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STATEMENT OF INFORMATION

HEARINGS

BEFORE THE

COMMITTEE ON THE JUDICIARY

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

PURSUANT TO

H. Res. 803

A RESOLUTION AUTHORIZING AND DIRECTING THE COMMITTEE
ON THE JUDICIARY TO INVESTIGATE WHETHER SUFFICIENT
GROUNDS EXIST FOR THE HOUSE OF REPRESENTATIVES TO
EXERCISE ITS CONSTITUTIONAL POWER TO IMPEACH

RICHARD M. NIXON

PRESIDENT OF THE UNITED STATES OF AMERICA

Book VIII

INTERNAL REVENUE SERVICE



MAY-JUNE 1974

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FOREWORD

By Hon. Peter W. Rodino, Jr., Chairman,
Committee on the Judiciary

On February 6, 1974, the House of Representatives adopted by a vote of 410-4 the following House Resolution 803:

RESOLVED, That the Committee on the Judiciary acting as a whole or by any subcommittee thereof appointed by the Chairman for the purposes hereof and in accordance with the Rules of the Committee, is authorized and directed to investigate fully and completely whether sufficient grounds exist for the House of Representatives to exercise its constitutional power to impeach Richard M. Nixon, President of the United States of America. The committee shall report to the House of Representatives such resolutions, articles of impeachment, or other recommendations as it deems proper.

Beginning in November 1973, acting under resolutions referred to the Committee by the Speaker of the House and with a special appropriation, I had begun to organize a special staff to investigate serious charges against the President of the United States.

On May 9, 1974, as Chairman of the Committee on the Judiciary, I convened the Committee for hearings to review the results of the Impeachment Inquiry staff's investigation. The staff began its initial presentation the same day, in executive session, pursuant to the Committee's Impeachment Inquiry Procedures adopted on May 2, 1974.

By June 21, the Inquiry staff had concluded its initial presentation.

On June 25, the Committee voted to make public the initial presentation including substantially all of the supporting material

presented at the hearings. The Committee also voted to make public the President's response, which was presented to the Committee on June 27 and June 28 in the same form and manner as the Inquiry staff's initial presentation.

Statements of information and supporting evidentiary material were compiled by the Inquiry staff in 36 notebooks and furnished in this form to each Member of the Committee. The notebooks presented material on several subjects of the Inquiry: the Watergate break-in and its aftermath, ITT, dairy price supports, domestic surveillance, the relationship between the President and his staff and the IRS, and the activities of the Special Prosecutors. In each notebook a statement of information relating to a particular phase of the investigation was immediately followed by supporting evidentiary material, which included copies of documents and testimony (much already on public record), transcripts of Presidential conversations and affidavits.

The staff also presented to the Committee written reports on President Nixon's income taxes, Presidential impoundment of funds appropriated by Congress, and the bombing of Cambodia.

Book VIII, presented to the Committee in two volumes, dealt with alleged efforts by White House officials from 1970 through 1973 to use the Internal Revenue Service for political purposes, to acquire confidential information from the IRS and to direct certain IRS activities. Evidence was presented regarding White House requests that the IRS investigate the financial affairs of certain Taxpayers and provide White House officials with confidential information about certain taxpayers. Evidence was also presented regarding the creation of White House lists of political opponents and "enemies."

In a few instances, Ranking Minority Member Mr. Hutchinson and I determined, pursuant to authority granted us by the Committee, to defer the release of evidentiary material or to delete it for one of the following reasons:

1) Because the public interest in making the material public was outweighed by the potential prejudice to the rights of defendants under indictment and awaiting trial,

2) Because the information was classified or otherwise required confidential treatment,

3) Because the material was only marginally pertinent and was considered to be defamatory, degrading or embarrassing, or,

4) Because the material was not pertinent to Presidential responsibility within the outer limits of an impeachable offense within the meaning of the Constitution.

The Committee on the Judiciary is working to follow faithfully its mandate "to investigate fully and completely" whether or not sufficient grounds exist to recommend that the House exercise its constitutional power of impeachment.

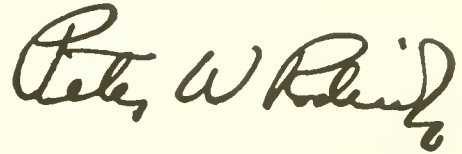
I believe that the readers of these volumes will see that the Committee's primary effort in carrying out its mandate has been to obtain an objective, impartial presentation which will enable each Member of the Committee to make an informed judgment in fulfilling his or her constitutional responsibility.

Every effort was made to preclude inferences in the presentation of this material. A deliberate and scrupulous abstention from conclusions, by implication, was observed.

With respect to the Presidential recorded conversations, the Committee determined to hear the recorded conversations in their entirety. The Presidential recorded conversations were neither paraphrased nor summarized by the Inquiry staff. Thus, no inferences, or conclusions were drawn for the Committee. During the course of the hearings, Members of the Committee heard each recording and simultaneously followed transcripts prepared by the Inquiry staff. Each of these transcripts is reprinted under the appropriate statement of information.

During the course of the hearings, the Committee found it necessary to issue a subpoena to President Nixon requiring him to furnish to the Committee a tape recording of a portion of a Presidential conversation held on September 15, 1972 relating to the Internal Revenue Service, and to furnish memoranda, notes, and other writings and things relating to this conversation. The President has not yet responded to this subpoena.

I also believe that the publication of the record of these hearings will provide readers with a clear idea of the particulars of the investigation and that the proximity of the evidence will assure them that no statement of information is offered without supporting evidentiary material.

A handwritten signature in black ink, appearing to read "Peter W. Rind". The signature is written in a cursive style with a large initial "P" and a distinct "R".

July 1974

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INTRODUCTORY NOTE

The material contained in this volume is presented in two sections. Section 1 contains a statement of information footnoted with citations to evidentiary material. Section 2 contains the same statement of information followed by the supporting material.

Supporting material consists of information obtained at hearings before the Senate Select Committee on Presidential Campaign Activities; information developed in executive session by other Congressional committees; information furnished to the Committee by the Grand Jury of the District of Columbia and by other grand juries; information furnished to the Committee by government agencies; transcripts of tape recordings of conversations among President Nixon and his key associates prepared by the Committee staff; information furnished to the Committee by the President, the Executive Departments of the Government, the Special Prosecutor, and other information obtained by the Committee, much of which was already on the public record.

Each page of supporting evidence is labeled with the footnote number and a description of the document or the name of the witness testifying. Copies of entire pages of documents and testimony are included, with brackets around the portions pertaining to the statement of information. Markings on the documents include item numbers and receipt stamps of the House Judiciary Committee and other agencies from which the Committee received material.

In a few instances, names of persons in sensitive positions have been deleted from documents at the request of the CIA, FBI and other investigative agencies. Some documents contained deletions when the Committee received them.

In the citation of sources, the following abbreviations are used: "SSC" for Senate Select Committee on Presidential Campaign Activities; "SJC" for Senate Judiciary Committee; and "HJC" for House Judiciary Committee.

STATEMENT OF INFORMATION



INTERNAL REVENUE SERVICE

1. On or about March 21, 1970 Special Counsel to the President Clark Mollenhoff sent a memorandum to H. R. Haldeman transmitting material on the taxes of Governor George Wallace's brother, Gerald Wallace. Mollenhoff has stated that he had been instructed by Haldeman to obtain a report from IRS on investigations relating to Governor George Wallace and Gerald Wallace; that he had been assured by Haldeman that the report was to be obtained at the request of the President; that he obtained the report from the IRS; and that Mollenhoff did not give a copy of the report to anyone other than Haldeman or discuss the substance of it with anyone else until after the appearance of an article on April 13, 1970 regarding confidential field reports, and IRS investigation of charges of corruption in the Wallace Administration and the activities of Gerald Wallace. Former Commissioner of Internal Revenue Randolph Thrower has stated that an IRS investigation concluded that the material had not been leaked by the IRS or the Treasury Department. Thrower has stated that thereafter he and the IRS Chief Counsel met with Haldeman and Ehrlichman at the White House and discussed with them the seriousness of the leak and the fact that unauthorized disclosure of IRS information constituted a criminal act.

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2. On September 21, 1970 White House aide Tom Charles Huston sent a memorandum to Haldeman transmitting a report on an investigation by the IRS Special Service Group of political activities of tax-exempt organizations. Huston discussed administrative action against the organizations and stated that valuable intelligence-type information could be turned up by IRS as a result of their field audits.

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2.1 Memorandum from Tom Charles Huston to H. R. Haldeman, September 21, 1970, with attachments, SSC Exhibit No. 42, 3 SSC 1338-45.....	44

3. Former Commissioner of Internal Revenue Thrower has stated that during the summer of 1970 he was advised by Under Secretary of the Treasury Charls Walker that John Caulfield, head of security for the President's office, was interested in the position of Director of the IRS Alcohol, Tobacco and Firearms Division (ATF) and had the President's blessing and the support of top people at the White House. Thrower concluded that Caulfield was not qualified for the position. Thrower has stated that in November 1970 he was told by Walker that the White House wanted Caulfield to be considered for the position of Chief of the Enforcement Branch of ATF and that the White House wanted to take the Enforcement Branch out of ATF and have it report directly to Thrower rather than through the chain of command. Thrower has stated that he told Walker that Thrower would resign if Caulfield were appointed and the organizational changes were required. Thrower has stated that shortly thereafter he was advised that the White House would drop the matter.

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4. Thrower has stated that in January 1971, having decided to submit his resignation as Commissioner of Internal Revenue, he attempted unsuccessfully through Treasury Secretary Kennedy and Attorney General Mitchell to arrange a meeting with the President to express his concern that any suggestion of the introduction of political influence into the IRS would be very damaging to the President and his administration as well as to the revenue system and the general public interest. Thrower has stated that he was told by the President's Appointment Secretary Dwight Chapin that the President had received Thrower's views from the Attorney General and did not feel a conference was necessary. Thrower thereupon submitted his resignation.

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5. From June 24, 1971 through June 1972, members of Colson's staff circulated to various White House staff members names for and deletions from a list of political opponents. Dean has testified that the list was continually being updated, and the file was several inches thick. Colson has stated that the list maintained by George Bell of his office was primarily intended for the use of the social office and the personnel office in considering White House invitations and appointments.

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6. On July 20, 1971 John Dean wrote a memorandum to Ehrlichman's aide Egil Krogh attaching information compiled by John Caulfield regarding the Brookings Institution's tax returns and noting that Brookings received a number of large government contracts. Caulfield has testified that it was his impression that this was public information. On July 27, 1971 Dean sent a memorandum to Krogh to which was attached a carbon copy of Dean's July 20, 1971 memorandum on which the words "receives a number of large government contracts" were underscored and a marginal note by Haldeman stated that these should be turned off. Dean's July 27, 1971 memorandum stated that he assumed that Krogh was turning off the spigot.

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7. Dean has testified that on August 16, 1971 he prepared a memorandum entitled, Dealing with our Political Enemies, which addressed the matter of how the Administration could use the available federal machinery against its political enemies. Among Dean's suggestions was that key members of the staff should determine who was giving the Administration a hard time, and that they develop a list of names -- not more than ten -- as targets for concentration. Dean has testified that to the best of his recollection the memorandum was sent forward to Haldeman and Ehrlichman for approval, disapproval or comment. Ehrlichman testified that he could not recall receiving any memorandum with respect to the enemies list from Dean or any other person in the White House.

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8. On September 9, 1971 Colson sent Dean a memorandum stating that he had checked in blue those to whom he would give top priority. Dean testified that attached to Colson's memorandum was an opponents list memorandum from Bell dated June 24, 1971 and a document entitled "Opponent Priority Activity" containing the names and brief descriptions of 20 political opponents with check marks beside eleven of the names.

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9. On or about September 14, 1971 Dean sent to Haldeman's aide, Lawrence Higby, a list of names Higby requested. Most of the names were the same as those checked by Colson on the list attached to the September 9, 1971 memorandum discussed in the preceding paragraph. Dean testified that upon a request from Haldeman that he wanted to nail this down as to the 20, or the minimum number with whom they could do something Dean sent the list to Higby for Haldeman's final review. On several occasions thereafter Dean received names for the enemies project from Higby and Strachan, also an aide of Haldeman. Dean testified that he also received a list of McGovern campaign staff prepared at Ehrlichman's direction by CRP Director of Ballot Security Murray Chotiner. Dean has testified that the lists were principally used by Colson and Haldeman and that he did not know what they did with them. Haldeman has testified that enemies lists or opponents lists were used for withholding White House courtesies and invitations from those who had expressed opposition to Administration policies.

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10. On September 22, 1971 John Caulfield wrote a memorandum regarding plans for scheduling Lawrence Goldberg to function in the Jewish area at the Committee for the Re-election of the President. Caulfield stated that Goldberg was actively engaged in Anti-Defamation League activities and that consideration should be given to a potential question of loyalty. On October 6, 1971 Caulfield sent a memorandum to Dean attaching lists of charitable contributions from Goldberg's tax returns and stating that it postured an extremely heavy involvement in Jewish organizational activity. Caulfield also stated that Attorney General Mitchell should be discreetly made aware in this regard. Caulfield has testified that he obtained information on Goldberg's financial status from IRS Assistant Commissioner (Inspection) Vernon Acree and that the purpose of obtaining the information was to determine whether Goldberg was financially solvent and therefore able to assume a campaign position at CRP.

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11. On or about September 30, 1971 Caulfield sent a memorandum to Dean reporting on IRS tax audit information about Rev. Billy Graham. Caulfield testified that he obtained the information from Assistant Commissioner Acree. On October 1, 1971 Higby sent a copy of Caulfield's memorandum to Haldeman with a transmittal slip bearing the hand-written notation, "Can we do anything to help," below which is Haldeman's hand-written notation, "No, it's already covered." Dean has testified that the President had asked that the IRS be turned off on friends of his.

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12. On or about October 6, 1971 Caulfield sent a memorandum to Dean transmitting information about tax audits of John Wayne and eight other entertainers and former entertainers which Caulfield had instructed the IRS to furnish. Caulfield has testified that he obtained the information from Acree.

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13. From October 6 through October 13, 1971 Newsday published installments of an article on C. G. Rebozo. Dean has testified that after the article was published he was instructed by Haldeman that one of the authors of the article should have some problems. Dean and Caulfield discussed procedures to institute an audit of Robert Greene, a Newsday reporter who had written the article. Caulfield has testified that he discussed the request with Acree who told Caulfield that an audit could be instigated by use of an anonymous letter. Caulfield has testified that Acree later informed him that the procedure was followed. The staff of the Joint Committee on Internal Revenue Taxation has stated that Greene was not audited by the IRS but was subsequently audited by New York State tax authorities on the basis of information supplied under the Federal/State exchange program, but that the staff believes that the audit was unrelated to Greene's being classified as a White House enemy.

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14. Dean has testified that he received requests from Haldeman to have audits commenced on certain individuals. Haldeman has testified that he could recall no specific requests but that information that had come to the attention of the White House or information that appeared to indicate a reason for an audit may have been referred by the White House to the IRS. Caulfield has testified that some time after Dean's request for an audit of Greene, Dean met with Caulfield and Acree and directed that full audits be conducted of three or four other individuals. Caulfield has testified that he and Acree decided not to conduct the audits and that so far as he knew no audits were conducted of any individuals.

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15. On October 15, 1971 Caulfield wrote a memorandum to Dean recommending that background information obtained from the FBI about the producer of a motion picture derogatory to the President be released to the media and that discreet IRS audits be instituted on the producer, the distributor of the film and a related corporation. Caulfield testified that Dean requested he run an FBI name-check and that, at Caulfield's direction, Anthony Ulasewicz conducted a "pretext inquiry" at the offices of the film's distributor. On October 20, 1971 Caulfield sent a memorandum to Dean reporting on a pretext interview of the film's distributor and recommending that because the financial handling and distribution of the film was in the hands of amateurs, any actions against the producer, including background information and IRS capability, be carefully weighed and well hidden.

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16. Prior to November 7, 1971 a talking paper and memorandum were prepared with respect to making the IRS politically responsive. Dean has testified that he and Caulfield prepared the documents for Haldeman's use during a meeting with either the Secretary of the Treasury or the Commissioner of Internal Revenue. Haldeman has testified that he could not recall either seeing the briefing memorandum or having any specific conversation with the Secretary of the Treasury.

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17. In a Political Matters Memorandum dated December 2, 1971 Strachan reported to Haldeman that Mitchell and Dean had discussed the need to develop a political intelligence capability. Strachan stated that Sandwedge had been scrapped and that instead Gordon Liddy would become general counsel to CRP effective December 6, 1971. Strachan stated that Liddy would handle political intelligence as well as legal matters and would also work with Dean on the political enemies project.

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18. In early 1972 John Dean sent a memorandum to Haldeman, Ehrlichman, Klein, Colson and Ziegler, with a carbon copy to Mitchell, stating that an article by a journalist about a campaign fundraiser was scheduled for publication the following day. At this time an unsigned memorandum was prepared containing personal information about the journalist and describing his financial affairs. It stated that during recent years the journalist had not reported any personal income derived from the operation of a corporation in which he had an interest. It also stated that certain facts suggested to IRS professionals that an audit might resultingly be in order. The memorandum also stated that because of the sensitivities of the ongoing inquiry, no audit should be initiated unless directed.

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19. On June 12, 1972 Colson sent a memorandum to Dean stating that Colson had received a well informed tip that there were discrepancies in the tax returns of Harold Gibbons, a vice president of the Teamsters Union. Colson stated that Gibbons was an all out enemy and asked that Dean please see if this one could be started on at once. Dean has testified that he put the memorandum in his file and that it remained there.

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20. Former Commissioner of Internal Revenue Walters has stated that during the summer of 1972 he was asked by Treasury Secretary Shultz to check on a report by John Ehrlichman that Democratic National Committee Chairman Lawrence O'Brien had received large amounts of income which might not have been reported properly. Walters has stated that he reported to Shultz on the IRS's examination of O'Brien's returns for 1970 and 1971. Walters has stated that Ehrlichman was not satisfied with the report on the status of O'Brien's returns and that because of Ehrlichman's inquiries O'Brien was interviewed during the summer of 1972. Walters has stated that Ehrlichman was not satisfied with the interview and that he told Shultz he needed further information about the matter. Ehrlichman has testified that he had learned from a sensitive case report that the IRS was investigating O'Brien and that he called Shultz to complain that the IRS was delaying the audit until after the election.

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21. On or about August 29, 1972 Shultz, Walters and Assistant to the IRS Commissioner Roger Barth telephoned Ehrlichman to report on the IRS investigation of Lawrence O'Brien. Shultz informed Ehrlichman that the IRS had closed the investigation. Ehrlichman complained to Walters that the IRS had been stalling the audit and he told Walters what a bad job he had done.

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22. Walters stated that on September 11, 1972 he went to Dean's office. Dean gave Walters a list of McGovern staff members and campaign contributors and requested that the IRS begin investigations or examinations of the people named on the list. Walters' notes of the meeting state that J. E. [John Ehrlichman] asked to make up the list to see what information could be developed and that Dean had not been asked by the President to have this done and did not know whether the President had asked directly that any of this be done. Walters has stated that he advised Dean that compliance with the request would be disastrous for the IRS and for the Administration and that he would discuss the matter with Secretary Shultz and would recommend to Shultz that the IRS do nothing with respect to the request.

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23, Walters has stated that on September 13, 1972 he discussed with Secretary Shultz the list given him by Dean, showed Shultz the list and advised Shultz that he believed they should not comply with Dean's request to commence examination or investigation of the people named on the list. Shultz told Walters to do nothing with respect to the list and Walters put it in his office safe. On July 11, 1973 Walters turned the list over to the Joint Committee on Internal Revenue Taxation. On December 20, 1973 the staff of the Joint Committee issued a report stating that it found no evidence that the returns of any persons on the list were screened as a result of White House pressure.

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23.3 Report of the staff of the Joint Committee on Internal Revenue Taxation, "Investigation into Certain Charges of the Use of the Internal Revenue Service for Political Purposes," December 20, 1973, 7-12	280

24. On September 15, 1972 from about 5:23 until about 5:27 p.m. the President met with Haldeman and discussed, among other things, Dean's working through IRS. At about 5:27 p.m. Dean joined the meeting and from about 5:27 to about 6:00 p.m. the President, Haldeman and Dean had a discussion which did not refer specifically to the IRS. The Committee has received tape recordings of these conversations.

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24.1	Tape recording of a meeting between the President and H. R. Haldeman, September 15, 1972, 5:23 - 5:27 p.m., and House Judiciary Committee transcript thereof.....	288
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25. From approximately 6:00 p.m. to approximately 6:17 p.m. on September 15, 1972 the President, Haldeman and Dean continued their meeting. The Committee has not received a tape recording of this portion of the conversation. Haldeman and Dean have testified that the September 15, 1972 meeting there was a discussion of taking steps to overcome the unwillingness of the IRS to follow up on complaints. According to a memorandum by SSC Minority Counsel Fred Thompson, Special Counsel to the President, J. Fred Buzhardt has stated that during the September 15, 1972 meeting Dean reported on the IRS investigation of Lawrence O'Brien. On May 28, 1974 the Watergate Special Prosecutor moved that the recording of this portion of the conversation be turned over to the appropriate grand juries on the basis that the recording was relevant to alleged White House attempts to sbuse and politicize the IRS, including unlawfully attempting in August and September 1972 to have the IRS investigate Lawrence O'Brien. On June 12, 1974 Judge Sirica granted the motion and ordered that the recording of the conversation from 6:00 to approximately 6:13 p.m. be made available to the Special Prosecutor.

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25.6 Transcript of proceedings, June 7, 1974,
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25.7 Order, June 12, 1974, In re Grand Jury, Misc.
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26. Walters has stated that on or about September 25, 1972 Dean telephoned him and inquired as to what progress had been made with respect to the list of McGovern campaign workers and contributors which he had given to Walters on September 11, 1972. Walters has stated that he informed Dean that no progress had been made; that Dean asked if it might be possible to develop information on fifty, sixty or seventy of the names; and that Walters responded that, although he would reconsider the matter with Secretary Shultz, any activity of this type would be inviting disaster. Walters has stated that on or about September 29, 1972 he discussed Dean's request with Shultz and that he and Shultz agreed that nothing be done with respect to the list. Walters has stated that he did not furnish any name or names from the list nor request any IRS employee or official to take any action with respect to the list.

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26.1 Johnnie Walters affidavit submitted to House Judiciary Committee, May 6, 1974.....	352
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27. On March 13, 1973 the President met with Haldeman and Dean. During the conversation the President and Dean discussed, among other things, obtaining information from the IRS.

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27.1 Tape recording of a conversation among the President, H. R. Haldeman and John Dean, March 13, 1973, and House Judiciary Committee transcript thereof (received from White House).....	360

28. On May 2, 1973 the Center on Corporate Responsibility, Inc. filed suit claiming that it had been unlawfully denied tax-exempt status because of selective treatment for political, ideological and other improper reasons having no basis in the statute and regulations. On December 11, 1973 the United States District Court held that the tax exemption had been unlawfully denied. The Court stated that its ruling was based in part on the failure of the White House to comply fully with discovery orders. The Court found that the inference of political intervention had been unmistakably raised.

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28.1	<u>Opinion, Center on Corporate Responsibility</u> <u>v. Shultz</u> , 368 F. Supp. 863, 871-72.....	438
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STATEMENT OF INFORMATION

AND

SUPPORTING EVIDENCE

INTERNAL REVENUE SERVICE

1. On or about March 21, 1970 Special Counsel to the President Clark Mollenhoff sent a memorandum to H. R. Haldeman transmitting material on the taxes of Governor George Wallace's brother, Gerald Wallace. Mollenhoff has stated that he had been instructed by Haldeman to obtain a report from IRS on investigations relating to Governor George Wallace and Gerald Wallace; that he had been assured by Haldeman that the report was to be obtained at the request of the President; that he obtained the report from the IRS; and that Mollenhoff did not give a copy of the report to anyone other than Haldeman or discuss the substance of it with anyone else until after the appearance of an article on April 13, 1970 regarding confidential field reports, and IRS investigation of charges of corruption in the Wallace Administration and the activities of Gerald Wallace. Former Commissioner of Internal Revenue Randolph Thrower has stated that an IRS investigation concluded that the material had not been leaked by the IRS or the Treasury Department. Thrower has stated that thereafter he and the IRS Chief Counsel met with Haldeman and Ehrlichman at the White House and discussed with them the seriousness of the leak and the fact that unauthorized disclosure of IRS information constituted a criminal act.

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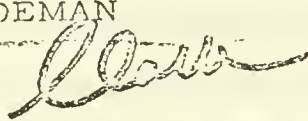
MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 21, 1970

MEMORANDUM FOR BOB HALDEMAN

FROM: Clark Mollenhoff 

SUBJECT: Gerald Wallace and IRS

Attached is a copy of the material on the Gerald Wallace tax matter. As you will see, it's a large case.

The summary makes it apparent the investigation is not conclusive at this state, although it would appear that there is a possibility of a rather large criminal case.

It would seem advisable to let this matter mature a bit, although there might be some advantage in having the Commissioner ask for one or more of the tax returns. This request, which could be complied with through Xerox copies, would not interfere with the investigation and might tend to make the investigators more diligent.

The Washington Merry-Go-Round

THE WASHINGTON POST Monday, April 13, 1970

B11

IRS Probes Wallace, Lurleen Reigns

By Jack Anderson

A special task force of Internal Revenue agents has moved into Alabama to investigate charges of corruption in the administrations of former Gov. George Wallace and his late wife, Lurleen.

The tax probe, which began on a small scale during the Johnson administration, has focused on the backdoor activities of Gerald Wallace, the former governor's brother, law partner and political confidant.

Gerald Wallace, a slight, bespectacled man of 50, has fallen into sudden wealth since his famous brother became governor in 1962. Although Gerald was only three years out of law school and seldom appeared in court, he has funneled enough money through his law office to move from a modest apartment to a lush, 315-acre cattle farm.

Alleged Kickbacks

The government is investigating charges that Gerald Wallace and Rankin Fite, the mighty Speaker of Alabama's House of Delegates, collected kickbacks on state and federal highway contracts. Part of the

money is alleged to have been turned over to George Wallace to fuel his 1968 presidential campaign, in which he promised to restore "law and order" to the nation.

Fite allegedly turned the kickbacks over to Gerald Wallace. Both men vigorously denied any wrong doing.

The task force is also looking into a possible link between Gerald Wallace and Alabama's notorious liquor agent system, under which political cronies of the reigning governor collect fat fees on the sale of liquor to the state.

Confidential field reports, made available to this column quote Alabama informants as saying that Gerald Wallace has boasted of receiving \$400,000 in commissions on state liquor sales. In Alabama, all liquor is sold in state-owned stores.

The Internal Revenue Service's audit division, in its confidential findings, has alleged that Gerald Wallace omitted legal-free income from his tax returns in 1967 and 1968. After deducting large losses from his cattle farm, he reported a

\$100,044 in 1967 and \$65,980 in 1968.

Probe Expanded

Last Jan. 20, the case was referred to Internal Revenue's crack intelligence division, which handles criminal investigations. A group of agents from various southern offices was immediately assembled in Alabama.

They have expanded the probe until it now includes alleged kickback schemes involving state highway paving contracts, textbook sales, engineering contracts and misuse of funds at the state docks in Mobile.

The federal agents are also asking questions about the following state political figures: Attorney General MacDonald Gallion, State Treasurer Agnes Baggett, former State Finance Director Seymour Trammell, State Docks Director Houston Feaster and his assistant, Jim Scott, and State Senators Roland Cooper and Alton Turner.

It should be emphasized, of course, that the investigation is still in its preliminary stages, and no formal charges have been brought against anyone.

My associate, Britton Hume, flew to Montgomery, Ala., to discuss the investigation with Gerald Wallace. He acknowledged that he was under tax investigation.

"They have got 47 agents on me right now," he said bitterly. "You all are trying to beat George Wallace. You're not interested in my tax returns."

Wallace's Story

He swore he had never collected a kickback and, although his law practice was his main source of income, had never represented any state highway contractors or liquor companies. He angrily rejected the suggestion that the Wallace law firm was used in any kickback scheme. He also denied that his brother was still practicing law with him and declared that George Wallace no longer had space in the firm's office.

However, Hume visited the Wallace law office, which is located in a rickety second-story walkup a few blocks from the state capitol. He found the dingy suite still contains an office with George Wallace's name on the door and a desk inside piled with papers.

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1.3 CLARK MOLLENHOFF AFFIDAVIT, JUNE 4, 1974

HOUSE OF REPRESENTATIVES
OF THE UNITED STATES
COMMITTEE ON THE JUDICIARY

A F F I D A V I T

District of Columbia) ss:

CLARK R. MOLLENHOFF, being first duly sworn, deposes and says:

1. I was appointed Special Counsel to the President in July 1969. I remained in that position until June 1970, at which time I resigned from the White House staff.

2. Because my responsibilities at the White House included investigation of allegations of corruption or mismanagement in government, I had authority from the President to periodically obtain certain tax returns from the IRS.

3. Early in 1970 I was instructed by H. R. Haldeman to obtain a report from the IRS on its investigation of alleged illegal campaign contributions relating to the 1968 presidential campaign of Governor George Wallace and unreported income received by his brother, Gerald Wallace.

4. I initially questioned Mr. Haldeman's instruction, but upon his assurance that the report was to be obtained at the request of the President, I requested the report of IRS Commissioner Randolph Thrower.

5. On March 20, 1970 I received a report on the IRS investigation from Assistant IRS Commissioner Donald Bacon.

6. On March 21, 1970, I delivered the report to Mr. Haldeman, on his assurance that it was for the President. I did not give a copy of the report to anyone else nor did I discuss ^{The substance} it with anyone. *until after*
The appearance of a column by Jack Anderson x am

1.3 CLARK MOLLENHOFF AFFIDAVIT, JUNE 4, 1974

-2-

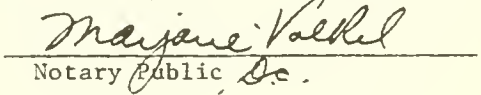
7. On April 13, 1970 a report appeared in Jack Anderson's column about the IRS investigation. Shortly thereafter, I was requested to meet with Messrs. Haldeman, Ehrlichman and Ziegler. At that meeting they accused me of having leaked the IRS report to the press. I denied having done so and told them that the only copy of the report had gone to Mr. Haldeman.

8. Thereafter Commissioner Thrower questioned me about the leak. I informed him that I had delivered the only copy of the report to Mr. Haldeman and had not leaked the information, that Mr. Haldeman had attempted to blame me for the leak, and that I believed that the leak had occurred at the highest White House level.


CLARK R. MOLLENHOFF

DATED: _____

Subscribed and sworn to before me this 4th day of June, 1974.


Notary Public, D.C.

My Commission Expires Feb. 14, 1978

1.4 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

AFFIDAVIT

STATE OF GEORGIA
COUNTY OF FULTON

Personally appeared before me, the undersigned attesting officer, Randolph W. Thrower, who, being duly sworn, deposes and says as follows.

This statement is made upon the basis of my best recollection of the facts and the sequence in which they occurred, without my having had the benefit of reference to files and other materials in the possession of the Internal Revenue Service which would permit a more precise statement.

In the summer of 1970, Clark Mollenhoff, Special Assistant to the President, telephoned me to inquire about an extensive field examination which the IRS was conducting into the possible diversion of political contributions for the benefit of private individuals in the 1968 campaign of George Wallace of Alabama. A brief statement as to the current status of the investigation had been included in our most recent "Sensitive Case Report." For many years reports on the status of sensitive cases within the IRS had been given a very limited and controlled distribution within the Commissioner's staff and a copy had customarily been sent by special courier to the Secretary of the Treasury. I understand that customarily the Secretary of the Treasury would advise the President of any matters in the sensitive case report about which the President, by reason of his official duties and responsibilities, should be advised.

As I recall, Mr. Mollenhoff advised me that the report on the Wallace campaign was desired by or on behalf of the President and in connection with his official responsibilities. In earlier discussions over the disclosure of confidential information in the possession of the IRS, Mr. Mollenhoff and I had reached an understanding that this would constitute a legal justification for the disclosure.

1.4 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

Pursuant to Mr. Mollenhoff's request, I asked the office of the Assistant Commissioner-Compliance to prepare for the White House a summarization of the Wallace investigation in the form of a memorandum from me. A memorandum was prepared which I reviewed and, after a few modifications, sent to Mr. Mollenhoff at the White House.

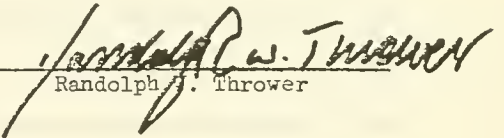
A few days later a column by Jack Anderson described the IRS investigation of charges of diversion of contributions in the 1968 Wallace campaign. It appeared to me that the Jack Anderson report came directly out of my memorandum. I called in the Assistant Commissioner-Inspection, Vernon D. Acree, and asked him to investigate the possibility of an unlawful disclosure of confidential tax information. I asked him, in particular, to study carefully my memorandum in relation to other factual summaries in the IRS files, in order to determine whether we could identify any possible source for the Jack Anderson report other than my own memorandum such as other reports in the hands of the IRS or taxpayers' counsel. I also asked him to investigate the possibility of a leak in the movement of my memorandum within the IRS or the Treasury Department. At the time I was leaving the city on official business and asked that he attempt to have a report available on my return.

On my return Mr. Acree advised that my memorandum was clearly the source of the Jack Anderson column. He advised further that he had traced the movement of my memorandum within the Service and the Treasury Department and found nothing to suggest that the leak had occurred in these offices. Thereupon I called Mr. Mollenhoff who, before I could state my complaint, announced that he knew what I was calling about and wanted to assure me that he had not breached the operating procedures which he and I had developed and that he was in no way responsible for the leak. I told him that while it was a very serious breach of the laws against disclosure, I had felt confident that he was not responsible. I stated, nevertheless, that I was greatly disturbed by it and wanted to know how it possibly could have occurred. Mr. Mollenhoff replied that the responsibility was at a higher

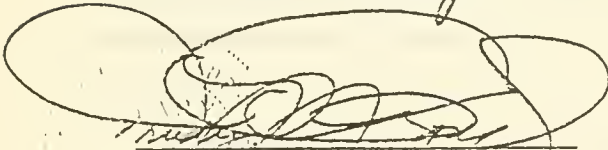
1.4 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

level. I asked, "How high?" His response was to the effect that it occurred at the highest level or at the very top. While I do not recall the precise language used, I received the impression that he was referring to Mr. Haldeman or possibly Messrs. Haldeman and Erlichman.

Thereafter I telephoned John Erlichman to discuss the disclosure and arranged for a meeting at the White House with him and Mr. Haldeman which was attended by the Chief Counsel of the IRS, K. Martin Worthy, and myself. In the conference Mr. Worthy and I discussed the seriousness of the leak and the fact that an unauthorized disclosure constituted a criminal act. I did not make any accusations as Mr. Mollenhoff had asked me to hold in confidence what he had told me as to the apparent source of the leak. Messrs. Haldeman and Erlichman did not indicate to Mr. Worthy and me the source of the leak but did take our complaint seriously and assured us that they would cooperate in undertaking to prevent such incidents in the future and would call the gravity of the situation to the attention of those in the White House who might from time to time have access to such information.


Randolph J. Thrower

Sworn to and subscribed before me
this 24th day of May, 1974.



Notary Public
Notary Public, Georgia, State at Large
My Commission Expires June 11, 1974

2. On September 21, 1970 White House aide Tom Charles Huston sent a memorandum to Haldeman transmitting a report on an investigation by the IRS Special Service Group of political activities of tax-exempt organizations. Huston discussed administrative action against the organizations and stated that valuable intelligence-type information could be turned up by IRS as a result of their field audits.

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2.1 Memorandum from Tom Charles Huston to H. R. Haldeman, September 21, 1970, with attachments, SSC Exhibit No. 42, 3 SSC 1338-45.....	44

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EXHIBIT No. 42

MEMORANDUM

Dec 9

THE WHITE HOUSE
WASHINGTON

September 21, 1970.

MEMORANDUM FOR: H. R. HALDEMAN

SUBJECT: IRS & Ideological Organizations

I am attaching a copy of a report from the IRS on the activities of its "Special Service Group" which is supposed to monitor the activities of ideological organizations [e.g., Jerry Rubin Fund, Black Panthers, etc.] and take appropriate action when violations of IRS regulations turn up. You will note that the report is long on words and short on substance.

Nearly 18 months ago, the President indicated a desire for IRS to move against leftist organizations taking advantage of tax shelters. I have been pressing IRS since that time to no avail.

What we cannot do in a courtroom via criminal prosecutions to curtail the activities of some of these groups, IRS could do by administrative action. Moreover, valuable intelligence-type information could be turned up by IRS as a result of their field audits.

TH
TOM CHARLES HUSTON

Attachment

1339

August 14, 1970

MEMORANDUM FOR: ROGER V. BARNETT
ASSISTANT TO THE COMMISSIONER, IRS

SUBJECT: IDEOLOGICAL ORGANIZATIONS

Could you give a progress report on the activities of the Compliance Divisions in reviewing the operations of Ideological Organizations?

I would be interested in knowing what progress has been made since July 1, 1969, when we first expressed our interest in this matter.

Thank you.

/s/

TOM CHARLES HUSTON

1340

Commissioner
Internal Revenue Service
Washington, DC 20260
SEP 19 1970

MEMORANDUM FOR: Honorable Tom Charles Huston
The White House

FROM: Commissioner of Internal Revenue

In response to your memorandum dated August 14, 1970, we have prepared the attached status report on the Special Service Group. I would stress that knowledge of the existence and operations of this Group should be carefully limited.


Randolph W. Thrower

Attachment

Status Report On
Special Service Group

In August 1969 the Senate Committee on Government Operations held open hearings on several controversial organizations, including the Black Panther Party, Student National Coordinating Committee, Republic of New Africa, and Students for Democratic Society. Information developed during these hearings established that various organizations, categorized as extremists on the right or left, presented problems to the Internal Revenue Service in that the organizations and individuals involved in the organizations were not in compliance with Internal Revenue laws. Information developed in these hearings indicated that extremist organizations were receiving financial support from various sources. Some of the individuals involved in the forefront of these organizations filed tax returns reflecting very nominal income, or did not file at all, although they were obviously expending substantial amounts of funds.

Recognizing the responsibilities of the Internal Revenue Service to administer taxing statutes without regard to the social or political objectives of individuals or organizations, a decision was made to establish

2.1 IRS STATUS REPORT ON THE SPECIAL SERVICE GROUP

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a method of accumulating and disseminating information on all activist groups to insure that the organizations and the leaders of the organizations are complying with Internal Revenue laws.

In the National Office of the Internal Revenue Service, functioning under the Assistant Commissioner (Compliance), a special compliance group was established to receive and analyze all available information on organizations and individuals promoting extremist views and philosophies. The identification of organizations and individuals included in the program is without regard to the philosophy of political posture involved; rather, it is directed to the notoriety of the individual or organization and the probability of publicity that might result from their activities and the likelihood that this notoriety would lead to inquiries regarding their tax status. Another important consideration was the degree of probability that the individuals might be deliberately avoiding their tax responsibilities.

The staff responsible for this activity was first designated as the Activist Organizations Group, but it recently was changed to "Special Service Group" to avoid any erroneous impression of its objectives. The function of the

2.1 IRS STATUS REPORT ON THE SPECIAL SERVICE GROUP

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Special Service Group is to obtain, consolidate and disseminate any information on individuals or organizations (including major financial sponsors of the individuals or organizations) that would have tax implications under the Internal Revenue laws. Liaison has been established with all investigative and law enforcement agencies and with Senate and House Investigating Committees. The Group also subscribes to various underground publications as a source of information on matters involving taxable income of individuals, activities of organizations having or seeking tax exempt status, and identity of individuals or exempt organizations providing financial support to activist groups. In the case of "financial support" our interest is to be able to determine that donors do not receive tax benefit from the financial assistance where such benefit is not clearly allowable by law.

As information is accumulated on the activities or financial support of particular organizations or taxable income of individuals it is referred to the appropriate field office of the Internal Revenue Service for enforcement action. Field offices may be asked to investigate the activities of organizations which have been held to be

2.1 IRS STATUS REPORT ON THE SPECIAL SERVICE GROUP

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exempt as charitable organizations; they may be asked to investigate the income tax liability of individuals who have openly expended substantial sums of money without obvious means of support or they may be asked to investigate alleged violations of the firearms statutes falling within the jurisdiction of the Alcohol, Tobacco and Firearms Division.

It is important to note that although various types of information about organizations or individuals is obtained by the Service from cooperating agencies, only that information relating to tax status is recorded and disseminated to field offices. The sole objective of the Special Service Group is to provide a greater degree of assurance of maximum compliance with the Internal Revenue laws by those involved in extremist activities and those providing financial support to these activities.

To date the efforts of the Special Service Group has been confined to manual compilation and consolidation of information on approximately 1,025 organizations and 4,300 individuals. Data on 26 organizations and 43 individuals has been referred to the field for enforcement action.

While it is still too early to have completed many of the field investigations, criminal investigations are under way on 4 individuals and 1 organization. Delinquent tax returns have been obtained from 2 organizations with combined tax liability of \$29,559. On the basis of information furnished by this "group" application for exempt status has been denied to 8 organizations. It is the view of officials of the Internal Revenue Service that this "intelligence" activity and field enforcement is necessary to avoid allegation that extremist organizations ignore taxing statutes with immunity.

3. Former Commissioner of Internal Revenue Thrower has stated that during the summer of 1970 he was advised by Under Secretary of the Treasury Charls Walker that John Caulfield, head of security for the President's office, was interested in the position of Director of the IRS Alcohol, Tobacco and Firearms Division (ATF) and had the President's blessing and the support of top people at the White House. Thrower concluded that Caulfield was not qualified for the position. Thrower has stated that in November 1970 he was told by Walker that the White House wanted Caulfield to be considered for the position of Chief of the Enforcement Branch of ATF and that the White House wanted to take the Enforcement Branch out of ATF and have it report directly to Thrower rather than through the chain of command. Thrower has stated that he told Walker that Thrower would resign if Caulfield were appointed and the organizational changes were required. Thrower has stated that shortly thereafter he was advised that the White House would drop the matter.

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3.1	Randolph Thrower affidavit submitted to House Judiciary Committee, May 24, 1974.....	54
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3.1 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

AFFIDAVIT

STATE OF GEORGIA
COUNTY OF FULTON

Personally appeared before me, the undersigned attesting officer, Randolph W. Thrower, who, being duly sworn, deposes and says as follows.

This statement is made upon the basis of my best recollection of the facts and the sequence in which they occurred, without my having had the benefit of reference to files and other materials in the possession of the Internal Revenue Service which would permit a more precise statement.

In the summer of 1970 a vacancy occurred in the position of Director of the Alcohol, Tobacco and Firearms Division of the IRS. The IRS Executive Selection Board was at that time interviewing and reviewing candidates for the position preparatory to making a recommendation on it to me as the Commissioner. I was then advised that John Caulfield, head of security for the President's office, was interested in the position and had the President's blessing and the support of top people at the White House. Substantially all of my contacts with the White House on this matter, at that time and subsequently, were through Dr. Charles Walker, Under Secretary of the Treasury.

I secured biographical information on Mr. Caulfield and had a personal interview with him. Also, through members of my staff, I made some limited inquiries about him. After careful consideration of the matter, I advised Dr. Walker that I did not consider Mr. Caulfield qualified for the office and had serious question as to whether he could secure approval for the position from the Civil Service Commission. Over the next few weeks Dr. Walker and I had several conversations about this matter resulting from his presentation of my views to the White House and their request for further consideration.

3.1 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

At the same time I pointed out to Dr. Walker that we would expect to have a vacancy in the position of Chief of the Enforcement Branch of ATF. The occupant of that office was acting as Director of ATF and his appointment to that position had been sent by me to the Treasury Department for approval. The Enforcement Branch in my opinion was an extremely able, well experienced unit which was long experienced in the suppression of illegal manufacture of whiskey and illegal traffic in whiskey and tobaccos, as well as in its newer responsibilities of enforcement of the federal gun and explosive laws. On inquiry, Dr. Walker learned that the White House was not interested in this position for Mr. Caulfield.

Finally, at Dr. Walker's request, I prepared a detailed specification of the duties and responsibilities of the office. It covered regulatory functions in the three areas of alcohol, tobacco and firearms, as well as the extensive tax collection functions encompassing about \$7 billion a year, the supervision of an important laboratory, and the administrative responsibility, as I recall, of more than 1,000 employees. Shortly thereafter Dr. Walker advised me that the White House had dropped the matter.

A short time later Dr. Walker called to advise me that Mr. Gordon Liddy, then in the office of the Assistant Secretary of the Treasury for Enforcement and Operations, was interested in the position as Director of ATF. I suggested to Dr. Walker that Mr. Liddy was in his department and that he should handle this one. I told Dr. Walker that Mr. Liddy's experiences with the Service with respect to the development of policy respecting gun laws had so affected the confidence in him on the part of the personnel of ATF that the appointment would be out of the question. He did not take issue with this. I suggested that he point out to Mr. Liddy that the extensive administrative responsibilities would be over-burdening and that the position would provide little opportunity for working directly in enforcement or developing policy. Dr. Walker suggested that I could more effectively tell this to Mr. Liddy

3.1 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

and I agreed to confer with Mr. Liddy on it. The conference did take place as planned and Mr. Liddy was very gentlemanly in listening to and seemingly taking into account what I had to say regarding the position. I also pointed out to him the possible difficulties of qualifying before the Civil Service Commission. At some later time, his request for consideration was withdrawn.

In the meantime my recommendation for the appointment of a new Director of ATF was still pending in the Treasury Department without approval.

At a later time, probably in November, 1970, Dr. Walker advised me that the White House had reconsidered my earlier offer to consider Mr. Caulfield for the position of Chief of the Enforcement Branch of ATF and that he was now interested in the position. I was told, however, that they wanted to take the Enforcement Branch out of ATF and have it report directly to me rather than through the chain of command. The chain of command would have followed this order: Chief Enforcement Branch, Director of ATF Division, Assistant Commissioner Compliance (or his Deputy) and Commissioner (or his Deputy). Discussions of this possibility continued over the next several weeks. Among my objections to the proposal were the following:

1. The Enforcement Branch was fully integrated into the operations of ATF, which division itself was integrated into the operations of Compliance, and it would be very disruptive to operations of ATF and confusing to its administration for this to occur;

2. Mr. Caulfield, as an inexperienced branch chief, would need the executive direction available from the chain of command;

3. The activities of the Enforcement Branch were frequently coordinated with the police functions of the Intelligence Division of Compliance and the Internal Security Division of Inspection, which required coordinated leadership;

4. I, as Commissioner, could not give it the attention which it would require;

5. Mr. Caulfield's entry into the Service would be greatly prejudiced by the fact that many would view the move as a political

3.1 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

one which would be greatly resented within an organization which had prided itself for so long on being wholly apolitical.

In the course of the ensuing discussions I pointed out that in order to get greater coordination in our law enforcement activities I was planning to set up a special law enforcement committee, on which the head of the enforcement branch would serve, with which I would expect to meet frequently. I also gave assurance that the chief of the branch would have access to me directly in accordance with the practices I had generally followed in the Service.

Despite the continued exchange and explanation of views on this subject, the positions of the two sides seemed to be hardening. I may have had direct telephone calls from the White House with respect to it but I have no specific recollection of any. Throughout the continued discussions I had been unable to find any reasonable justification for the proposal and my opposition grew in the face of the continued insistence. I was in fact very much concerned about the potential for a personal police force which would not have the protection and insulation of the career staff. Finally, Dr. Walker advised that he had been asked by the White House to tell me that all of my views had been taken into account but that I was to be directed to proceed as they had been requested. I advised Dr. Walker that he could tell the people at the White House that if they did insist upon the measure I would consider that my usefulness as Commissioner had been terminated. A day or two later Dr. Walker called back to advise that the White House had stated that they would drop the matter.

