

Did IRS have spy in CBS?

By Larry Kramer

The Internal Revenue Service has been accused of planting an agent with a CBS-TV "60 Minutes" film crew, on location in the Bahamas, to gather information on a Nassau bank under IRS and Justice Department investigation.



Burton Kanter

Chicago tax lawyer Burton Kanter, under a federal conspiracy indictment related to the ongoing "Project Haven" investigation of offshore banks, stated in a recent court filing:

"... nor does the government deny that it very recently planted an IRS employe to surreptitiously pose as a member of CBS's '60 Minutes' team in an effort to roam the premises and presumably the files of Castle Bank."

Castle Bank, believed by federal agents to be under the control of Kanter and Florida attorney Paul Helliwell, is at the center of the Haven investigation.

The inquiry recently was called "the most important tax fraud investigation in history" by Rep. Charles Vanik, D-Ohio, head of the House Ways and Means oversight subcommittee, which monitors IRS intelligence activities.

Kanter further charged in his motions, aimed at winning a dismissal of the indictment against him, that

—Turn to Page 8, Col. 2.

government agents have bribed Bahamian government officials and violated several Bahamian laws in the process of the investigation.

Both CBS-TV and the government deny the charges.

To substantiate his claims, Kanter included a copy of a Nassau newspaper article entitled "IRS Snoops Are Back Again With Newsmen." The article describes an incident in which three members of a CBS-TV film crew and "an IRS employe whose exact rank is not known, but who is believed to be a member of the intelligence branch," filmed the exterior of Castle Bank and offered money to employes for answers to questions about the bank's business.

Reached by phone in Washington, CBS-TV "60 Minutes" producer Barry Landau, who was with reporter Mike Wallace and the film crew in Nassau, emphatically denied the accusations.

"That's ridiculous," Landau said, "and I'm surprised Kanter would make that charge. He called me and I told him there was no IRS agent with us." Landau added that he believes the Nassau newspaper, the Herald, mistook him for an IRS employe.

The article said the IRS agent had a briefcase full of IRS and Justice Department letters and documents "together with whole files of correspondence addressed to 'The Director, Intelligence, IRS' and marked 'Strictly Confidential.'" The newspaper said it had "convincing evidence" that the man worked for the IRS.

"I had a briefcase with all our background

material," Landau said. "It's the same material everyone working on this case has."

As for paying for information, Landau said, "We don't do that. I did give the janitor a few bucks for letting us film there, but that's different."

But under questioning, Landau admitted CBS did pay for financial information about Castle Bank from a Bahamian, adding, "That's the business he's in, gathering that type of information — everyone pays for it."

Bank information is considered secret in the Bahamas. Strict secrecy laws forbid anyone from divulging such information, with harsh penalties for violators. These laws provide strong protection for Americans wishing to keep secret bank accounts on the islands.

Justice Department officials have told the Examiner privately that "CBS has been passing money around in the Bahamas" during its preparation for a story on Project Haven.

Meanwhile, Kanter, in a phone interview, would not elaborate on his court filing. "I can't talk about matters presently before the court," Kanter said. But he acknowledged that the incident was first brought to his attention by the Bahamian news article.

Although IRS and Justice Department officials are forbidden to talk about pending Haven cases, some consented to comment on this development if their names were not used.

"There was no IRS agent with the CBS film crew," one source said. "That Nassau newspaper is just an organ of the government, and this is their way of

getting back at the U.S. because they resent this whole investigation."

Others point out that the Nassau article said there was a three-man TV crew and the IRS agent. CBS's team included four people: Landau, Wallace and two cameramen.

"We wouldn't pull something like that," one IRS agent said, "especially with the cases so close to being tried and the controversy the investigation has stirred."

Project Haven's history is dotted with controversy. It involves some of the wealthiest and most prominent Americans who may be using offshore banks to evade tax payments. Among account holders at Castle Bank, according to IRS sources, are: Hugh Hefner, Tony Curtis, the Pritzker family (owners of the Hyatt Hotel Chain) and dozens of business, entertainment and mob figures.

Throughout the investigation there have been charges that the government is using improper methods in its investigation. At one point IRS Commissioner Donald Alexander suspended the probe for six months because, he said, some of the evidence may have been "tainted" by the manner in which it was acquired.

That touched off a virtual war between Alexander and his intelligence division. Many suspected Alexander of sabotaging the investigation because he had friends — including Richard Nixon, who appointed him — whose names appeared on bank records, according to IRS agents.

But after a congressional review, the investigation was resumed, and Alexander apparently was cleared of the accusations.