Haven.

He has said that he became concerned about Haven because the original list of names and amounts has been taken from the briefcase of a bank official in Miami while he was dining with a female operative and the evidence might be "tainted."

(Meanwhile, the Washington Post reported Saturday that Alexander had lifted the suspension partly on Project Haven. The suspension is still on for the original list but IRS officials have begun to investigate other aspects of the case, the Post said.)

New York Times

Slightly longer story filed CIA (d).