Dr. Walker was helpful throughout in advising and consulting with me on these problems.

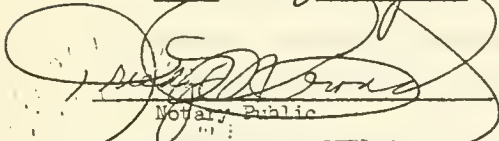
In January, 1971 I advised Secretary of the Treasury Kennedy that I would submit my resignation to the President. I told him that I first would like to discuss with the President my concern about White House attitudes toward the IRS, a problem which he recognized. He told me that as a presidential appointee I had that privilege and said he would arrange

3.1 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

the conference. He later advised that he had been unable to arrange the conference and said that Mr. Haldeman had told him that the President did not like such conferences. After other means to arrange the conference failed, I visited the Attorney General and told him of the concerns which I wished to express to the President, namely, that any suggestion of the introduction of political influence into the IRS would be very damaging to him and his administration, as well as to the revenue system and the general public interest. The Attorney General told me that he had not been aware of the problems of recent months which I described to him and stated that he would convey the message. Sometime later the President's Appointment Secretary, Dwight Chapin, told me that the President had received my views from the Attorney General and did not feel that a conference was necessary. Thereupon, I submitted my resignation which I had been withholding until I had the opportunity to confer with the President.


Randolph W. Thrower

Sworn to and subscribed before me
this 24th day of May, 1974.


Notary Public
Notary Public, Georgia, State at Large
My Commission Expires June 11, 1974

4. Thrower has stated that in January 1971, having decided to submit his resignation as Commissioner of Internal Revenue, he attempted unsuccessfully through Treasury Secretary Kennedy and Attorney General Mitchell to arrange a meeting with the President to express his concern that any suggestion of the introduction of political influence into the IRS would be very damaging to the President and his administration as well as to the revenue system and the general public interest. Thrower has stated that he was told by the President's Appointment Secretary Dwight Chapin that the President had received Thrower's views from the Attorney General and did not feel a conference was necessary. Thrower thereupon submitted his resignation.

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4.1 Randolph Thrower affidavit submitted to House Judiciary Committee, May 24, 1974.....	60

AFFIDAVIT

STATE OF GEORGIA
COUNTY OF FULTON

Personally appeared before me, the undersigned attesting officer, Randolph W. Thrower, who, being duly sworn, deposes and says as follows.

This statement is made upon the basis of my best recollection of the facts and the sequence in which they occurred, without my having had the benefit of reference to files and other materials in the possession of the Internal Revenue Service which would permit a more precise statement.

In the summer of 1970 a vacancy occurred in the position of Director of the Alcohol, Tobacco and Firearms Division of the IRS. The IRS Executive Selection Board was at that time interviewing and reviewing candidates for the position preparatory to making a recommendation on it to me as the Commissioner. I was then advised that John Caulfield, head of security for the President's office, was interested in the position and had the President's blessing and the support of top people at the White House. Substantially all of my contacts with the White House on this matter, at that time and subsequently, were through Dr. Charls Walker, Under Secretary of the Treasury.

I secured biographical information on Mr. Caulfield and had a personal interview with him. Also, through members of my staff, I made some limited inquiries about him. After careful consideration of the matter, I advised Dr. Walker that I did not consider Mr. Caulfield qualified for the office and had serious question as to whether he could secure approval for the position from the Civil Service Commission. Over the next few weeks Dr. Walker and I had several conversations about this matter resulting from his presentation of my views to the White House and their request for further consideration.

4.1 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

At the same time I pointed out to Dr. Walker that we would expect to have a vacancy in the position of Chief of the Enforcement Branch of ATF. The occupant of that office was acting as Director of ATF and his appointment to that position had been sent by me to the Treasury Department for approval. The Enforcement Branch in my opinion was an extremely able, well experienced unit which was long experienced in the suppression of illegal manufacture of whiskey and illegal traffic in whiskey and tobaccos, as well as in its newer responsibilities of enforcement of the federal gun and explosive laws. On inquiry, Dr. Walker learned that the White House was not interested in this position for Mr. Caulfield.

Finally, at Dr. Walker's request, I prepared a detailed specification of the duties and responsibilities of the office. It covered regulatory functions in the three areas of alcohol, tobacco and firearms, as well as the extensive tax collection functions encompassing about \$7 billion a year, the supervision of an important laboratory, and the administrative responsibility, as I recall, of more than 1,000 employees. Shortly thereafter Dr. Walker advised me that the White House had dropped the matter.

A short time later Dr. Walker called to advise me that Mr. Gordon Liddy, then in the office of the Assistant Secretary of the Treasury for Enforcement and Operations, was interested in the position as Director of ATF. I suggested to Dr. Walker that Mr. Liddy was in his department and that he should handle this one. I told Dr. Walker that Mr. Liddy's experiences with the Service with respect to the development of policy respecting gun laws had so affected the confidence in him on the part of the personnel of ATF that the appointment would be out of the question. He did not take issue with this. I suggested that he point out to Mr. Liddy that the extensive administrative responsibilities would be over-burdening and that the position would provide little opportunity for working directly in enforcement or developing policy. Dr. Walker suggested that I could more effectively tell this to Mr. Liddy

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and I agreed to confer with Mr. Liddy on it. The conference did take place as planned and Mr. Liddy was very gentlemanly in listening to and seemingly taking into account what I had to say regarding the position. I also pointed out to him the possible difficulties of qualifying before the Civil Service Commission. At some later time, his request for consideration was withdrawn.

In the meantime my recommendation for the appointment of a new Director of ATF was still pending in the Treasury Department without approval.

At a later time, probably in November, 1970, Dr. Walker advised me that the White House had reconsidered my earlier offer to consider Mr. Caulfield for the position of Chief of the Enforcement Branch of ATF and that he was now interested in the position. I was told, however, that they wanted to take the Enforcement Branch out of ATF and have it report directly to me rather than through the chain of command. The chain of command would have followed this order: Chief Enforcement Branch, Director of ATF Division, Assistant Commissioner Compliance (or his Deputy) and Commissioner (or his Deputy). Discussions of this possibility continued over the next several weeks. Among my objections to the proposal were the following:

1. The Enforcement Branch was fully integrated into the operations of ATF, which division itself was integrated into the operations of Compliance, and it would be very disruptive to operations of ATF and confusing to its administration for this to occur;

2. Mr. Caulfield, as an inexperienced branch chief, would need the executive direction available from the chain of command;

3. The activities of the Enforcement Branch were frequently coordinated with the police functions of the Intelligence Division of Compliance and the Internal Security Division of Inspection, which required coordinated leadership;

4. I, as Commissioner, could not give it the attention which it would require;

5. Mr. Caulfield's entry into the Service would be greatly prejudiced by the fact that many would view the move as a political

4.1 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

one which would be greatly resented within an organization which had prided itself for so long on being wholly apolitical.

In the course of the ensuing discussions I pointed out that in order to get greater coordination in our law enforcement activities I was planning to set up a special law enforcement committee, on which the head of the enforcement branch would serve, with which I would expect to meet frequently. I also gave assurance that the chief of the branch would have access to me directly in accordance with the practices I had generally followed in the Service.

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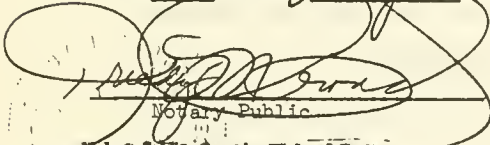
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4.1 RANDOLPH THROWER AFFIDAVIT, MAY 24, 1974

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Randolph W. Thrower

Sworn to and subscribed before me
this 24th day of May, 1974.


Notary Public
Notary Public, Georgia, State at Large
My Commission Expires June 11, 1974

5. From June 24, 1971 through June 1972, members of Colson's staff circulated to various White House staff members names for and deletions from a list of political opponents. Dean has testified that the list was continually being updated, and the file was several inches thick. Colson has stated that the list maintained by George Bell of his office was primarily intended for the use of the social office and the personnel office in considering White House invitations and appointments.

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5.1 John Dean testimony, 4 SSC 1350, 1386-87, 1409-11.....	66
5.2 Memorandum from George Bell to John Dean, Jerry Warren, Van Shumway, June 24, 1971, SSC Exhibit No. 49, 4 SSC 1693-96.....	72
5.3 Letter from Charles Colson to Fred Thompson and Samuel Dash, June 28, 1973 (received from SSC).....	76

lem of dealing with political enemies and a strategy which would involve a number of members of the White House staff in various phases of that project to deal with political enemies.

[The document referred to was marked exhibit No. 48.¹]

Mr. DEAN. The next is a document dated September 9, 1971. It is from Charles Colson to John Dean, in which Mr. Colson has checked in blue those that he would give top priority on the enemies' list, and an attached series of lists that were prepared by Mr. Colson's office of what were deemed opponents or political enemies.

[The document referred to was marked exhibit No. 49.²]

Mr. DEAN. The next is a memorandum dated September 14, 1971, which is a memorandum from myself to Larry Higby which attached the names that he had requested in connection with the political enemies' project and a limiting of that list to some 20 names. These were names which were based on the suggestion of Mr. Colson.

[The document referred to was marked exhibit No. 50.³]

Mr. DEAN. The next is a section of the news summary, of what date I don't know. It is from Mr. Higby to me, indicating that DNC Treasurer Robert Strauss should be on the list.

[The document referred to was marked exhibit No. 51.⁴]

Mr. DEAN. The next is a document dated September 17 from Gordon Strachan to me indicating that the attached list should be included in the political enemies' project. And there is attached a list.

[The document referred to was marked exhibit No. 52.⁵]

Mr. DEAN. The next is a memorandum from Gordon Strachan dated October 26, 1971, to me, indicating that Mr. Nofziger sent the attached information on Chet Huntley to Mr. Haldeman and that since I have the action on the political enemies project I should make a determination of what should happen and advise Mr. Nofziger of what should happen.

[The document referred to was marked exhibit No. 53.⁶]

Mr. DEAN. The next is a memo from Gordon Strachan of November 5, 1971, subject J. Irwin Miller which indicates that he fits into the enemies project.

[The document referred to was marked exhibit No. 54.⁷]

Mr. DEAN. The next is a memorandum from a member of Mr. Colson's staff that is part of one of many memorandums that came in. This one is dated June 28, where there was a continual updating of the opponents list.

[The document referred to was marked exhibit No. 55.⁸]

Mr. DEAN. And the last document is one relating to the McGovern campaign staff with asterisks beside certain key names that were to be included in the opponents project also.

[The document referred to was marked exhibit No. 56.⁹]

Mr. DEAN. And that is the sum and substance of the request that I have available that Mr. Weicker asked me for yesterday.

Mr. DASH. Mr. Dean, can we have those? They will be marked, and we will make copies of them for members of the committee and circulate them to members of the committee.

Senator ERVIN. Let the reporter mark them with the appropriate numbers.

¹ See p. 1689.

² See p. 1692.

³ See p. 1697.

⁴ See p. 1699.

⁵ See p. 1700.

⁶ See p. 1701.

⁷ See p. 1703.

⁸ See p. 1705.

⁹ See p. 1707.

1386

and he put the papers on notice that there was a libel suit in this matter.

At that time, I also told him that I wanted to talk to him further about this, and we had further conversations while I was up there about the general situation. So the counsel was retained at that time.

Senator GURNEY. What date was that?

Mr. DEAN. That was on the 25th, as I recall.

Senator GURNEY. And that was Mr. McCandless, and Mr.——

Mr. DEAN. No, that was Mr. Hogan.

Senator GURNEY. Mr. Hogan?

Mr. DEAN. That is correct.

Senator GURNEY. When did you employ Mr. McCandless and Mr. Shaffer?

Mr. DEAN. Mr. Shaffer was employed on the 30th.

Senator GURNEY. Of March?

Mr. DEAN. Of March.

Senator GURNEY. And Mr. McCandless?

Mr. DEAN. I don't know precisely. It was after Mr. Hogan withdrew. It was sometime in April, mid or late April, to the best of my recollection.

Senator GURNEY. Then my understanding of the testimony is that on April 2, your attorneys or Mr. Shaffer went to see the Federal prosecutors, is that correct?

Mr. DEAN. That is correct.

Senator GURNEY. What was the purpose of that?

Mr. DEAN. To tell them that I was prepared and ready to come forward.

Senator GURNEY. And when did you go and talk to them?

Mr. DEAN. Well, I believe that Mr. Shaffer and Mr. Hogan had a number of meetings where they outlined the scope of my testimony. I had spent several hours with both of them outlining my involvement with myself and the involvement of others. I had deferred from getting into any Presidential areas.

Senator ERVIN. The committee will stand in——

Senator WEICKER. Mr. Chairman, I have a request up there.

Mr. DASH. Yes.

Mr. Dean, just before we recess, there has been a little confusion in the exhibits that you have submitted, and we want to make sure we have them properly identified. There is a list which is entitled "Opponent Priority Activity." That is captioned so that we know who prepared that list. There happens also to be a document which is on White House stationery which is for eyes only, dated June 24, 1971, memorandum for John Dean, Gerry Warren, De Van Shumway, subject, opponents list, and the statement is "Attached is the list of opponents which we have compiled. I thought it would be useful to you from time to time," and it is signed, George T. Bell.

Is this the list that goes with that memo?

Mr. DEAN. Mr. Dash, I would like a look at those first if I could before I——

Mr. DASH. Do you have them?

Mr. DEAN. I don't know which one you are referring to.

Mr. DASH. Would someone give this list and give this memorandum—do you have the memorandum of June 24, 1971, also? Memorandum for John Dean, Gerry Warren, Van Shumway.

Mr. DEAN. Is there a list that accompanies the June 25 one, also, that you have attached?

Mr. DASH. June 25?

Mr. DEAN. It would either have to be from the——

Mr. DASH. No, there is no list attached to the June 25 one.

Mr. DEAN. All right. It would either be the June 24 or June 25 that would be attached there.

Mr. DASH. No, the June 25 says, "Please add the attached list of Muskic contributors."

That list I have just given you is not a list of Muskic contributors.

Mr. DEAN. This would go with the list on June 24, to the best of my knowledge.

Mr. DASH. And that is your understanding in submitting that to the committee, that to the best of your knowledge, that list is covered by the memorandum of June 24, 1971?

Mr. DEAN. I know the source of this would be from Mr. Colson's office, this list, yes.

Mr. DASH. Who is Mr. George T. Bell?

Mr. DEAN. He was a member of Mr. Colson's staff at the time.

Mr. DASH. And it is your understanding that the list was prepared in Mr. Colson's office?

Mr. DEAN. These lists were prepared by Mr. Bell and Miss Gordon, and kept continuously updated. This does not represent the totality of the list. This represents what I have in my possession.

Mr. DASH. For our record now, that list did come from Mr. Bell and is related to the June 24 memorandum?

Mr. DEAN. That is my understanding. This is my best recollection from the way I extracted the documents from my records.

Mr. DASH. The list does not have any identification on it. That is why I am asking you that question.

Mr. DEAN. Yes, sir.

Senator ERVIN. Senator Weicker.

Senator WEICKER. Thank you.

Senator ERVIN. The committee will stand in recess until 2 o'clock.

[Whereupon, at 12:25 p.m., the committee recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION, WEDNESDAY, JUNE 27, 1973

Senator ERVIN. The committee will come to order. Senator Gurney, you may resume your examination.

Senator GURNEY. Thank you, Mr. Chairman.

Mr. DEAN. Senator Gurney, I wonder before we proceed, counsel has a couple of exhibits that were in my folder this morning that we did not get to, to insert and there was a request made by the committee yesterday and at this time he would like to insert them into the record.

Senator GURNEY. Yes, pursuant to request.

Mr. McCANDLESS. Excuse me, Mr. Chairman and Senator Gurney. I think it was Senator Weicker who requested yesterday the Sullivan memorandum. I have that. There is another memorandum here marked confidential we would like to turn over to the committee without description, unless the chairman or counsel would like Mr. Dean to read it, but at this time we would like to turn these over.

I also understand that there may be some confusion about some part of a list that has been left out of the opposition list. All we can say is

Attached to that is a memorandum from Nofziger to Haldeman re Chet Huntley. I think that the notations on there, which are mine, are self-evident.

The next document I have is a list of the McGovern campaign staff.¹ This list was prepared by Mr. Murray Chotiner and sent to me. Mr. Chotiner had some discussions with Mr. Ehrlichman about this, and he was to prepare a list and send it over to me pursuant to some instructions and directions he had from Mr. Ehrlichman.

Mr. DASH. Now, do you characterize that list as a so-called enemies list or a campaign contributors' list?

Mr. DEAN. This was to go into the general enemies project, which I might add at this point generally went into the file, where it remained.

The next document, dated November 5, 1971, is a memorandum from Gordon Strachan to me regarding J. Irwin Miller.² It notes that "You will probably notice in this morning's news summary that J. Irwin Miller, who is still giving money to Democrat John Lindsay, though he states he will support R. N., is also a backer of Lugar. I trust that you will use this information as you see fit in the enemies project."

Attached is the news summary of that day.

The next document I have starts "Politicos continued." This is a document that came out of Mr. Colson's office to me.

Mr. DASH. What is that? Have you identified that document?

Mr. DEAN. Yes, I have.

Mr. DASH. Is that also an enemies document?

Mr. DEAN. That is correct. That was a part—this is one of the updates. I am sure there was a cover memorandum or probably it is in my files somewhere in the White House that this was related to.

[The document referred to was marked exhibit No. 60.³]

The next document is dated November 11. It is a memorandum from a member of Mr. Colson's staff. The subject is "Opponents' List," and it has, it is directed to Marge Acker, Pat Buchanan, John Dean, Dan Kingsley, Larry Higby, Gordon Strachan, Van Shumway, Gerry Warren, and Lucy Winchester. Connected to that is a similar list with more additional names, these all coming from Mr. Colson's office. And there is a third document, dated June 2, of the same nature.

Mr. DASH. The same origin?

Mr. DEAN. That is correct. There is a duplicate document of the same nature.

[The document referred to was marked exhibit No. 61.⁴]

Another one dated May 16, the same origin. As I say, this list was continually being updated, and the file was several inches thick.

[The document referred to was marked exhibit No. 62.⁵]

The next document is a memorandum of September 14, 1971, from me to Mr. Higby, indicating a list of names that he had requested, as well as additional materials containing other names. I might as well read the memorandum:⁶

¹ Previously entered into the record as exhibit 56.

² Previously entered into the record as exhibit 54.

³ See p. 1713.

⁴ See p. 1725.

⁵ See p. 1728.

⁶ Previously entered into the record as exhibit 50.

The list I have prepared is merely suggestive; it is based on conversations I had with others regarding persons who have both the desire and capability of harming us. The list is limited to less than 20 persons, as it would be most difficult to proceed with more at this time. I would hope we would continue to feed additional names into the process every few months, but we must keep this project within reasonable bounds. I will await the review of these names as I feel certain there will probably be additions and deletions from the list. Before I take any action, please keep the list at at least 20 or less.

Attached is a list that was prepared based on a document that Mr. Colson had gone through and picked out some 20 key names.

The next document is a page of a news summary.¹ I don't know the date of the news summary. It has a notation on the top, "Dean/L."

Mr. DASH. When you say news summary—

Mr. DEAN. This is the daily news summary that is prepared for the President and distributed to various members of the White House staff.

The "Dean/L" indicates that it was to me from Mr. Higby and he has encircled DNC Treasurer Robert Strauss, with a note, "Is he on our list? Or should he be?"

Mr. DASH. Did you respond to that?

Mr. DEAN. No, sir; I did not. As I say, most of these merely went into a file in my office, where I just gathered them.

The next document I have is a document entitled "Corporate Executives Committee for Peace, Trip to Washington, June 25, 1970," with a list of names. This was another document that was sent as a part of one of the continuing updates.

[The document referred to was marked exhibit No. 63.²]

Mr. DASH. What is the source of that document?

Mr. DEAN. That would have been from Mr. Colson's office. The next document is entitled "Democratic Contributors of \$25,000 or More in the 1968 Campaigns"—from June 20, 1971, New York Times story—with certain names checked on the list. This is a document that came, again, from Mr. Colson's staff.

[The document referred to was marked exhibit No. 64.³]

Next is a series of documents that relate to Muskie contributors. Part of it is cut off on the top here in the xerography process and this document was forwarded to me from Mr. Colson's office also.

[The document referred to was marked exhibit No. 65.⁴]

The next document⁵ begins—it is a blank sheet of paper, which is a briefing paper that I was requested to prepare for Mr. Haldeman so that he could deal with the Secretary of the Treasury with regard to making the Internal Revenue Service politically responsive to the White House.

This document was prepared—the top document was prepared by myself; the attached document was prepared by Mr. Caulfield based on conversations he had had with individuals in the Treasury Department, as well as the last document was prepared by Mr. Caulfield as a result of conversations he had with people in the Treasury Department and in the Internal Revenue Service.

Mr. DASH. That was prepared by you with Mr. Caulfield's assistance to be delivered to Mr. Haldeman?

Mr. DEAN. That is correct.

¹ Previously entered into the record as exhibit 51.

² See p. 1730.

³ See p. 1733.

⁴ See p. 1734.

⁵ Previously entered into the record as exhibit 44.

1411

Mr. DASH. Was it delivered to Mr. Haldeman?

Mr. DEAN. Yes, it was.

The last document for identification is a memorandum dated August 16, 1971.¹ It was a draft in my files in which I was asked to prepare a strategy for dealing with political enemies that involved the entire White House staff, and it was sent forward, to the best of my recollection, to Mr. Haldeman and Mr. Ehrlichman for approval, disapproval, or comment.

Now, without going to my files in the White House, I can't tell you the disposition of this document.

Mr. DASH. But can you tell us whether or not that document was in fact sent forward?

Mr. DEAN. Either in this form or in some form where the names were typed on it.

Mr. DASH. Thank you, Mr. Dean.

Mr. DEAN. I just noticed there were two other documents attached to that.

On July 16, 1971, there is another update on the opponents list, adding a name. This again is from Mr. Colson's office.

Senator ERVIN. With Senator Inouye's indulgence, I am going to ask you one question about a paper that you identified in this connection called "Subject: Opponent Priority Activity,"² a three-page document, and see if you can give me the date of the origin of that.

Mr. DEAN. Senator, I am not sure which document you are referring to.

Senator ERVIN. It is one called, "Subject: Opponent Priority Activity," on the heading. It is three pages. You had it this morning.

Mr. DASH. I have that, Mr. Dean. I didn't forward that to you here. I can forward that to you now. The one I think you identified at the end of the morning session—one that had a memorandum of June 24 from Mr. Bell.

Mr. DEAN. Yes. I was forwarding that—

Senator ERVIN. I want to find out, on page 2, the name of Sterling Munro, Jr., Senator Jackson's AA. Do you have anything that indicates whether Mr. Munro was added on the list of opponents?

Mr. DEAN. No. I don't. This is one of the—I can only assume that this was around June 24 when the document was prepared by a member of Mr. Colson's staff and forwarded to my office as a part of this general list.

Senator ERVIN. That would be June 24, what year?

Mr. DEAN. That is 1971.

Senator ERVIN. Thank you.

Mr. DASH. Could I have the documents back, Mr. Dean?

Senator ERVIN. I can't forbear observing when I consider the list of opponents why the Democratic vote was so light in the general election.

Senator BAKER. Mr. Chairman.

Senator ERVIN. Yes, sir.

Senator BAKER. I really even in my wildest dreams would not think of trying to improve or embellish on your story but you told it better the first time when you leaned over to me and you said "I think I am

¹ Previously entered into the record as exhibit 48.

² Attachment to exhibit 49.

1693

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

EYES ONLY

June 24, 1971

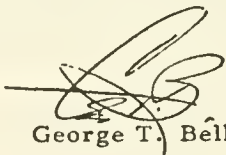
MEMORANDUM FOR:

✓ JOHN DEAN
JERRY WARREN
VAN SHUMWAY

SUBJECT:

OPPONENTS LIST

Attached is the list of opponents which we have compiled.
I thought it would be useful to you from time to time.



George T. Bell

5.2 GEORGE BELL'S OPPONENTS LIST

1694

SUBJECT: OPPONENT PRIORITY ACTIVITY

Having studied the attached material and evaluated the recommendations for the discussed action, I believe you will find my list worthwhile for go status. It is in priority order.

1. PICKLE, ARNOLD H.
United Artists Corporation
929 7th Avenue
New York, N. Y.

✓

Top Muskie fundraiser. Success here could be both debilitating and very embarrassing to the Muskie machine. If effort looks promising, both Ruth and David Picher should be programmed and then a follow-through with United Artists.

2. BARKAN, ALEXANDER E.
National Director of AFL-CIO's Committee on Political Education
Washington, D.C.

✓

Without a doubt the most powerful political force programmed against us in 1968. (\$10 million dollars, 4.6 million votes, 115 million pamphlets, 175,000 workers - all programmed by Barkan's C.O.P.E. - So says Teddy White in The Making of the President '68). We can expect the same effort this time.

3. GUTHMAN, ED
Managing Editor L. A. Times

✓

Guthman, former Kennedy aide, was a highly sophisticated hatchetman against us in '68. It is obvious he is the prime mover behind the current Key Biscayne effort. It is time to give him the message.

4. DANE, MAXWELL
Doyle, Dane and Bernbach
New York

✓

The top Democratic advertising firm - They destroyed Goldwater in '64. They should be hit hard starting with Dane.

5. CHARLES DYSON
Dyson-Kissner Corporation
New York

✓

Dyson and Larry O'Brien were close business associates after '68. Dyson has huge business holdings and is presently deeply involved in the Businessmen's Educational Fund which bankrolls a national radio network of 5 minute programs - Anti-Nixon in character.

5.2 GEORGE BELL'S OPPONENTS LIST

1695

6. STEIN, HOWARD ✓
Dreyfus Corporation
New York
Heaviest contributor to Mc Carthy in '68. If Mc Carthy goes, will do the same in '72. If not, Lindsay or Mc Govern will receive the funds.
7. LOWENSTEIN, ALIARD ✓
Long Island, New York
Guiding force behind the 18 year old "dump Nixon" vote drive.
8. HALPERIN, MORTON ✓
Leading executive at Common Cause
A scandal would be most helpful here.
9. WOODCOCK, LEONARD ✓
UAW
Detroit, Michigan
No comments necessary
10. S. STEELING MUNRO, JR. ✓
Senator Jackson's AA
711 Lambertson Drive, Silver Spring, Md.
We should give him a try. Positive results would stick a pin in Jackson's white hat.
11. FELD, BERNARD T. ✓
President
Council for a Livable World
Heavy far left funding. They will program an "all court press" against us in '72.
12. DAVIDOFF, SIDNEY ✕
New York City
Lindsay's top personal aide.
A first class S.O.B., wheeler-dealer and suspected bagman. Positive results would really shake the Lindsay camp and Lindsay's plans to capture youth vote. Davidoff in charge.
13. COMYERS, JOHN
Congressman, Detroit
Coming on fast. Emerging as a leading black anti-Nixon spokesman. Has known weakness for white females.

5.2 GEORGE BELL'S OPPONENTS LIST

1696

14. LAMBERT, SAMUEL M.
President
National Education Association

Has taken us on vis a vis federal aid to parochial schools - a '72 issue.

15. MOTT, STEWART RAWLINGS
Mott Associates
New York

Nothing but big money for radic-lib candidates

16. DELLUMS, RONALD
Congressman, California

Had extensive FMK-Tunney support in his election bid. Success might help in California next year.

17. SCHORR, DANIEL
Columbia Broadcasting System
Washington

A real media enemy.

18. S. HARRISON DOGOLE
2011 Walnut Street
Philadelphia, Pa.

President of Globe Security Systems - Fourth largest private detective agency in U. S. Heavy Humphrey contributor. Could program his agency against us.

19. PAUL NEWMAN
California

Radic-Lib causes. Heavy Mc Carthy involvement '68. Used effectively in nationwide T.V. commercials. '72 involvement certain.

20. MC GROY, MARY
2710 Macomb Street, Washington
Columnist

Daily hate Nixon articles.

From Colson
7-20-73
Rel

DR

COLSON & SHAPIRO

THE OCTAGON BUILDING
1735 NEW YORK AVENUE, N. W.
WASHINGTON, D. C. 20006
—
202 785-9700

NEW YORK OFFICE
745 FIFTH AVENUE
NEW YORK, N. Y. 10022
212 832-1900

BOSTON OFFICE
ONE BOSTON PLACE
BOSTON, MASS. 02108
617 723-8100

D. ALLEN H. MOYER
DICKENSON WOODS
DAVID CHAPMAN
DERRICK W. COLSON
ARTHUR J. SALUGAN
JUDAH BEOP
HELEN J. DASHEN OF
JEROME S. WAGSMAN
LEWIS J. SPRINGER
THOMAS W. MACK
GORDON P. BANSEY
JAMES O. FREELAND JR.
ARTHUR D. MASON
DAVID P. JON
FREDERICK M. LOWTHER
ROBERT W. JOHNS
ANTHONY P. TROY
PETER A. MESPESINI
KENNETH L. ADAMS
* NOTARY PUBLIC

June 28, 1973

Gentlemen:

The way in which Mr. Dean introduced a series of exhibits into yesterday's Committee hearing has unfortunately created considerable confusion in the press and I suspect has misled the members of the Senate Select Committee on Presidential Campaign Activities. A terribly significant distinction in the various so-called "opponents lists" has been obscured.

I hope that you will take the occasion in questioning Mr. Dean today to insist that he make clear what the facts are with respect to these lists.

There was a broad general list maintained by Mr. George Bell (now deceased) of critics and supporters of the President. This list was primarily intended for the use of the social office and the personnel office in considering White House invitations and appointments. There is nothing particularly novel or sinister about the idea of maintaining such records. Frankly, I think it is quite appropriate for the President's staff not to want at a White House dinner, for example, someone who had signed an advertisement calling for the impeachment of the President or someone who had made a large contribution to help defeat the President in a political campaign.

Be that as it may, Mr. Dean has lumped together this rather simple cataloging of names with a project apparently conceived by him to "use the available federal machinery to screw our political enemies" (memo of August 16, 1971, Committee Exhibit No. 48). Mr. Dean has included in a mass of documents a list of 20 people identified as "opponents priority activity" (I believe it is Exhibit No. 49, although it is not entirely clear from the transcript. Based on the exchange between Mr. Dash and Mr. Dean, apparently the Committee was confused as to this document. See TR 2701).

DR

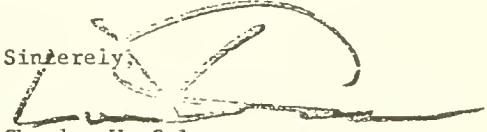
2.

Mr. Dean suggests and most press accounts attribute the "opponents priority activity" list to me or my office. I do not know who prepared that document. I do know that I did not nor did anyone on my staff. I have checked with Mr. Bell's secretary and have determined it was not prepared by him.

By confusing the list of 20 names with Mr. Bell's overall list, Mr. Dean has very unfairly implicated Mr. Bell in something I suspect Mr. Bell was totally unaware of -- and, of course, Mr. Bell cannot defend himself, a fact Mr. Dean well knows.

Once again, by cleverly rearranging the facts to suit his own purpose Mr. Dean has deceived the Committee and the public; he has tried to shift the responsibility for his own conduct onto others. This has been a very consistent pattern over the past three days. However, the Committee has an opportunity today, at least with respect to this one issue, to help the public understand the truth. I, therefore, request that you ask Mr. Dean to make a more complete identification of these documents so as to make clear the distinction between Mr. Dean's project to "screw political enemies" and Mr. Bell's assignment of merely keeping track of friends and opponents. At the very least, I request that this letter be read into the record of the Committee proceedings at the earliest opportunity.

Sincerely,



Charles W. Colson

Messrs. Fred Thompson, Esq.
and Samuel Dash, Esq.
Select Committee on Presidential
Campaign Activities
United States Senate
Washington, DC 20510

/hh

cc: Honorable Sam J. Ervin
Honorable Howard H. Baker
Honorable Herman E. Talmadge
Honorable Daniel K. Inouye
Honorable Joseph M. Montoya
Honorable Edward J. Curney
Honorable Lowell P. Weicker
John W. Dean, III

6. On July 20, 1971 John Dean wrote a memorandum to Ehrlichman's aide Egil Krogh attaching information compiled by John Caulfield regarding the Brookings Institution's tax returns and noting that Brookings received a number of large government contracts. Caulfield has testified that it was his impression that this was public information. On July 27, 1971 Dean sent a memorandum to Krogh to which was attached a carbon copy of Dean's July 20, 1971 memorandum on which the words "receives a number of large government contracts" were underscored and a marginal note by Haldeman stated that these should be turned off. Dean's July 27, 1971 memorandum stated that he assumed that Krogh was turning off the spigot.

		Page
6.1	Memorandum from John Dean to Egil Krogh, July 20, 1971, with attachment (received from White House)	80
6.2	Memorandum from John Dean to Egil Krogh, July 27, 1971, with attachment (received from White House)	91
6.3	John Caulfield testimony, SSC Executive Session, March 23, 1974, 34-35.....	90

THE WHITE HOUSE
WASHINGTON

July 20, 1971

WH

MEMORANDUM FOR:

BUD KROGH

FROM:

JOHN DEAN

Y

002727

In your work on the Pentagon Papers and related issues you will become aware of the fact that there is a publication out of the Brookings Institute indicating that they are planning for the fall of this year a study of Vietnam based on documents of a current nature. Chuck Colson has made some efforts to determine what Brookings is up to but I don't think he has produced any solid evidence of the nature of this publication. I requested that Caulfield obtain the tax returns of the Brookings Institute to determine if there is anything that we might do by way of turning off money or dealing with principals of the Brookings Institute to determine what they are doing and deal with anything that might be adverse to the Administration.

Attached are copies of these tax returns and you will note that Brookings receives a number of large government contracts. You will also note that on the Board of Trustees there are several people who might be of assistance to us in dealings with the Brookings Institute, e. g., Peter Peterson and H. Chapman Rose.

When we discuss this issue I will also give you some additional background information on the Brookings problem.

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ATTACHMENT
"A"

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

Indicated below is an examination of the power, influence and activities of the Ford Foundation and Brookings Institution along with recommendations as to how the Administration can deal with them in 1972.

FORD FOUNDATION

The colossus of foundations - and apex of the academic foundation complex is the Ford Foundation. Its annual report for 1969, released March 8, 1970, showed assets at market value of 2.5 billion dollars, and a principal fund balance of 3.9 billion.

Established in 1936, it became a national organization in 1950. Since its inception, it is reported to have disbursed more than 3.6 billion dollars, including grants to 5,880 institutions in the U.S. and 82 foreign countries. Expenditures in 1969 were listed at 237.5 million dollars.

The foundation has provided money for the Brookings Institution, the Kennedy Memorial at Harvard, the Princeton Institute, and many other centers of academic-political actionism.

President of the foundation is McGeorge Bundy. Indicated below are the trustees of the organization who, in the words of Bundy "hold responsibility for our affairs and who set the policies and programs of the Ford Foundation:"

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

Chairman - Julius Stratton
(former President of M.I.T.)

Stephen D. Becketl
(senior Director of the Becketl Corp.)

Eugene R. Black

John Cowles
(former Chairman Minneapolis Standard
Tribune Corp.)

Benson Ford
(Vice-President of Ford Motor Co.)

Henry Ford II
(Chairman of the Board, Ford Motor Co.)

Kermet Gordon
(President of Brookings Inst.)

Alexander Heard
(Chancellor, Vanderbilt University)

Edwin H. Ford
(Chairman and President - Polaroid Corp.)

Roy E. Larsen
(Chairman, executive committee of Time Inc.)

John H. Loudon
(Chairman of the board Rogue Dutch Petroleum
Co.)

Robert S. McNamara
(World Bank)

J. Irwin Miller
(Chairman of the Board, Cummins Eugene Co.)

Bethuld M. Webster
(partner, Webster, Sheffield, Heischmann,
Hitshcock and Brookfield of New York)

Charles E. Wyzanski, Jr.
(Chief Judge, U.S. District Court, Boston)

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

Ford has financed such activities as a school decentralization project in New York City that stirred up racial strife and led to three strikes by a teacher's union; a Negro voter registration drive in 1967 that was credited with helping to elect Carl Stokes as the first black Mayor of Cleveland, Ohio; and efforts to organize Mexican-Americans in California and Texas.

The foundation has invested in many community action programs across the country, and helped fund such Negro organizations as the N.A.A.C.P., C.O.R.E., and the S.C.L.C.

In July 1968 the foundation provided "travel and study" awards to eight former aides of the late Senator Robert F. Kennedy. The total amounted to \$131,069.50 and was subsequently the subject of much hill criticism.

Additionally, the foundation gave \$12,717 in 1969 to Joseph A. Colefa for a travel study in connection with a book called "The Student Revolutio A Global Confrontation."

In the 1969 Ford Foundation annual report, Bundy stated "The nations social ills were still a major focus of our activity in 1969. . .we hope i do much more in the Seventies."

BROOKINGS INSTITUTION

In November 1970 Brookings reported to IRS total assets of \$48,960,000. Headquartered in Washington, the organization has emerged as the leading Democratic "think tank" in the Nation. Indeed, the large influx of former Democratic office-holders to the Institution in 1969 (See ATTACH "A") pro one official to describe it as "a government-in-exile."

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

Brookings was a small organization until the 1960's. During the Kennedy and Johnson Administrations, it turned into a bigtime operation. While functioning as a kind of holding station for Democrats and of power, it attempts to influence public opinion and government policy. Access to huge sources of tax free money, such as the Ford Foundation makes the task immeasurably easier.

In recent years, the Institution has obtained more than 14 million dollars in Ford subsidies, including \$175,000 to produce a book called "Agenda for the Nation" immediately after the 1968 Presidential election.

The Wall Street Journal called it a collection of policy papers by 18 writers who "comprise an honor roll of academicians of the New Frontier and Great Society."

Shortly after the Nixon Administration took office in 1969, the Institution announced a "new program of foreign policy studies." It is alleged that the Ford Foundation agreed to fund 75 per cent of the project, estimated to cost 7 million dollars over a three-year period.

These studies were to cover such controversial issues as: the strategic balance between the U.S. and the Soviet Union; arms control and disarmament; the U.S. role in Asia after Vietnam, relations with Communist China; the U.S. role in defense of Western Europe; foreign aid, trade, investment and development policy, new social and technological forces in the world, the size of the U.S. defense budget, kinds of weapons, and military assistance to foreign countries; a permanent peace-keeping force for the United Nations; social change and domestic problems in the U.S.

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

It is clear from this cursory analysis that the financial wealth and influence of the Ford Foundation and Brookings Institution when used to engage in either direct or indirect political activity represents formidable opposition to the best interests of this Administration.

It would appear that an expeditious political response to this challenge would be the simple expedient of applying pressures to have the Internal Revenue Service strictly enforce existing statutes and promulgated regulations designed to threaten the tax exempt status enjoyed by these organizations.

In examining this potential with Administration loyalists at IRS, a disappointing picture emerges. For example, as a result of congressional pressure in 1969 an audit of the Ford Foundation was undertaken. It is still ongoing with no tangible results or progress seen to date. Purposeful delay appears to be the chosen bureaucratic tact.

Commissioner Walters, according to these same IRS powers, has not yet exercised the firm leadership expected at the time of his appointment. Additionally, there appears to be a reluctance on his part to make discretionary politically oriented decisions and to effect major appointments based upon Administration loyalty considerations.

In this regard, career democrat William Loeb has been named as Walters' deputy, a key policy position. Also, William Connett, another democrat, continues to function as Walters' Special Assistant for tax-exempt organizations. By written direction of Walters all tax exempt matters of substance must flow through Connett. Roger Barth is currently being eased out of IRS by Walters.

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

It is not believed, therefore, that this personnel alignment would allow a successful pro forma request for IRS action against Brookings or Ford. Indeed, under the above circumstances, such approach would appear to be politically inadvisable. Certainly charges of political interference would be raised in the media and elsewhere by representatives of the Ford and Brookings organizations and their many supporters.

In view of the above circumstances, the following recommendations are made with a view towards an effective and credible attack against Brookings and Ford designed to minimize the political impact these organizations will attempt to bring to bear during the coming election year:

A) The President direct Secretary Connally to give a major address forcefully dealing with the concern of both the executive and legislative branches (PATMAN) over political abuses and other apparent illegal activities of foundations and other tax-exempt organizations.

(If the Secretary were not inclined to specifically attack Brookings and Ford in that speech, the Vice President could effectively follow with a hard hitting specific effort in that regard. Pat Buchanan has such a speech prepared.)

The Secretary's speech could include the announcement of the creation of a new position in Treasury, such as Deputy Undersecretary for Taxation to oversee, on behalf of the Administration both tax administration (IRS) and policy. Such appointee would be the medium through which the Administration could force, following the Connally warning, stepped up IRS action and compliance in the tax exempt organization area during 1972. Understandably this appointee would have to be outstanding in qualification and loyalty.

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

B) Clark MacGregor to be directed by the President to work with Congress and Treasury to obtain more restrictive legislation on the political abuses of tax exempt organizations. We should shoot for public hearings on Brookings activities.

C) Senator Dole to be directed by the President to have the RNC develop this entire area as a key issue for the '72 campaign. The purpose would be twofold:

1) Focus to be brought upon the ~~abuses~~ FORD Foundation ~~found in~~ financed voter registration drives.

2) Take this issue away from George Wallace where it now lies.

D) The President to direct George Schultz to see to it that the \$500,000 in federal grants (HEW, OEO, etc.) presently received by Brookings be cut.

While a loud public protest could be anticipated, it would be welcome for the implication would be clear partisan political involvement of Brookings, Ford and other anti-Administration foundations in 1972 would be fraught with peril.

NOTE: It should be recalled that Kermét Gordon, President of Brookings and a trustee of the Ford Foundation has been appointed to the Phase II Pay Board.

ATTACHMENT NO. 8
Schedule A. Line (a)COMPENSATION OF OFFICERS, DIRECTORS, AND TRUSTEES

<u>Title</u>	<u>Name and Code Per Instruction I</u>	<u>Time Devoted Per Annum</u>
Chairman, Board of Trustees	Douglas Dillon (e)	4 days
Vice Chairman, Board of Trustees and member of Finance Committee	Sydney Stein, Jr. (e)	7 days *
Chairman, Executive Committee and Finance Committee	William R. Siggs (e)	17 days *
Trustee	Dillon Anderson (e)	1 day *
Trustee	Vincent M. Barnett, Jr.	1 day *
Trustee	Louis W. Cabot (e)	1 day *
Trustee	Robert D. Calkins (e)	2 days *
Trustee	Edward W. Garter (e)	2 days *
Trustee	John Fischer (e)	1 day *
Trustee and President, The Brookings Institution	Kermit Gordon (e)	10 days *
Trustee	Gordon Gray (e)	1 day *
Trustee	Huntington Harris (e)	2 days *
Trustee	Luther G. Holbrook (e)	1 day *
Trustee	John E. Lockwood (e)	2 days *
Trustee	William McC. Martha, Jr.	Elected May '70
Trustee	Robert S. McNamara (e)	1 day *
Trustee	Arjay Miller (e)	1 day *
Trustee	Herbert P. Patterson (e)	2 days *
Trustee	Peter G. Peterson (e)	1 day *
Trustee and member of Executive Committee and Finance Committee	J. Woodward Redmond (e)	10 days *
Trustee	H. Chapman Rose (e)	2 days *
Trustee and member of Executive Committee	Robert Brookings Smith (e)	7 days *
Trustee and member of Executive Committee	J. Harvie Wilkinson, Jr. (e)	1 day *
Trustee and member of Executive Committee and Finance Committee	Donald H. Woodward (e)	9 days

6.1 ATTACHMENT "A" TO JOHN DEAN MEMORANDUM

THE BROOKINGS INSTITUTE
1775 Massachusetts Avenue
Washington, D.C.
53-019577

DEAN

ATTACHMENT NO. 8, Page 2
Schedule A, Line (a)

COMPENSATION OF OFFICERS, DIRECTORS, AND TRUSTEES (Continued)

<u>Title</u>	<u>Name and Code Per Instruction I</u>	<u>Time Devoted Per Annum</u>	
Honorary Trustees:			
	Arthur Stanton Adams (e)	2 days	
	Daniel W. Bell (e)	None	
	Eugene R. Black (e)	None	
	Leonard Carmichael (e)	2 days	
	Golgate W. Darden, Jr. (e)	None	
	Marion B. Folsom (e)	None	
	Raymond B. Poddick (e)	None	
	Huntington Gilchrist (e)	1 day	
	John Lee Pratt (e)	None	
President	Kermit Gordon	12 mos. - 100%	28,000
Vice President for Administration	Robert W. Hartley	-do-	16,000
Vice President	Edward K. Hamilton	8 mos. - 100%	28,000
Treasurer	Martha J. Long	12 mos. - 100%	16,000
Secretary and Asst. Treasurer	Edna M. Birkel	-do-	14,000
Controller	Felix B. Correll	-do-	21,000
Business Manager	M. Thomas Hopper	-do-	20,000
			<u>\$ 190,000</u>

* Approximated for Trustees.

a/ Figures representing compensation of officers include the cost to the Brookings Institution of the following fringe benefits: Contribution to the retirement system (which include the employees' voluntary reductions in base pay for purposes of the retirement contracts), social security taxes paid by the employer under the Federal Insurance Contributions Act, group life insurance, major medical, disability insurance and group hospitalization.

Trustees may be reimbursed for actual expenses of attending meetings, but they do not receive expense "allowances".

THE WHITE HOUSE
WASHINGTON

July 27, 1971

WHD

MEMORANDUM FOR: BUD KROGH
FROM: JOHN DEAN
SUBJECT: Brookings Institution

662726

A few days ago I forwarded to you copies of the Brookings Institution's tax returns. Please note the attached memorandum on what should be done about the large number of government contracts now held by the Brookings Institution. If you want me to "turn the spigot off" please let me know; otherwise, I will assume that you are proceeding on this matter.

Thank you, Bud.

Dean

July 20, 1971

WH

MEMORANDUM FOR: BUD KROGH
FROM: JOHN DEAN

002728

In your work on the Pentagon Papers and related issues you will become aware of the fact that there is a publication out of the Brookings Institute indicating that they are planning for the fall of this year a study of Vietnam based on documents of a current nature. Chuck Colson has made some efforts to determine what Brookings is up to but I don't think he has produced any solid evidence of the nature of this publication. I requested that Caulfield obtain the tax returns of the Brookings Institute to determine if there is anything that we might do by way of turning off money or dealing with principals of the Brookings Institute to determine what they are doing and deal with anything that might be adverse to the Administration.

Attached are copies of these tax returns and you will note that Brookings receives a number of large government contracts. You will also note that on the Board of Trustees there are several people who might be of assistance to us in dealings with the Brookings Institute, e.g., Peter Peterson and H. Chapman Rose.

When we discuss this issue I will also give you some additional background information on the Brookings problem.

These should be turned off

H

1 Mr. Caulfield. That doesn't ring a bell with me.

2 Mr. Lenzner. So the answer is no ?

3 Mr. Caulfield. No, the answer is no.

4 (Pause)

5 Mr. Lackritz. Mr. Caulfield, could you turn to tab 6 of
6 Exhibit A from last week, and the first document there is a
7 memorandum from Bud Krogh from John Dean, dated July 20th, 1971.

8 In the middle paragraph of that memo, Dean's memo states,
9 "attached are copies of these tax returns and you will note that
10 Brookings received a number of large government contracts."

11 Do you recall getting copies of these tax return forms from
12 Mr. Dean's of the Brookings Institute?

13 Mr. Sears. Could we go off the record just a second?

14 (Discussion off the record.)

