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Crime Probe Clears IRS Chief

Washington

Attorney General Edward H. Levi announced yesterday that the Justice Department has closed its investigation of Internal Revenue Commissioner Donald C. Alexander after finding no evidence that the tax chief was involved in criminal conduct.

Treasury Secretary William E. Simon disclosed, however, that an investigation by his department had found instances of "questionable judgment" in the way Alexander and other IRS officials granted "deference" to the tax returns of Senator Joseph Montoya (Dem.-N.M.), chairman of a Senate subcommittee that handles IRS appropriations.

Simon said he has ordered a review of IRS internal procedures for investigating allegations against IRS officials, and recommended that there be automatic audits of the tax returns of all elected federal officials and presidential appointees.

The announcements by the two cabinet officers concluded months of investigation by their departments, two grand juries and the FBI.

Alexander said through a spokesman that he is "pleased and gratified with the findings" of the Justice Department inquiry and that he is studying the conclusions and recommendations of the Treasury Department report.

On Capitol Hill, Charles O. Vanik (Dem.-Ohio), chairman of a House ways and means subcommittee that has been investigating Alexander, said: "I am glad the grand juries have cleared the air on criminal violations but the entire scene is replete with indiscretions and improprieties which must not be permitted to recur."

Elliot Levitas (Dem.-Ga.), member of House government operations subcommittee which also has been probing the IRS commissioner, said he is not satisfied with the agency's explanation of the suspension of Project Haven, a long-running tax evasion inquiry temporarily halted last fall.

Witnesses before the subcommittee "were obviously evasive, oblique and misleading at the very least," Levitas said. "I believe the subcommittee needs to get to the bottom of the matter."

The attorney general, in his four-paragraph announcement, said his department's investigation had covered allegations that Alexander "acted improperly in halting the so-called 'Haven' tax investigation in order to protect clients of his former law firm; and that he and other IRS officials testified falsely before a congressional committee regarding the termination of the Haven investigation."

The inquiry also covered an allegation that Alexander had planned a boat trip in April, 1975, with an individual who was seeking "to revolve his tax difficulties," Levi said.

"An intensive investigation by agents of the FBI and attorneys assigned to the department's Criminal Division has revealed no evidence to support any of these allegations," Levi said.

... Consequently, the investigation has been closed."

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