15 Mr. Sears. We can go back on the record.

16 Could we have the question again, please?

17 Mr. Caulfield. To simplify this matter here I think I will
18 short-circuit --

19 Mr. Sears. Could we have the question again, please?

20 Mr. Lackritz. The question initially was did you recall
21 obtaining copies of the Brookings Institute's tax returns?

22 Mr. Caulfield. Well, I want to respond in this way to that
23 apparently there was an interest in the tax-exempt foundations
24 at the White House and there were a number of people doing some
25 work in this area. Now John Dean turned over to me a series of

Phone (Arl. -02) 544-G000

1 papers, much of which had appeared in public print, and amongst
2 those papers was tax information. My impression now is that would
3 have been obtainable from the public records.

4 Mr. Sears. Your thought at the time was that that would have
5 been obtainable through public records.

6 Mr. Caulfield. Yes. And this information was part of a
7 large batch of papers having to do with the whole subject of
8 foundations. Now I think, if I am not mistaken, the memorandum
9 here from Mr. Dean to Mr. Krogh is a little bit of literary license,
10 if you will, when he indicates, "I requested that Caulfield obtain
11 the tax returns of the Brookings Institute to determine if there
12 is anything we might do by way of ~~of~~ turning off money."

13 I think all that amounts to is me bringing to Mr. Dean's
14 attention the public record information regarding Brookings that
15 was contained in the batch of papers.

16 Mr. Lackritz. Are you stating today that you did not obtain
17 tax information from the Brookings Institute?

18 Mr. Caulfield. I have no recollection of obtaining tax
19 information regarding Brookings Institute. I do state here that
20 there was information contained in a series of papers regarding
21 Brookings Institute and their tax status. My impression was that
22 this was public information and I think attachment 8 under this
23 tab is what I am referring to.

24 Mr. Sears. Do you mean attachment number 8 which says
25 schedule A, line A?

WAI & PAUL

410 Street, S.E., Washington, D.C. 20003

7. Dean has testified that on August 16, 1971 he prepared a memorandum entitled, Dealing with our Political Enemies, which addressed the matter of how the Administration could use the available federal machinery against its political enemies. Among Dean's suggestions was that key members of the staff should determine who was giving the Administration a hard time, and that they develop a list of names -- not more than ten -- as targets for concentration. Dean has testified that to the best of his recollection the memorandum was sent forward to Haldeman and Ehrlichman for approval, disapproval or comment. Ehrlichman testified that he could not recall receiving any memorandum with respect to the enemies list from Dean or any other person in the White House.

		Page
7.1	John Dean testimony, 4 SSC 1349-50, 1411.....	96
7.2	Memorandum (unsigned and unaddressed), August 16, 1971, SSC Exhibit No. 48, 4 SSC 1689-90.....	99
7.3	John Ehrlichman testimony, 7 SSC 2683-84.....	101

tion, but I did take at that time, in representing the Department of Justice, a far different position that the Attorney General should have the ability to nullify any request of any committee to grant immunity to any witness, which is far different from the one Congress accepted ultimately.

Mr. DASH. Now, Mr. Dean, did you bring with you this morning the exhibits that you indicated you had and the committee requested you to bring?

Mr. DEAN. Yes, I did, Mr. Dash.

Mr. DASH. Could you just submit them and perhaps identify them as you submit them to the committee?

Mr. DEAN. These are from a file that is entitled "Opponents List and Political Enemies Project." The first document in the file, and these are not in any chronological order, is a briefing paper that was prepared for Mr. Haldeman for a meeting with the head of Internal Revenue Service. The goal of the briefing paper which was based on material that was provided to me by Mr. Caulfield who, in turn, got information from friends of his within the Internal Revenue Service, was to make the IRS politically responsive to the White House, and I think that the document is self-explanatory. It is not marked other than the heading which says "To Accomplish Make IRS Politically Responsive."

I will mark these as I—

Mr. DASH. Well, you can mark them following your last exhibit number.

Mr. DEAN. For the sake of the record, right now I will call it exhibit A.

[The document referred to was marked exhibit No. 44.¹]

Mr. DEAN. The next exhibit, which I will call B, is a memorandum from Charles Colson to me, dated June 12, 1972, regarding tax discrepancies in the income tax return of Mr. Harold J. Gibbons, vice president of the Teamsters Union, in which Colson indicates that he is an all-out enemy, a McGovernite and an anti-Nixon person, and he believes that there should be an audit started at once, and if there is an informer's fee, he would like to know because he believes there is a good cause in which that informer's fee can be donated to. [Laughter.]

[The document referred to was marked exhibit No. 45.²]

Mr. DEAN. The next document is a memorandum from Charles Colson, dated November 17, 1972, regarding the fact that he has received information from an informal, some information regarding Mr. Jack Anderson referring to the fact that Mr. Anderson was found in a room with certain wiretap in private—wiretap equipment in connection with the Dodd investigation.

[The document referred to was marked exhibit No. 46.³]

Mr. DEAN. The next memorandum is a document from Mr. Caulfield to me, dated August 12, 1971, in which Mr. Caulfield briefly indicates that he has talked with Mr. Nofziger to come up with a candidate to assist in the enemy's project.

[The document referred to was marked exhibit No. 47.⁴]

Mr. DEAN. The next is a copy of a memorandum of August 16, 1971, that was prepared for Mr. Haldeman, Mr. Ehrlichman, and others at the White House by myself, which addresses itself to the general prob-

¹ See p. 1632.

² See p. 1636.

³ See p. 1637.

⁴ See p. 1638.

lem of dealing with political enemies and a strategy which would involve a number of members of the White House staff in various phases of that project to deal with political enemies.

[The document referred to was marked exhibit No. 48.¹]

Mr. DEAN. The next is a document dated September 9, 1971. It is from Charles Colson to John Dean, in which Mr. Colson has checked in blue those that he would give top priority on the enemies' list, and an attached series of lists that were prepared by Mr. Colson's office of what were deemed opponents or political enemies.

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Mr. DEAN. The next is a memorandum dated September 14, 1971, which is a memorandum from myself to Larry Higby which attached the names that he had requested in connection with the political enemies' project and a limiting of that list to some 20 names. These were names which were based on the suggestion of Mr. Colson.

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Mr. DEAN. The next is a section of the news summary, of what date I don't know. It is from Mr. Higby to me, indicating that DNC Treasurer Robert Strauss should be on the list.

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Mr. DEAN. The next is a document dated September 17 from Gordon Strachan to me indicating that the attached list should be included in the political enemies' project. And there is attached a list.

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Mr. DEAN. The next is a memorandum from a member of Mr. Colson's staff that is part of one of many memorandums that came in, this one is dated June 28, where there was a continual updating of the opponents list.

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Mr. DEAN. And the last document is one relating to the McGovern campaign staff with asterisks beside certain key names that were to be included in the opponents project also.

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Mr. DEAN. And that is the sum and substance of the request that I have available that Mr. Weicker asked me for yesterday.

Mr. DASH. Mr. Dean, can we have those? They will be marked, and we will make copies of them for members of the committee and circulate them to members of the committee.

Senator ERVIN. Let the reporter mark them with the appropriate numbers.

¹ See p. 1689.

² See p. 1692.

³ See p. 1697.

⁴ See p. 1699.

⁵ See p. 1700.

⁶ See p. 1701.

⁷ See p. 1703.

⁸ See p. 1705.

⁹ See p. 1707.

Mr. DASH. Was it delivered to Mr. Haldeman?

Mr. DEAN. Yes, it was.

The last document for identification is a memorandum dated August 16, 1971.¹ It was a draft in my files in which I was asked to prepare a strategy for dealing with political enemies that involved the entire White House staff, and it was sent forward, to the best of my recollection, to Mr. Haldeman and Mr. Ehrlichman for approval, disapproval, or comment.

Now, without going to my files in the White House, I can't tell you the disposition of this document.

Mr. DASH. But can you tell us whether or not that document was in fact sent forward?

Mr. DEAN. Either in this form or in some form where the names were typed on it.

Mr. DASH. Thank you, Mr. Dean.

Mr. DEAN. I just noticed there were two other documents attached to that.

On July 16, 1971, there is another update on the opponents list, adding a name. This again is from Mr. Colson's office.

Senator ERVIN. With Senator Inouye's indulgence, I am going to ask you one question about a paper that you identified in this connection called "Subject: Opponent Priority Activity,"² a three-page document, and see if you can give me the date of the origin of that.

Mr. DEAN. Senator, I am not sure which document you are referring to.

Senator ERVIN. It is one called, "Subject: Opponent Priority Activity," on the heading. It is three pages. You had it this morning.

Mr. DASH. I have that, Mr. Dean. I didn't forward that to you here. I can forward that to you now. The one I think you identified at the end of the morning session—one that had a memorandum of June 24 from Mr. Bell.

Mr. DEAN. Yes. I was forwarding that—

Senator ERVIN. I want to find out, on page 2, the name of Sterling Munro, Jr., Senator Jackson's AA. Do you have anything that indicates whether Mr. Munro was added on the list of opponents?

Mr. DEAN. No, I don't. This is one of the—I can only assume that this was around June 24 when the document was prepared by a member of Mr. Colson's staff and forwarded to my office as a part of this general list.

Senator ERVIN. That would be June 24, what year?

Mr. DEAN. That is 1971.

Senator ERVIN. Thank you.

Mr. DASH. Could I have the documents back, Mr. Dean?

Senator ERVIN. I can't forbear observing when I consider the list of opponents why the Democratic vote was so light in the general election.

Senator BAKER. Mr. Chairman.

Senator ERVIN. Yes, sir.

Senator BAKER. I really even in my wildest dreams would not think of trying to improve or embellish on your story but you told it better the first time when you leaned over to me and you said "I think I am

¹ Previously entered into the record as exhibit 48.

² Attachment to exhibit 49.

1689

EXHIBIT NO. 48

August 16, 1971

CONFIDENTIAL

MEMORANDUM

SUBJECT: Dealing with our Political Enemies

This memorandum addresses the matter of how we can maximize the fact of our incumbency in dealing with persons known to be active in their opposition to our Administration. Stated a bit more bluntly -- how we can use the available federal machinery to screw our political enemies.

After reviewing this matter with a number of persons possessed of expertise in the field, I have concluded that we do not need an elaborate mechanism or game plan, rather we need a good project coordinator and full support for the project. In brief, the system would work as follows:

- Key members of the staff (e.g., Colson, Dent Flanigan, Buchanan) should be requested to inform us as to who they feel we should be giving a hard time.
- The project coordinator should then determine what sorts of dealings these individuals have with the federal government and how we can best screw them (e.g., grant availability, federal contracts, litigation, prosecution, etc.).
- The project coordinator then should have access to and the full support of the top officials of the agency or department in proceeding to deal with the individual.

1690

I have learned that there have been many efforts in the past to take such actions, but they have ultimately failed -- in most cases -- because of lack of support at the top. Of all those I have discussed this matter with, Lyn Neiziger appears the most knowledgeable and most interested. If Lyn had support he would enjoy undertaking this activity as the project coordinator. You are aware of some of Lyn's successes in the field, but he feels that he can only employ limited efforts because there is a lack of support.

As a next step, I would recommend that we develop a small list of names -- not more than ten -- as our targets for concentration. Request that Lyn "do a job" on them and if he finds he is getting cut off by a department or agency, that he inform us and we evaluate what is necessary to proceed. I feel it is important that we keep our targets limited for several reasons: (1) a low visibility of the project is imperative; (2) it will be easier to accomplish something real if we don't over-expand our efforts; and (3) we can learn more about how to operate such an activity if we start small and build.

Approve _____

Disapprove _____

Comment _____

Senator MONTROYA. And so the FBI—would you say that they conducted very complete and concise checks on these possible appointees?

Mr. EHRLICHMAN. They were not very good, Senator, in my opinion.

Senator MONTROYA. In what respect?

Mr. EHRLICHMAN. Very superficial. They would go around and they would talk to a lot of people and get a lot of hearsay about them and there would be very little followup. I was consistently critical of the quality of that work.

Senator MONTROYA. Well, did you provide some input into these checks yourself or through your employees?

Mr. EHRLICHMAN. Very seldom. Occasionally when there was an appointee that I had known, an FBI man would come around as they would to you or to any citizen, but that was only two or three times, probably.

Senator MONTROYA. But the White House did not have a setup for checkups?

Mr. EHRLICHMAN. Oh, yes, there was a special office and it was in the office of the counsel where these things were routinely done and they had also a personnel office, and the two worked together generally, in Mr. Haldeman's area of responsibility, to perfect these files of Presidential appointees.

Senator MONTROYA. What kind of checkups would the FBI conduct? What was their sphere in doing their investigation?

Mr. EHRLICHMAN. Well, you know, you fill out one of these long forms and you have to put down where you lived for the last 30 years and where you have worked for the last 30 years, and as I gather it, and I am no expert on this, but I gather they go around and talk to people in these different places and they ask about the candidate.

Senator MONTROYA. Now, you were Assistant to the President for Domestic Affairs?

Mr. EHRLICHMAN. Yes, sir.

Senator MONTROYA. And have been for quite some time—and were for quite some time until your resignation.

Mr. EHRLICHMAN. 1970.

Senator MONTROYA. Yes. Now, in this capacity, you had to evaluate the possible appointments made by the President and provide input by way of recommendation after reading reports, would you not?

Mr. EHRLICHMAN. Only occasionally, where they were referred to me for my special consideration.

Senator MONTROYA. What departments did you deal with as Assistant to the President for Domestic Affairs?

Mr. EHRLICHMAN. Any department that had a domestic aspect to it.

Senator MONTROYA. All right. Then, those who worked under you necessarily informed you as to what they undertook with respect to communication or relations with the different departments under your jurisdiction? Would that be a correct statement?

Mr. EHRLICHMAN. Not on any regular basis, Senator.

Senator MONTROYA. But on important policy matters, would they?

Mr. EHRLICHMAN. Well, I relied on them to conduct their responsibilities, bringing to me only problems that they felt they could not handle themselves.

Senator MONTROYA. Well, would you be able to throw some light before this committee as to the genesis of the enemies list about which testimony has been adduced?

Mr. EHRLICHMAN. No, sir.

Senator MONTOYA. Did you receive any memorandum with respect to the enemies list from John Dean or any other person in the White House?

Mr. EHRLICHMAN. No, sir, not that I can recall.

Senator MONTOYA. Did you recall the enemies list with Mr. Haldeman?

Mr. EHRLICHMAN. No. I did after the testimony here about it because I do not recall ever hearing of it before.

Senator MONTOYA. Did you discuss the enemies list with Mr. Colson?

Mr. EHRLICHMAN. No.

Senator MONTOYA. Now, in your capacity as Assistant to the President for Domestic Affairs dealing with the different departments, were you aware of the effort that was being made to place Mr. Colson and Mr. Liddy in the Internal Revenue Service?

Mr. EHRLICHMAN. No, sir.

Senator MONTOYA. You have heard about it since then?

Mr. EHRLICHMAN. I am not sure that I have.

Senator MONTOYA. Well, Dean's memorandum reflects something to this effect.

Mr. EHRLICHMAN. I missed that, I am sorry.

Senator MONTOYA. All right.

Now, you do know that the White House made quite a few requests for the income tax returns of individuals, do you not?

Mr. EHRLICHMAN. I would doubt that seriously, Senator.

Senator MONTOYA. You would doubt that there were no requests?

Mr. EHRLICHMAN. I would doubt that the White House had made requests for the income tax returns of individual citizens.

Senator MONTOYA. All right.

Now, I will introduce for the record the statistical data furnished by the Internal Revenue Service in a book entitled "Statistics, Requests for Inspection of Income Tax Returns or Data From Returns by Federal Agencies for the 6-Month Period, January 1, 1972, to June 30, 1972," and then another volume with the same title for the period July 1, 1972, to December 31, 1972.

Senator ERVIN. The reporter will mark them as exhibits.

[The documents referred to were marked exhibits Nos. 95 and 96.*]

Senator MONTOYA. I will turn to the first page of the document in each instance and read for your benefit "Tax Checks Requested by Federal Agencies, January 1, 1972, to June 30, 1972. Agency: White House, No. 477." And then on the second document "Tax Checks Requested by Federal Agencies, July 1, 1972, to December 31, 1972. Agency: White House, No. 438." What comment do you have on that?

Mr. EHRLICHMAN. Well, your question was whether or not the White House had requested anybody's tax returns and I said I would doubt that. Now, I don't know what a tax check is in those statistics. Perhaps there is a definition in there, but a tax check, as I understand it, is to find out if an individual has tax problems before he is appointed to Federal office, because obviously you don't want to appoint an assistant secretary who is going to be indicted for tax fraud the next day. So it is a routine procedure for this personnel office that I mentioned or for the counsel's office to find out from the IRS if these indi-

*See pp. 2909 and 2911.

8. On September 9, 1971 Colson sent Dean a memorandum stating that he had checked in blue those to whom he would give top priority. Dean testified that attached to Colson's memorandum was an opponents list memorandum from Bell dated June 24, 1971 and a document entitled "Opponent Priority Activity" containing the names and brief descriptions of 20 political opponents with check marks beside eleven of the names.

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8.2 Memorandum from Charles Colson to John Dean, September 9, 1971, SSC Exhibit No. 49, 4 SSC 1692-96	105

lem of dealing with political enemies and a strategy which would involve a number of members of the White House staff in various phases of that project to deal with political enemies.

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Mr. DASH. Mr. Dean, can we have those? They will be marked, and we will make copies of them for members of the committee and circulate them to members of the committee.

Senator ERVIN. Let the reporter mark them with the appropriate numbers.

¹ See p. 1689.

² See p. 1692.

³ See p. 1697.

⁴ See p. 1699.

⁵ See p. 1700.

⁶ See p. 1701.

⁷ See p. 1703.

⁸ See p. 1705.

⁹ See p. 1707.

1692

EXHIBIT No. 49
THE WHITE HOUSE
WASHINGTON

EYES ONLY

September 9, 1971

MEMORANDUM FOR: JOHN DEAN

FROM: CHARLES COLSON *WC*

I have checked in blue those to whom I would give top priority. You might want to check someone else although I think you will find this is a pretty good list. Right on!

1693

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

EYES ONLY

June 24, 1971


MEMORANDUM FOR:

✓ JOHN DEAN
JERRY WARREN
VAN SHUMWAY

SUBJECT:

OPPONENTS LIST

Attached is the list of opponents which we have compiled.
I thought it would be useful to you from time to time.


George T. Bell

8.3 GEORGE BELL'S OPPONENTS LIST

1694

SUBJECT: OPPONENT PRIORITY ACTIVITY

Having studied the attached material and evaluated the recommendations for the discussed action, I believe you will find my list worthwhile for go status. It is in priority order.

1. PICKER, ARNOLD M.
United Artists Corporation
929 7th Avenue
New York, N. Y. ✓

Top Muskie fundraiser. Success here could be both debilitating and very embarrassing to the Muskie machine. If effort looks promising, both Ruth and David Picher should be programmed and then a follow-through with United Artists.

2. BARKAN, ALEXANDER E.
National Director of AFL-CIO's Committee on Political Education
Washington, D.C. ✓

Without a doubt the most powerful political force programmed against us in 1968. (\$10 million dollars, 4.6 million votes, 115 million pamphlets, 175,000 workers - all programmed by Barkan's C.O.P.E. - So says Teddy White in The Making of the President '68). We can expect the same effort this time.

3. GUTHMAN, ED
Managing Editor L. A. Times ✓

Guthman, former Kennedy aide, was a highly sophisticated hatchetman against us in '68. It is obvious he is the prime mover behind the current Key Biscayne effort. It is time to give him the message.

4. DANE, MAXWELL.
Doyle, Dane and Bernbach
New York ✓

The top Democratic advertising firm - They destroyed Goldwater in '64. They should be hit hard starting with Dane.

5. CHARLES DYSON
Dyson-Kissner Corporation
New York ✓

Dyson and Larry O'Brien were close business associates after '68. Dyson has huge business holdings and is presently deeply involved in the Businessmen's Educational Fund which bankrolls a national radio network of 5 minute programs - Anti-Nixon in character.

8.3 GEORGE BELL'S OPPONENTS LIST

1695

6. STEIN, HOWARD
Dreyfus Corporation
New York ✓

Heaviest contributor to Mc Carthy in '68. If Mc Carthy goes, will do the same in '72. If not, Lindsay or Mc Govern will receive the funds.
7. LOWENSTEIN, ALLARD
Long Island, New York ✓

Guiding force behind the 18 year old "dump Nixon" vote drive.
8. HALPERIN, MORTON
Leading executive at Common Cause ✓

A scandal would be most helpful here.
9. WOODCOCK, LEONARD
UAW ✓
Detroit, Michigan

No comments necessary
10. S. STERLING MUNRO, JR. ✓
Senator Jackson's AA
711 Lambertson Drive, Silver Spring, Md.

We should give him a try. Positive results would stick a pin in Jackson's white hat.
11. FELD, BERNARD T. ✓
President
Council for a Livable World

Heavy far left funding. They will program an "all court press" against us in '72.
12. DAVIDOFF, SIDNEY ✕
New York City
Lindsay's top personal aide.

A first class S.O.B., wheeler-dealer and suspected bagman. Positive results would really shake the Lindsay camp and Lindsay's plans to capture youth vote. Davidoff in charge.
13. CONYERS, JOHN
Congressman, Detroit

Coming on fast. Emerging as a leading black anti-Nixon spokesman. Has known weakness for white females.

1696

14. LAMBERT, SAMUEL M.
President
National Education Association

Has taken us on vis a vis federal aid to parochial schools - a '72 issue.

15. MOTT, STEWART RAWLINGS
Mott Associates
New York

Notning but big money for radic-lib candidates

16. DELLUMS, RONALD
Congressman, California

Had extensive EMK-Tunney support in his election bid. Success might help in California next year.

17. SCHORR, DANIEL
Columbia Broadcasting System
Washington

A real media enemy.

18. S. HARRISON DOGOLE
2011 Walnut Street
Philadelphia, Pa.

President of Globe Security Systems - Fourth largest private detective agency in U. S. Heavy Humphrey contributor. Could program his agency against us.

19. PAUL NEWMAN
California

Radic-Lib causes. Heavy Mc Carthy involmnet '68. Used effectively in nationwide T.V. commercials. '72 involmnet certain.

20. MC GRORY, MARY
2710 Macomb Street, Washington
Columnist

Daily hate Nixon articles.

9. On or about September 14, 1971 Dean sent to Haldeman's aide, Lawrence Higby, a list of names Higby requested. Most of the names were the same as those checked by Colson on the list attached to the September 9, 1971 memorandum discussed in the preceding paragraph. Dean testified that upon a request from Haldeman that he wanted to nail this down as to the 20, or the minimum number with whom they could do something Dean sent the list to Higby for Haldeman's final review. On several occasions thereafter Dean received names for the enemies project from Higby and Strachan, also an aide of Haldeman. Dean testified that he also received a list of McGovern campaign staff prepared at Ehrlichman's direction by CRP Director of Ballot Security Murray Chotiner. Dean has testified that the lists were principally used by Colson and Haldeman and that he did not know what they did with them. Haldeman has testified that enemies lists or opponents lists were used for withholding White House courtesies and invitations from those who had expressed opposition to Administration policies.

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9.1 John Dean testimony, 4 SSC 1350, 1408-10, 1529	113
9.2 Memorandum from John Dean to Lawrence Higby, September 14, 1971, SSC Exhibit No. 50, 4 SSC 1697-98	118
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9.4 Memorandum from Gordon Strachan to John Dean, October 26, 1971, SSC Exhibit No. 53, 4 SSC 1701-02	121
9.5 Memorandum from Gordon Strachan to John Dean, November 5, 1971, SSC Exhibit No. 54, 4 SSC 1703-04	123

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9.6 Note from Lawrence Higby to John Dean, undated, SSC Exhibit No. 51, 4 SSC 1699.....	126
9.7 <u>H. R. Haldeman testimony, 8 SSC 3154-56.....</u>	127

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Senator ERVIN. Let the reporter mark them with the appropriate numbers.

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⁴ See p. 1699.

⁵ See p. 1700.

⁶ See p. 1701.

⁷ See p. 1703.

⁸ See p. 1705.

⁹ See p. 1707.

Thank you for your patience, and, Mr. Chairman, especially I thank you for your patience and the rest of the members of the committee. I am sorry I have taken so long.

Mr. DEAN. I thank the Senator for his questions. I think they were very good.

Senator ERVIN. I want to thank the Senator for his examination of the witness.

We will take a recess for a vote and come back after the vote.

[Recess.]

Senator ERVIN. The committee will come to order.

Mr. DASH. Mr. Chairman, Senator Inouye, prior to asking his questions, has asked me to have cleared up by Mr. Dean some more identification of the materials which he has submitted to us which we have just received back from the Xerox machine. This is the second batch.

What I would like to do, Mr. Dean, if I could give you this batch of questions which are in approximately the order you gave them, and if you could go through them to the extent you can, identify the source of each one if you can. Some of them, for instance, are a list of names without any letterhead or any indication. Who drew up the list of names? There is no indication as to whether or not the memorandum was attached. The way they presently appear, the identification of each of these documents is obscure, and I think for our purposes, if we use them for the committee's work, it would be important if you looked at them and to the best of your recollection, tell us what each list is and who drew it up and who received it, to the best of your recollection.

Mr. DEAN. Are we working from the same stack, the same order I have?

Mr. DASH. If you could identify for the record from what you are reading, not read the entire record.

Mr. DEAN. I have the first document from Gordon Strachan to John Dean, dated September 17.¹ And the source of this list is Mr. Strachan and sent to me. I do not know where he got the list.

The next document I have is a memorandum dated October 26 from Mr. Strachan to me, subject, "Political Enemies."²

Mr. DASH. Mr. Dean, is the prior list also supposed to be included in political enemies?

Mr. DEAN. Yes, sir, it was.

Mr. DASH. Could you identify it? If you already have, all right. But when you speak of the list, if it is a contributors' list, identify it as such; and if it is supposed to be an opponents list, an enemy's list, would you please characterize it?

Mr. DEAN. The list I have—the first list I was referring to has a reference on the cover note that came to me: "The attached should be of interest to you and the political enemies project." Attached to it is a partial list of fat cats attending a Muskie fundraiser.

The next document, the memorandum of October 26 from Mr. Strachan to me, subject "Political Enemies," indicates that Mr. Nofziger sent the attached information on Chet Huntley to Mr. Halde- man. "Since you have the action on the political enemies project, would you make your determination of what should happen, advise Nofziger and mention your decision to me."

¹ Previously entered into the record as exhibit 52.

² Previously entered into the record as exhibit 53.

Attached to that is a memorandum from Nofziger to Haldeman re Chet Huntley. I think that the notations on there, which are mine, are self-evident.

The next document I have is a list of the McGovern campaign staff.¹ This list was prepared by Mr. Murray Chotiner and sent to me. Mr. Chotiner had some discussions with Mr. Ehrlichman about this, and he was to prepare a list and send it over to me pursuant to some instructions and directions he had from Mr. Ehrlichman.

Mr. DASH. Now, do you characterize that list as a so-called enemies list or a campaign contributors' list?

Mr. DEAN. This was to go into the general enemies project, which I might add at this point generally went into the file, where it remained.

The next document, dated November 5, 1971, is a memorandum from Gordon Strachan to me regarding J. Irwin Miller.² It notes that "You will probably notice in this morning's news summary that J. Irwin Miller, who is still giving money to Democrat John Lindsay, though he states he will support R. N., is also a backer of Lugar. I trust that you will use this information as you see fit in the enemies project."

Attached is the news summary of that day.

The next document I have starts "Politics continued." This is a document that came out of Mr. Colson's office to me.

Mr. DASH. What is that? Have you identified that document?

Mr. DEAN. Yes, I have.

Mr. DASH. Is that also an enemies document?

Mr. DEAN. That is correct. That was a part—this is one of the updates. I am sure there was a cover memorandum or probably it is in my files somewhere in the White House that this was related to.

[The document referred to was marked exhibit No. 60.³]

The next document is dated November 11. It is a memorandum from a member of Mr. Colson's staff. The subject is "Opponents' List," and it has, it is directed to Marge Acker, Pat Buchanan, John Dean, Dan Kingsley, Larry Higby, Gordon Strachan, Van Shumway, Gerry Warren, and Lucy Winchester. Connected to that is a similar list with more additional names, these all coming from Mr. Colson's office. And there is a third document, dated June 2, of the same nature.

Mr. DASH. The same origin?

Mr. DEAN. That is correct. There is a duplicate document of the same nature.

[The document referred to was marked exhibit No. 61.⁴]

Another one dated May 16, the same origin. As I say, this list was continually being updated, and the file was several inches thick.

[The document referred to was marked exhibit No. 62.⁵]

The next document is a memorandum of September 14, 1971, from me to Mr. Higby, indicating a list of names that he had requested, as well as additional materials containing other names. I might as well read the memorandum:⁶

¹ Previously entered into the record as exhibit 56.

² Previously entered into the record as exhibit 54.

³ See p. 1713.

⁴ See p. 1725.

⁵ See p. 1728.

⁶ Previously entered into the record as exhibit 50.

The list I have prepared is merely suggestive; it is based on conversations I had with others regarding persons who have both the desire and capability of harming us. The list is limited to less than 20 persons, as it would be most difficult to proceed with more at this time. I would hope we would continue to feed additional names into the process every few months, but we must keep this project within reasonable bounds. I will await the review of these names as I feel certain there will probably be additions and deletions from the list. Before I take any action, please keep the list at at least 20 or less.

Attached is a list that was prepared based on a document that Mr. Colson had gone through and picked out some 20 key names.

The next document is a page of a news summary.¹ I don't know the date of the news summary. It has a notation on the top, "Dean/L."

Mr. DASH. When you say news summary—

Mr. DEAN. This is the daily news summary that is prepared for the President and distributed to various members of the White House staff.

The "Dean/L" indicates that it was to me from Mr. Higby and he has encircled DNC Treasurer Robert Strauss, with a note, "Is he on our list? Or should he be?"

Mr. DASH. Did you respond to that?

Mr. DEAN. No, sir; I did not. As I say, most of these merely went into a file in my office, where I just gathered them.

The next document I have is a document entitled "Corporate Executives Committee for Peace, Trip to Washington, June 25, 1970," with a list of names. This was another document that was sent as a part of one of the continuing updates.

[The document referred to was marked exhibit No. 63.²]

Mr. DASH. What is the source of that document?

Mr. DEAN. That would have been from Mr. Colson's office. The next document is entitled "Democratic Contributors of \$25,000 or More in the 1968 Campaigns" —from June 20, 1971, New York Times story— with certain names checked on the list. This is a document that came, again, from Mr. Colson's staff.

[The document referred to was marked exhibit No. 64.³]

Next is a series of documents that relate to Muskie contributors. Part of it is cut off on the top here in the xerography process and this document was forwarded to me from Mr. Colson's office also.

[The document referred to was marked exhibit No. 65.⁴]

The next document⁵ begins—it is a blank sheet of paper, which is a briefing paper that I was requested to prepare for Mr. Haldeman so that he could deal with the Secretary of the Treasury with regard to making the Internal Revenue Service politically responsive to the White House.

This document was prepared—the top document was prepared by myself; the attached document was prepared by Mr. Caulfield based on conversations he had had with individuals in the Treasury Department, as well as the last document was prepared by Mr. Caulfield as a result of conversations he had with people in the Treasury Department and in the Internal Revenue Service.

Mr. DASH. That was prepared by you with Mr. Caulfield's assistance to be delivered to Mr. Haldeman?

Mr. DEAN. That is correct.

¹ Previously entered into the record as exhibit 51.

² See p. 1730.

³ See p. 1733.

⁴ See p. 1734.

⁵ Previously entered into the record as exhibit 44.

Senator INOUE. I believe this line of questioning is very important, because your exhibits have listed, I would say, a couple of hundred names of very distinguished Americans, most of them, and other exhibits have suggested that extra-legal activities had been carried out in connection with these names.

Now, there are Members of the Senate and Members of the House whose names have appeared, but to date, you have been able to tell us of the possibility of a man from CBS, and Chet Huntley.

Are there any other concrete examples? I am asking you this because Mr. Colson has gone on the air suggesting that the lists you submitted were a social list, that this was a list used by the White House so that they would not invite the names listed there for the White House dinners.

Mr. DEAN. I think you will note in there at some point—first of all, that Mr. Colson, there is a memorandum to him in one of the exhibits where he was to cull out the 20 worst enemies and submit them. This was again because I was receiving through Mr. Higby and Mr. Strachan a direct request from Mr. Haldeman that he wanted to nail this down as to the 20, or the minimum number that we could do something with.

So, we went through this big thing of taking all the lists Mr. Colson had, and Mr. Colson went through and checked off through his lists what he thought were his candidates. He was the only one that I knew that dealt in these areas. I certainly—none of these people were my enemies. In fact, most of these names were unfamiliar to me.

As a result of that, I sent a memorandum to Mr. Higby indicating, here are the lists, don't let it go over 20, and this was sent to Mr. Higby for Mr. Haldeman's final review. It was sent back to me and went back in the file again.

Senator INOUE. Did you know if anything ever happened to these 20 on the top—hit parade?

Mr. DEAN. I cannot answer that, because I think it was realized that my office had less than enthusiasm for dealing with things like this.

Senator INOUE. Are you suggesting that this listing of names was just an exercise?

Mr. DEAN. As far as I was concerned, it was an exercise that I had no intention to implement; that is correct, Senator.

Senator INOUE. Are you aware of any person or any agency or any official using these lists to do harm or injury or to assist?

Mr. DEAN. They were principally used by Mr. Colson and Mr. Haldeman and I don't know what they did with them. I know on one occasion. I had a call regarding the fact that some of the President's friends—and these are in exhibits and I just think it would be inappropriate right now to mention the individuals' names—were having tax problems, and I was to look into those. I had Mr. Caulfield, who had—who was the person on my staff, who was the only one I knew—who had a relationship with the Internal Revenue Service—because I could only deal with the Director.

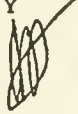
I did deal with one of his assistants from time to time on sensitive cases, where they were just brought to our attention if somebody in the administration was having a normal audit, just to alert the White House to the fact that such an audit was occurring.

1697

EXHIBIT No. 50
THE WHITE HOUSE
WASHINGTON

September 14, 1971 .

EYES ONLY

MEMORANDUM FOR: LARRY HIGBY
FROM: JOHN DEAN 

Attached is the list of names you requested, as well as additional materials containing other names.

The list I have prepared is merely suggestive; it is based on conversations I have had with others regarding persons who have both the desire and capability of harming us.

The list is limited to less than twenty persons, as it would be most difficult to proceed with more at this time. I would hope that we would continue to feed additional names into the process every few months, but we must keep this project within reasonable bounds.

I will await the review of these names -- as I feel certain there will probably be additions and deletions from the list -- before I take any action. Please keep the list at twenty or less.

1698

Eugene Carson Blake	(per request)
Leonard Bernstein	(per request)
Arnold Picker	(United Artists Corp. - Top Muskie fund raiser)
Ed Guthman	(Managing Editor, L. A. Times)
Maxwell Dane	(Doyle, Dane & Bernbach)
Charles Dyson	(Associate of Larry O'Brien bankrolls anti-RN radio programs)
Howard Stein	(Dreyfus Corp. - Big Demo contributor)
Allard Lowenstein	(Pushing the Dump RN move with young people)
Morton Halperin	(Top Executive - Common Cause)
Leonard Woodcock	(UAW)
Dan Schorr	(CBS)
Mary McGrory	
Lloyd Cutler	(Principal force behind Common Cause law suit against RNC, DNC, et al)
Thomas Watson	(Muskie backer - IBM)
Tom Wicker	(N. Y. TIMES)
Clark Clifford	

1700

EXHIBIT No. 52

THE WHITE HOUSE
WASHINGTON

Date: 9/17

TO: *John Dean*

FROM: GORDON STRACHAN

*The attached should
be of interest to
you and the
political enemies
project.*

Partial list of "fat cats" attending Muskie weekend in Kennebunkport,
Maine, Sept. 11-12, 1971:

Edward Atkins	Harold Jacobs
Bert Berinsky	John Levinson
Paul Brontas	Sen. Gale McGee, Wyoming
Bill Brown	Bob Nelson
Joe Chapman	Arnold Picker
Sherrill Corwan	Ralph Pomerance
Norman Cousins	Mike Rea
Cal Dalton	Eliot Robinson
Sen. Tom Eagleton, Mo.	Joe Sinay
Joe Filner	Claude Spink
Harold Grant	Bob Squier
Sen. Mike Gravel, Alaska	Al Steinberg
Stan Goldstein	Martin Stone
Bill Goldberg	Bunny Solomon
Jim Goodbody	Peter Taroff
Dr. Sanford Greenberg	Dave Tillinghast
John Guzey	Lawrence Tisch
Malcolm Hecht	Jack Valenti
Alex Hixon	Stanley Wasie
Ralph Hoagland	Mort Zuckerman

1701

EXHIBIT NO. 53

THE WHITE HOUSE
WASHINGTON

October 26, 1971

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JOHN DEAN
FROM: GORDON STRACHAN
SUBJECT: Political Enemies

Lyn Nofziger sent the attached information on Chet Huntley to Bob Haldeman. Since you have the action on the political enemies project would you make a determination of what should happen, advise Nofziger, and mention your decision to me?

Thank you.

*Start file
confid.*

GK

1702

Republican
National
Committee.

October 19, 1971

EYES ONLY

MEMORANDUM FOR BOB HALDEMAN

FROM LYN NOFZIGER *L N*

RE: Chet Huntley

Mark

1. The State Chairman of Montana tells me Huntley claims to be a Republican and will support and work for whatever Republican runs against Senator Metcalf next year.
2. John Whitaker has ordered the Department of Agriculture to quit dragging its heels on "Big Sky", probably without any knowledge of the above or of my own project.

I believe we should (check one):

1. Give Mr. Huntley all the help we can with the clear understanding that he reciprocate with help to us in Montana.
2. Continue along the course we have been following since Mr. Huntley's intemperate remarks.
3. Same as #2 until we see how Mr. Huntley performs.



EYES ONLY

*Spoke with Ted
& he said will inform
M. that we should be
kept posted, but nothin
will make it worth
paper*

*17
agree
so informed
w/*

1703

EXHIBIT No. 54
THE WHITE HOUSE
WASHINGTON

Administratively Confidential

November 5, 1971

MEMORANDUM FOR:

JOHN DEAN

FROM:

GORDON STRACHAN **G**

SUBJECT:

J. Irwin Miller

You probably noticed in this morning's news summary that J. Irwin Miller, "who is still giving money to Democrat John Lindsay though he states he will support RN and is also a backer of Lugar,". I trust you will use this information as you see fit in the "enemies" project.

Indistinct document retyped by
House Judiciary Committee staff

1704

when he himself suggested for the Federal bench a man "patently unqualified." All the Dems aren't amused by EMK's escalated activity, concludes Lasky as he quotes one who said: "I wouldn't want to buy a used car from RN, but if I did buy one, I sure as hell wouldn't want EMK to drive it."

New York notes that Lindsay has been a regular visitor to Indiana and to J. Irwin Miller, who is still giving money to Dem JVL tho he states he will support RN and is also a backer of Lugar. This may explain why JVL refused to campaign for Lugar's Dem opponent but along with fact that the Dem candidate was running an anti-busing campaign....New York's cover story is about 32 year old Ed Hamilton who came to NYC from Iowa 13 months ago and may be running it by Jan. '73. The scenario is that JVL will begin his campaign, Aurelio will resign to manage JVL and #3 Hamilton (budget director) will become Acting Mayor. Hamilton calls himself a Kennedy liberal and he is regarded as "about the smartest man I've ever met" by LBJ, McNamara, Nelson Rockefeller and Frank Mankiewicz. New York says he is a virtuoso.

ORC's Michael Rapoport writes in Washington Monthly that US political history can be seen as marked by "critical elections" (the last in '32) and '72 may well be the next one. As in the other epochal elections, there is widespread dissatisfaction with the major parties and a substantial drop in voter turnout. Rapoport sees the increasingly large number of young, educated whites going Dem and the young, blue-collar whites turning to the GOP. The increased educational level among the young gives the Dems a much larger "educated mass" than the GOP ever possessed and correspondingly the working-class youth are a declining proportion of the white population. "If the economy -- /the only major issue on which the groups agree/ has substantially recovered, the shape of the new alignment should become clear."

Indistinct document retyped by
House Judiciary Committee staff

1704

when he himself suggested for the Federal bench a man "patently unqualified." All the Dems aren't amused by EMK's escalated activity, concludes Lasky as he quotes one who said: "I wouldn't want to buy a used car from RN, but if I did buy one, I sure as hell wouldn't want EMK to drive it."

Dem
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EXHIBIT NO. 51

27

with the other Dems growing! It was "bitter and provocative," in RFK's style, not JFK's. Wanniski says the RN-EMK appearances at the POW relatives' conclave may have been the first "Nixon-Kennedy debate" of '72. RN was received much better. . . . Gerry Wills in Life and a New Republic reviewer on the Navasky book on RFK both reflect disillusion over the ex-AG's civil liberties record, especially as it relates to wire taps. And we learn RFK did much buddy-buddy work with the FBI in order to get power of his own. The book, says the New Republic, "pulls up short of saying that RFK drove us far down the road to repression."

National Observer's James Perry finds the chances for "the Oklahoma Hay Bailer" less than they were for the early Populists whom Fred Harris seeks to emulate largely thru gimmickry and in a fashion more reminiscent of RFK's "New Politics" effort to build a constituency to elect him rather than really develop a meaningful 3rd party coalition. . . . Newsweek reports the big Calif. Dem primary may not be so big after all if top Dems. there are successful in setting up a "unity" slate with Tunney as favorite son.

DNC Treasurer Robert Strauss is supposedly under strong pressure to run against Sen. Tower and he confirmed he is giving it serious thought. Larry O'Brien however expressed confidence he wasn't going to lose Strauss. . . . McCloskey compiled a perfect voting record last year on issues "central to the tradition of the GOP" according to Ripon. Coughlin, Gude and Riegle also scored 100. Highest on the Senate list were Goodell (96), Case (92), Hatfield (91) and Ribicoff (91). Rep. John McMillan was the only MC to receive a zero.

*et al. He on our list?
L.
or should he be?*

* * * *

MISCELLANY

Earlier reports that the prayer amendment might sail thru Congress may have been incorrect, reports US News, as some MCs are concerned about the bill's "vagueness" and "constitutional problems." . . . According to National Observer, there's a new cause

Mr. HALDEMAN. Yes, sir.

Senator MONTROYA. And that Mr. Alex Butterfield was a staff assistant working under you and under Mr. Higby.

Mr. HALDEMAN. No, sir. Mr. Butterfield was Deputy Assistant to the President and was a deputy to me and would have been considered senior to Mr. Higby.

Senator MONTROYA. All right.

Now, did both report to you?

Mr. HALDEMAN. Yes.

Senator MONTROYA. Did they report to you on important matters? Did they report every time on important matters?

Mr. HALDEMAN. I cannot verify that they reported every time. They had areas of responsibility, Senator, that they carried out without the necessity of reporting to me.

Senator MONTROYA. Well, was it the requirement with respect to their duties that if anything unusual was going on in the White House and they were involved in it that they had to report to you?

Mr. HALDEMAN. No, sir, not if they were able to deal with it on their own. Instructions had been just the opposite. As was our policy and our standard procedure, any man in the staff was—had the clear understanding he should deal with all matters that came under his responsibility as best he could and should not refer them upward unless there was a necessity for it.

Senator MONTROYA. Did you have staff conferences with them on occasion?

Mr. HALDEMAN. Yes.

Senator MONTROYA. Was Mr. Strachan also included in the staff conferences?

Mr. HALDEMAN. Yes. There were several different procedures at different times and I am not able to establish which procedure was in effect at which time. There was a period at which, during which, I attempted to hold a twice-weekly meeting of a group that included Mr. Butterfield, Mr. Higby, Mr. Strachan, also Mr. Kehrl, Ray Price, John Dean, and several others, who for the purpose of coordinating their work in somewhat the same sense that we held the senior staff meeting each morning. But this procedure, because of the time of day that we tried to do it, did not work out very well because I was not able to attend many of those meetings and, therefore, we dropped it.

Senator MONTROYA. I notice Mr. Strachan would present you with memorandums on different occasions with respect to activities going on in the White House and also at the CRP. Was he the one who would transmit what was going on in the offices of Mr. Higby and Mr. Butterfield or did you obtain independent information from them?

Mr. HALDEMAN. I obtained—I worked directly with Mr. Butterfield on matters that he felt he needed to bring to me and directly with Mr. Higby on a much more frequent basis on matters he felt he needed to bring to me.

Senator MONTROYA. Are you acquainted with the project which was launched in the White House to develop an enemies list?

Mr. HALDEMAN. I am aware of the existence of enemy lists or opponents lists, yes, sir.

Senator MONTROYA. What do you know about it?

Mr. HALDEMAN. I know that from time to time we received from within the White House and from outside the White House, from supporters of the administration, both in the Congress and from the general public, complaints that people in and out of Government were being treated by the White House in ways that people that were opposed to administration policies, and specifically who were vocally expressing public opposition to administration policies, and this would most frequently relate to the position on the war in Vietnam because that was the policy most thoroughly under discussion.

People who were expressing vocal opposition were at the same time being extended extraordinary courtesies by the White House in the form of invitations to social events and other functions at the White House, appointments to honorary boards and commissions, inclusion on delegations to events, and that sort of thing.

Senator MONTOYA. I am talking about enemies, not friends.

Mr. HALDEMAN. No, sir; that is what I am talking about—people. I am talking about complaints by friends that people who were opponents and were vocally expressing their opposition were being, in the view of our friends, treated like friends in the sense of receiving these special courtesies from the White House.

Senator MONTOYA. And you were compiling a list of these people?

Mr. HALDEMAN. And as a result of the concern by our friends that we were in their view unwisely extending these courtesies to the people who were opposing administration policies, and on some occasions people who, after receiving an invitation to the White House and being at the White House used that as a platform for getting extraordinary publicity for their expression of opposition, that as a result of these complaints there was a program of drawing up a list of those who, in prominent public positions, were believed to be expressing opposition to administration policies, and who, therefore, should not be receiving these courtesies. This was in the same context as a list of those who were supporting such policies and who should be extended such courtesies and who many times were not.

Senator MONTOYA. Have you seen exhibit 50, which has been introduced by Mr. Dean in evidence here?

Mr. HALDEMAN. I am not sure that I have. I would like to see it.

Senator MONTOYA. Or exhibit 10, and I will read you some names. What did these people have to do with the Vietnam war?

Mr. HALDEMAN. Excuse me, sir, but could I have copies of those?

Senator MONTOYA. Yes, sir; let me just read them and then you can comment on them: Mr. Eugene Carson Blake, Mr. Leonard Bernstein, Arnold Picker, Ed Guthman, Maxwell Dane, Charles Dyson, Howard Stein, Allard Lowenstein, Morton Halperin, Leonard Woodcock, Dan Schorr, Mary McGrory, Lloyd Cutler, Thomas Watson, Tom Wicker, Clark Clifford. That is the list. Do you want to see—

Mr. HALDEMAN. No, sir; I do not need to see it. I would think that the public record of the time would indicate that a number of those people were, in fact, quite vocally and publicly opposing administration positions on the war.

Senator MONTOYA. Why did you label them as enemies, then? Did they not have a right to comment on the war?

Mr. HALDEMAN. Why, certainly they did; but they did not have a

right to be extended the courtesy of the President's hospitality in order to express their opposition.

Senator MONTOYA. Well, are you in effect telling me that this enemies list was compiled so that it would serve as an exclusion list for the White House?

Mr. HALDEMAN. In effect, yes.

Senator MONTOYA. Why was so much time wasted in the White House with memos and communications between staff members in trying to compile this list, then?

Mr. HALDEMAN. First of all, I don't believe a great deal of time was wasted in doing so. The time that was expended in doing it was for the purpose that I have indicated, and was a part of carrying out the effort of the White House to extend our policies to carry out the policies of the administration rather than to provide a forum for the expression of opposition.

Senator MONTOYA. Well, if your objective was, as you have stated it, why was it an effort to involve IRS in auditing some of these people and why were there orders from the White House to the FBI to check on some of these people?

Mr. HALDEMAN. I would like to know what those orders were and perhaps I can respond to them.

Senator MONTOYA. All right.

Mr. Higby, who was your administrative assistant, has given information to this committee that while he was in the Grand Tetons with the President and you, he was asked by you to call Mr. Hoover and get a complete background on Daniel Schorr; and Mr. Higby did this, and he has submitted testimony to this committee in secret to that effect.

Now, would you deny that?

Mr. HALDEMAN. No, sir.

Senator MONTOYA. Did you do that?

Mr. HALDEMAN. I requested a background report on Mr. Schorr, or asked Mr. Higby to request one, not in connection with the enemies list and I am not sure in what connection it was, but I am sure there was something that arose at the time that this request was made and I don't know in what context, but there had been, as has been indicated here in earlier testimony, concern from time to time about statements that were made and the reasons for them in terms of national security questions and I don't know that this was in such a context because I simply don't recall what the reason was for it.

Senator MONTOYA. Why would you order a check in that context? Was Mr. Schorr being considered for an appointment?

Mr. HALDEMAN. No, sir; he was not.

Senator MONTOYA. Why would you check on him, then?

Mr. HALDEMAN. The check was made—I don't know why, but the check was made.

Senator MONTOYA. You ordered it?

Mr. HALDEMAN. The request for the check was in connection with something apparently—I assume that arose at that time that generated a request for the background report on Mr. Schorr. The request I would like to emphasize, Senator, was not a request for an investigation of Mr. Schorr and at the time that the request was made it was for the



10. On September 22, 1971 John Caulfield wrote a memorandum regarding plans for scheduling Lawrence Goldberg to function in the Jewish area at the Committee for the Re-election of the President. Caulfield stated that Goldberg was actively engaged in Anti-Defamation League activities and that consideration should be given to a potential question of loyalty. On October 6, 1971 Caulfield sent a memorandum to Dean attaching lists of charitable contributions from Goldberg's tax returns and stating that it postured an extremely heavy involvement in Jewish organizational activity. Caulfield also stated that Attorney General Mitchell should be discreetly made aware in this regard. Caulfield has testified that he obtained information on Goldberg's financial status from IRS Assistant Commissioner (Inspection) Vernon Acree and that the purpose of obtaining the information was to determine whether Goldberg was financially solvent and therefore able to assume a campaign position at CRP.

	Page
10.1 Memorandum by John Caulfield, September 22, 1971 (received from SSC).....	132
10.2 Memorandum from John Caulfield to John Dean, with attachments, October 6, 1971 (received from SSC).....	133
10.3 John Caulfield testimony, SSC Executive Session, March 23, 1974, 56-62.....	138

SUBJECT: GOLDBERG, LAWRENCE YALE

I have conferred with John Mc Laughlin and he has referred me to Donald Wyatt the United States Marshal in Rhode Island.

Wyatt provided the following input:

A) Goldberg is wealthy, having been a principal owner in the American Wholesale Toy Company in Rhode Island. Assertedly, his father currently owns the business.

I am waiting for results of an I.R.S. check on Goldberg's financial status.

B) Goldberg has a long time (12 years) history of involvement in Republican politics in the State of Rhode Island. For example, during the period 1969-1980, he worked for R.M.C. in Washington, D.C. In '64 he worked for the unsuccessful Bruce Selya campaign for the position of Attorney General in Rhode Island.

Assertedly, for the past two years he has been the finance chairman of the Rhode Island State Central Committee. Selya, I am told, recommends Goldberg highly.

In addition, Goldberg has practiced law with former Republican Governor Del Sesto of Rhode Island.

C) On the derogatory side, it is asserted that Goldberg went through a messy divorce which was common knowledge amongst his R. I. friends, but apparently did not appear in the media.

D) It has been determined that Goldberg is actively engaged in Rhode Island B'nai Brith - Anti Defamation League activities. In January of this year, Goldberg and two other members of A.D.L. appeared backstage at a Boston theatre where a travelling Russian entertainment group was performing. Their purpose was to express dissatisfaction with the Soviet repression of Jewish civil rights in the Soviet Union.

E) Wyatt advises that at a summer '69 meeting of R.I. Republican officials, Goldberg made strong comments vis a vis U.S. policy toward Israel in the Mid-East. He attempted at this meeting to commit the assembled group towards the position of having the State Department modify its Mid-East policy.

Inasmuch as Goldberg is scheduled to function at 1701 in the Jewish area, consideration should be given to a potential question of loyalty with respect to the aims and purposes of that operation.

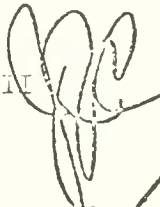
SSC 2/26/74

DR

THE WHITE HOUSE

WASHINGTON

October 6, 1971

MEMORANDUM FOR JOHN W. DEAN, III 
FROM: JACK CAULFIELD
SUBJECT: LAWRENCE YALE GOLDBERG

The attached history of financial contributions is for your information. As you can see, it postures an extremely heavy involvment in Jewish organizational activity.

I don't wish to raise this issue again. However, in my judgment, the Attorney General should be discreetly made aware in this regard. I regard this note as a memorandum for my files. I suggest you do the same, John.

Page 2 Page 70,

CONTRIBUTIONS

NAME Lawrence Y. & Violet Y. Goldberg
 ADDRESS 41 Tanagerle Road
Princeton, Rhode Island 02906

Taxable Year
 Ended 1958

	AMOUNT
General Jewish Committee	2500 -
Female Fraternity	235 -
Prayer Union	100 -
Alma Mater Association	150 -
BNA Birth	36 -
American Jewish Committee	25 -
Anti-Defamation League	207 50
Jewish Community Center	45 -
TRAVEL & Lodging - DELEGATE Council of Jewish Fed.	220 66
" " " " UTA NEW YORK	75 -
" " " " UJA ANNAPOLIS	65 -
TOTAL	3659 16

AK

10.2 ATTACHMENT TO JOHN CAULFIELD MEMORANDUM

	Contributions.—Cash—including checks, money orders, etc. (Itemize)		
	TEMPLE EXAMINER	481.00	
	ANTI-DEFAMATION LEAGUE	511.00	69
82	UNITED JEWISH APPEAL	1,257	
	AMERICAN JEWISH COMMITTEE	50	
	BROWN UNIVERSITY	5	
	HARVARD LAW SCHOOL	25	
	PROVIDENCE HEBREW DAY SCHOOL	75	
	JEWISH COMMUNITY CENTER	251	
	B'NAI BRITH	33	
	A.T. JEWISH HONORARY SOCIETY	11	
	MISC. ORGANIZED CHARITIES	144	
	TEMPLE + LODGING IN BELLGATE:		
	ADL NATL. COMMISSION	79	
	USA YOUTH LEADERSHIP COMM.	250	1
	ADL NATL. EXECUTIVE COMM.	152	
	COUNCIL OF JEWISH FEDERATIONS	109	
	FROM CONTRIBUTION SHEET	124	
	11 Total cash contributions	3,553	
	12 Other than cash (see instructions on		

smr 3

1 Mr. Caulfield. I guess so.

2 Mr. Lackritz. Did you suggest these individuals yourself
3 to make the sampling or were these suggested for you by Mr.
4 Acree?

5 Mr. Caulfield. These were selected by Mr. Acree as I
6 recall.

7 Mr. Lackritz. Pursuant to your request?

8 Mr. Caulfield. Pursuant to my request to see whether or
9 not supportive of the request of making a determination as to
10 whether or not Mr. John Wayne was being harassed.

11 Mr. Lackritz. Was this information communicated back to
12 Mr. Wayne to your knowledge?

13 Mr. Caulfield. I have no knowledge of that.

14 Mr. Lackritz. All right. Off the record for a second.

15 (Discussion off the record.)

16 Mr. Lackritz. Mr. Caulfield, did you ever obtain information
17 from the tax returns of Mr. Lawrence Goldberg?

18 Mr. Caulfield. Yes, I believe that I did.

19 Mr. Lackritz. Do you recall how the request was initiated?

20 Mr. Caulfield. I know there is a memorandum, and I believe
21 it is in your possession. It would be helpful for me in recalling
22 just how that came about.

23 Mr. Lckritz. If it will refresh your recollection, why do we
24 not turn to tab 12; the first page of that attachment is a note
25 from John J. Caulfield to John W. Dean, dated September 22nd, 1971.

1 Can you identify that?

2 Mr. Caulfield. Yes.

3 Mr. Lackritz. And the next page is a memorandum about
4 Lawrence Goldberg.

5 Do you recognize that as being your memorandum?

6 Mr. Caulfield. Yes.

7 Mr. Lackritz. Would you like to take a moment to read that
8 to refresh your recollection?

9 (Pause.)

10 Mr. Caulfield. Yes, I have read it.

11 Mr. Lackritz. All right.

12 Could you -- do you recall that Mr. Dean requested you
13 to obtain this information on Mr. Goldberg?

14 Mr. Caulfield. Yes. He wanted, as I recall, he wanted
15 background information on Mr. Goldberg.

16 Mr. Lackritz. I see.

17 Now, in the memorandum, in the one, two, three, fourth
18 short paragraph there, you say, "I am waiting for results of
19 an IRS check on Goldberg's financial status."

20 Mr. Caulfield. Yes.

21 Mr. Lackritz. What do you mean by that?

22 Mr. Caulfield. I asked Mr. Acree to provide information
23 on Mr. Goldberg's financial status.

24 Mr. Lackritz. What do you mean by financial status?

25 Mr. Caulfield. There was some, as I recall, in connection

1 with the request there was some question as to whether or not
2 Mr. Goldberg was financially sound.

3 Mr. Lackritz. For the purposes of establishing his reliability
4 for working in the campaign?

5 Is that correct?

6 Mr. Caulfield. That's correct.

7 Mr. Lackritz. The campaign of 1972?

8 Mr. Caulfield. That's correct. As I recall, he was about
9 to go over to the Committee to Reelect and there was, if I
10 am not mistaken, there was an allegation that he may not have
11 been financially sound, and that was one of the aims of the
12 inquiry.

13 Mr. Lackritz. When you say financially sound, do you mean
14 solvent?

15 Mr. Caulfield. Solvent, yes.

16 Mr. Lackritz. So, did you then obtain information from Mr.
17 Goldberg's tax returns to insure that he was financially
18 solvent?

19 (Pause.)

20 Mr. Lackritz. Mr. Caulfield, I would just like to draw your
21 attention to the last paragraph of your memorandum on that one
22 page there. It says, "inasmuch as Goldberg is scheduled to
23 function in 1701 in the Jewish area, consideration should be
24 given to a potential question of loyalty with respect to the
25 aims and purposes of that operation."

SMN 6

1 Does that not indicate that the purpose of this memorandum
2 was more to check on Mr. Goldberg's political loyalty than his
3 financial solvency, and in fact, is that not the thrust of that
4 whole --

5 Mr. Caulfield. No, I wouldn't put it that way, just the
6 way it's written. I think that the focus in the early part of
7 the memorandum regarding the request for financial information
8 was the thrust and focus of it, and I refer you to the first
9 sentence of the memo which indicates that I had conferred with
10 John McLaughlin.

11 Mr. Lackritz. Who is John McLaughlin?

12 Mr. Caulfield. He was then on the White House Staff and
13 came from that area, if I am not mistaken.

14 Mr. Lackritz. Is that Father McLaughlin?

15 Mr. Caulfield. Yes.

16 And he referred me to Donald Wyatt, the U.S. Marshal in
17 Rhode Island, and I believe I had a conversation with him as well
18 as a conversation with McLaughlin. I am fairly certain that
19 John McLaughlin knew Lawrence Goldberg.

20 Now, the information regarding his active participation
21 in Jewish groups emanated from the inquiry. It was not the
22 purpose of the inquiry, as I recall, and some of the comments,
23 if I am not mistaken, that I received, both from McLaughlin and
24 Wyatt led me to make the comment that I did in the last
25 paragraph.

1 So my answer to your question is that the aim and purpose
2 of the inquiry was to establish whether or not Mr. Goldberg
3 was financially solvent, and I followed through on that by
4 speaking with Mr. Acree, and he provided the information that
5 is contained on the last three pages.

6 Mr. Lackritz. I see, and that information comes directly
7 from the tax return of Mr. Goldberg, is that correct?

8 Mr. Caulfield. Does it?

9 Mr. Sears. Did you ever see Mr. Goldberg's tax return?

10 Mr. Caulfield. No, I never saw it.

11 Mr. Lackritz. But you were given this information?

12 Mr. Caulfield. By Mr. Acree.

13 And in all likelihood, I indicated to Mr. Acree that Mr.
14 Goldberg was going over to the Committee to Reelect and working
15 in the Jewish area.

16 Mr. Lackritz. Mr. Caulfield, drawing your attention --
17 actually there are four pages that are tax information, as
18 I understand it.

19 Mr. Caulfield. Yes.

20 Mr. Lackritz. And the second page of that tax information,
21 does that item not appear to be a Xerox of a tax return?

22 Mr. Caulfield. Which?

23 Mr. Lackritz. The second page.

24 Mr. Caulfield. Yes.

25 Mr. Lackritz. That is a Xerox of a tax return?

1 Mr. Caulfield. Yes.

2 Mr. Lackritz. And that was provided to you by Mr. Acree,
3 is that correct?

4 Mr. Caulfield. That is correct.

5 Mr. Lackritz. Just turning back to your memo which encloses
6 this material, you said in your memorandum to Mr. Dean that
7 "the information postures an extremely heavy involvement in
8 Jewish organizational activity.

9 "I do not wish to raise this issue again. However, in my
10 discretion, the Attorney General should be made discretely
11 aware of this.

12 What did you mean by that?

13 Mr. Caulfield. I mean exactly what it says.

14 Mr. Lackritz. Why did you want to have the Attorney
15 General discretely informed of this?

16 Mr. Caulfield. Because the Attorney General, October 6,
17 '71, was going to be the head of the campaign, and I did not
18 feel that this was necessarily a problem in any area, but other
19 than the fact that the information given to me by Mr. Acree
20 indicated a heavy involvement with Jewish organizations. In
21 retrospect, it probably was a very good selection for Mr.
22 Lawrence Goldberg to be involved in the Jewish area with this
23 type of background and involvement with Jewish organizations.

24 Mr. Lackritz. Was there some question of Mr. Goldberg's
25 loyalty because of this heavy involvement in Jewish organizations?

1 Mr. Caulfield. Only insofar as it should be -- the people
2 who were at the Committee should be made aware of it. It does
3 not in any way posture the possibility that Mr. Goldberg would
4 have been disloyal, but that it was a piece of intelligence
5 information that they should be made aware of, and it came about
6 as the result of the inquiry and the comments by Mr. McLaughlin
7 and Mr. Donald Wyatt.

8 Mr. Lackritz. All right.

9 Mr. Lackritz. Back on the record.

10 All right, Mr. Caulfield. Did you ever make any requests
11 to the Internal Revenue Service on behalf of any other indivi-
12 dual in the White House that a specific individual should be
13 audited?

14 Mr. Caulfield. Mr. Dean -- and again, I don't have the
15 dates for you -- indicated that he wanted to see if an audit
16 could be instituted on an individual by the name of Greene,
17 who was a reporter for the Long Island newspaper -- I can't
18 think of the name.

19 Mr. Lackritz. Newsday?

20

21

22

23

24

25

11. On or about September 30, 1971 Caulfield sent a memorandum to Dean reporting on IRS tax audit information about Rev. Billy Graham. Caulfield testified that he obtained the information from Assistant Commissioner Acree. On October 1, 1971 Higby sent a copy of Caulfield's memorandum to Haldeman with a transmittal slip bearing the hand-written notation, "Can we do anything to help," below which is Haldeman's hand-written notation, "No, it's already covered." Dean has testified that the President had asked that the IRS be turned off on friends of his.

Page

11.1	Memorandum from John Caulfield to John Dean, September 30, 1971 with attached routing slip (received from SSC)	146
11.2	John Caulfield testimony, SSC Executive Session, March 23, 1974, 46-50	148
11.3	John Dean testimony, SSC Executive Session, June 16, 1973, 95-96	153

THE WHITE HOUSE
WASHINGTON

To Dean

10/11/71

(Date)

TO:

~~LARRY HIGBY H~~

FROM: JOHN DEAN

ACTION:

DUE DATE: _____

_____ Prepare Reply For John
Dean's Signature

_____ Direct Reply

_____ Comments/Recommendations

_____ Please handle

✓ _____ Information

_____ File

REMARKS:

Next question - can we do anything
to help - I don't know, but
I'm checking - NO - it's
already covered.

THE WHITE HOUSE

WASHINGTON
September 30, 1971

MEMORANDUM FOR JOHN W. DEAN, III
FROM: JACK CAULFIELD
SUBJECT: BILLY GRAHAM, JOHN WAYNE IRS ACTIVITY

Graham is currently under IRS audit (Atlanta region). His 1965, 1966, 1969 and 1970 returns are being scrutinized with a view towards determining whether gifts made to Graham are in fact taxable income.

A discreet check indicates that an "anonymous" telephone call may have initiated the audit. A "back door" copy of the sensitive case report out of Atlanta has been viewed and contains a reference to this fact. However, the copy on hand at the Washington office indicates that normal IRS audit procedures caused the inquiry.

Some of the areas to be looked into are:

- Construction work performed free of charge
- Decorator work performed "
- Clothing received as gifts from Charlotte & Ashville, North Carolina stores
- Tuition involved in sending Graham's children to foreign schools

The contacting of a number of Graham donors by IRS investigators suggests that the inquiry might possibly surface in the media. Judgments should be made accordingly.

The material requested regarding John Wayne is not yet in. Will advise.

1 your inclusion of the words, "from the tax returns", because
2 I do not know.

3 Mr. Lackritz. I can rephrase that, John. Do you ever
4 recall requesting any tax information about specific individuals
5 or organizations from any individual in the IRS?

6 Mr. Caulfield. Off the record.

7 (Discussion off the record.)

8 Mr. Sears. Could we have the question again, please?

9 Mr. Lackritz. Mr. Caulfield, do you recall ever request-
10 ing tax information about any specific individuals or organi-
11 zations from anyone in the IRS?

12 Mr. Caulfield. I recall transmitting a request for tax
13 information from Mr. Dean, period.

14 Mr. Lackritz. Do you recall any of the specific requests
15 that Mr. Dean asked you to obtain?

16 Mr. Caulfield. Yes, I do. I recall the requests for tax
17 information as to the tax status of Mr. John Wayne and Mr. Billy
18 Graham.

19 Mr. Lackritz. Could you turn to tab 15 of Exhibit A from
20 last week? Can you identify that first memorandum from your-
21 self to John Dean, dated September 30, 1971?

22 Mr. Caulfield. Yes, that is mine, yes.

23 Mr. Lackritz. Those are your initials? They are some-
24 what faded.

25 Mr. Caulfield. Yes.

1 Mr. Lackritz. I take it this is your report back to Mr.
2 Dean on his request for information on the status of Billy Graham and John
3 Wayne's tax returns? You state in the second paragraph that a
4 "discreet check indicates that an anonymous telephone call may
5 have initiated the audit." What do you mean by "discrete check"?

6 Mr. Caulfield. It simply means I called Mr. Acree, and
7 asked him to discretely determine as requested.

8 Mr. Lackritz. Determination of what? How the audits are
9 requested?

10 Mr. Caulfield. I think, if I recall correctly, the request
11 was to make a determination as to whether or not Mr. Billy
12 Graham was being harassed by the IRS.

13 Mr. Lackritz. Did Mr. Dean say where that request had
14 come from?

15 Mr. Caulfield. No, and again, I want to repeat, so I make
16 it more understandable to you; very often Mr. Dean, in practi-
17 cally all the cases, Mr. Dean did not indicate where his assign-
18 ments were coming from.

19 Mr. Lackritz. I understand that. I just wanted to know
20 specifically, in this case.

21 He didn't indicate to you that the President was interested
22 in this case?

23 Mr. Caulfield. No, he did not.

24 Mr. Lackritz.- When you say, "a back-door copy of the sen-
25 sitive case report out of Atlanta has been reviewed", how did

1 you get a copy of that sensitive case report?

2 Mr. Caulfield. Mr. Acree showed it to me.

3 Mr. Lackritz. Is that normal procedure?

4 Mr. Caulfield. I don't know what you might characterize
5 as normal. The White House making a request in this fashion
6 would probably be considered abnormal, but --

7 Mr. Lackritz. Did you personally, Mr. Caulfield, view
8 any other sensitive case reports?

9 Mr. Caulfield. No, not that I can recall.

10 Mr. Lackritz. But Mr. Acree did show you a copy of this
11 particular case report?

12 Mr. Caulfield. Yes. I don't recall specifically, but it
13 is indicated here, and I will say yes.

14 Mr. Sears. Let's be clear on this. Do you recall or not?
15 Did you see this report, or did he tell you about it?

16 Mr. Lackritz. Doesn't it say, Mr. Caulfield, "has been
17 viewed?"

18 Mr. Caulfield. I know what it says. I just can't --

19 Mr. Sears. Recall specifically what it is.

20 Mr. Caulfield. Whether he's editorializing here -- I can't say
21 for a fact whether or not there was literary license in that
22 sentence, or whether or not I actually viewed it. I don't re-
23 call.

24 Mr. Lackritz. Wait a minute, Mr. Caulfield. I want you
25 to think back. Do you recall writing this memorandum?

1 Mr. Caulfield. Yes.

2 Mr. Lackritz. Would you write a memorandum saying, "a
3 back-door copy of a sensitive case report out of Atlanta has
4 been viewed," if you had not viewed it?

5 Mr. Caulfield. No. It's very possible that the back-door
6 copy had been viewed by Mr. Acree, and described to me over the
7 phone, and that's the way I'm reporting it there. I don't say
8 that I saw it.

9 Mr. Lackritz. In any case, information from a sensitive
10 case report was brought to your attention by Mr. Acree. That's
11 correct, isn't it?

12 Mr. Caulfield. If Mr. Acree did, in fact --

13 Mr. Lackritz. Mr. Caulfield, the answer to the question
14 is yes, isn't it?

15 Mr. Sears. Yes.

16 Mr. Caulfield. Well, I don't know for a fact. Off the
17 record for a second, please.

18 (Discussion off the record.)

19 Mr. Lenzner. Let's go back on the record.

20 What does "a back-door copy" mean, Mr. Caulfield?

21 Mr. Caulfield. I would interpret that to mean --

22 Mr. Lenzner. Well, you wrote it. What did you mean when
23 you wrote it?

24 Mr. Caulfield. Yes, that's what I'm saying.

25 Mr. Lenzner. Go ahead and tell us what you meant when

1 you wrote it.

2 Mr. Caulfield. My impression was that someone had viewed
3 the sensitive case report, and reported what was contained on
4 it. That's what I really mean by a "back-door copy," without an
5 official, internal IRS request.

6 Mr. Lenzner. What was Mr. Acree's position at the IRS?

7 Mr. Caulfield. He was assistant commissioner for inspec-
8 tion.

9 Mr. Lenzner. And in that position, did he not have re-
10 gular access to sensitive case reports?

11 Mr. Caulfield. I am not familiar with the IRS procedures;
12 whether or not he would have, officially or unofficially. I am
13 not familiar with how that works.

14 Mr. Lenzner. Were you aware of whether Mr. Barth had ac-
15 cess to sensitive case reports?

16 Mr. Caulfield. Yes, I was. But I hasten to add that
17 sensitive case report, in all likelihood, is probably a very
18 general procedure. I do know for a fact that part of Mr. Barth's
19 duties were to keep the Secretary of the Treasury advised of
20 sensitive case reports. Whether or not the same procedure down
21 at the bureaucratic level is the same, I do not know.

22 Mr. Lenzner. All I am asking, Mr. Caulfield, is you were
23 aware that Barth had access to sensitive case reports on a re-
24 gular basis, right?

25 Mr. Caulfield. Now, I prefer that you would be more

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House Judiciary Committee staff

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and he asked me, you know, why we hadn't been more effective in using the Internal Revenue Service in dealing with some of our enemies.

Mr. Thompson. Checking people's tax returns?

Mr. Dean. Starting to audit some people. I told them that we had not used that because the White House didn't seem to have any clout at the IRS, and that was a highly dangerous procedure, in fact, I had been in the past requested on a number of occasions to get audits instituted, and I had not done it. On one occasion they were running the story on Rebozzo,[sic] in News Day, I can't remember the reporter's name, and they wanted an audit started on him, to get that man through the Internal Revenue Service. I didn't have the guts to call Johnny Walters and tell him to do that, so I told --

Mr. Dash. Who is that?

Mr. Thompson. The head of IRS.

Mr. Dean. I told Caulfield about it and he said that's not the way to get that done. I don't know how he did it. He later reported he thought he got it started; apparently he went to somebody down in the ranks of the IRS to get the audit started.

Mr. Thompson. Do you know of any other use of IRS before you came on board the White House, your understanding that the IRS had been used previously.

Mr. Dean. I have some documents that are very sensitive because of the people involved, where the President had asked

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House Judiciary Committee staff

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it be turned off on friends of his. He asked me, and I was sitting around; and in the meantime I got a little bit of information, and I sent it to Higby who sent it to Haldeman, and I asked Haldeman what he wanted me to do. I got a note back in Haldeman's handwriting that it had already been taken care of.

Mr. Thompson. Any other areas in this meeting?

Mr. Dean. Yes. He then talked about the fact that after the election we were going to get rid of a lot of people that were not helpful. Haldeman began taking notes, and Haldeman interjected at one point and said to the President, "We are preparing a government-wide analysis of who our friends and our enemies are out there", and that it would be ready after the election.

I was aware of that because they came to me and asked me about the Department of Justice, and I said, "Don't touch it, leave it alone". I might have made one exception to that, Roger Cranton had been raising hell with everything the White House wanted done. What happened there, though, we had been spoiled by Bill Runquist, who had a fine legal mind and thought just the way the White House did; and Cranton didn't think the way the White House did, and we had a lot of discussions over legal issues.

Mr. Thompson. Did the President make a phone call to McGreggor?

Indistinct document retyped by
House Judiciary Committee staff

12. On or about October 6, 1971 Caulfield sent a memorandum to Dean transmitting information about tax audits of John Wayne and eight other entertainers and former entertainers which Caulfield had instructed the IRS to furnish. Caulfield has testified that he obtained the information from Acree.

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12.1 Memorandum from John Caulfield to John Dean, October 6, 1971 (received from SSC)	156
12.2 John Caulfield testimony, SSC Executive Session, March 23, 1974, 54-56	161

THE WHITE HOUSE
WASHINGTON

Date 10/6/71

TO: JOHN W. DEAN, III

FROM: JOHN J. CAULFIELD

ACTION:

 Approval/Signature

 Comments/Recommendations

 For Your Information

 File

REMARKS:

The Wayne complaint when
viewed in the attached context
does not appear to be strong
enough to pursue.

12.1 JOHN CAULFIELD MEMORANDUM, OCTOBER 6, 1971

Subject: Audit Examinations of Individuals in the Entertainment Industry
Who are Politically Active.

Per your instructions of September 28, 1971, we have selected some individuals in the entertainment industry who were politically active during prior elections and determined their audit history. We attempted to select those individuals whose economic condition is similar to that of JOHN WAYNE. Our review showed the following:

RICHARD BOONE - SSN 564-14-6508

<u>Period</u>	<u>Action</u>	<u>Results of Examination Deficiency or (Overassessment)</u>
7012	Open in Audit	
6912	Open in Audit	
6812	Examined	\$ 363
6712	Examined	1,014
6612	Surveyed Before Assignment	None
6512	Examined	No Change

SAMMY DAVIS, JR. - SSN 362-24-9919

<u>Period</u>	<u>Action</u>	<u>Results of Examination. Deficiency or (Overassessment)</u>
6912	Open in Audit	
6812	Open in Audit	
6612	Examined	\$ 5,531
6312	Examined	8,683
6212	Examined	6,674
6112	Examined	15,795

12.1 JOHN CAULFIELD MEMORANDUM, OCTOBER 6, 1971

JERRY LEWIS - SSN 144-12-6399

<u>Period</u>	<u>Action</u>	<u>Results of Examination Deficiency or (Overassessment)</u>
7012	Open in Audit	
6912	Open in Audit	
6812	Examined	\$11,266
6612	Examined	30,099
6512	Examined	94,272
6412	Examined	28,131
6312	Examined	142,718
6212	Examined	28,471
6112	Examined	22,096
6012	Examined	26,437
5912	Examined	47,983
5812	Examined	30,839

PETER LAWFORD - SSN 554-16-4546*

<u>Period</u>	<u>Action</u>	<u>Results of Examination Deficiency or (Overassessment)</u>
6912	Examined	\$12,465
6812	Examined	10,348
6712	Examined	7,172
6612	Examined	2,735

* Prior year returns appear to have been filed in New York.

FRED MACMURRY - SSN 564-09-2582

<u>Period</u>	<u>Action</u>	<u>Results of Examination Deficiency or (Overassessment)</u>
6912	Examined	\$ 693
6712	Examined	No Change
6612	Examined	11,628
6512	Examined	607
6412	Examined	(1,371)
6312	Examined	6,788
6212	Examined	(4,340)

12.1 JOHN CAULFIELD MEMORANDUM, OCTOBER 6, 1971

GARY MORTON & LUCILLE BALL - SSN 091-18-5014

<u>Period</u>	<u>Action</u>	<u>Results of Examination Deficiency or (Overassessment)</u>
6912	Open in Audit	
6812	Open in Audit	
6612	Surveyed After Assignment	
6512	Examined	\$7,010

RONALD W. REAGAN - SSN 480-07-7456

<u>Period</u>	<u>Action</u>	<u>Results of Examination Deficiency or (Overassessment)</u>
7012	Open in Audit	
6912	Open in Audit	
6812	Open in Audit	
6712	Open in Audit	
6612	Examined	No Change
6512	Examined	\$ 1,122
6412	Examined	3,541
6312	Examined	3,660
6212	Examined	4,778

FRANK SINATRA - SSN 929-29-0367*

<u>Period</u>	<u>Action</u>	<u>Results of Examination Deficiency or (Overassessment)</u>
6812	Open in Audit	
6512	Surveyed Claim	
6412	Examined	\$ 5,708
6312	Examined	5,732
6212	Examined	7,271
6012	Examined	12,086

* Intelligence control card records show an open full-scale investigation on SINATRA covering the years 1962 through 1965. It is not known if this investigation involves subsequent years.

Mr. JOHN WAYNE's audit history, per the Form 1247 cards, is shown below:

<u>Period</u>	<u>Action</u>	<u>Results of Examination</u> <u>Deficiency or (Overassessment)</u>
6912	Open in Audit	
6812	Open in Audit	
6712	Open in Audit	
6612*	Open in Audit	
6612*	Examined	\$237,331
6512	Examined	7,396
6412	Examined	6,389

* The 6612 year was re-opened due to an investment credit carryback.

The Revenue Agent currently assigned the JOHN WAYNE returns advised that the 1962 and 1963 tax years had also been examined, however, the Form 1247 record cards showing those years as being examined were not in the closed file at the date of our review.

4

1 Mr. Lenzner. Mr. Caulfield, were you ever aware of anyone
2 in the White House receiving copies of sensitive case reports
3 at any time?

4 Mr. Caulfield. No.

5 Mr. Lenzner. And your testimony today is that at no time
6 did you ever see, observe or copy a sensitive case report your-
7 self.

8 Mr. Caulfield. That is correct.

9 Mr. Lenzner. I could not hear your.

10 Mr. Caulfield. That is correct.

11 Mr. Lackritz. All right, Mr. Caulfield, in tab 15 I
12 would like for you to turn back to the note on White House
13 notepaper to John W. Dean, III, from John J. Caulfield, date
14 10/6/71, a remark saying, "the Wayne complaint when viewed in
15 the attached context, does not appear to be strong enough to be
16 pursued."

17 Mr. Caulfield. Yes.

18 Mr. Lackritz. Can you identify that as coming from your
19 office?

20 Mr. Caulfield. Yes.

21 Mr. Lackritz. Turning the page, the following four pages
22 appear to be information from audit examinations of individuals
23 in the entertainment industry.

24 Did you obtain that information for Mr. Dean?

25 Mr. Caulfield. Yes, I did.

1 Mr. Lackritz. And where did you obtain that information?

2 Mr. Caulfield. From Mr. Acree.

3 Mr. Lackritz. And how did Mr. Acree provide you with this
4 information?

5 Mr. Caulfield. He turned it over to me at my office.

6 Mr. Lackritz. From what kinds of material? Did he turn
7 over official documents to you or did he turn over this
8 particular memorandum to you?

9 Did you write this memorandum after receiving information?

10 Mr. Caulfield. I don't know whether I copied it or it
11 was written in longhand in the form that appears here.

12 Mr. Lackritz. I see.

13 And was this -- did you obtain this kind of information from
14 Mr. Acree on a regular basis?

15 Mr. Caulfield. No. This was the only occasion that I
16 know of that information of this type was ever received.

17 Mr. Lackritz. And you say this information is from audit
18 examinations of taxes of years past.

19 Is that correct?

20 Mr. Caulfield. Yes.

21 Mr. Lackritz. Turning to the third page of that attachment
22 there is a request for tax information in the middle on Mr.
23 Ronald Reagan.

24 I take it at that time Mr. Reagan was Governor of California
25 still, was he not?

1 Mr. Caulfield. I guess so.

2 Mr. Lackritz. Did you suggest these individuals yourself
3 to make the sampling or were these suggested for you by Mr.
4 Acree?

5 Mr. Caulfield. These were selected by Mr. Acree as I
6 recall.

7 Mr. Lackritz. Pursuant to your request?

8 Mr. Caulfield. Pursuant to my request to see whether or
9 ~~not~~ supportive of the request of making a determination as to
10 whether or not Mr. John Wayne was being harassed

11 Mr. Lackritz. Was this information communicated back to
12 Mr. Wayne to your knowledge?

13 Mr. Caulfield. I have no knowledge of that.

14 Mr. Lackritz. All right. Off the record for a second.

15 (Discussion off the record.)

16 Mr. Lackritz. Mr. Caulfield, did you ever obtain information
17 from the tax returns of Mr. Lawrence Goldberg?

18 Mr. Caulfield. Yes, I believe that I did.

19 Mr. Lackritz. Do you recall how the request was initiated?

20 Mr. Caulfield. I know there is a memorandum, and I believe
21 it is in your possession. It would be helpful for me in recalling
22 just how that came about.

23 Mr. Lackritz. If it will refresh your recollection, why do we
24 not turn to tab 12; the first page of that attachment is a note
25 from John J. Caulfield to John W. Dean, dated September 22nd, 1971.

13. From October 6 through October 13, 1971 Newsday published installments of an article on C. G. Rebozo. Dean has testified that after the article was published he was instructed by Haldeman that one of the authors of the article should have some problems. Dean and Caulfield discussed procedures to institute an audit of Robert Greene, a Newsday reporter who had written the article. Caulfield has testified that he discussed the request with Acree who told Caulfield that an audit could be instigated by use of an anonymous letter. Caulfield has testified that Acree later informed him that the procedure was followed. The staff of the Joint Committee on Internal Revenue Taxation has stated that Greene was not audited by the IRS but was subsequently audited by New York State tax authorities on the basis of information supplied under the Federal/State exchange program, but that the staff believes that the audit was unrelated to Greene's being classified as a White House enemy.

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13.3 John Caulfield testimony, SSC Executive Session, March 23, 1974, 62-64.....	168
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13.5 Memorandum from John Caulfield to John Dean, September 10, 1971 (received from SSC).....	173
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It had to do with Mr.—with Senator McGovern attending a fund-raising function, I believe in Philadelphia, and apparently there were some references in the intelligence statement to the fact that either Communist, former Communist supporters were going to attend the fund raiser.

I took the document to Mr. Colson and I said, "Are you interested in this? I assume it was given to me not to bury in my files," but I said, "I do not think you can reveal the source of the information."

He said, "I am very interested in it." He took it and later told me he had made arrangements to have it published.

Now, with regard to the ATF, Mr. Caulfield was at ATF after he left the White House and going by way of the reelection committee, and from time to time I would send over tidbits of information regarding individuals. Some of this might be reflected in my files because I cannot recall ever doing anything with this information other than filing it.

The CIA, I do not recall myself receiving anything that we might call politically embarrassing information from the CIA about any individual. The memoranda I received from the CIA were straight classified documents regarding activities of some antiwar demonstrators or people traveling to Hanoi and things of this nature. Also, foreign funding of domestic radical groups and things of this nature which I would forward generally to Dr. Kissinger or General Haig.

With regard to the FBI, I mentioned that—IRS, I think that you will find in either exhibit 34-5 or possibly maybe 34-6 reference to some use of the Internal Revenue Service and requesting information or dealing with situations in regard to the Internal Revenue Service.

I am also aware of the fact that after an article was published on Mr. Rebozo I got instructions that one of the authors of that article should have some problems. I did not know how to deal directly with the situation. I discussed it with Mr. Caulfield. I was reluctant to call Mr. Walters, who was the head of the Internal Revenue Service and suggest that he do anything about this. Mr. Caulfield apparently had friends in Internal Revenue Service and I believe he told me he was able to accomplish an audit on the individual. What the consequence of the audit was I do not know.

Senator WEICKER. Who is the individual?

Mr. DEAN. I do not recall for certain. It was one of the, I think it was one of the Newsday persons who worked on a rather extensive article on Mr. Rebozo.

Senator WEICKER. All right.

Are there any other instances of which you have firsthand knowledge in this—

Mr. DEAN. As I say, if I were to spend a week or so in my files, I could probably on chapter and verse everything that had come to my office in this regard.

But I am trying to come off the top and tell you what I can recall off the top.

Senator WEICKER. I would hope, Mr. Dean, and Mr. Chairman, that Mr. Dean would do just that and refresh his recollections as to whether there is anything further that he has been unable to come forth with at this time.

Senator BAKER. What else was said by him or by Mr. Haldeman or by you in that context?

Mr. DEAN. Well, this evolved into a, immediately into a conversation about the Internal Revenue Service and using the Internal Revenue Service to audit returns of people.

I had—again, we were on, you know, I knew the wavelength we had had been talking about, because I had had similar requests in the past to audit returns of people, and I told the President that the Internal Revenue Service had been—

Senator BAKER. Wait, wait, wait. You knew the wavelength because you knew from your previous use of the Internal Revenue Service?

Mr. DEAN. That is correct. I had requests from Mr. Haldeman in the past that certain individuals have audits commenced on them.

Senator BAKER. What did you do with that?

Mr. DEAN. Well, I can—the one time I recall getting one I did not know exactly what I was going to do with it because I was always reluctant to call Mr. Walters at that time, who was the head of the Internal Revenue Service, so I went to Mr. Caulfield, who had friends in the Internal Revenue Service and he said, “I think I know a way this can be done.”

Apparently there is some system where the appropriate anonymous letter comes into a regional office and if it is—those who know how to do this can write the right letter and sufficient information will prompt an audit on that individual.

Senator BAKER. Is that known as the informer statute?

Mr. DEAN. No; I do not believe it is an informer statute. It is just something that will be of sufficient attention to that regional office, that branch of the, audit branch of that regional office, that will institute an audit.

I went on to tell the President that we did not seem to have the clout at the White House to get this done. I had talked to Walters about it in the past, and told him that I had had instructions from Mr. Haldeman on one occasion, and he said that, he brought to my attention the making of the IRS political, and said that,

You will recall what happened back in 1948 with Truman and that administration and the cleaning house and the changing of the Internal Revenue Service. And these were all new facts to me, and what he was telling me was “Don’t call me with this sort of thing.”

Senator BAKER. Tell me, if you do not mind, what you did. Did you in fact set up an audit? Your counsel is trying to reach you and I think he may have something to say.

Mr. DEAN [conferring with counsel]. He just said, which was quite accurate, I do not mind telling you any fact that is true. [Laughter.]

Senator BAKER. I would say that was a very lawyer-like piece of advice. [Laughter.]

Mr. DEAN. So in this instance there was, the one I was referring to in the past, there was an audit commenced. Now I, for example, read a memorandum into the record this morning per request of some material requested by the committee that had to do with an audit of Mr. Gibbons of the Teamsters Union. I merely put that in my file, and that is where it has remained to this day.

1 Mr. Caulfield. Only insofar as it should be -- the people
2 who were at the Committee should be made aware of it. It does
3 not in any way posture the possibility that Mr. Goldberg would
4 have been disloyal, but that it was a piece of intelligence
5 information that they should be made aware of, and it came about
6 as the result of the inquiry and the comments by Mr. McLaughlin
7 and Mr. Donald Wyatt.

8 Mr. Lackritz. All right.

9 Mr. Lackritz. Back on the record.

10 All right, Mr. Caulfield. Did you ever make any requests
11 to the Internal Revenue Service on behalf of any other indivi-
12 dual in the White House that a specific individual should be
13 audited?

14 Mr. Caulfield. Mr. Dean -- and again, I don't have the
15 dates for you -- indicated that he wanted to see if an audit
16 could be instituted on an individual by the name of Greene,
17 who was a reporter for the Long Island newspaper -- I can't
18 think of the name.

19 Mr. Lackritz. Newsday?

20

21

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1 Mr. Caulfield. Newsday. Mr. Dean and I had a question
2 regarding that request, and I indicated I would speak to Mr.
3 Acree, with the view towards determining whether or not an or-
4 dered procedure might be instituted which would not be improper.

5 Mr. Lackritz. Do you mean, would not be illegal?

6 Mr. Caulfield. Yes, and I spoke to Mr. Acree on that mat-
7 ter, and he indicated that a means of accomplishing an audit
8 sometimes was undertaken through the -- what is known as an ano-
9 nymous letter being written. I discussed it with Mr. Dean, and
10 he indicated that I was to go ahead and ask Mr. Acree to follow
11 through on that procedure. Mr. Acree subsequently told me that
12 he did, and I reported that back to Mr. Dean.

13 Mr. Lackritz. Mr. Acree subsequently told you that he,
14 in fact, sent an anonymous letter himself?

15 Mr. Caulfield. No, he did not. He led me to believe that
16 an anonymous letter did go out in a fashion where it would not
17 be considered illegal.

18 Mr. Lackritz. And that Mr. Grene was under audit by the
19 IRS?

20 Mr. Caulfield. No, I don't know that for a fact. All he
21 indicated is that an anonymous letter was being sent in a fashion
22 which would not be improper or illegal.

23 Mr. Sears. Do you have any knowledge of exactly what Mr.
24 Acree did, or did not do, about all of that?

25 Mr. Caulfield. I have no specific knowledge about what he

1 did.

2 Mr. Lackritz. Did Mr. Dean ever ask you for the results
3 of any tax audit of Mr. Greene, if one occurred?

4 Mr. Caulfield. Would you repeat that, please?

5 Mr. Lackritz. Did Mr. Dean ever ask you to obtain results
6 of any tax audit on Mr. Robert Greene, if one occurred?

7 Mr. Caulfield. The results?

8 Mr. Lackritz. Yes. Did he ask you to follow up on that
9 any further?

10 Mr. Caulfield. No. I passed on to him what Mr. Acree told
11 me.

12 Mr. Lackritz. And Mr. Dean was --

13 Mr. Caulfield. Mr. Dean was satisfied with that.

14 Mr. Lackritz. Did Mr. Dean make any other requests for
15 tax audits of any other individuals to you?

16 Mr. Caulfield. On one occasion, he asked that I bring Mr.
17 Acree into his office, with the view that he wanted to see if Mr.
18 Acree could initiate audits on four individuals, three or four
19 individuals. I am not sure of the number. I brought Mr. Acree
20 into his office. Mr. Dean provided him with the names of four
21 individuals, as I recall, I do not recall their names. Mr.
22 Acree indicated that he would give it his attention. Mr. Acree
23 and I had a conversation subsequent to that, and there was no
24 action taken regarding the individuals requested.

25 Mr. Sears. That you know of.

Newsday / Special Report Part One



UPI Photo shows Bebe Rebozo in limousine with the Nixons

Newsday's Pulitzer Prize-winning investigative team spent six months this year probing matters of public policy and private concern in connection with investments and activities of Charles G. (Bebe) Rebozo and former Sen. George A. Smathers (D-Fla.) and their relationship with President Nixon, who maintains a Florida White House in Key Biscayne. The story that emerged is another report in Newsday's continuing effort to give its readers an insight into the business of how government sometimes works. In the course of reporting this series, the team examined more than 20,000 records and conducted more than 400 interviews. The team was headed by Senior Editor (Investigations) Robert W. Greene, and included reporters Kenneth C. Crowe, John Hildebrand and Anthony Marro, and editorial assistant Gerri Shanahan. Martin Schram of Newsday's Washington Bureau also participated in parts of the investigation. The team was directed by Associate Editor Arthur G. Perfall.

The Story of Bebe Rebozo: The Making of a Millionaire

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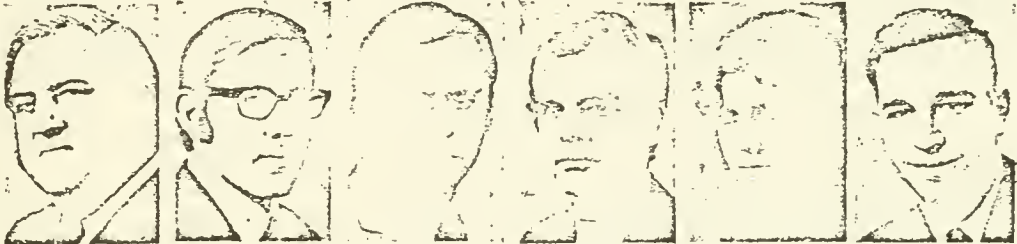
Key Biscayne is a small, quiet and pretty place in the Florida sun. It has one bank, one yacht club, several hotels and a multitude of palm trees. Many of its residents know each other, and nod greetings on the street.

If Key Biscayne were to have an unofficial mayor or unofficial leading citizen, that man might very well be a local millionaire of Cuban descent, who has worked his way up from the status of poor boy to the level of world celebrity.

That one local bank is his. That yacht club is in his debt (since he rescued it from financial disaster), and his is the smallest—but the most celebrated—boat at its dock.

He makes his first appearance in the Key Biscayne sunshine in the early hours of most mornings, emerging vigorously from one of the houses in the well-hedged and closely guarded

Continued on Next Page



Robert W. Greene

Kenneth C. Crowe

Anthony Marro

John Hildebrand

Gerri Shenehan

Martin Schram

SPECIAL REPORT

Special Reprint of a Six-Part Series

Published Oct. 6-13, 1971

For 65 days from April through June, Room 321 of the Royal Biscayne Hotel on Key Biscayne, Fla., was the home of Robert W. Greene and a black steamer trunk.

By the end of the 65 days, Greene had gained 30 pounds, and the trunk, which served as a filing cabinet for the Newsday investigative team, had been weighted down with thousands of documents, including 6,000 under a single classification, "Smathers," as the team looked into the investments and activities of Charles G. (Bebe) Rebozo, former Sen. George Smathers (D-Fla.) and their relationship with President Nixon.

In adjacent rooms overlooking the putting green, the pool and the wide expanse of the Atlantic Ocean were the other members of the team: Kenneth C. Crowe, Anthony Marro, Gerri Shenehan, and John Hildebrand. Because they rarely used their luxurious surroundings, the reporters came to call their hotel "the velvet prison."

Crowe has been a Newsday reporter since 1963. He and Miss Shenehan have been with Greene since 1967. A graduate of Fordham University, Crowe lives in Meville, has four children, and managed to squeeze in time enough to coach two Huntington Boys Club little league football teams to undefeated seasons and county championships in 1968 and 1969.

Marro, who comes from Vermont, still owns a summer home in his home state and had made plans to spend Memorial Day weekend there. But as the investigation dragged on, Marro found himself in the "velvet prison." And his wife, Jackie, alone in their New York City apartment, wrote Newsday's Editor, David Laventhol, asking what kind of a company keeps a husband away from home for weeks on end? (The Marros have now moved to a new home, Washington, where Tony—at Newsday since 1968—has become a member of the Washington Bureau as an investigative reporter.)

Hildebrand disconcerted the other members of the team in Florida by using Thai (a language he picked up as a U.S. Foreign Service information officer) whenever he telephoned his

girl friend in Washington, D.C. A former Associated Press reporter, he joined Newsday in 1970.

Miss Shenehan was declared the "World's Only Pulitzer Prize-Winning Clerk" by fellow reporters in 1970. They presented her with stationery bearing that imprint. She is 26 and a graduate of Nassau Community College.

Martin Schram, Newsday's White House correspondent and a native of Florida, joined the team from time to time to help out with the investigation. During the span of the six-month probe, he also spent a month in Cuba and wrote a series on Castro's island.

The leader of the team is Greene, a 300-pound, ebullient 42-year-old senior editor who traces his skepticism about the private uses of political power back to his teenage days, when he worked for the Hague machine in Jersey City. Greene became a reporter for the Jersey Journal in 1949, an investigator with the New York City anticrime committee in 1950, a Newsday reporter in 1956 (with a year out to serve at the request of the late Sen. Robert F. Kennedy on the staff of the U.S. Senate Labor Rackets Committee), and, in 1967, the leader of Newsday's permanent investigative team, under the overall direction of Associate Editor Arthur G. Perfall.

Since 1967, the team has been awarded 17 major journalism awards, including the Pulitzer Prize. In 1970, the team produced series dealing with land speculation around a proposed jetport, the political fund-raising tactics of the Nassau Democratic Party, the questionable activities of State Supreme Court Justice Michael D'Auria (since resigned) and a hospital contract which was found to be inflated by a million dollars.

The awards won by the team, all first prizes for public service or local reporting, include: 1971—the New York State Publishers' Association (two); National Headliners Club; New York City Newspaper Reporters Association and national Sigma Delta Chi; 1970—Pulitzer Prize, Gold Medal; New York State Publishers' Association; Society of the Silurians; New York City Newspaper Reporters Association; New York City Chapter, Public Relations Society of America; 1969—New York State Publishers' Association; Deadline Club; National Headliners

Club; 1968—New York State Publishers' Association (two); Long Island University's George Polk Memorial Award, national Sigma Delta Chi, and Society of the Silurians.

The most frustrating part of the investigation was the refusal of government officials to permit reporters access to public records. For example, the Florida State Division of Banking agreed to provide Newsday with bank records, until it learned that the bank involved was Rebozo's. In Washington, the Army, despite the Freedom of Information Act, refused to open any of its files to Newsday. Theoretically, the act bars reporters only from records of national security or private financial matters.

Returning to Garden City in June, the team continued in encounter resistance to its efforts to complete its investigation. Of all the government agencies contacted, only the Department of the Interior and the Army Corps of Engineers allowed reporters even limited direct access to their working files.

The President, Rebozo and Smathers declined to grant interviews, despite repeated requests.

On Oct. 12, with most of the hard work out of the way, Editor Laventhol summed up his views of the series:

"It's long, but that's the nature of what the report is all about. It is not so much an expose, as a broad-based investigative examination of a segment of American life: The wide-open relationship of politics and business in Florida, a typical American boom state, and how that relates to the business of government in Washington, D.C."

"This is why it matters to the people of Long Island, as it should to all Americans."

"This investigation was a logical one for Bob Greene and his team to undertake. Their reporting on public policy and private influence here on Long Island, and how some people profited from political and governmental associations, won them the Pulitzer Prize for public service in 1970. This year they've been examining the same kind of thing on a national level; the results should give Long Islanders a better insight into how the American political system sometimes operates."

THE WHITE HOUSE

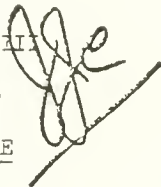
WASHINGTON

September 10, 1971

MEMORANDUM FOR JOHN W. DEAN, III

FROM: JACK CAULFIELD

SUBJECT: NEWSDAY ARTICLE



New York sources advise the following scattered pieces of information:

A) A discreet look at the newspaper's publication calendar has been accomplished. There is no indication at this time that the subject series of articles will appear during the month of September. However, this could be subject to change because of the high priority being given to the article.

B) Unusual and highly secretive steps have been taken to prevent the substance of the article from becoming known to other employees.

C) A trusted member of the newspaper's staff has stated that heavy outside pressure is being exerted to uncover the details of the story before publication. This pressure is independent of the efforts being programmed from my office.

D) A firm consensus has been reached that Ed Guthman of the L. A. Times is close to this matter. It is alleged that he was in New York at the time of the planning stages of the inquiry.

E) Robert Greene, leader of the investigative group, has been in both Washington and Florida within the past two weeks.

Will continue to push and follow through on this matter.



The staff has also reviewed the collection activities of the IRS concerning people on the lists. It has found no evidence that the IRS has been more vigorous in its attempts to collect unpaid taxes from political opponents of the White House than normal. Indeed, if anything, the opposite is true. Several individuals on the lists appear to pose collection problems for the IRS. The Service has been quite lenient in granting extensions to file in many cases, and has not yet attempted to collect taxes from several political opponents who have failed to file returns or even to ascertain the reasons for the failure to file.

The staff has also found no indication that the IRS was more vigorous than normal in recommending prosecution for tax violations in the cases of political opponents of the White House.

CASES OF ALLEGED IRS BIAS

The staff's investigation paid particular attention to the cases of those individuals mentioned in the press as victims of politically motivated audits. The Joint Committee staff has difficulty in discussing these cases specifically because of the problem this would present in violating the individuals' rights of confidentiality. However, in none of these cases has the staff found any evidence that the taxpayer was unfairly treated by the Internal Revenue Service because of political views or activities. If the staff were freed from restraint as to disclosure of information, it believes the information it has would indicate that these taxpayers were treated in the same manner as taxpayers generally.

In one case, it is possible to make some comments since the information involved does not come from Internal Revenue Service files. This was the case involving Robert W. Greene, a reporter for *Newsday* who had authored an article on C. G. Rebozo. In this case, Dean stated that John Caulfield had initiated an audit with an informant's letter. According to statements made by Greene, however, his return was not audited by the Internal Revenue Service but rather by New York State under the Federal/State exchange program. The staff has talked with Mr. Greene, the New York revenue agent who audited Greene's State return, and other people in the New York State Department of Taxation and, as a result, believes that his audit by New York State was unrelated to his being classified as a White House enemy.

V. INVESTIGATION OF INTERNAL REVENUE SERVICE FILES ON "FRIENDS" OF THE WHITE HOUSE

Seven individuals have been reported in the media or in testimony before the Senate Select Committee on Presidential Campaign Activities to be friends of people in the White House who allegedly received some favorable tax treatment because of actions taken by persons in the White House. In all of the 7 cases called to the staff's attention, audits were undertaken by the Internal Revenue Service. It is believed that all 7 of these were, at one time or another, listed as "sensitive case reports." Such reports are maintained on a current basis within the Internal Revenue Service for cases involving prominent persons. A listing of this type apparently has been used

14. Dean has testified that he received requests from Haldeman to have audits commenced on certain individuals. Haldeman has testified that he could recall no specific requests but that information that had come to the attention of the White House or information that appeared to indicate a reason for an audit may have been referred by the White House to the IRS. Caulfield has testified that some time after Dean's request for an audit of Greene, Dean met with Caulfield and Acree and directed that full audits be conducted of three or four other individuals. Caulfield has testified that he and Acree decided not to conduct the audits and that so far as he knew no audits were conducted of any individuals.

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Mr. DEAN. Well, yes, the matter of the Patman hearing did come up, because the President was aware of that, I assume, from his news summaries or the newspapers, that there was likely to be congressional inquiry on the House side. He asked me who was handling that. I told him that Richard Cook, a member of the congressional relations staff, who had worked with the Patman committee at one point in time, was doing the principal work on it. He then told me that Mr. Timmons should be spending his time and get on top of it, something of that—that would be very close to the language he used.

Senator BAKER. Mr. Dean, excuse me. I see we have a vote signal from the Senate. The committee will stand in recess until we return.
[Recess.]

Senator BAKER. The committee will come to order.

The chairman was necessarily called away for the rest of the afternoon. For the information of the committee, I might indicate that he requested that we run as long as practical, and that we continue with present rotation arrangements, so as soon as I can conclude my queries I will yield then to Senator Montoya and after that to Senator Weicker.

Mr. Dean, do you have any objection if we try to go, say, until a few minutes before 6 tonight?

Mr. DEAN. I will hold up as long as I can, Senator.

Senator BAKER. If you need a break or would like to break in the course of things, if you would let me know I would be happy to do that.

Mr. Dean, have we finished with the delineation of the September 15 meeting?

Mr. DEAN. No, I do not believe we have.

Senator BAKER. We were discussing the fact that we were talking about how to deal with the Patman committee because this was another threat, a dual threat, I might add. First was the fact that it would mean adverse publicity as a result of the hearings and, second, there was always the potential they might stumble into something there. Were those words used?

Mr. DEAN. I believe, when we talked about adverse publicity and there is no telling where this thing may go.

Senator BAKER. Do you remember who said that?

Mr. DEAN. I said that.

Senator BAKER. Do you remember what the President's reaction was?

Mr. DEAN. Well, he asked me who was covering the hearings and I told him that Dick Cook was covering the hearings.

Senator BAKER. Covering, meaning what person on the White House staff had responsibility for that?

Mr. DEAN. Yes, that is correct. Because I explained to him that Mr. Cook had formerly worked for the House Banking and Currency Committee, and at that point he said that Mr. Timmons should get on top of those hearings.

We then, the conversation turned to the press coverage that had been following the Watergate incident, and during this discussion he told me that I should keep a good list of people who were giving us trouble in the press because we would give them trouble after the election.

Senator BAKER. This was stated by the President?

Senator BAKER. What else was said by him or by Mr. Haldeman or by you in that context?

Mr. DEAN. Well, this evolved into a, immediately into a conversation about the Internal Revenue Service and using the Internal Revenue Service to audit returns of people.

I had—again, we were on, you know, I knew the wavelength we had had been talking about, because I had had similar requests in the past to audit returns of people, and I told the President that the Internal Revenue Service had been—

Senator BAKER. Wait, wait, wait. You knew the wavelength because you knew from your previous use of the Internal Revenue Service?

Mr. DEAN. That is correct. I had requests from Mr. Haldeman in the past that certain individuals have audits commenced on them.

Senator BAKER. What did you do with that?

Mr. DEAN. Well, I can—the one time I recall getting one I did not know exactly what I was going to do with it because I was always reluctant to call Mr. Walters at that time, who was the head of the Internal Revenue Service, so I went to Mr. Caulfield, who had friends in the Internal Revenue Service and he said, “I think I know a way this can be done.”

Apparently there is some system where the appropriate anonymous letter comes into a regional office and if it is—those who know how to do this can write the right letter and sufficient information will prompt an audit on that individual.

Senator BAKER. Is that known as the informer statute?

Mr. DEAN. No; I do not believe it is an informer statute. It is just something that will be of sufficient attention to that regional office, that branch of the, audit branch of that regional office, that will institute an audit.

I went on to tell the President that we did not seem to have the clout at the White House to get this done. I had talked to Walters about it in the past, and told him that I had had instructions from Mr. Haldeman on one occasion, and he said that, he brought to my attention the making of the IRS political, and said that,

You will recall what happened back in 1948 with Truman and that administration and the cleaning house and the changing of the Internal Revenue Service. And these were all new facts to me, and what he was telling me was “Don’t call me with this sort of thing.”

Senator BAKER. Tell me, if you do not mind, what you did. Did you in fact set up an audit? Your counsel is trying to reach you and I think he may have something to say.

Mr. DEAN [conferring with counsel]. He just said, which was quite accurate, I do not mind telling you any fact that is true. [Laughter.]

Senator BAKER. I would say that was a very lawyer-like piece of advice. [Laughter.]

Mr. DEAN. So in this instance there was, the one I was referring to in the past, there was an audit commenced. Now I, for example, read a memorandum into the record this morning per request of some material requested by the committee that had to do with an audit of Mr. Gibbons of the Teamsters Union. I merely put that in my file, and that is where it has remained to this day.

view of our committee if it relates to that. I would certainly think that if you have a paper relating to trying to make the Internal Revenue Service more politically responsive that it certainly would be within the purview of this resolution that created this committee.

Mr. WILSON. I was concerned about the date of it. If it had been back in 1969 or 1970 I would doubt it.

Senator TALMADGE. When was Walters revenue commissioner, do we have the dates here before the committee somewhere, some member of the staff? Perhaps Mr. Haldeман would know.

Mr. HALDEMAN. I haven't any idea.

Mr. DASH. It was after 1970 because Mr. Thrower was before him and there were some documents relating to Mr. Thrower in 1970 and Mr. Walters came in after Mr. Thrower.

Senator TALMADGE. One of the portions of that document does relate to Mr. Thrower, I believe.

Did you ever have any conversations at any time with the Secretary of the Treasury or anyone else about making the Internal Revenue Service more politically responsive?

Mr. HALDEMAN. Only in this—I don't recall any specific conversations with the Secretary of the Treasury. If I had any or I was a participant in any such conversations, they would have been in the context that I referred to earlier, Senator, which was the question of—well, as Mr. Dean indicated that the IRS bureaucracy at the lower levels was very strongly staffed with people or at least it was the feeling that it was—I don't know anything about it because firsthand I have made no investigation into this, this was the allegation—with people whose positions were due to previous administrations and whose interests were in the policies and philosophy of previous administrations, and that the diligence with which they pursued cases that had been referred to them relating to potential misdoings by opponents of this administration were not pursued with the diligence that they were pursuing matters relating to supporters of this administration. This had been the case when we were out of office and continued to be the case even after we had been in office for several years, and there was discussion of that question, and that, in that context. I may have had—I know I have been in discussions where that kind of feeling was under—was a topic under discussion.

I have not, I don't believe, ever met any Commissioner of the IRS other than Mr. Cohen who was Commissioner before we came in and who is now the attorney for the Democratic National Committee for their lawsuit and took a deposition from me some weeks ago.

Senator TALMADGE. Did you or anyone, to your knowledge, within the White House ever request the White House to make a political—an audit of any taxpayer?

Mr. HALDEMAN. In the sense of referring information that had come to our attention or information that appeared to indicate a reason for an audit, it is quite possible that that was done. I recall no specific such request.

Senator TALMADGE. Now, would they be foes of the administration or friends of the administration?

Mr. HALDEMAN. These would be inquiries or information that would come in from friends of the administration regarding foes of the administration. Or those who were considered to be.

1 did.

2 Mr. Lackritz. Did Mr. Dean ever ask you for the results
3 of any tax audit of Mr. Greene, if one occurred?

4 Mr. Caulfield. Would you repeat that, please?

5 Mr. Lackritz. Did Mr. Dean ever ask you to obtain results
6 of any tax audit on Mr. Robert Greene, if one occurred?

7 Mr. Caulfield. The results?

8 Mr. Lackritz. Yes. Did he ask you to follow up on that
9 any further?

10 Mr. Caulfield. No. I passed on to him what Mr. Acree told
11 me.

12 Mr. Lackritz. And Mr. Dean was --

13 Mr. Caulfield. Mr. Dean was satisfied with that.

14 Mr. Lackritz. Did Mr. Dean make any other requests for
15 tax audits of any other individuals to you?

16 Mr. Caulfield. On one occasion, he asked that I bring Mr.
17 Acree into his office, with the view that he wanted to see if Mr.
18 Acree could initiate audits on four individuals, three or four
19 individuals. I am not sure of the number. I brought Mr. Acree
20 into his office. Mr. Dean provided him with the names of four
21 individuals, as I recall, I do not recall their names. Mr.
22 Acree indicated that he would give it his attention. Mr. Acree
23 and I had a conversation subsequent to that, and there was no
24 action taken regarding the individuals requested.

25 Mr. Sears. That you know of.

1 Mr. Caulfield. That I am aware of.

2 Mr. Lackritz. Who were those individuals? Do you have
3 any knowledge?

4 Mr. Caulfield. I do not recall.

5 Mr. Lackritz. Was this about the same time frame as the
6 request on Mr. Greene?

7 Mr. Caulfield. I think it was subsequent to the request
8 for Mr. Greene, but I could not give you an exact time.

9 Mr. Lackritz. All right.

10 I would like for you to turn to tab 10, please, of Exhibit
11 A. All right.

12 The first memorandum there is a memorandum from you to Mr.
13 John W. Dean, dated September 10. Can you identify that memoran-
14 dum, Mr. Caulfield?

15 Mr. Caulfield. Yes, that is my memo.

16 Mr. Lackritz. All right.

17 Why did you inquire into this information? Did Mr. Dean
18 ask you to look into this?

19 Mr. Caulfield. Yes.

20 Mr. Lackritz. Could you just briefly read the memo to
21 refresh your recollection on what occurred at that time?

22 (Pause)

23 Mr. Caulfield. Yes.

24 Mr. Lackritz. Do you recall who initiated this request in
25 the White House? Did Mr. Dean tell you who asked him to look

1 conduit felt that you could pass on to Mr. Acree that request
2 for Mr. Acree to respond to in terms of conducting a specific
3 tax audit on a specific individual.

4 Is that an accurate statement?

5 Mr. Caulfield. Yes.

6 Mr. Lenzner. And then the memoranda are suggesting that
7 is one option to be considered in the inquiry that you were
8 pursuing on behalf of Mr. Dean and/or Mr. Ehrlichman.

9 Mr. Caulfield. If I can respond in my own way, what you
10 have just stated is correct. However, I am fully aware of the
11 improprieties of initiating audits against individuals and I
12 think the record shows conclusively and will not show otherwise
13 that the only time that an audit, an attempt at an audit in the
14 legal fashion was accomplished was in connection with the Greene
15 incident, and when Mr. Dean sat myself and Mr. Acree down on
16 that one occasion where he directed that full audits be conducted
17 of individuals, myself and Mr. Acree both agreed that we would
18 not do so, and there were no audits conducted of individuals,
19 either those four or any others.

20 Mr. Sears. To your knowledge.

21 Mr. Lenzner. Off the record.

22 (Discussion off the record.)

23 Mr. Lenzner. Is it an accurate statement to say that your
24 perception was, upon request of Mr. Dean and/or Mr. Ehrlichman,
25 to obtain information for an investigation of a particular

1 individual, that you could, as an option, suggest to them that
2 the IRS conduct a tax audit on specific individuals that they
3 had designated to you?

4 Mr. Sears. In a lawful fashion. That was your understanding
5 of it.

6 Mr. Caulfield. In a lawful fashion. That was my under-
7 standing of it.

8 Mr. Lenzner. And that the person you would, if they so
9 directed you, contact to pursue a possible IRS audit was Mr.
10 Acree.

11 Mr. Caulfield. Yes.

12 Mr. Lenzner. Now, would you turn to tab 17 please.

13 Can you identify the first memorandum, dated October 8th,
14 1971, from yourself to Mr. Dean, subject Stewart L. Udall.

15 Mr. Caulfield. I just noticed something. Those are not
16 my initials.

17 Mr. Lackritz. Are you saying that is not your handwriting
18 in the upper right hand corner by your name?

19 Mr. Caulfield. Those aren't my initials.

20 Mr. Sears. Is it your memo?

21 Mr. Caulfield. I will admit that it is my memo, but those
22 are not my initials.

23 Mr. Lenzner. Do you have any idea whose handwriting that
24 is?

25 Mr. Caulfield. (Nods in the negative.) It's not mine.

15. On October 15, 1971 Caulfield wrote a memorandum to Dean recommending that background information obtained from the FBI about the producer of a motion picture derogatory to the President be released to the media and that discreet IRS audits be instituted on the producer, the distributor of the film and a related corporation. Caulfield testified that Dean requested he run an FBI name-check and that, at Caulfield's direction, Anthony Ulasewicz conducted a "pretext inquiry" at the offices of the film's distributor. On October 20, 1971 Caulfield sent a memorandum to Dean reporting on a pretext interview of the film's distributor and recommending that because the financial handling and distribution of the film was in the hands of amateurs, any actions against the producer, including background information and IRS capability, be carefully weighed and well hidden.

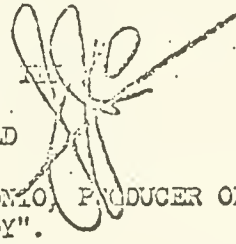
	Page
15.1 Memoranda from John Caulfield to John Dean, June 25, 1971, October 13, 1971; October 15, 1971; October 20, 1971, with attached undated memorandum from Fred Fielding to John Dean; Exhibit 3, Hearing held before Subcommittee on Administrative Practice and Procedure and Subcommittee on Constitutional Rights of the Committee on the Judiciary, and Subcommittee on Surveillance of the Committee on Foreign Relations, April 8, 1974	184
15.2 John Caulfield testimony, SSC Executive Session, March 23, 1974, 88, 102-03	192

THE WHITE HOUSE

WASHINGTON

June 25, 1971

file
"Anti-Nixon film
MILLHOUSE: A WHITE
COMEDY"



MEMORANDUM FOR JOHN W. DEAN, JR.

FROM: JACK CAULFIELD

SUBJECT: EMILE DE ANTONIO, PRODUCER OF THE FILM "MILLHOUSE:
A WHITE COMEDY".

Your attention is directed to the attached article from the Washington Post and the FBI report on De Antonio.

Inquiry by my secretary was made at the American Film Institute Theatre at L'Enfant Plaza and it was determined that the film played only one night. However, De Antonio, according to the article, is attempting to sell it to a distributor.

I recommend we watch the progress of the film, taking particular note to determine if Larry O'Brien is stupid enough to get behind it. If so, we can, armed with the Bureau's information, do a Nofziger job on De Antonio and O'Brien, thereby losing the battle but winning the war. Advise.

Attachment

THE WHITE HOUSE

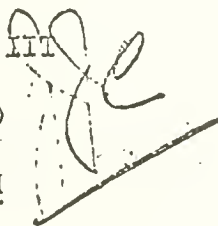
WASHINGTON

October 13, 1971

MEMORANDUM FOR JOHN W. DEAN, III

FROM: JACK CAULFIELD

SUBJECT: MILLHOUSE FILM

A handwritten signature in dark ink, appearing to read 'JC', is written over the typed name 'JACK CAULFIELD' and extends slightly below the 'SUBJECT' line.

This matter seems to be building. You are reminded that a significant derogatory dossier is in the possession of the bureau vis a vis de Antonio.

My view is that we should use such information at a propitious moment - ideally when interest or support for the film is evidenced by Larry O'Brien and company.

Attachment

THE WHITE HOUSE

WASHINGTON

October 15, 1971

MEMORANDUM FOR JOHN W. DEAN, *etc*

FROM: JACK CAULFIELD

SUBJECT: EMILE DE ANTONIO, PRODUCER OF "MILLHOUSE";
NEW YORKER FILMS, INC; AND DANIEL TALBOT,
FILM DISTRIBUTOR

Attached is a copy of a Variety article indicating the expected interest of the D.N.C. in "Millhouse". I recommend that it is time to move on the above firm and individuals, as follows:

- A) Release of de Antonio's F.B.I. derogatory background to friendly media.
- B) Discreet IRS audits of New Yorker Films, Inc., de Antonio and Talbot

NOTE: Talbot advised our source today that massive distribution of the film is planned for colleges after 1/15/72.

ATTACHMENT

Indistinct document retyped by
House Judiciary Committee staff

THE WHITE HOUSE

WASHINGTON
October 20, 1971

MEMORANDUM FOR JOHN W. DEAN, III

FROM: JACK CAULFIELD

SUBJECT: DANIEL TALBOT, "MILLHOUSE" FILM DISTRIBUTOR

Talbot has been identified as follows:

Male, white, 42 years of age
Resides at 180 Riverside Drive, Manhattan #362-1243
Occupation - Film Distributor
No criminal record - F.B.I.
Member of Stop the Draft
Movement-N.Y.C. in 1967 - N.Y.C.P.D.

Talbot was pretext interviewed during a visit to his office located at 250 West 89th St., Manhattan on 10/18/71. Such office is adjacent to the New Yorker Theatre located at Broadway and 88th Street, Manhattan. Such theatre is currently showing MILLHOUSE.

Talbot's office was observed as being a sloppy one room operation with one secretary. Rent was determined to be \$85 per month.

It was ascertained that the film is also being shown in Philadelphia and San Francisco.

Talbot advised that his future plans for the film include distribution to college groups on a lease basis. He also described plans to distribute the film to other cities, but careful questioning determined a market only in third and fourth rate theatres.

Talbot referred questions about possible Democratic pressures to acquire the film to the producer, Emile D'Antonio.

COMMENTS

Even though the financial handling and distribution of this film appears to be in the hands of amateurs, it must be remembered that it is getting considerable play in the liberal press. Additionally, D'Antonio was interviewed by Agronsky on TV this past week. Further, Variety reported the DNC has approached D'Antonio with a view towards acquiring the film.

I feel that there is potential here for this film to take fire and become a cause celebre. At the moment only the radical left is patronizing it. We must be quite careful not to be identified with any

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House Judiciary Committee staff

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House Judiciary Committee staff

Memorandum for John W. Dean, III
From: Jack Caulfield
Subject: "Millhouse" Film
Page two

10/20/71

act or actions which would incite the interest of the general public. Resultingly, any action taken vis a vis D'Antonio or Talbot should be weighed carefully and well hidden. This includes my previous comments re D'Antonio's background and our capability at I.R.S.

Indistinct document retyped by
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15.1 JOHN CAULFIELD MEMORANDUM, OCTOBER 20, 1971

Memorandum for John W. Dean, III
From: Jack Caulfield
Subject: "Millhouse" Film
Page two

10/20/71

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THE WHITE HOUSE
WASHINGTON

Date _____

TO: JWD

FROM: Fred F. Fielding

ACTION:

- _____ Approval/Signature
- _____ Comments/Recommendations
- _____ Prepare Response
- _____ Please Handle
- _____ For Your Information
- _____ File

REMARKS:

This would, of course, be used quite specifically to garner the 13-21 yr old vote for the D's (or against RW) — however, leaking derogatory info + doing IRS audits just doesn't seem to be a solution that will help us + it might send de Antonio flying into the arms of the DNC as well as giving the film more publicity.

(Continued from page 1)

Dwight Whit

(Continued from page 4)

wouldn't be able to cast ballots on reports for industrialists. Whit says "the idea may be valid, but it's certainly not democratic."

In addition, Whit says the disidents support reduction of the quorum requirements for SAG meetings and abandonment of con- sidered referendums in favor of ac- ceptance or rejection of a contract by the reduced quorum.

Though the first of these ideas was withdrawn as a CAC proposal before it was voted on, and neither has been included in the inde- pendent campaign literature, Whit calls them "hidden plans."

support any Democratic candidate, either."

At press conference, director disclosed most of film's facts: was bought from WABC in New York "because ABC is the poorest of the three networks and you can get a better price from them be- cause they're more anxious to sell film."

De Antonio, a self-described "radical," also contended the webs should have no right to charge anything for their news footage.

"The film belongs to all the peo- ple; they have no right to sell it just because they're the only three who have access to the White House." His own request to inter- view the President was never an- swered, he said.

issue of Film Culture, goes to Leipzig, Germany come November.

NATO has set up a special number for res- ervations and in need of other info call 3378 and ask for Miss Bonnie Fisher. The Oct. 23 at the Americana New York. The Disney Award this year goes to Ned H. DeLeon- pany exec temp-er of HBO. "For the inter- provided the Will Roger Memorial Fund." To place within the framework of the President's

Ingrid Hager has been appointed backer of Formerly with Eye Productions, she will be in local and national shipment of films with Coran assumes the duties of executive assistant of secretary. She will manage sales and adver- tising.

Michael Haddad, head of Debut's Cinema Lebanon (he's also the RCA distributor red in suits), arrived with his cassette expert in New their two days' stopoff, en route to Hollywood. tive friends in the film business were away for

Monumental White in L.A., where his main place. Haddad made a two-day detour to Los Actor Walter Matthau named "King of the Radio City Music Hall in honor of his record- state of films playing at the Rockefeller show

1 the Washington Post."

2 Do you recall what the FBI report on DeAntonio was?

3 That's capital D-e capital A-n-t-o-n-i-o..

4 Mr. Sears. Can we go off the record for just a moment?

5 (Discussion off the record)

6 Mr. Caulfield. I would like to go on the record.

7 All right?

8 Mr. Lackritz. Yes.

9 Mr. Caulfield. This film was receiving significant coverage
10 in the press, and, as I recall, Mr. Dean asked me to run a name
11 check on Mr. DeAntonio, who is the producer of the film.

12 Mr. Lackritz. A name-check with --

13 Mr. Caulfield. A name-check with the FBI, and also to
14 stay on top of the progress of the film as it was covered in
15 the newspaper stories.

16 Now, the first sentence is merely forwarding on the
17 results of the FBI name-check and an article that appeared in
18 the Washington Post regarding the film.

19 Mr. Lackritz. All right.

20 What was the information contained in the FBI name-check?

21 Mr. Caulfield. This would be the normal type name-check
22 which the FBI ran, I mean the White House ran, on many occasions.

23 Mr. Lackritz. And, generally, why would the White House
24 run a name-check with the FBI?

25 Was it to clear political appointees of some kind?

1 IRS audit of New Yorker Films, Incorporated, DeAntonio and
2 Talbot."

3 Did Mr. Dean agree with your suggestions?

4 Mr. Caulfield. No, he did not.

5 Mr. Lackritz. Do you recall him specifically turning those
6 down?

7 Mr. Caulfield. I recall sending a subsequent memorandum
8 on the 20th of October which again dealt with the same
9 subject which emanated from Mr. Ulasewicz conducting a pre-
10 text inquiry in New York and following that, I made comments
11 in the final three paragraphs.

12 Mr. Lackritz. Before we get to the October 20th memorandum,
13 Mr. Caulfield, and the October 15th, you have come to the
14 conclusion that it is the time to release the derogatory infor-
15 mation that you have gathered from the FBI.

16 Is that not correct?

17 Mr. Caulfield. I made the recommendation, yes..

18 Mr. Lackritz. You also made the recommendation that
19 discrete IRS audits be done of those three taxpayers, New
20 Yorker Films, DeAntonio and Talbot.

21 Is that correct?

22 Mr. Caulfield. Yes.

23 Mr. Lackritz. How were you going to do those audits?

24 Mr. Caulfield. Well, if the recommendation were agreed to,
25 I would have approached Mr. Acree about them.

1 Mr. Lackritz. Off the record.

2 (Discussion off the record.)

3 Mr. Lackritz. Back on the record.

4 Do you have anything to add to that last response?

5 Mr. Caulfield. No. I want to comment on the 20th.

6 Mr. Sears. Off the record a minute.

7 (Discussion off the record.)

8 Mr. Caulfield. Yes, back on the record, I would like to
9 add the comment with respect to the October 15th memorandum
10 that about this time I did receive information from Mr. Ulasewicz
11 who was conducting a discrete inquiry, and it was at that time
12 that I began to move off the position as recommended in the
13 October 15th memorandum, and the memorandum of October the 20th
14 further indicates that I was moving away from that position--

15 Mr. Lackritz. When did you ask Mr. Ulasewicz to conduct
16 these inquiries?

17 Was it about the time of your October 15th memorandum?

18 Mr. Caulfield. Just prior to it, apparently.

19 Mr. Lackritz. Prior to?

20 Mr. Caulfield. Yes.

21 Mr. Lackritz. Did you ask him to interview DeAntonio and
22 Talbot?

23 Mr. Caulfield. No. I asked him to conduct a discrete
24 inquiry at the offices of the distributor of the film, Mr. Talbot
25 in New York.

16. Prior to November 7, 1971 a talking paper and memorandum were prepared with respect to making the IRS politically responsive. Dean has testified that he and Caulfield prepared the documents for Haldeman's use during a meeting with either the Secretary of the Treasury or the Commissioner of Internal Revenue. Haldeman has testified that he could not recall either seeing the briefing memorandum or having any specific conversation with the Secretary of the Treasury.

	Page
16.1 Briefing Memorandum (undated and unsigned), SSC Exhibit No. 44, 4 SSC 1682-85	196
16.2 John Dean testimony, 4 SSC 1349, 1410-11.....	200
16.3 H. R. Haldeman testimony, 8 SSC 3136-37.....	203

1682

EXHIBITS SUBMITTED FOR THE RECORD

EXHIBIT No. 44

(A) To accomplish: Make IRS politically responsive. Democrat Administrations have discreetly used IRS most effectively. We have been unable.

(B) The Problem: Lack of guts and effort. The Republican appointees appear afraid and unwilling to do anything with IRS that could be politically helpful. For example:

- We have been unable to crack down on the multitude of tax exempt foundations that feed left wing political causes.
- We have been unable to obtain information in the possession of IRS regarding our political enemies.
- We have been unable to stimulate audits of persons who should be audited.
- We have been unsuccessful in placing RN supporters in the IRS bureaucracy.

(C) HRH should tell the Sec.

Walters must be more responsive, in two key areas: personnel and political actions.

First, Walters should make personnel changes to make IRS responsive to the President. Walters should work with Fred Malek immediately to accomplish this goal. (NOTE: There will be an opening for a General Counsel of IRS in the near future -- this should be a first test of Walters' cooperation).

Second, Walters should be told that discreet political action and investigations are a firm requirement and responsibility on his part. John Dean should have direct access to Walters, without Treasury clearance, for purposes of the White House. Walters should understand that when a request comes to him, it is his responsibility to accomplish it -- without the White House having to tell him how to do it!

1683

I.R.S. TALKING PAPER

BACKGROUND

A) THE BUREAUCRACY

I.R.S. is a monstrous bureaucracy, which is dominated and controlled by Democrats. The I.R.S. bureaucracy has been unresponsive and insensitive to both the White House and Treasury in many areas.

In brief, the lack of key Republican bureaucrats at high levels precludes the initiation of policies which would be proper and politically advantageous. Practically every effort to proceed in sensitive areas is met with resistance, delay and the threat of derogatory exposure.

B) ADMINISTRATION APPOINTEES

Randolph Thrower became a total captive of the democratic assistant commissioners. In the end, he was actively fighting both Treasury and the White House.

Johnnie Walters has not yet exercised leadership. Unevaluated reports assert he has been either reluctant or unwilling to do so.

Walters has appointed as his deputy, William Loeb, career democrat from Georgia. Loeb has asserted his democratic credentials in staff meetings according to reliable sources.

I.R.S. Talking Paper

Page two

Walters appears oversensitive in his concern that I.R.S. might be labelled "political" if he moves in sensitive areas (e.g. audits, tax exemptions).

During the Democrat Administrations, I.R.S. was used discreetly for political purposes, but this has been unavailable during this Administration .

SUGGESTIONS

Walters should be told to make the changes in personnel and policy which will give the Administration semblance of control over the hostile bureaucracy of I.R.S. Malek should supply recommendations.

Walters must be made to know that discreet political actions and investigations on behalf of the Administration are a firm requirement and responsibility on his part.

We should have direct access to Walters for action in the sensitive areas and should not have to clear them with Treasury.

Dean should have access and assurance that Walters will get the job done - properly!

1685

A knowledgeable source at IRS was contacted and given a hypothetical situation in which the White House made a request for an IRS audit of a group of specific individuals having the same occupation. This source advised that IRS procedures would require that such request be handled by Assistant Commissioner Donald Bacon.

It is known that Bacon is a liberal Democrat holdover who has been continually identified with anti-Nixon intrigues at IRS within the past two years.

The source suggested that a priority target be established within the group with preference given to one residing in the New York area. He further stated such target could discreetly be made subject to IRS audit without the clear hazard for a leak traceable to the White House as postured above.

tion, but I did take at that time, in representing the Department of Justice, a far different position that the Attorney General should have the ability to nullify any request of any committee to grant immunity to any witness, which is far different from the one Congress accepted ultimately.

Mr. DASH. Now, Mr. Dean, did you bring with you this morning the exhibits that you indicated you had and the committee requested you to bring?

Mr. DEAN. Yes, I did, Mr. Dash.

Mr. DASH. Could you just submit them and perhaps identify them as you submit them to the committee?

Mr. DEAN. These are from a file that is entitled "Opponents List and Political Enemies Project." The first document in the file, and these are not in any chronological order, is a briefing paper that was prepared for Mr. Haldeman for a meeting with the head of Internal Revenue Service. The goal of the briefing paper which was based on material that was provided to me by Mr. Caulfield who, in turn, got information from friends of his within the Internal Revenue Service, was to make the IRS politically responsive to the White House, and I think that the document is self-explanatory. It is not marked other than the heading which says "To Accomplish Make IRS Politically Responsive."

I will mark these as I—

Mr. DASH. Well, you can mark them following your last exhibit number.

Mr. DEAN. For the sake of the record, right now I will call it exhibit A.

[The document referred to was marked exhibit No. 44.¹]

Mr. DEAN. The next exhibit, which I will call B, is a memorandum from Charles Colson to me, dated June 12, 1972, regarding tax discrepancies in the income tax return of Mr. Harold J. Gibbons, vice president of the Teamsters Union, in which Colson indicates that he is an all-out enemy, a McGovernite and an anti-Nixon person, and he believes that there should be an audit started at once, and if there is an informer's fee, he would like to know because he believes there is a good cause in which that informer's fee can be donated to. [Laughter.]

[The document referred to was marked exhibit No. 45.²]

Mr. DEAN. The next document is a memorandum from Charles Colson, dated November 17, 1972, regarding the fact that he has received information from an informant, some information regarding Mr. Jack Anderson referring to the fact that Mr. Anderson was found in a room with certain wiretap in private—wiretap equipment in connection with the Dodd investigation.

[The document referred to was marked exhibit No. 46.³]

Mr. DEAN. The next memorandum is a document from Mr. Caulfield to me, dated August 12, 1971, in which Mr. Caulfield briefly indicates that he has talked with Mr. Nofziger to come up with a candidate to assist in the enemy's project.

[The document referred to was marked exhibit No. 47.⁴]

Mr. DEAN. The next is a copy of a memorandum of August 16, 1971, that was prepared for Mr. Haldeman, Mr. Ehrlichman, and others at the White House by myself, which addresses itself to the general prob-

¹ See p. 1682.

² See p. 1686.

³ See p. 1687.

⁴ See p. 1688.

The list I have prepared is merely suggestive; it is based on conversations I had with others regarding persons who have both the desire and capability of harming us. The list is limited to less than 20 persons, as it would be most difficult to proceed with more at this time. I would hope we would continue to feed additional names into the process every few months, but we must keep this project within reasonable bounds. I will await the review of these names as I feel certain there will probably be additions and deletions from the list. Before I take any action, please keep the list at at least 20 or less.

Attached is a list that was prepared based on a document that Mr. Colson had gone through and picked out some 20 key names.

The next document is a page of a news summary.¹ I don't know the date of the news summary. It has a notation on the top, "Dean/L."

Mr. DASH. When you say news summary—

Mr. DEAN. This is the daily news summary that is prepared for the President and distributed to various members of the White House staff.

The "Dean/L" indicates that it was to me from Mr. Higby and he has encircled DNC Treasurer Robert Strauss, with a note, "Is he on our list? Or should he be?"

Mr. DASH. Did you respond to that?

Mr. DEAN. No, sir; I did not. As I say, most of these merely went into a file in my office, where I just gathered them.

The next document I have is a document entitled "Corporate Executives Committee for Peace. Trip to Washington, June 25, 1970," with a list of names. This was another document that was sent as a part of one of the continuing updates.

[The document referred to was marked exhibit No. 63.²]

Mr. DASH. What is the source of that document?

Mr. DEAN. That would have been from Mr. Colson's office. The next document is entitled "Democratic Contributors of \$25,000 or More in the 1968 Campaigns" —from June 20, 1971, New York Times story— with certain names checked on the list. This is a document that came, again, from Mr. Colson's staff.

[The document referred to was marked exhibit No. 64.³]

Next is a series of documents that relate to Muskie contributors. Part of it is cut off on the top here in the xerography process and this document was forwarded to me from Mr. Colson's office also.

[The document referred to was marked exhibit No. 65.⁴]

The next document⁵ begins—it is a blank sheet of paper, which is a briefing paper that I was requested to prepare for Mr. Haldeman so that he could deal with the Secretary of the Treasury with regard to making the Internal Revenue Service politically responsive to the White House.

This document was prepared—the top document was prepared by myself; the attached document was prepared by Mr. Caulfield based on conversations he had had with individuals in the Treasury Department, as well as the last document was prepared by Mr. Caulfield as a result of conversations he had with people in the Treasury Department and in the Internal Revenue Service.

Mr. DASH. That was prepared by you with Mr. Caulfield's assistance to be delivered to Mr. Haldeman?

Mr. DEAN. That is correct.

¹ Previously entered into the record as exhibit 51.

² See p. 1730.

³ See p. 1733.

⁴ See p. 1734.

⁵ Previously entered into the record as exhibit 44.

Mr. DASH. Was it delivered to Mr. Haldeman?

Mr. DEAN. Yes, it was.

The last document for identification is a memorandum dated August 16, 1971.¹ It was a draft in my files in which I was asked to prepare a strategy for dealing with political enemies that involved the entire White House staff, and it was sent forward, to the best of my recollection, to Mr. Haldeman and Mr. Ehrlichman for approval, disapproval, or comment.

Now, without going to my files in the White House, I can't tell you the disposition of this document.

Mr. DASH. But can you tell us whether or not that document was in fact sent forward?

Mr. DEAN. Either in this form or in some form where the names were typed on it.

Mr. DASH. Thank you, Mr. Dean.

Mr. DEAN. I just noticed there were two other documents attached to that.

On July 16, 1971, there is another update on the opponents list, adding a name. This again is from Mr. Colson's office.

Senator ERVIN. With Senator Inouye's indulgence, I am going to ask you one question about a paper that you identified in this connection called "Subject: Opponent Priority Activity,"² a three-page document, and see if you can give me the date of the origin of that.

Mr. DEAN. Senator, I am not sure which document you are referring to.

Senator ERVIN. It is one called, "Subject: Opponent Priority Activity," on the heading. It is three pages. You had it this morning.

Mr. DASH. I have that, Mr. Dean. I didn't forward that to you here. I can forward that to you now. The one I think you identified at the end of the morning session—one that had a memorandum of June 24 from Mr. Bell.

Mr. DEAN. Yes. I was forwarding that—

Senator ERVIN. I want to find out, on page 2, the name of Sterling Munro, Jr., Senator Jackson's AA. Do you have anything that indicates whether Mr. Munro was added on the list of opponents?

Mr. DEAN. No, I don't. This is one of the—I can only assume that this was around June 24 when the document was prepared by a member of Mr. Colson's staff and forwarded to my office as a part of this general list.

Senator ERVIN. That would be June 24, what year?

Mr. DEAN. That is 1971.

Senator ERVIN. Thank you.

Mr. DASH. Could I have the documents back, Mr. Dean?

Senator ERVIN. I can't forbear observing when I consider the list of opponents why the Democratic vote was so light in the general election.

Senator BAKER. Mr. Chairman.

Senator ERVIN. Yes, sir.

Senator BAKER. I really even in my wildest dreams would not think of trying to improve or embellish on your story but you told it better the first time when you leaned over to me and you said "I think I am

¹ Previously entered into the record as exhibit 48.

² Attachment to exhibit 49.

TESTIMONY OF HARRY ROBINS HALDEMAN—Resumed

Mr. HALDEMAN. I can only comment to the extent, Senator, that there have been, over the time that I was in the White House, a number of inquiries made or pieces of information brought to the attention of various people within the White House, from time to time, that there were potential questions that should be investigated regarding business or financial activities of individuals, and there was a concern or a feeling that the IRS had been—during the time of our administration being out of office and subsequently even during the time that this administration came into office—there had been considerably more zeal shown by the IRS in looking into potential questions of those who were supporters of this administration than zeal shown in looking into inquiries that were directed or raised regarding those who were known and vocal opponents of the administration, and these factors would be brought to the attention of various people at the White House from time to time with a query as to why there wasn't some kind of investigation into the dealings of some particular person with regard to some matter and those would be referred to the IRS. That would be the context in which I recall the question being raised.

Senator TALMADGE. Here, I believe, is a talking paper prepared for you to use with Secretary Walters, who was then Secretary of the—or Director of the IRS, and here is paragraph (c). "H. R. Haldeman" or "H.R.H.," I assume that means you, "should tell the Secretary, Walters, that he must be more responsive in two key areas, personnel and political actions. First, Walters should make personnel changes to make IRS responsive to the President, Walters should work with Fred Malek immediately to accomplish this goal. (Note: there will be an opening for General Counsel IRS in the near future. This should be the first test of Walters' cooperation.)"

Did you use this talking paper?

Mr. HALDEMAN. Could I see it, please, Senator?

Senator TALMADGE. Certainly. Do we have another copy of this? I will show it to you and then ask you to return it to me.

Mr. HALDEMAN. This doesn't indicate to whom, by whom it was prepared, or to whom it was directed. I agree with you it does refer to "H.R.H. should tell the Secretary." I don't recall seeing it.

Some of the items in discussion or referred to in here—it doesn't seem to be dated either. Is there any further identification of this paper?

Senator TALMADGE. That was one of the exhibits that Mr. Dean placed in the record when he testified here, and I think that was reported to be a talking paper for you to use in discussions with the Secretary of the Treasury to try to make the Bureau of Internal Revenue Service more responsive politically and more responsive to the requests from the White House about audits of foes of the White House tax returns.

Mr. WILSON. Senator Talmadge, I am sure you would not ask any question which isn't relevant. Would you mind indicating the time factor here, the relevancy of this within your resolution, if the Chairman will permit it?

Senator TALMADGE. It all has relevance, I think, to the 1972 election. Apparently that is what it was geared up for and it is within the pur-

view of our committee if it relates to that. I would certainly think that if you have a paper relating to trying to make the Internal Revenue Service more politically responsive that it certainly would be within the purview of this resolution that created this committee.

Mr. WILSON. I was concerned about the date of it. If it had been back in 1969 or 1970 I would doubt it.

Senator TALMADGE. When was Walters revenue commissioner, do we have the dates here before the committee somewhere, some member of the staff? Perhaps Mr. Haldeman would know.

Mr. HALDEMAN. I haven't any idea.

Mr. DASH. It was after 1970 because Mr. Thrower was before him and there were some documents relating to Mr. Thrower in 1970 and Mr. Walters came in after Mr. Thrower.

Senator TALMADGE. One of the portions of that document does relate to Mr. Thrower, I believe.

Did you ever have any conversations at any time with the Secretary of the Treasury or anyone else about making the Internal Revenue Service more politically responsive?

Mr. HALDEMAN. Only in this—I don't recall any specific conversations with the Secretary of the Treasury. If I had any or I was a participant in any such conversations, they would have been in the context that I referred to earlier, Senator, which was the question of—well, as Mr. Dean indicated that the IRS bureaucracy at the lower levels was very strongly staffed with people or at least it was the feeling that it was—I don't know anything about it because firsthand I have made no investigation into this, this was the allegation—with people whose positions were due to previous administrations and whose interests were in the policies and philosophy of previous administrations, and that the diligence with which they pursued cases that had been referred to them relating to potential misdoings by opponents of this administration were not pursued with the diligence that they were pursuing matters relating to supporters of this administration. This had been the case when we were out of office and continued to be the case even after we had been in office for several years, and there was discussion of that question, and that, in that context. I may have had—I know I have been in discussions where that kind of feeling was under—was a topic under discussion.

I have not, I don't believe, ever met any Commissioner of the IRS other than Mr. Cohen who was Commissioner before we came in and who is now the attorney for the Democratic National Committee for their lawsuit and took a deposition from me some weeks ago.

Senator TALMADGE. Did you or anyone, to your knowledge, within the White House ever request the White House to make a political—an audit of any taxpayer?

Mr. HALDEMAN. In the sense of referring information that had come to our attention or information that appeared to indicate a reason for an audit, it is quite possible that that was done. I recall no specific such request.

Senator TALMADGE. Now, would they be foes of the administration or friends of the administration?

Mr. HALDEMAN. These would be inquiries or information that would come in from friends of the administration regarding foes of the administration. Or those who were considered to be.

17. In a Political Matters Memorandum dated December 2, 1971 Strachan reported to Haldeman that Mitchell and Dean had discussed the need to develop a political intelligence capability. Strachan stated that Sandwedge had been scrapped and that instead Gordon Liddy would become general counsel to CRP effective December 6, 1971. Strachan stated that Liddy would handle political intelligence as well as legal matters and would also work with Dean on the political enemies project.

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17.1 Memorandum from Gordon Strachan to H. R. Haldeman,
December 2, 1971 (received from White House)..... 206

Camp 10

THE WHITE HOUSE
WASHINGTON

Administratively Confidential

December 2, 1971

MEMORANDUM FOR: H.R. HALDEMAN
FROM: GORDON STRACHAN G
SUBJECT: Political Matters

The Nixon Finance Committee of Lee Nunn and Hugh Sloan has received 1,700 and disbursed 630, leaving a balance of 1,070. The receipts are low because fundraising was curtailed before the November 9 RNC dinner and Secretary Stans does not return from Russia until December 6. On his return the Attorney General is prepared to discuss with him the position of Financial Chairman for 1972.

Herb Kalmbach now has pledges of 11,600 but "in the barn" receipts are only 1,000. However, he believes there will be a 95% delivery on the pledges.

The RNC financial situation will be reviewed by the Attorney General on December 4. Magruder will meet with Tom Evans on December 2 and 3 to get detailed budget and receipt figures from the RNC with particular focus on the November 9 dinners.

Concerning ambassadorships, Kalmbach will get a case by case determination from the Attorney General as he did in the case of John Safer. Kalmbach has tried to approach Flanigan but continues to have the same problems of having telephone calls returned and reaching an understanding.

The Committee for the Re-Election of the President has a December budget of 100,000, of which 50,000 is salary, 16,000 travel and entertainment, and 36,000 operating expenses. The budget submitted to the Attorney General does not list the 40 employees and their individual salaries.

Cliff Miller -- He met with the Attorney General on December 2 for one hour to review the Campaign. The Attorney General asked Miller to know the details and to supply independent advice on polling and research, advertising, the PR - press area, and telephone - direct mail. Miller expressed his view, that the weakest part of the Campaign was Harry Flenning's

00015⁽¹⁾

NOTE: THE COMMITTEE ON THE JUDICIARY RECEIVED FROM THE WHITE HOUSE 21 POLITICAL MATTERS MEMORANDA PREPARED BY GORDON STRACHAN BETWEEN AUGUST 1971 AND SEPTEMBER 1972. THESE MEMORANDA ARE REPRINTED IN A SEPERATE VOLUME AS AN APPENDIX TO THE STATEMENT OF INFORMATION. SEVEN POLITICAL MATTERS MEMORANDA ARE INCLUDED IN BOOKS I-IX AS SUPPORTING EVIDENCE FOR THE STATEMENT OF INFORMATION. THESE MEMORANDA ARE REPRINTED AT BOOK I, PARAGRAPHS 1.1, 2.1, 5.1, AND 5.2; BOOK II, PARAGRAPHS 33.8 AND 33.9; BOOK VI, PARAGRAPHS 39.1, 42.1, 42.2, AND 42.3; BOOK VII, PARAGRAPHS 75.5, 75.6, 75.10, AND 80.1; AND BOOK VIII, PARAGRAPH 17.1.

field operation. The Attorney General admitted that there was a problem, which the Attorney General planned to alleviate by bringing in "fellows with a little more stature", such as Mardian. Also, the Attorney General has kept Fleming under "very close reins" so far.

The Attorney General agreed that it might be a good idea to have Miller or someone else go to New Hampshire to take an independent look at the New Hampshire campaign operation.

The Attorney General is concerned that the Shumway move did not proceed quicker and with more careful checking by Miller. Miller assured him that all parties were now in agreement and that he will work directly with Fred Malek.

Without any hard evidence, Miller believes that the Attorney General is pleased with Magruder's performance.

Harry Dent -- The Attorney General is being urged to talk to Governor Holton about a Byrd Coalition candidate for Senator Spong's seat so that Virginia will be an easy victory for the President.

Ehrlichman received a political briefing from Dent on North Carolina in connection with his trip to Duke University. The memorandum emphasizes the impending party primary fight between Jim Holshouser and Jim Gardner for the governorship and the problems getting Jim Broyhill to run for Senator Jordan's Senate seat. However, "the President seems to be in good shape in North Carolina".

After you questioned whether Wallace would forfeit delegates or electors if he runs in the Democratic primary in Florida and then as an independent in another state, Dent double checked. The Florida Democratic Executive Committee passed and then rescinded a provision that would have denied Wallace his delegates. The Secretary of State did not follow the Democratic party's example and rule that he would also lose his electors.

Dent talks with Kevin Phillips periodically. Last week the Attorney General "hit Phillips hard" on some of his recently published remarks. Dent has the highest regard for Phillips' "political brain" and says that although Phillips hates Colson, Ehrlichman, Fleming and Kleindienst, he is only beginning to turn sour on the Administration. Dent, at the Attorney General's direction, will continue to stay in touch with Phillips, but Dent believes you should see Phillips briefly to convince him that the President still looks to Kevin Phillips for political advice.

Arrange Haldeman meeting with Phillips

Receive Phillips political advice through the Attorney General and Dent

Other

Dent attended the Republican Governors Conference on November 20-21 in Indiana and reports that "their public statements and actions were very good". The Governors want to be more political and help the President. They also feel that more information should be made available to the Vice President.

Martha Mitchell was a "smash hit" at a GOP fund raising appearance in South Carolina, November 19.

Dent is urging the Attorney General to contact the Vice President to have him reconsider his change of plans cancelling his appearance before the Southern GOP Conference on December the 4th.

Wallace Henley is tracking George Wallace and reports that he has resigned himself to running as an independent in Alabama because of his problems with the Legislature. The new AIP platform is like a reprint of the Burchers Blue Book. The AIP National Convention will be held in Toledo. The date has not been set.

Murray Chotiner -- Because of Governor Peterson's unpopularity in New Hampshire, Chotiner advised you and the Attorney General that he believes Peterson would "make an excellent appointee somewhere in the Administration".

Cliff White is still meeting with Conservatives and blaming the President for the U.N. result.

John Dean -- The Attorney General discussed with John Dean the need to develop a political intelligence capability. Sandwedge has been scrapped. Instead, Gordon Liddy, who has been working with Bud Krogh, will become general counsel to the Committee for the Re-Election of the President, effective December 6, 1971. He will handle political intelligence as well as legal matters. Liddy will also work with Dean on the "political enemies" project.

Jack Caulfield will go over to the Committee when the Attorney General moves. Caulfield will handle the same projects he currently does. In addition he will assume responsibility for the personal protection of the Attorney General.

Campaign Related Action Memo -- A Sigma Delta Chi Convention identified the Campaign's principle issues as the economy (107 of 122 votes), international affairs (9), and law and order (3). While reading the news summary report of this the President "strongly stated that the Democrats must not be allowed to get away with this . . . international affairs is our issue and the economy is theirs -- regardless of what happens to it because the liberals can always promise more". You, Ehrlichman, and Colson received the memorandum.

You, Ehrlichman, and Colson were also advised that "our political types working the precinct in the ghettos and Navaho Reservations for Republican converts would do well to focus their attention upon the Holy Name Society, the Women's Sodality, and the Polish-American Union".

Magruder's Projects -- The weekly report submitted to the Attorney General on December 1 is briefer and better than previous reports. It is attached at Tab A for your review instead of being summarized because you had asked about the youth registration drives, which are covered in some detail.

Magruder reports that the Attorney General met with Lyn Nofziger on December 1. On November 4 you and the Attorney General talked about the importance of getting a Nofziger interpretation of the Dole-Evans split. Unfortunately, Magruder believes this subject was not covered because the meeting focused on the California situation.

Magruder will meet with Tom Evans of the RNC on December 2 and 3 to get his views of the role of the RNC in the Campaign. Magruder and Flemming meet with the Attorney General on December 4 to decide on the role and budget of the RNC vis a vis the Committee. On December 6 the Attorney General, Magruder and Flemming will tell Tom Evans of their decisions. Tom Evans will explain the decisions to the RNC at the meeting in Washington on December 9-12. Besides the Budget, Magruder considers the voter registration and get out the vote functions as the only important areas that have not been resolved.

18. In early 1972 John Dean sent a memorandum to Haldeman, Ehrlichman, Klein, Colson and Ziegler, with a carbon copy to Mitchell, stating that an article by a journalist about a campaign fundraiser was scheduled for publication the following day. At this time an unsigned memorandum was prepared containing personal information about the journalist and describing his financial affairs. It stated that during recent years the journalist had not reported any personal income derived from the operation of a corporation in which he had an interest. It also stated that certain facts suggested to IRS professionals that an audit might resultingly be in order. The memorandum also stated that because of the sensitivities of the ongoing inquiry, no audit should be initiated unless directed.

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18.1 NOTE

NOTE: EXHIBITS 18.1 AND 18.2 CONTAIN UNPUBLISHED PERSONAL AND FINANCIAL INFORMATION ABOUT THE JOURNALIST REFERRED TO IN PARAGRAPH 18 AND ARE THEREFORE NOT INCLUDED IN THIS VOLUME.

19. On June 12, 1972 Colson sent a memorandum to Dean stating that Colson had received a well informed tip that there were discrepancies in the tax returns of Harold Gibbons, a vice president of the Teamsters Union. Colson stated that Gibbons was an all out enemy and asked that Dean please see if this one could be started on at once. Dean has testified that he put the memorandum in his file and that it remained there.

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tion, but I did take at that time, in representing the Department of Justice, a far different position that the Attorney General should have the ability to nullify any request of any committee to grant immunity to any witness, which is far different from the one Congress accepted ultimately.

Mr. DASH. Now, Mr. Dean, did you bring with you this morning the exhibits that you indicated you had and the committee requested you to bring?

Mr. DEAN. Yes, I did, Mr. Dash.

Mr. DASH. Could you just submit them and perhaps identify them as you submit them to the committee?

Mr. DEAN. These are from a file that is entitled "Opponents List and Political Enemies Project." The first document in the file, and these are not in any chronological order, is a briefing paper that was prepared for Mr. Haldeman for a meeting with the head of Internal Revenue Service. The goal of the briefing paper which was based on material that was provided to me by Mr. Caulfield who, in turn, got information from friends of his within the Internal Revenue Service, was to make the IRS politically responsive to the White House, and I think that the document is self-explanatory. It is not marked other than the heading which says "To Accomplish Make IRS Politically Responsive."

I will mark these as I—

Mr. DASH. Well, you can mark them following your last exhibit number.

Mr. DEAN. For the sake of the record, right now I will call it exhibit A.

[The document referred to was marked exhibit No. 44.¹]

Mr. DEAN. The next exhibit, which I will call B, is a memorandum from Charles Colson to me, dated June 12, 1972, regarding tax discrepancies in the income tax return of Mr. Harold J. Gibbons, vice president of the Teamsters Union, in which Colson indicates that he is an all-out enemy, a McGovernite and an anti-Nixon person, and he believes that there should be an audit started at once, and if there is an informer's fee, he would like to know because he believes there is a good cause in which that informer's fee can be donated to. [Laughter.]

[The document referred to was marked exhibit No. 45.²]

Mr. DEAN. The next document is a memorandum from Charles Colson, dated November 17, 1972, regarding the fact that he has received information from an informal, some information regarding Mr. Jack Anderson referring to the fact that Mr. Anderson was found in a room with certain wiretap in private—wiretap equipment in connection with the Dodd investigation.

[The document referred to was marked exhibit No. 46.³]

Mr. DEAN. The next memorandum is a document from Mr. Caulfield to me, dated August 12, 1971, in which Mr. Caulfield briefly indicates that he has talked with Mr. Nofziger to come up with a candidate to assist in the enemy's project.

[The document referred to was marked exhibit No. 47.⁴]

Mr. DEAN. The next is a copy of a memorandum of August 16, 1971, that was prepared for Mr. Haldeman, Mr. Ehrlichman, and others at the White House by myself, which addresses itself to the general prob-

Senator BAKER. What else was said by him or by Mr. Haldeman or by you in that context?

Mr. DEAN. Well, this evolved into a, immediately into a conversation about the Internal Revenue Service and using the Internal Revenue Service to audit returns of people.

I had—again, we were on, you know, I knew the wavelength we had had been talking about, because I had had similar requests in the past to audit returns of people, and I told the President that the Internal Revenue Service had been—

Senator BAKER. Wait, wait, wait. You knew the wavelength because you knew from your previous use of the Internal Revenue Service?

Mr. DEAN. That is correct. I had requests from Mr. Haldeman in the past that certain individuals have audits commenced on them.

Senator BAKER. What did you do with that?

Mr. DEAN. Well, I can—the one time I recall getting one I did not know exactly what I was going to do with it because I was always reluctant to call Mr. Walters at that time, who was the head of the Internal Revenue Service, so I went to Mr. Caulfield, who had friends in the Internal Revenue Service and he said, “I think I know a way this can be done.”

Apparently there is some system where the appropriate anonymous letter comes into a regional office and if it is—those who know how to do this can write the right letter and sufficient information will prompt an audit on that individual.

Senator BAKER. Is that known as the informer statute?

Mr. DEAN. No; I do not believe it is an informer statute. It is just something that will be of sufficient attention to that regional office, that branch of the, audit branch of that regional office, that will institute an audit.

I went on to tell the President that we did not seem to have the clout at the White House to get this done. I had talked to Walters about it in the past, and told him that I had had instructions from Mr. Haldeman on one occasion, and he said that, he brought to my attention the making of the IRS political, and said that,

You will recall what happened back in 1948 with Truman and that administration and the cleaning house and the changing of the Internal Revenue Service.

And these were all new facts to me, and what he was telling me was “Don’t call me with this sort of thing.”

Senator BAKER. Tell me, if you do not mind, what you did. Did you in fact set up an audit? Your counsel is trying to reach you and I think he may have something to say.

Mr. DEAN [conferring with counsel]. He just said, which was quite accurate, I do not mind telling you any fact that is true. [Laughter.]

Senator BAKER. I would say that was a very lawyer-like piece of advice. [Laughter.]

Mr. DEAN. So in this instance there was, the one I was referring to in the past, there was an audit commenced. Now I, for example, read a memorandum into the record this morning per request of some material requested by the committee that had to do with an audit of Mr. Gibbons of the Teamsters Union. I merely put that in my file, and that is where it has remained to this day.

1686


EXHIBIT No. 45
THE WHITE HOUSE
WASHINGTON

EYES ONLY

EYES ONLY

June 12, 1972

MEMORANDUM FOR: JOHN DEAN

FROM: CHARLES COLSON 

I have received a well informed tip that there are income tax discrepancies involving the returns of Harold J. Gibbons; a Vice President of the Teamsters Union in St. Louis. This has come to me on very, very good authority.

Gibbons, you should know, is an all out enemy, a McGovernite, ardently anti-Nixon. He is one of the 3 labor leaders who were recently invited to Hanoi.

Please see if this one can be started on at once and if there is an informer's fee, let me know. There is a good cause at which it can be donated.

20. Former Commissioner of Internal Revenue Walters has stated that during the summer of 1972 he was asked by Treasury Secretary Shultz to check on a report by John Ehrlichman that Democratic National Committee Chairman Lawrence O'Brien had received large amounts of income which might not have been reported properly. Walters has stated that he reported to Shultz on the IRS's examination of O'Brien's returns for 1970 and 1971. Walters has stated that Ehrlichman was not satisfied with the report on the status of O'Brien's returns and that because of Ehrlichman's inquiries O'Brien was interviewed during the summer of 1972. Walters has stated that Ehrlichman was not satisfied with the interview and that he told Shultz he needed further information about the matter. Ehrlichman has testified that he had learned from a sensitive case report that the IRS was investigating O'Brien and that he called Shultz to complain that the IRS was delaying the audit until after the election.

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HOUSE OF REPRESENTATIVES
OF THE UNITED STATES
COMMITTEE ON THE JUDICIARY

DISTRICT OF COLUMBIA) ss:

A F F I D A V I T

JOHNNIE M. WALTERS, being duly sworn, deposes and says:

1. This statement is made upon my best recollection of the facts as they occurred, without my having had the benefit of reference to files and other materials in the possession of the Internal Revenue Service (IRS) which might permit a more precise statement.

2. I served as Commissioner of Internal Revenue from August 6, 1971 through April 30, 1973.

3. Beginning late in 1971 or early in 1972 the IRS began an intensive investigation of the Howard Hughes organizations and operations. During the course of that investigation, IRS learned that some fairly substantial amounts of money had been paid by the Hughes organization to Lawrence O'Brien and his associates. Sensitive case reports with respect to the Hughes investigation reflected the O'Brien payments. (Sensitive case reports are sent to

the Commissioner from the field each month to keep him and the Secretary of the Treasury advised of IRS investigations or proceedings relating to prominent persons or sensitive matters.) A Special Assistant to the Commissioner (during my tenure as Commissioner, Roger Barth) regularly delivered to the Secretary of the Treasury the monthly sensitive case reports.

4. During the summer of 1972, Secretary Shultz informed me that someone in the White House (subsequently identified as John Ehrlichman) had information that Mr. O'Brien had received large amounts of income which might not have been reported properly. The Secretary asked whether IRS could check on the matter, and I advised that IRS could.

5. I thereupon requested Assistant Commissioner Hanlon (Compliance) to determine whether Mr. O'Brien had filed returns which reflected substantial amounts of income. After a few days, he reported orally that Mr. O'Brien had filed returns which reported large amounts of income during the preceding years, that IRS had examined the returns for 1970 and 1971, that Mr. O'Brien had paid a small deficiency for one year, and that the examinations were closed. I reported this to Secretary Shultz.

6. Thereafter, from Secretary Shultz I learned that Mr. Ehrlichman was not satisfied with the report on the status of Mr. O'Brien's returns. I informed Secretary Shultz that Mr. O'Brien would be interviewed in connection with the Hughes investigation. I do not recall specifically whether scheduling of the interview of Mr. O'Brien originated in the Field investigation independently of Secretary Shultz's inquiries or as a result of Secretary Shultz's inquiries, but, in any case, IRS needed the interview and would have scheduled it. During 1972, however, it was IRS policy to postpone investigations involving sensitive cases, to the extent possible without loss of position or revenue, until after the election. In line with that policy, IRS probably would not have interviewed Mr. O'Brien prior to the election; however, because of the indicated inquiries, IRS did interview Mr. O'Brien during the summer of 1972.

7. To the best of my recollection, the IRS field personnel had some difficulty in scheduling an interview with Mr. O'Brien and at one point they agreed to interview his son instead (who had informed the IRS agents that he had information about his father's financial matters).

Before that interview took place, however, I was informed

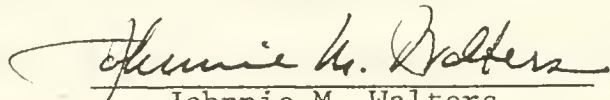
by Secretary Shultz that Mr. Ehrlichman thought IRS should interview Mr. O'Brien, not his son. I agreed with that and directed that IRS interview Mr. O'Brien rather than his son. I do not know how Mr. Ehrlichman learned of some of the details of which he had knowledge.

8. IRS interviewed Mr. O'Brien on or about August 17, 1972. Mr. O'Brien was cooperative although the interview was limited timewise, and Mr. O'Brien suggested that any further interview be postponed until after the election. My recollection is that IRS furnished a copy of the Conference Report to Secretary Shultz. A short time thereafter, Secretary Shultz informed me that Mr. Ehrlichman was not satisfied and that he needed further information about the matter. I advised the Secretary that IRS had checked the filing of returns and the examination status of those returns (closed) and that there was nothing else IRS could do.

9. On or about August 29, 1972, at the request of Secretary Shultz, I went to his office with Roger Barth so that we could conclude review of the O'Brien matter and dispose of it. Secretary Shultz, Mr. Barth and I discussed the matter and agreed that IRS could do no more. We then jointly telephoned Mr. Ehrlichman. Secretary Shultz

informed Mr. Ehrlichman of that; I stated that IRS had verified that Mr. O'Brien had filed returns, that those returns reflected large amounts of income, that IRS already had examined and closed the returns, and that we (Shultz, Walters and Barth) all agreed that there was nothing further for IRS to do. Mr. Ehrlichman indicated disappointment, and said to me "I'm goddamn tired of your foot dragging tactics." I was offended and very upset but decided to make no response to that statement. Following the telephone conversation, I told Secretary Shultz that he could have my job any time he wanted it.

10. The meeting with the Secretary and telephone conversation with Mr. Ehrlichman stand out in my recollections as the final incidents in the O'Brien matter, however, in concluding the matter, I may have furnished some data with respect to Mr. O'Brien's returns to Secretary Shultz shortly after (5 or 6 days) that encounter (some questions posed seem to indicate this).


Johnnie M. Walters

Sworn to before me this 10th day of June, 1974.


Notary Public

My Commission expires May 14, 1979

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House Judiciary Committee staff

Mr. Lackritz. But he never pinned it down?

Mr. Ehrlichman. I have no knowledge.

Mr. Lackritz. Do you have any knowledge if any of these instances were connected with any of the organized crime families? What do you use for colloquial terms?

Mr. Ehrlichman. I don't think so, not that I was aware of.

Mr. Lackritz. Did the name Sam Giacomo come into it at all, do you recall?

Mr. Ehrlichman. No. It was a name that I never heard before.

Mr. Lackritz. And any other context of O'Brien with organized crime contacts come up on any other occasions with Colson?

Mr. Ehrlichman. No, not that I recall.

Mr. Lackritz. How about by any other?

Mr. Ehrlichman. No. As I say, that would have been the only reference of O'Brien contacts like that.

Mr. Armstrong. Two short.

At about the time that Secretary Shultz became the Secretary of the Treasury, do you recall a conversation with the Secretary regarding ongoing tax investigation against Hughes Tool Company which involved Mr. O'Brien?

Mr. Ehrlichman. Yes.

Mr. Armstrong. Can you recall what information you had

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available to you and from what source about the nature of that investigation?

Mr. Ehrlichman. I had a sensor case report from the IRS about that.

Mr. Armstrong. Now at the conclusion of that investigation did you have a conversation of that investigation did you have a conversation with Secretary Shultz, Commissioner Walters and Mr. Barth; a conference call from the Secretary's office --

Mr. Ehrlichman. Not a conference called. I talked to them all on the phone and the Commissioner was there in his office at the time.

Mr. Armstrong. Can you recall for us the nature of that conversation?

Mr. Ehrlichman. Yes. He was reporting to me that the audit had been completed and that it had disclosed no improprieties or delinquencies and as far as they were concerned the matter was closed.

Mr. Armstrong. And what was your response to that?

Mr. Ehrlichman. Okay. You know, there it is. My concern was throughout that the IRS down in the woodwork was delaying the audit until after the election and that seemed to be the case, that there was a stall on because when the sensitive case report came in, I said, aha, when are you going to audit him? Well, they had 75 well selected reasons why they should not audit him and they weren't having any of the same reasons

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with regard to Republicans at that time and I thought there was a little unevenhandedness and I am talking to the Secretary now, "George, your guys are being lopsided. Here is a probable cause for auditing O'Brien and it's apparently not going forward and we can read in the paper everyday about audits of Republicans. Now how come?" And he said, "Well, I will check in to [sic] it and he checked into it and he came back and he said, -- he had a whole list of why he shouldn't be audited right now. His son is sick, he's out of town. They can't find the books. And I said, "Are you satisfied with that?" And he said, "No." And I said, "Well, neither am I." And I wanted them to turn up something and send him to jail before the election and unfortunately it didn't materialize.

Mr. Armstrong. On the occasion when Commissioner Walters was done with the audit and there were no improprieties, do you recall discussing with Commissioner Walters that either they had been stalling the audit --

Mr. Ehrlichman. Sure.

Mr. Armstrong. You had a discussion with him too?

Mr. Ehrlichman. You are darn right. It was my first crack at him. George wouldn't let me at him. George wanted to stand between him and his Commissioner and this was the first time it -- I had a chance to tell the Commissioner what a crappy job he had done.

Mr. Armstrong. And did you suggest that they reopen the

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21. On or about August 29, 1972 Shultz, Walters and Assistant to the IRS Commissioner Roger Barth telephoned Ehrlichman to report on the IRS investigation of Lawrence O'Brien. Shultz informed Ehrlichman that the IRS had closed the investigation. Ehrlichman complained to Walters that the IRS had been stalling the audit and he told Walters what a bad job he had done.

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Mr. Armstrong. And did you suggest that they reopen the

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audit at that time?

Mr. Ehrlichman. No. They told me it was closed, so there wasn't any.

Mr. Armstrong. So you accept it as a fate of happening?

Mr. Ehrlichman. Sure.

Mr. Armstrong. Other than the O'Brien was there any other information you had about the Hughes IRS investigation going on in Nevada at that time?

Mr. Ehrlichman. Well, it was a very long report and involved a lot of other people.

Mr. Armstrong. Did it make any mention of Mr. Rebozo?

Mr. Ehrlichman. Yes.

Mr. Armstrong. And do you recall if you discussed that information with Mr. Rebozo at anytime prior to the time when Barth indicated they wanted to?

Mr. Ehrlichman. No. You see, when it came over, it came over with a note from Barth saying that I need to talk to you about this and so I immediately called him and he said at that time I need to have a green light on interviews of Rebozo and Don Nixon. And so I said, you know, okay, I think it is from my standpoint it is indicated I will give you the green light if you are notified with that.

Mr. Armstrong. And that was -- go ahead, I'm sorry.

Mr. Ehrlichman. And he said, well, this is a little touchy. I am a little concerned about how we make these

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HOUSE OF REPRESENTATIVES
OF THE UNITED STATES
COMMITTEE ON THE JUDICIARY

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by Secretary Shultz that Mr. Ehrlichman thought IRS should interview Mr. O'Brien, not his son. I agreed with that and directed that IRS interview Mr. O'Brien rather than his son. I do not know how Mr. Ehrlichman learned of some of the details of which he had knowledge.

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Johnnie M. Walters

Sworn to before me this 10th day of June, 1974.


Notary Public

My Commission expires May 14, 1979

22. Walters stated that on September 11, 1972 he went to Dean's office. Dean gave Walters a list of McGovern staff members and campaign contributors and requested that the IRS begin investigations or examinations of the people named on the list. Walters' notes of the meeting state that J. E. [John Ehrlichman] asked to make up the list to see what information could be developed and that Dean had not been asked by the President to have this done and did not know whether the President had asked directly that any of this be done. Walters has stated that he advised Dean that compliance with the request would be disastrous for the IRS and for the Administration and that he would discuss the matter with Secretary Shultz and would recommend to Shultz that the IRS do nothing with respect to the request.

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22.2 Johnnie Walters handwritten notes, September 11, 1972 (received from Joint Committee on Internal Revenue Taxation).....	242
22.3 List of McGovern staff members and campaign contributors (received from Joint Committee on Internal Revenue Taxation).....	244

HOUSE OF REPRESENTATIVES
OF THE UNITED STATES
COMMITTEE ON THE JUDICIARY

AFFIDAVIT

DISTRICT OF COLUMBIA) ss:

JOHNNIE M. WALTERS, being first duly sworn,
deposes and says:

1. I served as Commissioner of Internal Revenue from August 6, 1971, through April 30, 1973.

2. On September 11, 1972, I met with John W. Dean, III, pursuant to his request, in his office at the Old Executive Office Building. At that meeting he gave me a list of names, and requested that IRS undertake examinations or investigations of the people named on the list. The list appeared to contain names of persons on the 1972 Presidential campaign staff of Senator George McGovern and of contributors to that campaign.

3. Mr. Dean stated that he had been directed to give the list to me. It was my impression at the time of the September 11, 1972 meeting that John D. Ehrlichman was the one who had given Mr. Dean his directions, but I do not recollect on what my impression was based.

Mr. Dean stated that he had not been asked by the President to have this done and that he did not know whether the President had asked that any of this activity be undertaken. Mr. Dean expressed the hope that the IRS could do this in such a manner that would "not cause ripples." He indicated that he was not yet under pressure with respect to this matter.

4. I advised Mr. Dean that compliance with the request would be disastrous for the IRS and for the Administration and would make the Watergate affair look like a "Sunday school picnic." I asked whether he had discussed the matter with Secretary Shultz, and he said no. I advised him that I would discuss the matter with Secretary Shultz, and that I would recommend to Secretary Shultz that we do nothing on the request.

5. On September 13, 1972, at the earliest opportunity, I discussed the matter with Secretary Shultz, showed him the list, and advised him that I believed that we should not comply with Mr. Dean's request. Mr. Shultz looked briefly at the list, and said do nothing with respect to it. I placed the list in a sealed envelope and placed it in my office safe. I believe I may have

informed Mr. Dean of the decision, but do not specifically recall doing so.

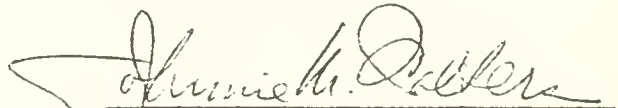
6. On or about September 25, 1972, I received a telephone call from Mr. Dean. He inquired as to what progress I had made with respect to the list. I told him that no progress had been made. He asked if it might be possible to develop information on fifty-sixty-seventy of the names. I again told him that, although I would reconsider the matter with Secretary Shultz, any activity of this type would be inviting disaster.

7. Thereafter, on or about September 29, 1972 and again at the earliest opportunity, I discussed the matter again with Secretary Shultz. We again agreed that nothing would be done with respect to the list. I have no recollection of any further discussions about the matter during my tenure as IRS Commissioner, except the possibility of mentioning (without showing) it to the present Commissioner, Donald C. Alexander, as he was in the process of being named Commissioner.

8. At no time did I furnish any name or names from the list to anyone, nor did I request any IRS employee or official to take any action with respect to the list.


9. I removed the list from the safe when I left IRS and thereafter personally kept it in the sealed envelope and locked in my present office.

10. On July 11, 1973, upon written request, I submitted the list, along with my handwritten notes of the September 11, 1972 meeting, to the Joint Committee on Internal Revenue Taxation in connection with that Committee's investigation of allegations that the IRS took enforcement actions for political purposes.


Johnnie M. Walters

Dated: 5/6/74

Subscribed and sworn to before me this 6 day of May, 1974.


Evelyn M. Purdy
Notary Public
My Commission expires _____

My Commission Expires Feb. 14, 1973

Commissioner
of
Internal Revenue

Johnnie
M.
Walters



Date 9-11-72

To JMW

① Received from John
Dean at 2³⁰ P conference
Suite 106; EOS, today.

② JE asked — to
make up list (staff &
edge contributors) & to see
what info can be
developed.

③ J. Dean has not been
asked by P to have IRS work

and he does not know
whether P has asked directly
that any of this be done.

④ J Dean wonders if there
are items IRS may have
or can pick up easily that
will not cause ripples.

⑤ J Dean is not yet
under pressure.

⑥ JMW advised Dean JMW
would discuss with ~~the~~
Secretary.

⑦ 9-13: Discussed Jay Katz.
He directed: "Do nothing."

22.3 LIST OF McGOVERN STAFF MEMBERS AND CAMPAIGN CONTRIBUTORS

Abzug, Rep. Bella

Armstrong, Robert

Brown, Willie L.

Caddell, Patrick

Caplin, Mortimer

Chayes, Dr. Abram

Clifford, Clark

Cohen, Dick

Cunningham, George

Daniels, Harley

Davis, Lon

DeWind, Adrian

Dougherty, Richard

Duffey, Rev. Joe

Dutton, Frederick G.

Farenthold, Frances (Sissy)

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7-173

22.3 LIST OF McGOVERN STAFF MEMBERS AND CAMPAIGN CONTRIBUTORS

Gavin Lt. Gen. James M.
(Retired)

Guggenheim, Charles

Handwritten signature
3/11/73

Halsted, Tom

Hart, Gary

Heller, Walter O

Himmelman, Harold

Holum, John D.

James, William S.

Jones, Kirby

Kimelman, Henry

Big Link

Kuh, Edwin

LaRocque, Rear Adm. Gene
(Retired)

Levett, Michael

Lobell, Martin

MaçLaine, Shirley

22.3 LIST OF McGOVERN STAFF MEMBERS AND CAMPAIGN CONTRIBUTORS

Mankiewicz, Frank

Martindell, Anne

McPherson, Mike

Meyers, Henry

O'Brien, Lawrence

Okun, Arthur M.

Patterson, Basil

Pechman, Joseph A.

Pokorny, Gene

Proxmire, Senator William

Rapp, Stan

Rubin, Miles

Salinger, Pierre

Schultze, Charles L.

Scoville, Herbert Jr.

22.3 LIST OF McGOVERN STAFF MEMBERS AND CAMPAIGN CONTRIBUTORS

Smith, Floyd

[Handwritten mark]
7/11/72

Stearnes, Rick

Surrey, Stanley S.

Sylvester, Edward S., Jr.

Tobin, James

Van Dyck, Ted

Warnke, Paul C.

Weil, Gordon

Westwood, Jean

Wexler, Anne

White, Cissy

Willens, Harold

York, Herbert F.

22.3 LIST OF McGOVERN STAFF MEMBERS AND CAMPAIGN CONTRIBUTORS

Handwritten signature and date: 7/11/73

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Chicago, Ill.

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Lincoln, Mass. 01773

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Washington, D. C. 20008

Isadore Adelman
1035 Summit Drive
Beverly Hills, Calif.

Mrs. Elaine Attias
605 N. Bedford Drive
Beverly Hills, Calif.

Julius Ochs Adler
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New York, N. Y. 10021

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687 Driftwood Lane
Northbrook, Ill.

Dr. Sheldon Adler
474 Duquesne Dr.
Pittsburgh, Pa. 15243

M/M John Axtell
10 Lincoln Road
Scarsdale, N. Y.

Archibald Alexander
744 Broad St.
Newark, N. J. 07102

Mildred E. Barad
(No Address)

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Chicago, Ill. 60615

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Hollywood, Calif.

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Dr./Mrs. Bernard Batt
31 Livingston Road
Sharon, Mass.

William R. Anixter
279 Moraine Road
Highland Park, Ill.

Dr./Mrs. Theodore B. Bayles
94 Summer St.
Weston, Mass. 02193

22.3 LIST OF McGOVERN STAFF MEMBERS AND CAMPAIGN CONTRIBUTORS

- 2 -



Mrs. J. (Helen) Beardsley
7336 Monte Vista
La Jolla, Calif. 92037

Eugene C. Blake
256 Country Club Road
New Canaan, Conn.

John M. Behr
10820 Vicenza Way
Los Angeles, Calif.

Louis C. Blau
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Beverly Hills, Calif. 90212

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585 Ingleside Place
Evanston, Ill.

Leonard Block
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Jersey City, N. J. 07302

Marjorie Benton
585 Ingleside Place
Evanston, Ill. 60201

Elizabeth Blossom
56 Linnaean St.
Cambridge, Mass.

Polly Bergen
Los Angeles, Calif.

Mrs. Frances Boehm
1 Willow Lane
Hewlett Harbor, N. Y. 11557

Jerome Berger
35 Ridgemoor Drive
Clayton, Mo. 63105

M/M Robert Boehm
1 Willow Lane
Hewlett Harbor, N. Y. 11557

Louise Berman
6 West 77th St.
New York, N. Y.

Edward G. Boettiger
Dunham Pond Road
Storrs, Conn. 06268

Nahum A. Bernstein
295 Madison Ave.
New York, N.Y. 10017

Alva T. Bonda
11 Bratenahl Place
Suite 14E
Bratenahl, Ohio
and
1700 Investment Plaza
Cleveland, Ohio 44114

Peter L. Bernstein
767 Fifth Ave.
New York, N.Y. 10022

Harold Berry
19330 Stratford
Detroit, Mich.

Joel Bonda
Investment Plaza
Cleveland, Ohio 44114

Harold & Vivian Berry
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Apt. 1517
Southfield, Mich. 48075

Lou Bonda
Investment Plaza
Cleveland, Ohio 44114

Mrs. Carly Billings
P.O. Box 1014
Sag Harbor, N. Y. 11963

Richard Borow
1800 Ave. of the Stars
Los Angeles, Calif. 90067

M/M Constantine & Elizabeth Boukas
P.O. Box 116
Dunnigan, Calif. 97102

Michael Brande
1360 N. Sandburg
Chicago, Ill.

M/M Irwin H. Braun
546 N. Cliffwood Ave.
Los Angeles, Calif.

Gerald Breslauer
3306 Barbydell Drive
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23 Walters has stated that on September 13, 1972 he discussed with Secretary Shultz the list given him by Dean, showed Shultz the list and advised Shultz that he believed they should not comply with Dean's request to commence examination or investigation of the people named on the list. Shultz told Walters to do nothing with respect to the list and Walters put it in his office safe. On July 11, 1973 Walters turned the list over to the Joint Committee on Internal Revenue Taxation. On December 20, 1973 the staff of the Joint Committee issued a report stating that it found no evidence that the returns of any persons on the list were screened as a result of White House pressure.

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23.2 Johnnie Walters handwritten notes, September 11, 1972 (received from Joint Committee on Internal Revenue Taxation).....	278
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HOUSE OF REPRESENTATIVES
OF THE UNITED STATES
COMMITTEE ON THE JUDICIARY

AFFIDAVIT

DISTRICT OF COLUMBIA) ss:

JOHNNIE M. WALTERS, being first duly sworn,
deposes and says:

1. I served as Commissioner of Internal Revenue from August 6, 1971, through April 30, 1973.

2. On September 11, 1972, I met with John W. Dean, III, pursuant to his request, in his office at the Old Executive Office Building. At that meeting he gave me a list of names, and requested that IRS undertake examinations or investigations of the people named on the list. The list appeared to contain names of persons on the 1972 Presidential campaign staff of Senator George McGovern and of contributors to that campaign.

3. Mr. Dean stated that he had been directed to give the list to me. It was my impression at the time of the September 11, 1972 meeting that John D. Ehrlichman was the one who had given Mr. Dean his directions, but I do not recollect on what my impression was based.

Mr. Dean stated that he had not been asked by the President to have this done and that he did not know whether the President had asked that any of this activity be undertaken. Mr. Dean expressed the hope that the IRS could do this in such a manner that would "not cause ripples." He indicated that he was not yet under pressure with respect to this matter.

4. I advised Mr. Dean that compliance with the request would be disastrous for the IRS and for the Administration and would make the Watergate affair look like a "Sunday school picnic." I asked whether he had discussed the matter with Secretary Shultz, and he said no. I advised him that I would discuss the matter with Secretary Shultz, and that I would recommend to Secretary Shultz that we do nothing on the request.

5. On September 13, 1972, at the earliest opportunity, I discussed the matter with Secretary Shultz, showed him the list, and advised him that I believed that we should not comply with Mr. Dean's request. Mr. Shultz looked briefly at the list, and said do nothing with respect to it. I placed the list in a sealed envelope and placed it in my office safe. I believe I may have

informed Mr. Dean of the decision, but do not specifically recall doing so.

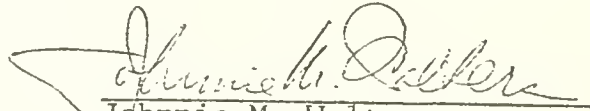
6. On or about September 25, 1972, I received a telephone call from Mr. Dean. He inquired as to what progress I had made with respect to the list. I told him that no progress had been made. He asked if it might be possible to develop information on fifty-sixty-seventy of the names. I again told him that, although I would reconsider the matter with Secretary Shultz, any activity of this type would be inviting disaster.

7. Thereafter, on or about September 29, 1972 and again at the earliest opportunity, I discussed the matter again with Secretary Shultz. We again agreed that nothing would be done with respect to the list. I have no recollection of any further discussions about the matter during my tenure as IRS Commissioner, except the possibility of mentioning (without showing) it to the present Commissioner, Donald C. Alexander, as he was in the process of being named Commissioner.

8. At no time did I furnish any name or names from the list, to anyone, nor did I request any IRS employee or official to take any action with respect to the list.

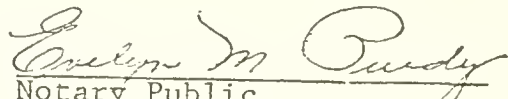
9. I removed the list from the safe when I left IRS and thereafter personally kept it in the sealed envelope and locked in my present office.

10. On July 11, 1973, upon written request, I submitted the list, along with my handwritten notes of the September 11, 1972 meeting, to the Joint Committee on Internal Revenue Taxation in connection with that Committee's investigation of allegations that the IRS took enforcement actions for political purposes.


Johnnie M. Walters

Dated: 5/6/74

Subscribed and sworn to before me this 6 day of May, 1974.


Evelyn M. Purdy
Notary Public
My Commission expires _____

My Commission Expires Feb. 14, 1973

Commissioner
of
Internal Revenue

Johnnie
M.
Walters



Date 9-11-72

To JMW

① Received from John
Dean at 2³⁰ P conference
Suite 106; EOB, today.

② JE asked — to
make up list (staff &
Lodge contributors) & to see
what info can be
developed.

③ J. Dean has not been
asked by P to have IRS work

and he does not know whether P has asked directly that any of this be done.

④ J Dean wonders if there are items IRS may have or can pick up easily that will not cause ripples.

⑤ J Dean is not yet under pressure.

⑥ JMW advised Dean JMW would discuss with ~~the~~ Secretary.

⑦ 9-13: Discussed Leg Kelly. He directed: "Do nothing."

Finally, some returns are manually selected for screening. Manual selection can occur for a variety of different reasons. Many returns are manually selected because they are related to other returns which were selected for audit. For example, partners in a business may have their returns screened as a result of an audit of any one partner, and a taxpayer's return in one year may be screened in connection with an audit of a prior or subsequent year's return. When audits of trusts or businesses lead to adjustments that should be carried through to individuals' tax returns, these returns are audited so that the changes can be made. Other returns are manually selected as a result of information from intelligence activities, news reports or informants' letters, or in connection with an IRS investigation of specific economic activities in a local area. The IRS routinely screens for audit the tax returns of people involved in criminal investigations. It also routinely screens tax returns of people who request a refund or who want to carry back an investment credit or a net operating loss.

Once a return is manually selected for screening, it will in most cases be given a full audit only after the person selecting the return examines it and determines that the return has significant audit potential. If he finds little audit potential, the IRS does not contact the taxpayer. Returns that are selected for audit consideration through the computerized DIF and Automatic systems are sent to the IRS District Office in which the taxpayer resides. At that point, the return is examined by a classifying officer of the District Office, who similarly determines whether the return has significant audit potential. If he finds little audit potential, the District Office sends the return back, and no taxpayer contact is made. The returns believed by the classifying officer to have high audit potential are assigned to revenue agents. The agents then screen the returns a second time and audit as many as they can, starting with those they think have the highest audit potential. Returns selected through the TCMP do not go through a screening process, but are automatically audited.

IV. INVESTIGATION OF INTERNAL REVENUE SERVICE FILES ON WHITE HOUSE POLITICAL OPPONENTS

The Joint Committee staff has examined the Internal Revenue Service's files on over 700 individuals who appeared on various lists of political opponents made up in the White House. List 1 consists of the 216 individuals mentioned as political opponents of the White House in John Dean's testimony before the Senate Watergate Committee.¹ The Joint Committee staff has no evidence that this list ever went to the IRS. Nevertheless, the staff examined the returns in these cases in the same manner as in the case of the returns of people whose names were given to the IRS. List 2 consists of 490 individuals whose names were given by Dean to IRS Commissioner Johnnie Walters in

¹ Dean presented three lists of political opponents to the Senate Watergate Committee, consisting of 29, 16, and 205 names. There are substantial overlaps, and the lists include 213 different individuals. In addition, Dean presented a note from Lawrence Higby stating that Democratic National Committee Treasurer Robert Strauss should be added to the list of White House political opponents. In the body of his testimony, Dean indicated that John Canfield arranged to have a reporter from *Newsday* newspaper audited, and the staff also added to the opponents list two people affiliated with *Newsday* who participated in the article about C. G. Rebozo that occasioned Dean's interest. These are the 216 individuals on list 1.

1972.² For list 1, the Joint Committee staff investigation applied to individual income tax returns filed for the years 1968 to 1971. For the second list, however, the investigation was confined to returns filed for the years 1970 and 1971 unless a return for one of those years was audited, in which case the investigation was extended to one or two prior or subsequent years. In most cases, returns tend to be audited one or two years after the year for which they are filed, if they are audited at all.

The staff has not looked into the cases of people on the various supplementary lists presented by Dean to the Senate Watergate Committee unless they were also on lists 1 or 2.

SUMMARY STATISTICS ON AUDITS—LIST 1

Table 1 summarizes the audit experience of the 216 individuals on list 1. Over the four-year period 1968-1971 these people could have filed a maximum of 864 returns. In five cases, however, the individual was not required to file a return in the United States either because the individual had died or did not reside in the United States. In addition, in 17 other cases no return was filed. Thus, 842 returns were filed by the individuals on list 1.

Of these 842 returns, 491, or 58.3 percent, were screened for possible audit; and 187, or 22.2 percent, were actually audited. Twelve returns were accepted as filed but referred to a State under the Federal-State Exchange Program.³

TABLE 1.—AUDIT EXPERIENCE OF 216 WHITE HOUSE POLITICAL OPPONENTS 1968-1971

	Number	Percent of returns filed
Not required to file a return in United States.....	5
No record of filing a return and no assurance that no return was required.....	17
Return filed and not selected for screening.....	351	41.7
Return filed and selected for screening.....	491	58.3
Audited.....	187	22.2
Referred to a State.....	12	1.4
Not audited after screening.....	292	34.7
Total possible returns.....	864
Total returns filed.....	842	100.0

A question which naturally arises is, how does the audit experience of the 216 enemies compare with that of the population at large. The percentage of all individual income tax returns audited during fiscal years 1969 to 1972 is available by several adjusted gross income classes.

Of the 842 returns filed by the 216 enemies, 437, or 51.9 percent, had adjusted gross income (AGI)⁴ over \$50,000; and 387, or 46.0 percent, had AGI between \$10,000 and \$50,000. Only 18 returns, or 2.1 percent,

²The second list consists of 575 names. In 45 cases, the staff could not determine the identity of the individual, and there were 41 duplications (either with list 1 or internally in list 2). In one case, the staff could not decide which of two persons was on the list, so it included both of them. Thus, 490 cases were examined.

³The IRS has agreements for the exchange of information with all States except Texas and Nevada. Most of the referrals on both lists were to the State of New York. Under the Federal New York State Tax Agreement, the IRS refers to the State several thousand tax returns that it has screened and not audited because of workload limitations. New York then furnishes the results of any audit it undertakes on those returns to the IRS.

⁴Adjusted gross income is income before the deduction of personal exemptions and

had AGI below \$10,000. Thus, the White House political opponents were a relatively affluent group, and it is probably appropriate to compare them with the national statistics for high income people. Internal Revenue Service data show that people with adjusted gross income over \$50,000 tend to be audited about 14 percent of the time.

Since 22 percent of the returns on the White House enemies list 1 were audited, they appear to have been audited significantly more frequently than random individuals with roughly the same incomes. A finer breakdown of the national statistics, however, might not show that this was true.

There are several reasons why people on the White House political opponents list might be audited more frequently than average. First, they tend to be involved in a wider range of business activities than the average person with the same income. Second, a large fraction of the political opponents in the middle income range are journalists and writers. These people tend to have large deductions for business expenses, and under the DIF formulas in use between 1968 and 1971 this tends to give them higher-than-average DIF scores for people in their income range.

Table 2 shows the reasons why the 491 returns of people on list 1 that were screened as possible candidates for audit were selected. Of these, 425, or 86.6 percent, were selected for screening under one of the three computerized systems. Two hundred and eighty-seven returns were selected under the Standard or DIF systems, 134 under the Automatic or Special systems, and 4 under the Taxpayer Compliance Measurement Program. Twenty-one returns were screened in connection with prior or subsequent year audits. Eighteen returns were picked up in relation to audits of trusts, partnerships, or corporations. Three more were screened in connection with claims or requests for refunds. Seven were screened as part of special projects (generally, Strike Forces or Joint Compliance Projects).⁵ Two were referrals from the Intelligence Division. In 15 cases there was some other reason for the screening.

In the cases in which a return was computer-selected for screening, the Joint Committee staff has verified this by examining various documents that the IRS computer routinely generates when such a selec-

TABLE 2 -- REASONS FOR SCREENING RETURNS FROM LIST 1

	Number	Percent
Total screened.....	491	100.0
Computer selected.....	425	86.6
Standard or DIF system.....	287	58.5
Automatic or special systems.....	134	27.3
Taxpayer Compliance Measurement Program.....	4	0.8
Multi-year audit.....	21	4.3
Related pick-up ¹	18	3.7
Claims and other requests for refunds.....	3	0.6
Intelligence Division referrals or requests.....	2	0.4
Special projects.....	7	1.4
Other.....	15	3.0

¹ Returns picked up in connection with audits of other returns.

² Merely Strike Forces and Joint Compliance Projects.

⁵ Strike Forces refer to the use of the investigative resources of several Federal agencies, including the IRS, to fight organized crime. In 1972, the IRS closed 5,894 audits in connection with Strike Forces. Joint Compliance Projects are carried out by the Audit and Intelligence Divisions within each District. They are directed against any individuals in the District who engage in specific economic activities that the IRS suspects are associated with failure to comply with the tax laws.

tion is made. In the cases where a return was audited in connection with a prior or subsequent year audit, the staff has verified that the prior or subsequent year audit did indeed occur and determined why the return was selected for screening that year. In cases of related pickups, the staff has verified that the related trust, partnership or corporation was indeed audited. In the cases of returns in which there were claims or requests for refunds, the staff has verified that such claims were made. In the case of special projects, the staff has either traced a project to an investigation begun by some other government agency or, if it was initiated by the IRS itself, examined the project to see that it was conducted without regard to the political views or activities of the individuals under investigation. In the other cases, the staff has satisfied itself that screening was not the result of White House pressure on the IRS.

Informants' letters present special problems. Any person who wishes to have somebody audited by the IRS can try to do so by sending a convincing informant's letter. Presumably, there is no reason why somebody in the White House could not send an anonymous letter (or even a signed letter) as well. Dean testified before the Senate Watergate Committee that this is how Caulfield arranged to have the *Newsday* reporter audited. (The staff, however, did not find any informant's letters in this file.) The files on the individuals on list 1 contained 30 informants' letters on 19 people, of which 8 were anonymous. In many cases, these were the sort of crank letters that are routinely written to, and about, public figures. In no case was a return screened or audited because of such a letter. In one case, however, a letter was referred to an agent who was already auditing the subject of the letter, and the letter led to the assessment of a \$365 deficiency.

Of the 187 audits, 121 had been completed by the time of the Joint Committee staff investigation. Thirty-one led to no change in tax liability; 82 to a tax increase; and 8 to a tax reduction.

SUMMARY STATISTICS ON AUDITS—LIST 2

The staff has also examined files on 1,417 returns of the 490 individuals on list 2. Table 3 summarizes the audit experience of the individuals on list 2 only for the years 1970 and 1971. In those two years the 490 individuals could have filed a maximum of 980 returns. Actually, they filed 962 returns. Of these, 569, or 59.1 percent, were selected for screening and 253, or 26.3 percent, were audited. Seven returns were referred to States under the exchange program. As was true in the case of list 1, this represents a higher percentage of cases audited than for people with high incomes generally. However, as previously pointed out, there are differences between this group and high income persons generally which may well account for the higher percentage audited.

Of the 1,417 returns examined for all years, the IRS selected a total of 999 returns for screening. Table 4 summarizes the reasons why these returns were selected. In 802 cases, or 80.3 percent of the total, the return was selected by one of the computer systems. Of these, 367 were selected under the Standard or DIF systems, 416 under the Automatic or Special systems, and 19 under the Taxpayer Compliance Measurement Program. In 17 cases, the screening was associated with a

claim or request for a refund; and in 35 cases it was a result of a prior or subsequent year audit. There were 65 pick-ups related to audits of businesses or trusts. Five returns were screened because of Intelligence referrals or requests. Eleven returns were screened as the result of special projects. Sixty-four returns were screened for some other reason.

TABLE 3.—AUDIT EXPERIENCE OF 490 WHITE HOUSE POLITICAL OPPONENTS 1970 AND 1971

	Number	Percent of returns filed
Not required to file a return in 1970 or 1971.....	2
No record of filing a return and no assurance that no return was required.....	16
Return filed and not selected for screening.....	393	40.9
Return filed and selected for screening.....	569	59.1
Audited.....	253	26.3
Referred to a State.....	7	.7
Not audited after screening.....	309	32.1
Total possible returns.....	960
Total returns filed.....	962	100.0

TABLE 4.—REASONS FOR SCREENING RETURNS FROM LIST 2

	Number	Percent
Total Screened.....	999	100.0
Computer selected.....	802	80.3
Standard or DIF system.....	357	36.7
Automatic or Special systems.....	416	41.7
Taxpayer Compliance Measurement Program.....	19	1.9
Multi-year audit.....	35	3.5
Related pickup ¹	65	6.5
Claims and other requests for refunds.....	17	1.7
Appellate or Intelligence Division referrals or requests.....	5	0.5
Special projects ¹	11	1.1
Other.....	64	6.4

¹ See notes to Table 2.

As with the returns from list 1, the staff has verified the reasons why each of these 999 returns on list 2 were selected for screening. It has found no evidence that any returns were screened as a result of White House pressure on the IRS.

CONDUCT OF AUDITS AND COLLECTION AND INTELLIGENCE ACTIVITIES

In addition to determining whether an individual on one of the political opponents lists was audited in a particular year, the staff has examined the revenue agents' reports and the workpapers of each audit to judge whether the audits were conducted without harassment or undue strictness. Income tax audits necessarily involve some inconvenience for the taxpayer being audited. However, the staff has found no evidence that revenue agents attempted to increase unnecessarily this inconvenience for people on the political opponents lists. In some cases, the agents were relatively strict. However, this was usually motivated by a previous lack of cooperation on the part of the taxpayer. In an equal number of cases the agents were somewhat lax. The staff has found absolutely no evidence that audits of people on the political opponents lists were on the average conducted more harshly than normal.

The staff has also reviewed the collection activities of the IRS concerning people on the lists. It has found no evidence that the IRS has been more vigorous in its attempts to collect unpaid taxes from political opponents of the White House than normal. Indeed, if anything, the opposite is true. Several individuals on the lists appear to pose collection problems for the IRS. The Service has been quite lenient in granting extensions to file in many cases, and has not yet attempted to collect taxes from several political opponents who have failed to file returns or even to ascertain the reasons for the failure to file.

The staff has also found no indication that the IRS was more vigorous than normal in recommending prosecution for tax violations in the cases of political opponents of the White House.

CASES OF ALLEGED IRS BIAS

The staff's investigation paid particular attention to the cases of those individuals mentioned in the press as victims of politically motivated audits. The Joint Committee staff has difficulty in discussing these cases specifically because of the problem this would present in violating the individuals' rights of confidentiality. However, in none of these cases has the staff found any evidence that the taxpayer was unfairly treated by the Internal Revenue Service because of political views or activities. If the staff were freed from restraint as to disclosure of information, it believes the information it has would indicate that these taxpayers were treated in the same manner as taxpayers generally.

In one case, it is possible to make some comments since the information involved does not come from Internal Revenue Service files. This was the case involving Robert W. Greene, a reporter for *Newsday* who had authored an article on C. G. Rebozo. In this case, Dean stated that John Caulfield had initiated an audit with an informant's letter. According to statements made by Greene, however, his return was not audited by the Internal Revenue Service but rather by New York State under the Federal/State exchange program. The staff has talked with Mr. Greene, the New York revenue agent who audited Greene's State return, and other people in the New York State Department of Taxation and, as a result, believes that his audit by New York State was unrelated to his being classified as a White House enemy.

V. INVESTIGATION OF INTERNAL REVENUE SERVICE FILES ON "FRIENDS" OF THE WHITE HOUSE

Seven individuals have been reported in the media or in testimony before the Senate Select Committee on Presidential Campaign Activities to be friends of people in the White House who allegedly received some favorable tax treatment because of actions taken by persons in the White House. In all of the 7 cases called to the staff's attention, audits were undertaken by the Internal Revenue Service. It is believed that all 7 of these were, at one time or another, listed as "sensitive case reports." Such reports are maintained on a current basis within the Internal Revenue Service for cases involving prominent persons. A listing of this type apparently has been used

24. On September 15, 1972 from about 5:23 until about 5:27 p.m. the President met with Haldeman and discussed, among other things, Dean's working through IRS. At about 5:27 p.m. Dean joined the meeting and from about 5:27 to about 6:00 p.m. the President, Haldeman and Dean had a discussion which did not refer specifically to the IRS. The Committee has received tape recordings of these conversations.

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24.1 TRANSCRIPT OF SEPTEMBER 15, 1972 MEETING

TRANSCRIPT PREPARED BY THE IMPEACHMENT INQUIRY
STAFF FOR THE HOUSE JUDICIARY COMMITTEE OF A RE-
CORDING OF A MEETING AMONG THE PRESIDENT, H. R.
HALDEMAN AND JOHN DEAN ON SEPTEMBER 15, 1972

PRESIDENT: [Unintelligible]

HALDEMAN: John, he is one of the quiet guys that gets a lot done.
That was a good move, too, bringing Dean in. But it's --

PRESIDENT: It -- He'll never, he'll never gain any ground for us.
He's just not that kind of guy. But, he's the kind that
enables other people to gain ground while he's making
sure that you don't fall through the holes.

PRESIDENT: Oh. You mean --

HALDEMAN: Between times, he's doing, he's moving ruthlessly on
the investigation of McGovern people, Kennedy stuff,
and all that too. I just don't know how much progress
he's making, 'cause I --

PRESIDENT: The problem is that's kind of hard to find.

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HALDEMAN: Chuck, Chuck has gone through, you know, has worked on the list, and Dean's working the, the thing through IRS and, uh, in some cases, I think, some other [unintelligible] things. He's -- He turned out to be tougher than I thought he would, which is what

PRESIDENT: Yeah.

HALDEMAN: is --

PRESIDENT: You put anybody else that you want to run in in the morning, you can. [Unintelligible] I'm going to stick around here for awhile. I don't think I can do this finance group in the morning. I think it's too quick after the Watergate. Let's do it next Monday or Tuesday. That ought to be about it.

HALDEMAN: Let me check and see.

PRESIDENT: You know who he's, uh [unintelligible]

HALDEMAN: There isn't, I don't think, anything pending, but I'll check.

PRESIDENT: You know, we ought to get something together. Shriver's put out his financial statement now, too. While you're at it, I'd deliberately raise mine other than in [unintelligible]

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HALDEMAN: Oh yeah, we're pushing that hard. The Vice President was delighted with that.

PRESIDENT: Did he get the point?

HALDEMAN: Yeah absolutely.

PRESIDENT: [Unintelligible]. Now we want -- in that regard, I don't think he [unintelligible] wife, did she?

HALDEMAN: I don't know, but I would guess his wife probably doesn't have any and so it won't make any difference.

PRESIDENT: Make any dif-- she might.

HALDEMAN: She must.

PRESIDENT: Make him report it.

HALDEMAN: But this Shriver one, we --

PRESIDENT: The Shriver one, the -- Yeah. She'll have to report [unintelligible] to the organization [unintelligible] trust.

HALDEMAN: Yeah, it's all in trust. She only has about twenty thousand dollars. Kennedy put his stocks up, tried for the trust to put, you know, what it was worth.

[Dean enters room]

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PRESIDENT: Hi, how are you?

DEAN: Yes sir.

PRESIDENT: Well, you had quite a day today, didn't you? You got, uh, Watergate, uh, on the way, huh?

DEAN: Quite a three months.

HALDEMAN: How did it all end up?

DEAN: Uh, I think we can say "Well" at this point. The, uh, the press is playing it just as we expect.

HALDEMAN: Whitewash?

DEAN: No, not yet; the, the story right now --

PRESIDENT: It's a big story.

DEAN: Yeah.

PRESIDENT: [Unintelligible]

HALDEMAN: Five indicted,

DEAN: Plus,

HALDEMAN: They're building up the fact that one of --

DEAN: plus two White House aides.

HALDEMAN: Plus, plus the White House former guy and all that. That's good. That, that takes the edge off whitewash

really -- which -- that was the thing Mitchell kept saying that,

PRESIDENT: Yeah.

HALDEMAN: that to those in the country, Liddy and, and, uh, Hunt are big men.

DEAN: That's right.

PRESIDENT: Yeah. They're White House aides.

DEAN: That's right.

HALDEMAN: And maybe that -- Yeah, maybe that's good.

PRESIDENT: How did MacGregor handle himself?

DEAN: I think very well. He had a good statement. Uh, he said that the, uh, the Grand Jury indictment speaks for itself and that, uh, it's now time to realize that some apologies may be due.

HALDEMAN: Fat chance. [Laughs]

DEAN: Yeah. [Unintelligible].

PRESIDENT: We couldn't do that [unintelligible] just remember all the trouble they gave us on this. We'll have a chance to get back at them one day. How are you doing on your other investigations? Your -- How does this [unintelligible]

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How does this [unintelligible]

DEAN: [Unintelligible] end of the, uh --

HALDEMAN: What's happened on the bug?

PRESIDENT: Hard, hard to find -- on the what?

HALDEMAN: The bug.

DEAN: The second bug. There was another bug found in the phone of, uh, the first --

PRESIDENT: You don't think it was one left over from the previous job?

DEAN: We're -- Absolutely not. The, the Bureau has, uh, checked and re-checked. The man who checked the phone first said that his first check was thorough and it was not there in the instrument [clears throat] and that indeed it had to be planted after --

PRESIDENT: What the hell do you think is involved? What's your guess?

DEAN: I think the DNC planted it, quite clearly.

PRESIDENT: You think they did it?

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DEAN: Uh huh.

PRESIDENT: Deliberately?

DEAN: [Unintelligible]

PRESIDENT: Well, what in the name of Christ -- who do they think -- that anybody was -- They really [unintelligible] want to believe that we planted that?

HALDEMAN: Did they get anything on the fingerprints?

DEAN: No they [unintelligible]

HALDEMAN: There weren't any?

DEAN: neither on the telephone or on the, uh, on the bug. The, uh, well, the FBI has unleashed a full blast investigation over at the DNC starting with O'Brien right now.

HALDEMAN: [Laughs] Using the same crews now that they have nothing to do in Washington.

DEAN: [Unintelligible] the same Washington Field Office.

PRESIDENT: What are they doing? Asking them what kind of questions?

DEAN: Anything that they can think of because what happened, O'Brien has charged the Bureau with failing to, uh, find all the, all the bugs, whenever [unintelligible]

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HALDEMAN: Good, that'll make them mad.

DEAN: So, so, Gray is pissed now and his people are kind of pissed off. So they're moving in because their reputation's on the line. That's, uh, do you think that's a good development?

PRESIDENT: I think that's a good development because it makes it look so God damned phony, doesn't it? The whole --

DEAN: Absolutely.

PRESIDENT: Or am I wrong?

DEAN: No, no sir. It, it --

PRESIDENT: -- looks silly.

DEAN: If we can, if we can find that the DNC planted that, the whole story is going to -- the whole -- just will reverse.

PRESIDENT: But how could they, how could you possibly find it, though?

DEAN: Well, there's a way. They're, they're trying to ascertain who made the bug.

PRESIDENT: Oh.

DEAN: If they -- It's a custom-made product.

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PRESIDENT: Oh.

DEAN: If they can get back to the man who manufactured it, then they can find out who he sold it to, and how it came down through the chain.

PRESIDENT: Boy, you know, you never know. When those guys get after it, they can find it. They --

DEAN: The resources that have been put against this whole investigation to date are really incredible. It's truly a, it's truly a larger investigation than was conducted against, uh, the after inquiry of the JFK assassination.

PRESIDENT: Oh.

DEAN: And good statistics supporting that. Kleindienst is going to have a --

HALDEMAN: Isn't that ridiculous though?

PRESIDENT: What is?

HALDEMAN: This silly ass damn thing.

PRESIDENT: Yeah.

HALDEMAN: That kind of resources against --

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PRESIDENT: Yeah for Christ's sake [unintelligible]

HALDEMAN: Who the hell cares?

PRESIDENT: Goldwater put it in context, he said "Well, for Christ's sake, everybody bugs everybody else. We know that."

DEAN: That was, that was priceless.

HALDEMAN: Yeah. I bugged --

PRESIDENT: Well, it's true. It happens to be totally true.

DEAN: [Unintelligible]

PRESIDENT: We were bugged in '68 on the plane and bugged in '62, uh, even running for Governor. God dammedest thing you ever saw.

DEAN: It was a shame that, that, evidence to the fact that that happened in '68 was never preserved around. I understand that only the former Director had that information.

HALDEMAN: No, that's not true.

DEAN: There was direct evidence of it?

PRESIDENT: Yeah.

HALDEMAN: There's others who have that information.

PRESIDENT: Others know it.

DEAN: DeLoach?

PRESIDENT: DeLoach, right.

HALDEMAN: I've got some stuff on it, too, in the bombing halt study.
'Cause it's all -- that's why, the, the stuff I've got
we don't --

PRESIDENT: The difficulty with using it, of course, is that it
reflects on Johnson.

DEAN: Right.

PRESIDENT: He ordered it. If it weren't for that, I'd use it. Is
there any way we could use it without reflecting on
Johnson? How -- Now, could we say, could we say that the
Democratic National Committee did it? No, the FBI did
the bugging, though.

HALDEMAN: That's the problem.

DEAN: Is it going to reflect on Johnson or Humphrey?

HALDEMAN: Johnson. Humphrey didn't do it.

DEAN: Humphrey didn't do it?

PRESIDENT: Oh, hell no.

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HALDEMAN: He was bugging Humphrey, too. [Laughs]

PRESIDENT: Oh, God damn.

HALDEMAN: [Laughs]

PRESIDENT: Well, on the other hand, maybe, uh -- I'll tell you who to call. I want you to ask Connally. Whatever he thinks, maybe we ought to just, just let that one fly. I mean, I don't think he will, I don't think he will [unintelligible] Johnson. [Unintelligible]. And also it reflects on the Bureau. [Unintelligible]

DEAN: [Unintelligible]

PRESIDENT: They, they, they hate to admit that --

HALDEMAN: It's a rough one on them with, with all this stuff about they don't do Congressmen, and all that

PRESIDENT: That's right.

HALDEMAN: sort of stuff [unintelligible]

PRESIDENT: I --

HALDEMAN: do a presidential [unintelligible]

PRESIDENT: It isn't worth it. It isn't worth it, damn it. It isn't worth -- the hell with it. What is the situation on your,

uh, on the, on the little red box? Did they find what the hell that, that is? Have they found the box yet?

DEAN: Gray has never had access to the box. He is now going to pursue the box. I spoke with him just, just about, uh, oh, thirty minutes ago and Pat said, "I don't know about the box. Uh, don't know where it is now. We never had an opportunity before, when it was, first, uh, released in the press there was a box, to go in. But," he said, "I think we have grounds now to go in and find out what it's all about."

HALDEMAN: The last public story was that she handed it over to Edward Bennett Williams.

DEAN: That's right.

PRESIDENT: Perhaps the Bureau ought to go over --

HALDEMAN: The Bureau ought to go into Edward Bennett Williams and let's start questioning that son-of-a-bitch. Keep him tied up for a couple of weeks.

PRESIDENT: Yeah, I hope they do. They -- The Bureau better get over pretty quick and get that red box. We want it cleared up. [Unintelligible]

DEAN: That's exactly the way I, I gave it to Gray. I, uh, uh --

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PRESIDENT: We want it cleared up. We want to get to the bottom of it. If anybody is guilty over here we want to know.

HALDEMAN: [Unintelligible] in the news. [Laughs]

DEAN: Another interesting thing that's developed is, regarding the private litigation we've got is, uh, the Stans' libel action was assigned to Judge Richey.

PRESIDENT: Oh, Christ.

DEAN: Well, now, that's good and bad. Uh, Judge Richey is not known to be one of the intellects on the bench. That's conceded by many that he is uh, uh --

PRESIDENT: [Unintelligible] in his own stupid way he's sort of, uh --

DEAN: Well, he's been thoroughly candid in his dealing with people about the case. He's made several entrees, uh, off the bench, to, to, uh, (1) to Kleindienst, (2) to, uh, his old friend Roemer McPhee, to keep Roemer abreast of what his thinking is. He told Roemer he thought that Maury ought to file a libel action.

PRESIDENT: Did he?

DEAN: [Laughs]

PRESIDENT: Good.

DEAN: Uh --

HALDEMAN: Well, can he deal with that case concurrently with the other case?

DEAN: Yeah. The, the fact that the, the civil case came to a halt, that the depositions were halted and he --

HALDEMAN: opened his calendar for a few days.

DEAN: Well, it did that, and more than that. He had been talking to Silbert, and Silbert, uh, the U. S. Attorney down here, the Assistant U. S. Attorney was saying, "We are going to have a hell of a time drawing these indictments up because of the fact these civil depositions keep coming out and the Grand Jury's got one eye on this civil case because they don't want to get themselves caught, uh, coming out with indictments and the civil case'll do something differently, so --

UNIDENTIFIED: Would you like to take Clark now, sir?

HALDEMAN: MacGregor's call?

PRESIDENT: Yeah. Go ahead.

DEAN: So, based, based on that, uh, uh, when Silbert had told Richey this and had a casual encounter -- in fact, uh, it

was just in the hall -- Richey, the next thing he does is he stops the civil case so Silbert can get the indictment down.

[Telephone rings]

PRESIDENT: Hm.

DEAN: So it's, it's, uh -- he's got, he's got the abuse of process suit also. [Unintelligible]

PRESIDENT: Yeah. Hello.

Well you still alive?

Yeah, yeah.

I was just sitting here with John Dean and he tells me that, uh, that you, that you're going to probably be sued or some damn thing, I don't know.

DEAN or
HALDEMAN: Oh, God. Now don't say that.

PRESIDENT: Did you put that last bug in?

Yeah. [Unintelligible] suit.

[Unintelligible]. Yeah.

Yeah.

That's right, that's right. [Unintelligible]

Yeah.

Good.

Sure.

Well, I'll tell you, uh, just don't let this keep you or your colleagues from concentrating on the big game. Yeah, that's right. I mean this, uh, this thing is just, uh, you know, one of those side issues and a month later everybody looks back and wonders what the hell the shouting was about.

Yeah. Yeah.

Okay, well, anyway get a good night's sleep. And don't don't bug anybody without asking me. Okay?

Yeah.

DEAN: Three months ago I would have had trouble predicting where we'd be today. I think that I can say that fifty-four days from now that, uh, not a thing will come crashing down to our, our surprise.

PRESIDENT: Say what?

DEAN: Nothing is going to come crashing down to our surprise, either --

PRESIDENT: Well, the whole thing is a can of worms. As you know, a lot of this stuff went on. And, uh, and, uh, and the people who worked [unintelligible] awfully embarrassing. And, uh, and, the, uh, but the, but the way you, you've handled it, it seems to me, has been very skillful, because you -- putting your fingers in the dikes every time that leaks have sprung here and sprung there. [Unintelligible] having people straighten the [unintelligible]. The Grand Jury is dismissed now?

DEAN: That is correct. They'll, they will have completed and

they will let them go, so there will no continued investigation prompted by the Grand Jury's inquiry. The, uh, GAO report that was referred over to Justice is on a shelf right now because they have hundreds of violations. They've got violations of McGovern's; they've got violations of Humphrey's; they've got Jackson violations, and several hundred Congressional violations. They don't want to start prosecuting one any more than they want the other. So that's, uh --

PRESIDENT: They damn well not prosecute us unless they prosecute all the others.

DEAN: That's right. That's right. Well, we are really talking about technical violations that were referred over also.

PRESIDENT: Sure. Sure. What about, uh, uh, watching the McGovern contributors and all that sort of thing?

DEAN: We've got a, we've got a hawk's eye on that.

PRESIDENT: Yeah.

DEAN: And, uh, uh, he is, he is not in full compliance.

PRESIDENT: He isn't?

DEAN: No.

PRESIDENT: Well, now, he has his three-hundred committees; have they all reported yet? Have we -- we reported ours

DEAN: Yes we -- Well, we have a couple of delinquent state committees out, uh --

PRESIDENT: [Unintelligible] if it's done, huh?

DEAN: If they --

PRESIDENT: [Unintelligible] paper committees all reported, the three-hundred or so committees he's supposed to have.

DEAN: No, they have not.

PRESIDENT: Can we say something about that, or have we?

DEAN: Well, one of the things that he has not done, is he has never disclosed the fact that he's got some three-hundred committees. This has been a Wall Street Journal piece that picked it up and carried it and, uh --

PRESIDENT: [Unintelligible] say that publicly?

DEAN: No, he hasn't. And it's been employed as a tax sham that he set it up for. And -- It is hard to comprehend why he set up three-hundred committees, frankly. Uh, he doesn't need that many, he doesn't have that sort of large contributors, where they have to disburse small [unintelligible]

HALDEMAN: Unless someone's giving nine hundred thousand dollars.

DEAN: That's right.

PRESIDENT: Which could be very possible.

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HALDEMAN: He may be getting nine hundred thousand dollars from somebody.

PRESIDENT: From two or three. He may have some big angels. I don't think he is getting a hell of a lot of small money. I don't think so. I don't believe this crap. I mean if he -- Have you had your Post Office check yet?

HALDEMAN: That John was going to do. I don't know.

PRESIDENT: That's an interesting thing to check.

HALDEMAN: Yeah.

PRESIDENT: You know how little [unintelligible]

DEAN: [Unintelligible] is right, because as I see it, now, the only problems that, uh, that we have are, are the human problems and we'll keep a close eye on that.

PRESIDENT: Union?

DEAN: Human.

PRESIDENT: Oh.

DEAN: [Unintelligible]

HALDEMAN: People -- Human frailties, where people fall apart.

DEAN: Human frailties -- people getting annoyed and some finger-pointing and false accusations, and any internal dissension of that nature.

PRESIDENT: You mean on this case?

DEAN: On this case. Uh, there is some bitterness between, for example, the Finance Committee and the Political Committee. They feel that they're taking all the heat, and, and, uh, all the people upstairs are bad people and they're not being recognized.

PRESIDENT: Ridiculous.

DEAN: It is -- I mean --

PRESIDENT: They're all in it together.

DEAN: That's right.

PRESIDENT: They should just, uh, just behave and, and, recognize this, this is, again, this is war. We're getting a few shots and it'll be over. And, we'll give them a few shots. It'll be over. Don't worry. [Unintelligible]. I wouldn't want to be on the other side right now. Would you? I wouldn't want to be in Edward Bennett Williams', Williams' position after this election.

DEAN: No. No.

PRESIDENT: None of these bastards --

DEAN: He, uh, he's done some rather unethical things that have come to light already, which in -- again, Richey has brought to our attention.

PRESIDENT: Yeah?

DEAN: He went down --

HALDEMAN: Keep a log on all that.

DEAN: Oh, we are, on these. Yeah.

PRESIDENT: Yeah.

HALDEMAN: Because afterwards that is a guy,

PRESIDENT: We're going after him.

HALDEMAN: that is a guy we've got to ruin.

DEAN: He had, he had an ex parte --

PRESIDENT: You want to remember, too, he's an attorney for the Washington Post.

DEAN: I'm well aware of that.

PRESIDENT: I think we are going to fix the son-of-a-bitch.

Believe me. We are going to. We've got to, because he's a bad man.

DEAN: Absolutely.

PRESIDENT: He misbehaved very badly in the Hoffa matter. Our -- some pretty bad conduct, there, too, but go ahead.

DEAN: Well, that's, uh, along that line, uh, one of the things I've tried to do, is just keep notes on a lot of the people who are emerging as,

PRESIDENT: That's right.

DEAN: as less than our friends.

PRESIDENT: Great.

DEAN: Because this is going to be over someday and they're -- We shouldn't forget the way some of them have treated us. .

PRESIDENT: I want the most, I want the most comprehensive notes on all of those that have tried to do us in. Because they didn't have to do it.

DEAN: That's right.

PRESIDENT: They didn't have to do it. I mean, if the thing had been a clo--, uh, they had a very close election

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everybody on the other side would understand this game. But now they are doing this quite deliberately and they are asking for it and they are going to get it. And this, this-- We, we have not used the power in this first four years, as you know.

DEAN: That's right.

PRESIDENT: We have never used it. We haven't used the Bureau and we haven't used the Justice Department, but things are going to change now. And they're going to change, and, and they're going to get it right --

DEAN: That's an exciting prospect.

PRESIDENT: It's got to be done. It's the only thing to do.

HALDEMAN: We've got to.

PRESIDENT: Oh, oh, well, we've just been, we've been just God damn fools. For us to come into this election campaign and not do anything with regard to the Democratic Senators who are running, and so forth. [Characterizations deleted] That'd be ridiculous. Absolutely ridiculous. It's not going, going to be that way any more, and, uh --

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HALDEMAN: Really, it's ironic, you know, because we've gone to such extremes to do every --. You know, you, you and your damn regulations with

PRESIDENT: Right.

HALDEMAN: Everybody worries about,

PRESIDENT: That's right.

HALDEMAN: about picking up a hotel bill or anything.

DEAN: Well, I think, we can, I think, I think we can be proud of the White House staff. It really has,

PRESIDENT: That's right.

DEAN: had no problems of that --

PRESIDENT: Well, that's right.

DEAN: And they're looking, this GAO audit that's going on right now, uh, I think that they have got some suspicion, uh, in even a cursory investigation, which is not going to discover anything, that they're going to find something here. I learned today, incidentally, that, that, uh, I haven't confirmed this because it's -- came from the GO, GAO auditor, investigator who's down here, that he is down here at the Speaker of the House's request, which surprised me.

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HALDEMAN: Well, God damn the Speaker of the House. Maybe we better put a little heat on him.

PRESIDENT: I think so too.

HALDEMAN: Because he's got a lot worse problems than he's going to find down here.

DEAN: That's right.

PRESIDENT: I know.

HALDEMAN: That's the kind of thing --

PRESIDENT: [Unintelligible] let the police department [unintelligible]

HALDEMAN: That's the kind of thing that, you know, you -- What we really ought to do is call the Speaker and say, "I regret to see you ordering GAO down here because of what it's going to cause us to require to do to you."

PRESIDENT: Why don't you just have Harlow go see him and tell him that?

HALDEMAN: Because he wouldn't do it.

PRESIDENT: Huh?

HALDEMAN: 'Cause he wouldn't do it.

PRESIDENT: Harlow wouldn't do it, you mean.

HALDEMAN: Harlow would say, "Mr. Speaker --"

PRESIDENT: Yeah.

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DEAN: I, I suppose the other area we are going to some publicity on in the coming weeks because, uh, I think after the, now that the indictments are down, there's going to be a cresting on that. The whitewash charge of course, but, uh, I think we can handle that while the civil case is in abeyance. But Patman's hearings, uh, his Banking and Currency Committee, and we've got to -- whether we will be successful or not in turning that off, I don't know. We've got a plan whereby Rothblatt and Bittman, who are counsel for the five men who were, or actually a total of seven, that were indicted today, are going to go up and visit every member and say, "If you commence hearings you are going to jeopardize the civil rights of these individuals in the worst way, and they'll never get a fair trial," and the like, and try to talk to members on, on that level. Uh --

PRESIDENT: Why not ask that they request to be heard by, by the Committee and explain it publicly?

DEAN: How could they -- They've planned that what they're going to say is, "If you do commence with these hearings, we plan to publicly come up and say what you're doing to the rights of individuals." Something to that effect.

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PRESIDENT: As a matter of fact they could even make a motion in court to get the thing dismissed.

DEAN: That's another thing we're doing is to, is

PRESIDENT: Because these hearings --

DEAN: bring an injunctive action against, uh, the appearance, say --

HALDEMAN: Well, going the other way, the dismissal of the, of the, of the indictment --

PRESIDENT: How about trying to get the criminal cases, criminal charges dismissed on the grounds that there, well, you know --

HALDEMAN: The civil rights type stuff.

DEAN: Civil rights -- Well that, we're working again, we've got somebody approaching the ACLU for these guys, and have them go up and exert some pressure because we just don't want Stans up there in front of the cameras with Patman and Patman asking all these questions. It's just going to be the whole thing, the press going over and over and over again. Uh, one suggestion was that Connally is, is close to Patman and probably if anybody could talk turkey to Patman, uh, Connally might be able to. Now I don't know if that's, uh, a good idea or not. I don't think he -- don't know if he can. Uh, Gerry Ford is not really taking an active interest in this matter that, that is developing, so Stans can go see Gerry

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Ford and try to brief him and explain to him the problems he's got. And then the other thing we are going to do is we're looking at all the campaign reports of every member of that Committee because we are convinced that none of them have probably totally complied with the law either. And if they want to get into it, if they want to play rough, some day we better say, "Well, gentlemen, we think we ought to call to your attention that you haven't complied A, B, C, D, E, and F, and we're not going to hold that a secret if you start talking campaign violations here."

PRESIDENT: Uh, what about Ford? Do you think so? [Unintelligible] do anything with Patman? Connally can't be sent up there.

HALDEMAN: [Unintelligible]

PRESIDENT: Connally

DEAN: If anybody can do it --

PRESIDENT: [Unintelligible] Patman.

DEAN: But if, if Ford can get the minority members, uh, together on that one, it's going to be a lot --

PRESIDENT: They've got very weak man in Widnall, unfortunately. Heckler is all right.

24.1 TRANSCRIPT OF SEPTEMBER 15, 1972 MEETING

HALDEMAN: Heckler was great.

DEAN: She was great, with, uh --

PRESIDENT: That's what I understand, but you see, Widnall -- let's take somebody -- Gerry could talk to him. Put it down, uh, Gerry should talk to Widnall and, uh, just brace him, tell him I thought it was [unintelligible] start behaving. Not let him be the chairman of the Committee in the House. That's what you want?

DEAN: That would be very helpful, to get our minority side at least together on the thing.

PRESIDENT: Gerry has really got to lead on this. He's got to be really be [unintelligible]

HALDEMAN: Gerry should, damn it. This is exactly the thing he was talking about, that the reason they are staying in is so that they can

PRESIDENT: That's right.

HALDEMAN: run investigations.

PRESIDENT: Well, the point is that they ought to raise hell about this, uh, this -- these hearings are jeopardizing the --

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I don't know that they're, that the, the, the counsel calling on the members of the Committee will do much good. I was, I -- it may be all right but -- I was thinking that they really ought to blunderbuss in the public arena. It ought to be publicized.

DEAN: Right.

HALDEMAN: Good.

DEAN: Right.

PRESIDENT: That's what this is, public relations.

DEAN: That's. that's all it is, particularly if Patman pulls the strings off, uh -- That's the last forum that, uh, uh, it looks like it could be a problem where you just have the least control the way it stands right now. Kennedy has also suggested he may call hearings of his Administrative Practices and Procedure Subcommittee. Uh, as, as this case has been all along, you can spin out horrors that, uh, you, you can conceive of, and so we just don't do that. I stopped doing that about, uh, two months ago.

PRESIDENT: Yeah.

DEAN: We just take one at a time and you deal with it based on --

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PRESIDENT: And you really can't just sit and worry yourself

DEAN: No.

PRESIDENT: about it all the time, thinking, "The worst may happen," but it may not. So you just try to button it up as well as you can and hope for the best. And,

DEAN: Well if Bob --

PRESIDENT: and remember that basically the damn thing is just one of those unfortunate things and we're trying to cut our losses.

DEAN: Well, certainly that's right and certainly it had no effect on you. That's the, the good thing.

HALDEMAN: It really hasn't.

PRESIDENT: [Unintelligible]

HALDEMAN: No, it hasn't. It has been kept away from the White House almost completely and from the President totally. The only tie to the White House has been the Colson effort they keep trying to haul in.

DEAN: And now, of course,

HALDEMAN: That's falling apart.

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DEAN: the two former White House people, low level, indicted, one consultant and one member of the Domestic Council staff. That's not very much of a tie.

HALDEMAN: No.

PRESIDENT: Well, their names have been already mentioned.

DEAN: Oh, they've been --

PRESIDENT: Voluminous accounts.

HALDEMAN: And it's, it's been discounted --

PRESIDENT: You know, they've already been convicted in the press.

DEAN: Absolutely.

HALDEMAN: Yep.

PRESIDENT: God damn it, if they'd been communists you'd have the Washington Post and the New York Times raising hell about their civil rights.

DEAN: That's right.

PRESIDENT: Or Manson.

DEAN: That's right.

PRESIDENT: Jesus Christ. If they'd been killers, wouldn't --

DEAN: That's right.

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PRESIDENT: Isn't that true?

DEAN: It's absolutely true.

PRESIDENT: These poor bastards are -- well they've been -- they've got no way they can ever -- In fact, they ought to move the, uh, move the trial away from the --

DEAN: Well, there has been extensive clipping by the counsel in this case, and I've gone through some of these clippings and it's just phenomenal the, uh,

PRESIDENT: Yeah.

DEAN: the amount of coverage this case is getting. They may never get a fair trial, may never get a fair trial. They may never get a jury that can convict them or pull it together. And the Post, as you know, has got a, a, a real large team that they've assigned to do nothing but this,

PRESIDENT: Sure.

DEAN: this case. Couldn't believe they put Maury Stans' story about his libel suit, which was just playing so heavily on the networks last night, and in the evening news, they put it way back on about page eight of the Post

PRESIDENT: Sure.

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DEAN: and didn't even cover it as a -- in total.

PRESIDENT: I expect that. That's all right. We've [unintelligible]

HALDEMAN: The Post is --

PRESIDENT: The Post has asked -- it's going to have its problems.

HALDEMAN: [Unintelligible]

DEAN: The networks, the networks are good with Maury coming back three days in a row and --

PRESIDENT: That's right. Right. The main thing is the Post is going to have damnable, damnable problems out of this one. They have a television station

DEAN: That's right, they do.

PRESIDENT: and they're going to have to get it renewed.

HALDEMAN: They've got a radio station, too.

PRESIDENT: Does that come up too? The point is, when does it come up?

DEAN: I don't know. But the practice of non-licensees filing on top of licensees has certainly gotten more,

PRESIDENT: That's right.

DEAN: more active in the, in the area.

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PRESIDENT: And it's going to be God damn active here.

DEAN: [Laughs]

PRESIDENT: Well, the game has to be played awfully rough. I don't know -- Now, you, you'll follow through with -- who will over there? Who -- Timmons, or with Ford, or -- How's it going to operate?

HALDEMAN: I'll talk to Bill. I think -- yeah.

DEAN: Dick Cook has been working

HALDEMAN or
PRESIDENT: [Unintelligible]

DEAN: on it.

HALDEMAN: Cook is the guy.

DEAN: Dick has been working on it.

PRESIDENT: Maybe Mitchell should --

HALDEMAN: Well, maybe Mitchell ought to -- would, could Mitchell do it?

PRESIDENT: No.

DEAN: I don't really think that would be good.

PRESIDENT: No.

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DEAN: I hate to draw him in.

PRESIDENT: Yeah.

DEAN: I think Maury can talk to Ford if that will do any good, but it won't have the same impact, of course, 'cause he's the one directly involved, but I think Maury ought to brief Ford at some point on, on exactly what his whole side of the story is.

HALDEMAN: I'll talk to Cook.

PRESIDENT: Oh, I think Ehrlichman should talk to him. Ehrlichman understands the law, and the rest, and should say, "Now God damn it, get the hell over with this."

HALDEMAN: Is that a good idea? Maybe it is.

PRESIDENT: I think maybe that's the thing to do [unintelligible]. This is, this is big, big play. I'm getting into this thing. So that he -- he's got to know that it comes from the top.

HALDEMAN: Yeah.

PRESIDENT: That's what he's got to know,

DEAN: Right.

PRESIDENT: and if he [unintelligible] and we're not going to -- I can't talk to him myself -- and that he's got to get at this and screw this thing up while he can, right?

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DEAN: Well, if we let that slide up there with the Patman Committee it'd be just, you know, just a tragedy to let Patman have a field day up there.

PRESIDENT: What's the first move? When does he call his wit-- , witnesses?

DEAN: Well, he, he has not even gotten the vote of his Committee; he hasn't convened his Committee yet on whether he can call hearings. That's why, come Monday morning, these attorneys are going to arrive, uh, on the doorstep of the Chairman and try to tell him what he's doing if he proceeds. Uh, one of the members, Gary Brown, uh, wrote Kleindienst a letter saying, "If the Chairman holds Committee hearings on this, isn't this going to jeopardize your criminal case?"

PRESIDENT: Brown's a smart fellow. He's from, he's from Michigan

DEAN: That's right.

PRESIDENT: and some tie into Ford. He's very, he's a very smart fellow. Good.

DEAN: Good lawyer and he's being helpful. He is anxious to help.

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PRESIDENT: Right, just tell him that, tell, tell, tell Ehrlichman to get Brown in and Ford in and then they can all work out something. But, they ought to get off their asses and push it. No use to let Patman have a free ride here.

DEAN: Well, we can, we can keep them well briefed on moves if they'll, if they'll move when we provide them with the, the strategy. And we will have a raft of depositions going the other way soon. We will be hauling the, the, O'Briens in and the like, and, uh, on our abuse of process suit.

PRESIDENT: What are you going to ask him? [unintelligible] questions?

DEAN: No. This fellow, this fellow Rothblatt, who has started deposing, uh, he's quite a character. He's been getting into the sex life of some of the members of the DNC and --

PRESIDENT: Why? How can -- What's his justification?

DEAN: Well, he's working on an entrapment theory that, uh, uh, they were hiding something or they had secret information, affairs to hide and they, they could, some way, conspire to bring this thing about themselves.

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It's a, it's a way-out theory that, uh, no one had
[unintelligible]

HALDEMAN: [Laughs]

DEAN: Uh, and he, he had scheduled Patricia Harris and she didn't show up. She went to the beauty parlor instead so he went down to the Court House and she had, had been directed to show up and then the next day the Judge cut all the depositions off. But he had a host of wild questions including, you know, where O'Brien got his compensation when he was Chairman. Not that he knows anything about that, but, uh, it was just an interesting question he thought he might want to ask the, the Chairman under oath.

HALDEMAN: That's -- It gives us, uh, the same hunting license that it gave them.

DEAN: That's right.

HALDEMAN: So we can play the same game they are playing, but we ought to be able to do better at it.

PRESIDENT: Well --

HALDEMAN: Are those depositions sealed?

DEAN: That's right.

HALDEMAN: They are?

DEAN: But that argues that, uh, they won't want them unsealed. They'll want them unsealed less than we will, and we may be arguing at some point to get them unsealed.

PRESIDENT: Yeah.

DEAN: I think what's going to happen on the civil case is the Judge is going to dismiss the pending complaint down there right now. They will then turn around and file a new complaint which will be [unintelligible] come back to Richey again. That, uh, that'll probably happen the twentieth, twenty-first, twenty-second. Then twenty days will run until any answers will have to be filed and these depositions will be commenced so we're, what, we're eating up an awful lot of time for those next fifty-four days.

HALDEMAN: On the other side.

PRESIDENT: Why will they have to dismiss the present --

DEAN: Uh, probably on, on a dual ground, uh, both on the substantive ground that they haven't stated a good cause

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of action -- that there is a improper class action filed and that O'Brien indeed doesn't represent any class. Uh, and he'll just dismiss it on the merits. It's not a good complaint. He's already shaved it down to almost nothing on his original order. They will then have to re-design it into a much narrower action, but the Judge himself can't suggest something to counsel. But it's -- you've got a good res judicata argument here. If he dismisses on the merits, uh, that they can't file another suit. They're out of the court totally.

HALDEMAN: But our suits do still hang?

DEAN: Our suits are still -- We have two suits, and we have the abuse of process and

HALDEMAN: -- the libel --

DEAN: the libel suit.

HALDEMAN: We can take depositions on both of those?

DEAN: Absolutely.

PRESIDENT: Hell yes.

HALDEMAN: [Laughs]

24.1 TRANSCRIPT OF SEPTEMBER 15, 1972 MEETING

PRESIDENT: [Unintelligible] depositions.

DEAN: It's a, it's a glimmer down the road anyway, but,
uh --

25. From approximately 6:00 p.m. to approximately 6:17 p.m. on September 15, 1972 the President, Haldeman and Dean continued their meeting. The Committee has not received a tape recording of this portion of the conversation. Haldeman and Dean have testified that the September 15, 1972 meeting there was a discussion of taking steps to overcome the unwillingness of the IRS to follow up on complaints. According to a memorandum by SSC Minority Counsel Fred Thompson, Special Counsel to the President, J. Fred Buzhardt has stated that during the September 15, 1972 meeting Dean reported on the IRS investigation of Lawrence O'Brien. On May 28, 1974 the Watergate Special Prosecutor moved that the recording of this portion of the conversation be turned over to the appropriate grand juries on the basis that the recording was relevant to alleged White House attempts to abuse and politicize the IRS, including unlawfully attempting in August and September 1972 to have the IRS investigate Lawrence O'Brien. On June 12, 1974 Judge Sirica granted the motion and ordered that the recording of the conversation from 6:00 to approximately 6:13 p.m. be made available to the Special Prosecutor.

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25.4 Memorandum of Dean's calls and meetings with the President, September 15, 1972 (received from SSC) with accompanying Fred Thompson affidavit, SSC Exhibit No. 70A, 4 SSC 1794-95.....	337
25.5 Motion for reconsideration and affidavit of Leon Jaworski, May 28, 1974, <u>In re Grand Jury</u> , Misc. 47-73.....	340

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25.7 Order, June 12, 1974, In re Grand Jury, Misc.
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ings of the meetings in the President's Office or of the President's phone calls.

The President did not open the meeting of September 15 with the statement that, "Bob has kept me posted on your handling of the Watergate," or anything even remotely resembling that. He said, "Hi, this was quite a day, you've got Watergate on the way," or something to that effect. Dean responded that it had been quite a 3 months and reported to the President on how the press was handling the indictments and, apparently, a Clark MacGregor press conference.

The discussion then covered the matter of the new bug that had recently been discovered in the Democratic National Committee headquarters and the question of whether it had been planted by the DNC and the matter of Mr. Nixon's campaign being bugged in 1968 and some discussion of whether to try to get out evidence of that. There was some discussion about Judge Richey hearing the civil case and a comment that he would keep Roemer McPhee abreast of what was happening. I don't recall any comment about the judge trying to accommodate Dean's hopes of slowing down the suit, but there was some discussion about the problem of the civil case depositions interfering with the criminal prosecution—apparently as a result of a conversation between Judge Richey and Assistant U.S. Attorney Silbert.

Dean indicated that the indictments meant the end of the investigation by the grand jury and now there would be the GAO audit and some congressional inquiries, such as the Patman committee, but he assured the President that nothing would come out to surprise us. In other words, there was apparently no information that would be harmful that had not been uncovered already. The President did at that point commend Dean for his handling of the whole Watergate matter, which was a perfectly natural thing for him to do. Dean reported that he was keeping a close eye on possible campaign law violations by the opposition; said there were some problems of bitterness at the reelection committee between the finance committee and political groups; and said he was trying to keep notes on people who were emerging out of all this that were clearly not our friends.

There was, as Mr. Dean has indicated, quite a lengthy discussion of the Patman hearings and the various factors involved in that. There was some discussion of the reluctance of the IRS to follow up on complaints of possible violations against people who were supporting our opponents because there are so many Democrats in the IRS bureaucracy that they won't take any action.

There was a discussion of cleaning house after the election, moving quickly to replace people at all levels of the Government. The meeting closed, as I recall, with a fairly long philosophical discussion.

I totally disagree with the conclusion that the President was aware of any type of coverup and certainly Mr. Dean did not advise him of it at the September 15 meeting.

SENATE COMMITTEE

On February 7, 1973, the Watergate case moved into a new phase with the establishment of the Senate Select Committee. The announcement of the plans for the Senate probe was the reason for holding a weekend meeting, February 10 and 11, in southern California with Mr. Ehrlichman, Mr. Dean, Mr. Moore, and myself. These meetings have

but that I wasn't going to suggest filing any lawsuit or taking any action that was not well founded.

I had talked with Mitchell, Ken Parkinson, and Paul O'Brien about the matter and Mr. Parkinson informed me that he was working on several potential counteractions. I requested that he submit a memorandum to me as soon as possible because there was great interest at the White House in a counterattack, including the interest by the President. On September 11, 1972, Mr. Parkinson submitted his memorandum to me and after the memorandum, I redrafted his documents for submission to Haldeman. I have submitted to the committee copies of both Mr. Parkinson's memorandum and the memorandum I submitted to Haldeman.

[The documents referred to were marked exhibit No. 34-19.*]

Mr. DEAN. You will note that my memorandum of September 12, 1972, to Mr. Haldeman has a "P" with a checkmark in the upper right-hand corner, which indicates that the document was forwarded directly to, or reviewed by, the President. I later learned that the President was pleased and wanted a full followup on the items in the memorandum. The markings on the memo are Mr. Haldeman's markings.

It was also about this time, later July—early September, that I learned during a meeting in Mitchell's office that Mr. Rhoemer McPhee was having private discussions with Judge Richey regarding the civil suit filed by the Democrats. I believe this fact was known to Mr. Mitchell, Mr. LaRue, Paul O'Brien, and Ken Parkinson—and later again by McPhee—that Judge Richey was going to be helpful whenever he could. I subsequently talked with Mr. McPhee about this, as late as March 2 of this year, when he told me he was going to visit the judge in the judge's rose garden over the weekend to discuss an aspect of the case.

MEETING WITH THE PRESIDENT—SEPTEMBER 15, 1972

On September 15 the Justice Department announced the handing down of the seven indictments by the Federal grand jury investigating the Watergate. Late that afternoon I received a call requesting me to come to the President's Oval Office. When I arrived at the Oval Office I found Haldeman and the President. The President asked me to sit down. Both men appeared to be in very good spirits and my reception was very warm and cordial. The President then told me that Bob—referring to Haldeman—had kept him posted on my handling of the Watergate case. The President told me I had done a good job and he appreciated how difficult a task it had been and the President was pleased that the case had stopped with Liddy. I responded that I could not take credit because others had done much more difficult things than I had done. As the President discussed the present status of the situation I told him that all that I had been able to do was to contain the case and assist in keeping it out of the White House. I also told him that there was a long way to go before this matter would end and that I certainly could make no assurances that the day would not come when this matter would start to unravel.

*See p. 1173.

Early in our conversation the President said to me that former FBI Director Hoover had told him shortly after he had assumed office in 1969 that his campaign had been bugged in 1968. The President said that at some point we should get the facts out on this and use this to counter the problems that we were encountering.

The President asked me when the criminal case would come to trial and would it start before the election. I told the President that I did not know. I said that the Justice Department had held off as long as possible the return of the indictments, but much would depend on which judge got the case. The President said that he certainly hoped that the case would not come to trial before the election.

The President then asked me about the civil cases that had been filed by the Democratic National Committee and the common cause case and about the counter suits that we had filed. I told him that the lawyers at the reelection committee were handling these cases and that they did not see the common cause suit as any real problem before the election because they thought they could keep it tied up in discovery proceedings. I then told the President that the lawyers at the reelection committee were very hopeful of slowing down the civil suit filed by the Democratic National Committee because they had been making ex parte contacts with the judge handling the case and the judge was very understanding and trying to accommodate their problems. The President was pleased to hear this and responded to the effect that, "Well, that's helpful." I also recall explaining to the President about the suits that the reelection committee lawyers had filed against the Democrats as part of their counteroffensive.

There was a brief discussion about the potential hearings before the Patman committee. The President asked me what we were doing to deal with the hearings and I reported that Dick Cook, who had once worked on Patman's committee staff, was working on the problem. The President indicated that Bill Timmons should stay on top of the hearings, that we did not need the hearings before the election.

The conversation then moved to the press coverage of the Watergate incident and how the press was really trying to make this into a major campaign issue. At one point in this conversation I recall the President telling me to keep a good list of the press people giving us trouble, because we will make life difficult for them after the election. The conversation then turned to the use of the Internal Revenue Service to attack our enemies. I recall telling the President that we had not made much use of this because the White House did not have the clout to have it done, that the Internal Revenue Service was a rather democratically oriented bureaucracy and it would be very dangerous to try any such activities. The President seemed somewhat annoyed and said that the Democratic administrations had used this tool well and after the election we would get people in these agencies who would be responsive to the White House requirements.

The conversation then turned to the President's postelection plans to replace people who were not on our team in all the agencies. It was at this point that Haldeman, I remember, started taking notes and he also told the President that he had been developing information on which people should stay and which should go after the election. I recall that several days after my meeting with the President, I was talking to Dan Kingsley, who was in charge of developing the list for

hearing, and you will recall that I requested, after a discussion with Mr. Haldeman, that we check the financial or the campaign filing requirements of the members of the Patman committee. I did receive a document, I have submitted that document. To this day I have not read that document and I can't tell you what it says. I didn't have any interest in that. I had also been suggesting, I had had a suggestion, for Mr. Haldeman to call Governor Connally, to ask him about Mr. Patman and he said, "I think Mr. Patman might have one soft spot," but he also indicated some Republicans might have similar soft spots, and when Mr. Timmons and I discussed this we realized this might create more problems than it would solve.

Now, coming back to this committee, I can recall a comment when this discussion came up that it would be very difficult for some members, possibly some of the members of this committee, to throw stones when they were living in a glass house, and that is the comment I recall making.

Senator INOUE. Returning to the President's statement which you quoted, "That we will take care of them after the election," did the President ever tell you what he meant by that?

Mr. DEAN. To me, the way the conversation was evolving, and it moved right from there to the Internal Revenue Service, and there may have preceded that—because I am taking such care in any reference that I make to any conversations I recall with the President—to something about the Internal Revenue Service that led into the fact that I should keep a good list and then he went on to talk, I do recall him very clearly telling me to make a good list of those who are giving us problems, that we will take care of them after the election. We will make life less than pleasant for them, and it moved, the conversation moved, directly from there to a discussion of the Internal Revenue Service, and I told him how, I was really telling him the fact that I could not call Mr. Walters and tell Mr. Walters to get an audit started.

And the President was rather annoyed at this and I told him the reason why when he asked me and I said, well, because the bureaucracy of the Internal Revenue Service is primarily Democratic and something like this cannot be done.

Senator INOUE. Did you ever call Mr. Walters to attempt to provide special treatment for anyone?

Mr. DEAN. To provide special treatment?

Senator INOUE. Yes or no—

Mr. DEAN. No. I called him and asked him a number of questions on occasions on tax cases, yes, but I don't recall ever asking him for special treatment and, to the contrary, Mr. Walters is the type of man that he and I discussed on a number of occasions the extreme danger of the White House doing anything that would politicize the Internal Revenue Service and he felt very strongly about that and the like.

Now, I got criticisms—

Senator INOUE. Mr. Walters was not the man to see, who was your contact man in the Internal Revenue Service?

Mr. DEAN. Mr. Caulfield had a contact man and he will have to tell you who that is because I do not know.

Senator INOUE. I thank you very much, Mr. Dean.

Mr. DEAN. Thank you, Senator.

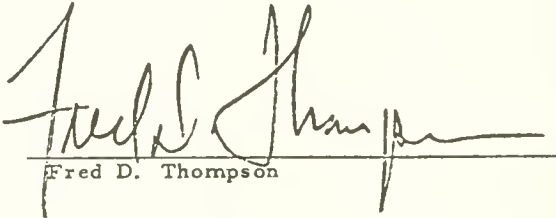
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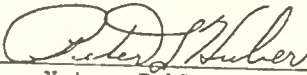
MEMORANDUM OF SUBSTANCE OF DEAN'S CALLS
AND MEETINGS WITH THE PRESIDENT

September 15, 1972	Dean reported on IRS investigation of Larry O'Brien. Dean reported on Watergate indictments.
February 27, 1973	Discussed executive privilege, minority counsel for Watergate Committee. Dean suggested White House aides submit answers to interrogatories.
February 28, 1973	President inquired of Watergate, Dean said no White House involvement, Stans was victim of circumstance, Colson was lightning rod because of his reputation. Discussed wiretappings which had been brought up in the Gray hearings. Sullivan, Deputy Director, was friend of Dean and Dean suggested they make sure that wiretaps of prior years (other Administrations) be made known.
March 1, 1973	Preparation for press conference -- go over question and answer book. Was decided the question would come up as to why Dean was sitting in on FBI interviews and that the reason was he was conducting an investigation for the President. President asked Dean to write a report. Dean was also critical of Gray. (March 2 press conference)
March 6, 1973	Discussed executive privilege guidelines, decided to cover former White House personnel as well as present.
March 7, 1973	Again discussion executive privilege guidelines. Dean again told the President the White House was clear. The President inquired as to how Pat Gray was doing. Dean informed him E.B. Williams had dropped out of the civil case.

2. Shortly thereafter, I received a telephone call from J. Fred Buzhardt, Special Counsel to the President. During this telephone call, Mr. Buzhardt related to me his understanding as to the substance of certain portions of the enumerated conversations between the President and Mr. Dean.

3. During my discussion with Mr. Buzhardt, I made detailed notes on the information that he gave me. Upon conclusion of the conversation, I promptly prepared a "Memorandum of Substance of Dean's Calls and Meeting with the President," a copy of which is attached to this affidavit. It is my belief that this memorandum accurately reflects the information imparted to me by Mr. Buzhardt.


Fred D. Thompson

Subscribed and sworn to, before
me, this 9TH day of August, 1973

Notary Public, D.C.
My Commission Expires 4 May, 1978

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

IN RE GRAND JURY SUBPOENA
DUCES TECUM ISSUED TO
RICHARD H. NIXON, OR ANY
SUBORDINATE OFFICER,
OFFICIAL, OR EMPLOYEE
WITH CUSTODY OR CONTROL
OF CERTAIN DOCUMENTS OR
OBJECTS

Misc. No. 47-73

MOTION FOR RECONSIDERATION

The Special Prosecutor on behalf of the United States hereby moves this Court to reconsider two rulings contained in its Order dated December 19, 1973, sustaining claims of executive privilege advanced by the President in opposition to the production of materials listed in the above-captioned grand jury subpoena duces tecum.

In that Order, the Court sustained the President's claims of privilege with respect to, inter alia, (1) the latter portion of the tape-recording of a meeting from 5:27 to 6:17 p.m. on September 15, 1972, in the Oval Office of the White House, involving the President, H. R. Haldeman and John Dean (designated "Item IVA" in the Analysis, Index and Particularized Claims of Executive Privilege for Subpoenaed Materials, hereafter "Analysis," filed on behalf of the President on November 26, 1973), and (2) the notes of H. R. Haldeman relating to the latter portion of that meeting (designated "Item IVB"). As to these two matters the Court accepted the assertion of Counsel for the President that this portion of this meeting related to "discussions with and advice from the President's senior Assistant and his counsel

2.

on matters relating to the President's conduct of his official duties and are unrelated to Watergate matters." (Analysis, pp. 14, 16)

On the basis of information that has recently become available, it appears that Item IVA and Item IVB are relevant both to matters at issue in United States v. John N. Mitchell, et al., Crim. No. 74-110, and to Watergate-related matters under investigation by the federal grand juries empanelled on August 13, 1973, and January 7, 1974. The facts in support of this conclusion are set forth in greater detail in the attached affidavit of Special Prosecutor Leon Jaworski. For the reasons therein stated the United States respectfully requests this Court to reconsider the aforesaid portions of its December 19, 1973 Order, and to rule that Item IVA and Item IVB are not privileged and to order that they be turned over forthwith to the Special Prosecutor for presentation to the appropriate grand juries and for such other use as is in accordance with law.

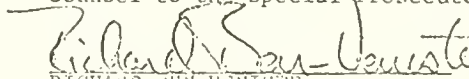
Respectfully submitted,



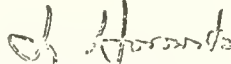
LEON JAWORSKI
Special Prosecutor



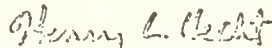
PHILIP A. LACOVARA
Counsel to the Special Prosecutor



RICHARD BEN-VEHISTE
Assistant Special Prosecutor



JAY HOROWITZ
Assistant Special Prosecutor



HENRY L. RECHT
Assistant Special Prosecutor

Watergate Special Prosecution Force
1425 K Street, N. W.
Washington, D. C. 20005

Dated: May 28, 1974 Attorneys for the United States

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

IN RE GRAND JURY SUBPOENA
DUCE'S TECUM ISSUED TO
RICHARD M. NIXON, OR ANY
SUBORDINATE OFFICER,
OFFICIAL, OR EMPLOYEE
WITH CUSTODY OR CONTROL
OF CERTAIN DOCUMENTS OR
OBJECTS.

Misc. No. 47-73

AFFIDAVIT OF LEON JAWORSKI

Leon Jaworski, being duly sworn, deposes
and says:

1. I am the Special Prosecutor, Watergate
Special Prosecution Force. I submit this affidavit
in support of the Government's motion to have this
Court reconsider portions of its Order dated December 19,
1973, in the above-captioned case. Except where other-
wise indicated this affidavit is based upon information
and belief.

2. By Order dated December 19, 1973, this
Court sustained the President's claim of privilege
opposing production of (1) the latter portion of a
tape recording of a meeting involving the President,
H. R. Haldeman and John Dean, in the Oval Office of
the White House, from 5:27 to 6:17 p.m. on September 15,
1972, and (2) the notes of H. R. Haldeman pertaining to
that part of the meeting. These materials had been
designated in the President's Analysis, Index and Parti-
cularized Claims of Executive Privilege for Subpoenaed
Materials (hereafter "Analysis"), as Item IVA and Item
IVB, respectively. In this Analysis, pp. 14, 16,

2.

counsel) for the President claimed that the conversations in question related only to "discussions with and advice from the President's senior Assistant and his counsel on matters relating to the President's conduct of his official duties and are unrelated to Watergate matters." There is evidence, however, that refutes this assertion and supports the conclusion that the materials in question do relate to investigations of the Watergate break-in and related matters.

3. (a) During the public hearings before the Senate Select Committee on Presidential Campaign Activities both Mr. Dean and Mr. Haldeman testified about the portion of the September 15, 1972, meeting in question. Mr. Dean testified that consistent with his discussion that day with the President concerning the press coverage of the Watergate issue and the advisability of preparing a list of press personnel who had written critically about the Administration he discussed with the President the use of the Internal Revenue Service (hereafter "IRS") to attack enemies of the White House. Hearings before the Senate Select Committee on Presidential Campaign Activities, 93rd Cong., 1st Sess., Book 3, p. 958. (See Appendix A) Dean claimed that the President asserted that Democratic administrations had "used" the IRS and that after the upcoming Presidential election the White House would attempt to do so. Ibid.

(b) Mr. Haldeman testified also that there had been discussion at the time about the Democratic orientation of the IRS and the reluctance of the IRS to

3.

follow up on complaints of possible violations against people who were supporting opponents of the White House. Hearings before the Senate Select Committee on Presidential Campaign Activities, 93rd Cong., 1st Sess., Book 7, p. 2889. (See Appendix B)

(c) During those hearings the White House corroborated this testimony, at least in part. In or about early June 1973, J. Fred Buzhardt, then Special Counsel to the President, advised Fred D. Thompson, Minority Counsel of the Senate Select Committee, that the meeting on September 15, 1972, concerned a tax investigation of Lawrence F. O'Brien, Sr., then the Campaign Director for Senator McGovern's 1972 Presidential campaign, and in June 1972, Chairman of the Democratic National Committee. Mr. Thompson reduced his notes of his conversation with Mr. Buzhardt to writing, appended to his affidavit which was made part of the record of the Select Committee's proceedings. Hearings before the Senate Select Committee on Presidential Campaign Activities, 93rd Cong., 1st Sess., Book 4, pp. 1794-1800. (See Appendix C)

4. Allegations concerning the White House's attempt to abuse and politicize the IRS have been and are the subjects of investigation by both the federal grand jury empanelled on August 13, 1973, and the federal grand jury empanelled on January 7, 1974. Insofar as is relevant here those investigations have focused on allegations: (1) that in September 1972, the White House presented lists of individuals ("enemies")

4.

to the IRS with the direction that they be audited or otherwise harassed; and (2) that in August and September 1972, the White House unlawfully attempted to have the IRS investigate Mr. O'Brien. Evidence assembled by this Office, much of which has been presented before the grand juries, substantiates both of those allegations. This evidence also indicates the likelihood that on September 15, 1972, the President did in fact have discussions with Mr. Dean and Mr. Haldeman, concerning those matters. If the Court desires, a detailed review of the witnesses can be submitted for in camera examination.

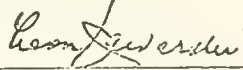
5. In addition portions of a transcript of this meeting which was apparently prepared by the staff of the House Judiciary Committee, recently have been made public and support the relevance of these discussions. The transcript of the portion of the meeting between the President and H. R. Haldeman on September 15, 1972, just prior to Mr. Dean's entry, which had not been available previously to the Special Prosecutor, reflect that Mr. Haldeman was aware that Mr. Dean was engaged in investigating "McGovern people" by use of the IRS. The Washington Post, May 17, 1974, p. A26. (See Appendix D)

6. These matters may well be relevant to the trial of United States v. John N. Mitchell, et al., Crim. No. 74-110, in which Mr. Haldeman and others are charged with a conspiracy to obstruct justice in attempting to cover up the identities of persons responsible for the illegal break-in and electronic surveillance of the Democratic National Committee


5.

headquarters of the Watergate office building. See also United States v. Liddy, et al., Crim. No. 1827-72. Portions of the September 15, 1972, meeting; as to which the claim of privilege has been sustained may well bear on the possible motives of one or more of the alleged conspirators in connection with the Watergate break-in and alleged cover-up.

Wherefore, for all the reasons set forth above, it is respectfully requested that this Court reconsider and modify its Order dated December 19, 1973, to provide that Items IVA and IVB as identified above, are relevant and non-privileged and to direct that they be turned over forthwith to the Special Prosecutor for use in the appropriate judicial proceedings.



LEON JAWORSKI
Special Prosecutor



Subscribed and sworn to
before me this 28th day
of May, 1974.



Andrew P. Williams
Notary Public

My Commission Expires March 14, 1979

to our brief with the exception of the matter concerning the Grand Jury's action about co-conspirators.

THE COURT: All right, very well.

Now with regard to the Special Prosecutor's Motion for Reconsideration, I have read the motions and memoranda submitted, and I have listened to the September 15th 1972 tape. I view the matter in this manner:

The Court examined this tape last December looking only for Watergate material. The Court used and understood the term Watergate as meaning matter related to the Watergate break-in and the alleged cover-up. Even though the Special Prosecutor suggested in a footnote on page 12 of his response to the White House Index and Analysis filed November 29, 1973, that he was investigating misuse of the IRS, the Court, frankly overlooked it.

The Special Prosecutor has made a more than adequate showing of probable relevance to current grand jury Watergate investigations, using the word Watergate in the broader sense. After examining the tape and the third page of Mr. Haldeman's September 15 notes, previously declared privileged, I find the notes and almost all of the tape unquestionably relevant.

The Special Prosecutor's showing of need for the material is compelling, especially when weighed against the public interest in maintaining total confidentiality of all except a part. There is no national security or other weighty reason to withhold the matter from the grand jury.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

IN RE GRAND JURY SUBPOENA
DUCES TECUM ISSUED TO
RICHARD M. NIXON, ETC.

Misc. No. 47-73

O R D E R

FILED
JUN 12 1974
JAMES F. DAVEY, Clerk

The Court having examined in camera the two items noted below pursuant to its order and opinion of August 29, 1973, and the mandate of the United States Court of Appeals for the District of Columbia Circuit entered October 12, 1973 in Nixon v. Sirica, No. 73-1962, and the Special Prosecutor on behalf of the United States having moved for reconsideration of certain portions of this Court's order of December 19, 1973, and the Court having considered the Opposition of the President and the Supplemental Memoranda and Affidavits supplied by the Special Prosecutor, it is hereby

ORDERED that the motion for reconsideration is granted and the order of December 19, 1973 is modified in the following respects:

1. With respect to Item IVA (tape recording of a meeting between the President, H. R. Haldeman and John W. Dean, III on September 15, 1972 in the Oval Office from 5:27 to 6:17 p.m., required under part 1(d) of the grand jury subpoena duces tecum), the claim of executive or other privilege which relates to the latter portion of the recorded conversation is denied excepting the final 3 minutes and 37

seconds of said recorded conversation.

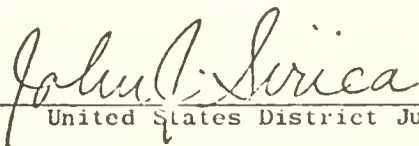
2. With respect to Item IVB (notes of H. R. Haldeman relating to the meeting between the President, Mr. Haldeman, and John W. Dean, III on September 15, 1972 in the Oval Office from 5:27 to 6:17 p.m., required under part 1(d) of the grand jury subpoena duces tecum), the claim of executive or other privilege for those portions of Item IVB relating to the latter portion of Item IVA is denied.

and it is

FURTHER ORDERED that Item IVA and Item IVB, to the extent noted, will be made available forthwith to the Special Prosecutor for presentation to the appropriate grand juries and for such other use as is in accordance with law; and it is

FURTHER ORDERED that execution of this Order is hereby stayed until 4:00 p.m., Friday, June 14, 1974, to permit the initiation of appellate review by the President; and it is

FURTHER ORDERED that should the President elect to seek appellate review of this Order within the time specified, execution of the Order shall be stayed pending completion of such review.


United States District Judge

Dated: June 12, 1974.

26. Walters has stated that on or about September 25, 1972 Dean telephoned him and inquired as to what progress had been made with respect to the list of McGovern campaign workers and contributors which he had given to Walters on September 11, 1972. Walters has stated that he informed Dean that no progress had been made; that Dean asked if it might be possible to develop information on fifty, sixty or seventy of the names; and that Walters² responded that, although he would reconsider the matter with Secretary Shultz, any activity of this type would be inviting disaster. Walters has stated that on or about September 29, 1972 he discussed Dean's request with Shultz and that he and Shultz agreed that nothing be done with respect to the list. Walters has stated that he did not furnish any name or names from the list nor request any IRS employee or official to take any action with respect to the list.

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26.1 Johnnie Walters affidavit submitted to House Judiciary Committee, May 6, 1974.....	352
26.2 Johnnie Walters handwritten notes, September 25, 1973 (received from Joint Committee on Internal Revenue Taxation)	356

HOUSE OF REPRESENTATIVES
OF THE UNITED STATES
COMMITTEE ON THE JUDICIARY

AFFIDAVIT

DISTRICT OF COLUMBIA) ss:

JOHNNIE M. WALTERS, being first duly sworn,
deposes and says:

1. I served as Commissioner of Internal Revenue from August 6, 1971, through April 30, 1973.

2. On September 11, 1972, I met with John W. Dean, III, pursuant to his request, in his office at the Old Executive Office Building. At that meeting he gave me a list of names, and requested that IRS undertake examinations or investigations of the people named on the list. The list appeared to contain names of persons on the 1972 Presidential campaign staff of Senator George McGovern and of contributors to that campaign.

3. Mr. Dean stated that he had been directed to give the list to me. It was my impression at the time of the September 11, 1972 meeting that John D. Ehrlichman was the one who had given Mr. Dean his directions, but I do not recollect on what my impression was based.

Mr. Dean stated that he had not been asked by the President to have this done and that he did not know whether the President had asked that any of this activity be undertaken. Mr. Dean expressed the hope that the IRS could do this in such a manner that would "not cause ripples." He indicated that he was not yet under pressure with respect to this matter.

4. I advised Mr. Dean that compliance with the request would be disastrous for the IRS and for the Administration and would make the Watergate affair look like a "Sunday school picnic." I asked whether he had discussed the matter with Secretary Shultz, and he said no. I advised him that I would discuss the matter with Secretary Shultz, and that I would recommend to Secretary Shultz that we do nothing on the request.

5. On September 13, 1972, at the earliest opportunity, I discussed the matter with Secretary Shultz, showed him the list, and advised him that I believed that we should not comply with Mr. Dean's request. Mr. Shultz looked briefly at the list, and said do nothing with respect to it. I placed the list in a sealed envelope and placed it in my office safe. I believe I may have

informed Mr. Dean of the decision, but do not specifically recall doing so.

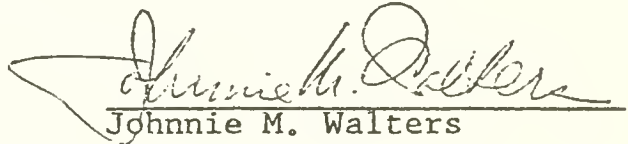
6. On or about September 25, 1972, I received a telephone call from Mr. Dean. He inquired as to what progress I had made with respect to the list. I told him that no progress had been made. He asked if it might be possible to develop information on fifty-sixty-seventy of the names. I again told him that, although I would reconsider the matter with Secretary Shultz, any activity of this type would be inviting disaster.

7. Thereafter, on or about September 29, 1972 and again at the earliest opportunity, I discussed the matter again with Secretary Shultz. We again agreed that nothing would be done with respect to the list. I have no recollection of any further discussions about the matter during my tenure as IRS Commissioner, except the possibility of mentioning (without showing) it to the present Commissioner, Donald C. Alexander, as he was in the process of being named Commissioner.

8. At no time did I furnish any name or names from the list to anyone, nor did I request any IRS employee or official to take any action with respect to the list.


9. I removed the list from the safe when I left IRS and thereafter personally kept it in the sealed envelope and locked in my present office.

10. On July 11, 1973, upon written request, I submitted the list, along with my handwritten notes of the September 11, 1972 meeting, to the Joint Committee on Internal Revenue Taxation in connection with that Committee's investigation of allegations that the IRS took enforcement actions for political purposes.


Johnnie M. Walters

Dated: 5/6/74

Subscribed and sworn to before me this 6 day of May, 1974.


Notary Public
My Commission expires _____

My Commission Expires Feb. 14, 1979

Indistinct document retyped by
House Judiciary Committee staff

Commissioner
of
Internal Revenue

Johnnie
M.
Walters

Date
9/25/72

To

John Dean telcalled to
ask what progress on list.


JMW told him JMW had
discussed with Secy Shultz
& that so far no progress
has been made in actually
checking the list.

JMW advised Dean again
that any checking such as
suggested would be inviting
disaster He agreed however
to consider the matter again
with Secy Shultz & recall

Dean

Indistinct document retyped by
House Judiciary Committee staff

Commissioner
of
Internal Revenue


Johnnie
M.
Walters

Date

9/25/72

To

John Dean I called to
ask what program on test.
JMW told him JMW had
discussed with Jay Shultz
& that so far no program
has been made in actually
checking the list.

JMW advised Dean again
that any checking and as
suggested would be inviting
disaster. He would however
to consider the matter again
with Jay Shultz. Recall
Dean

27. On March 13, 1973 the President met with Haldeman and Dean. During the conversation the President and Dean discussed, among other things, obtaining information from the IRS.

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27.1 Tape recording of a conversation among the President, H. R. Haldeman and John Dean, March 13, 1973, and House Judiciary Committee transcript thereof (received from White House).....	360

27.1 TRANSCRIPT OF MARCH 13, 1973 MEETING

TRANSCRIPT PREPARED BY THE IMPEACHMENT INQUIRY
STAFF FOR THE HOUSE JUDICIARY COMMITTEE OF A
RECORDING OF A MEETING AMONG THE PRESIDENT,
JOHN DEAN AND H. R. HALDEMAN ON MARCH 13, 1973,
FROM 12:42 TO 2:00 P.M.

HALDEMAN: Say, did you raise the question with the President on,
on, uh, Colson as a consultant?

DEAN: No, I didn't.

HALDEMAN: Was that somebody [unintelligible]?

DEAN: It was -- the thought was --

PRESIDENT: [Unintelligible]

DEAN: well [unintelligible] it's a consultant without doing
any consulting -- Yeah.

HALDEMAN: He wanted it [unintelligible]

DEAN: He wants it for continued protection on, uh --

HALDEMAN: Solely for the purposes of, of executive privilege
protection. So that --

DEAN: One of those things that's kept down in the personnel
office, and nothing's done on it.

27.1 TRANSCRIPT OF MARCH 13, 1973 MEETING

PRESIDENT: What happens to Chapin?

DEAN: Well, Chapin doesn't have quite the same problems appearing that Colson will.

HALDEMAN: Yeah but -- you have the same, you, you have the same problems as Chapin appearing versus Colson.

PRESIDENT: Well, can't -- That would be such an obvious fraud to have both of them as consultants, that that won't work. I think he's right. Uh, you'd have to leave Chapin --

HALDEMAN: Well, you can't make Chapin a consultant, I -- we've already said he's not,

PRESIDENT: Yeah.

DEAN: Yeah.

HALDEMAN: 'cause we wanted the separation. The question is, if he -- are, are you then, going to let -- As of now, the way they have interpreted executive privilege, is that you are not going to let Chapin testify,

PRESIDENT: Anybody.

HALDEMAN: because it applies to executive privilege but --

PRESIDENT: [Unintelligible]

HALDEMAN: by the former people in relation to matters while they were here.

27.1 TRANSCRIPT OF MARCH 13, 1973 MEETING

DEAN: And the problem area is that Chuck --

HALDEMAN: That same thing would apply to Colson.

DEAN: Well, yes, if Chuck were truly going to be doing nothing from the, this day on.

HALDEMAN: That's right. He's concerned about what he's doing. Colson's concerned about what he's doing from now on, and he would apply the consulting thing to what, to if he were called regarding actions taken now

DEAN: That's right.

HALDEMAN: that relate to Watergate actions.

DEAN: Probably 'cause, because [unintelligible] he will be out stirring up, you know, uh, counter-news attacks and things of this nature and --

PRESIDENT: Jesus Christ. Is he supposed to do that and be consulting with the President on it?

DEAN: No, no. But he's consulting, uh, it's a, you know, wide open consultantship. It doesn't mean he consults with you.

HALDEMAN: Your idea was just to put this in the drawer, in case [unintelligible]

DEAN: Put it in the drawer, and then --

PRESIDENT: Not decide it.

HALDEMAN: Uh, it would be a consultant without pay.

DEAN: I'd even tell Chuck that, uh, that, well, just tell
Chuck something,

HALDEMAN: Better not tell Chuck. Chuck's [unintelligible]

DEAN: is, there is something in the drawer. And just say we --

PRESIDENT: There is no reason to tell Chuck is there? Why -- I
would, I would tell him that, uh, for -- he's not to
say anything, frankly.

HALDEMAN: The point would be to date it back last Saturday, so
it, it's continuous.

DEAN: Continuous.

PRESIDENT: That, that is his consultant fee stopped, for the present
time, but he's still available for purposes of consulting
on various problems and the like.

DEAN: Right.

PRESIDENT: Unpaid consultant?

DEAN: Yes.

[Laughter]

HALDEMAN: We have some of those.

PRESIDENT: Good ones.

HALDEMAN: That's right.

PRESIDENT: Well, uh -- What are the latest developments Bob should get something on?

DEAN: Yeah. Uh --

PRESIDENT: Before going into that uh, uh, I was wondering on that, on that, [unintelligible] jackassery about some kid who was infiltrating peace groups, which of course is perfectly proper. Christ, I hope they were. I would hope, I would expect we were heavily infiltrated that way, too.

DEAN: The only, the only problem there, Mr. President, is that --

PRESIDENT: Did he get paid?

DEAN: Uh, he was paid, uh --

PRESIDENT: By check?

DEAN: Uh, he was paid by personal check of another person over there who, in turn, was taking it out of expense money. Uh, when the ultimate source of the money -- as best, as quickly as we've been able to trace it -- was pre-April 7th money. Uh, there, there could be some potential embarrassment for Ken Reitz, uh, along the way.

PRESIDENT: Oh. Working for him.

27.1 TRANSCRIPT OF MARCH 13, 1973 MEETING

DEAN: So he is -- But I, I, I think it's a confined situation. Obviously it's something that's going to come up with the Ervin hearings, but, uh, it's not, not another new Liddy-Hunt, uh, operation.

PRESIDENT: Well, it's such a shit-ass way to think.

DEAN: Oh, it is.

PRESIDENT: For Christ sake.

DEAN: It is.

PRESIDENT: I mean, uh, what, what happened to the kid? Did he just, uh, decide to be a hero?

DEAN: That's right. He apparently chatted about it around school, and the word got out, and he got confronted with it and he knew he'd chatted about it, so there he was. It's, uh, absurd; it really is. He didn't do anything illegal. Uh --

PRESIDENT: [Unintelligible]. Apparently you haven't been able to do anything on my

DEAN: But I have, sir --

PRESIDENT: project of take the offensive

DEAN: No, to the contrary.

27.1 TRANSCRIPT OF MARCH 13, 1973 MEETING

PRESIDENT: based on Sullivan.

DEAN: No, uh --

PRESIDENT: Did you kick a few butts around?

DEAN: Uh, I have all of the information that we have finished -- that we've collected. There is some there, and, uh, I've turned it over to Baroody. Baroody is having a speech drafted for Barry Goldwater. And there's enough material there to make a rather sensational speech just by: "Why in the hell isn't somebody looking into what happened to President Nixon when, during his campaign -- look at these events. How do you explain these? Where are the answers to these questions?" Uh, there's enough of a thread, I've --

PRESIDENT: Double standard.

DEAN: Yeah, and I've, I've pulled all the information --

PRESIDENT: Also, the Senator then should also present it to the, uh, to the Ervin Committee and demand that that be included.

DEAN: A letter --

PRESIDENT: He is a Senator,

DEAN: What I'm working on now

PRESIDENT: a Senator --

DEAN: is a letter to Senator Ervin saying, "This has come to my attention, and why shouldn't, uh, why shouldn't this be a part of the inquiry?" And he can spring out of '64 and then quickly to '72. And, and we've got a pretty good speech, uh, Baroody tells me, if we can get out our material.

PRESIDENT: Good.

DEAN: So it's in the mill.

HALDEMAN: Good. [Unintelligible] friends have you got [unintelligible]

DEAN: That's right.

PRESIDENT: Thank God.

HANDEMAN: Why has there never been [unintelligible] come up and did it before?

PRESIDENT: Just wasn't enough stuff. They couldn't get anybody to pay any attention. For example, the investigations were supposed to have been taken for the thirty-four million-odd contributed to McGovern in small -- Oh Christ, there's a lot of hanky-panky in there, and the records used on it are just too bad to find out anything.

DEAN: That's one of the problems that he has--

PRESIDENT: That's the problem, and can that be an issue?

DEAN: That will be an issue. That we have -- There is a crew working that, also.

PRESIDENT: Do you need any IRS [unintelligible] stuff?

DEAN: Uh -- Not at the --

WAITER: Would you care for some coffee?

DEAN: No, thank you, I'm fine. Uh, there is no need at this hour for anything from IRS, and we have a couple of sources over there that I can go to. I don't have to fool around with Johnnie Walters or anybody, we can get right in and get what we need.

PRESIDENT: Talk to Elliot Gompers.

DEAN: I've, I've been preparing the, uh, the answers for the briefing book and I just raised this with Ron, uh. It's my estimation, for what it's worth, that probably this week will draw more Watergate questions than any other week you're likely to see, uh, given the Gray hearings, the new revelations about -- they're not new, but they're now substantiated -- about Kalmbach and Chapin that have been in the press.

PRESIDENT: To the effect of what? They --

DEAN: That Chapin directed Kalmbach to pay Segretti, the alleged saboteur, somewhere between thirty-five and forty thousand dollars. Uh, there is an awful lot of that out in the press now.

PRESIDENT: Yeah.

DEAN: There is also the question of Dean appearing, not appearing -- Dean's role. There was more stories in the Post this morning that are absolutely inaccurate, uh, about my turning information over to the Re-election Committee for uh, uh -- some woman over there, Mrs. Hoback, signed an affidavit, gave it to Birch Bayh, said that I was, uh, brought into Mardian's, Bob Mardian's office within forty-eight hours after a private interview I had with the Bureau, and confronted with it. How did they know that? Well, it came from internal sources over there, is how they knew it.

PRESIDENT: From what?

DEAN: Internal sources -- this girl had told others that she was doing this, and they just told, uh, just quickly filled her to the top when she was out on her own.

PRESIDENT: [Unintelligible]

DEAN: She did. Said we had two or three of those.

PRESIDENT: Why did she do that? Was she mad?

DEAN: She's a registered Democrat.

PRESIDENT: Why did we take her in?

DEAN: I'll -- To this day, I do not understand what she was doing. And she was --

PRESIDENT: Who was she working for?

DEAN: She worked in Stans' operation.

PRESIDENT: [Unintelligible] that was a bright move.

DEAN: It wasn't a good move. He had -- in fact, that was one of our problems, was the, uh, the little pocket of women that worked for Maury Stans. No doubt about it, that was -- things would have sailed a lot smoother without that pack. Not that they had anything that was devastating.

PRESIDENT: Yeah. Well, now, with regard to the questions, and so forth, sure, uh, it would be my opinion, though, not to, not to dodge it just because there are going to be questions.

DEAN: Well, it's going to be -- You're probably going to get more

questions this week. And the tough questions. And some of them don't have easy answers. For example, did Maldeman know that, uh, there was a Don Segretti out there? That question is, is likely.

PRESIDENT: Did he? I don't know.

DEAN: He had, he had knowledge that there was somebody in the field doing prankster-type activities.

PRESIDENT: Uh huh.

DEAN: Uh --

PRESIDENT: So I don't know that. [Unintelligible]

DEAN: So at this -- I mean that's the other thing --

PRESIDENT: Yes, but what about, what about my taking, uh, basically, just trying to have to fight this thing at one time. I can fight it later, but it's not going to get any better. I don't think that the way to get into this, did he know or not, I think the thing to say "This is a matter being considered by a committee and I'm not going to comment upon it while it's being -- I don't want to get into the business of taking each charge that comes up in the Committee and commenting on it. It is being considered by, and it's being investigated. I'm not going to comment on it."

DEAN: Well, that's, that's exactly the way I drafted these. I have kept them general answers.

PRESIDENT: And I just cut them off. No. If I start getting, I think, John, if I start breaking down -- it's like on the Court thing -- the Watergate stuff, I'm not going to comment on it. I know all of these questions. "I am not going to comment on that. That's a matter for the Committee to determine." Then, I'll repeat the fact that I, as far as the Watergate matter is concerned, there was no knowledge there, I am not going to comment on anything else. Let the Committee find out. What would you say? You don't agree?

DEAN: Well, uh, the bottom line, on, on a draft that -- before I came over for [laughs] lunch -- was, well, if you **have** nothing to hide, Mr. President, here at the White House, why aren't you willing to spread on the record everything you know about it? Why doesn't the Dean Report be made public? Why doesn't everyone come out? Why does Ziegler stand out there and bob and weave, and no-comment? That's, that's the bottom line.

PRESIDENT: Well, all right. What do you say to that?

DEAN: Well --

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PRESIDENT: You -- we are furnishing information. We will do something.

DEAN: I think we -- well, of course, we have --

PRESIDENT: We have cooperated.

DEAN: We have cooperated with the FBI in the investigation of the Watergate.

PRESIDENT: That's right.

DEAN: We will cooperate with the investigation of, a proper investigation by the Senate.

PRESIDENT: Right. We will make statements.

DEAN: And, indeed, we have nothing to hide.

PRESIDENT: We have furnished information; we have nothing to hide. So we have [unintelligible] have to handle it.

DEAN: Uh huh.

PRESIDENT: What else can we do, really. I mean, we can't -- you see, I can't be in the position of basically hunkering down because we got a lot of tough questions on Watergate, and not go out

DEAN: True.

PRESIDENT: and, and talk on other issues because they're going to be, they're embarrassing. It's not going to get better. It's going to get worse. Do you agree?

DEAN: That's -- I would agree. I think it's cyclic somewhat. I think after the Gray thing takes one course one way or the other, there'll be a dead period of news on Watergate until the Ervin hearings start again.

PRESIDENT: Yeah.

DEAN: Uh, this has obviously sparked the news again.

PRESIDENT: Well, let me just, just run over the questions again. Now, isn't it best, "What about Mr. Haldeman, Mr. Segretti, and so forth." "That's a matter which is being considered by a Senate committee; I'm not going to comment on it." That's true, isn't it?

DEAN: That's correct. That's specifically

PRESIDENT: [Unintelligible]

DEAN: spelled out in their resolution that they will --

PRESIDENT: I am not going to comment on that one [unintelligible] being considered by a committee. [Unintelligible] as I have already indicated. Uh, I am just not going to comment on it. You already indicated my views on the Watergate thing.

DEAN: Did Mr. Chapin's departure have something to do with his involvement with Segretti?

PRESIDENT: No. The answer's "No." And, uh, "But what about, uh, what about Mr. Dean?" My position is the same: "We are going to be -- We were -- We've been cooperative. We cooperated with the Justice Department, with the FBI -- completely -- in trying to, in furnishing information that was relevant in this matter. We will cooperate with the Committee under the rules that I have laid out in my statement on executive privilege." Period. Now what else? Let's see.

DEAN: Well, then, you'll get a barrage of questions probably on, will you supply, will Mr. Haldeman and Mr. Ehrlichman and Mr. Dean go up to the Committee and testify?

PRESIDENT: No. Absolutely not.

DEAN: Mr. Colson.

PRESIDENT: No. No.

DEAN: I think that's --

PRESIDENT: No. Absolutely not. I -- No. It isn't a question of, the question is not -- under what, uh, or somebody, or Ziegler, or somebody had said that, uh, that we, we in our executive privilege statement it was interpreted as

being that we would not furnish information. Oh, well. We said we will furnish information, but we're not going to publicly testify. That's the position. But, will Dean, and all the rest, will they furnish, you'll furnish information, won't you?

DEAN: Yes. Indeed I will.

PRESIDENT: Yeah. Sure.

DEAN: Well, I think possibly by the time --

PRESIDENT: See, that's what I do. My feeling, John, is that I better hit it now, frankly, as tough as it is, and, uh, rather than just let it build up to where we, we're afraid of these questions and everybody and so forth, and let Ziegler get out there and bob and weave around. I know the easier thing is just to bug out, but I'd rather hit it now.

DEAN: You're right. I was afraid for the sake of debate, 'cause I was having reservations. And, uh,

PRESIDENT: I think so.

DEAN: uh, it is a, it, it's a bullet-biter and you just got to do it, and, because they're not going to go away, the questions. Now the other thing that we talked about in

the past, and I, I still have the same problem, is to have sort of a "Well, here it all is" approach. Uh, if we do that --

PRESIDENT: And let it all hang out.

DEAN: And let it all hang out, uh,

PRESIDENT: Yeah.

DEAN: uh, let's say with the Segretti situation --

PRESIDENT: I guess, I guess if we were going to do that, we have passed that point.

DEAN: We have passed that point plus the fact, they're not going to believe the truth. That's the incredible thing.

PRESIDENT: They won't believe the truth, they don't even believe when they convicted seven people.

DEAN: That's right. They will continually try to say that there is [unintelligible]

PRESIDENT: They'll say, "Haldeman did it." And then they'll say I did it.

DEAN: That's right.

PRESIDENT: I don't think they'll get to that point. They might question his political savvy, but not mine. Not on a matter like that.

DEAN: [Laughs]. No. Well, the thing on Sullivan which I have. Sullivan, uh, who as I told you, and, have been prompting him and I said, "Bill, I would like, for my own use, to have a list of some of the horrors that you're aware of." Well, he hasn't responded back to me, but he sent me a note yesterday saying that, "John, I am willing at any time to testify to what I know if you want me to." What he has, as we already know, has got a certain degree of, uh -- it's a, it's a dynamite situation what he's got already -- the '68 bugging, the surveillance that Goldwater [unintelligible]

PRESIDENT: It's not -- we [unintelligible] on the '68 bugging, that it was ordered, but he doesn't know whether it was carried out.

DEAN: That's right. Uh --

PRESIDENT: But at least he will say that --

DEAN: Yes.

PRESIDENT: Tell them, for example, I mean I --

DEAN: I would think --

PRESIDENT: That kind of thing.

DEAN: Well, I've never talked to Bill about this so it must be --

I've never really gone into detail, because he's always been very up close about it, but he is now getting to the point if, if we wanted him to do this, someone -- and I don't think the White House should do it -- should sit down with him and really take him over cross-examination of what he does know and, and how strong it is, what he can, can substantiate.

PRESIDENT: John, who the hell could do it if you don't?

DEAN: Well, that's, that's probably -- there's no one. That's the, uh --

PRESIDENT: That's the problem.

DEAN: That's the problem. Now, the other thing is, if we were going to use a tactic like this: Let's say in the Gray hearings

PRESIDENT: [Unintelligible]

DEAN: where everything is cast that, that we're, we're, that we're the political people and they're not -- that Hoover was above reproach, which is just not accurate.

PRESIDENT: Bull shit. Bull shit.

DEAN: Total bull shit. The, uh, the person who could, would destroy Hoover's image is going to be this man, Bill Sullivan. Uh, that's what's at stake there. Also, it's going to tarnish quite severely, uh --

PRESIDENT: Some of the FBI.

DEAN: some of the FBI. And a former President.

PRESIDENT: Fine.

DEAN: Uh, he's going to lay it out, and he, it's just all hell is going to break loose once he does it. It's going to change the atmosphere of the Gray hearings. It's going to change the whole atmosphere of the Watergate hearings.

PRESIDENT: Not much.

DEAN: Now the risk --

PRESIDENT: How will it change, John?

DEAN: How will it change? Because it'll put them in context that, that, uh, a government institute was used in the past for the most flagrant political purposes.

PRESIDENT: How does that help us?

DEAN: How does it help us?

PRESIDENT: I'm being, I'm just being --

DEAN: Yeah, I, I appreciate what you are doing.

PRESIDENT: Red herring. Is that what you mean?

DEAN: Yes. It's a, it's a red herring. It's what the public already believes. It's just that people would just, I would say react, that, oh Christ, more of that stuff. Uh, they're all, you know, they're all bad down there. Because it's a one way street right now --

PRESIDENT: [Unintelligible]

DEAN: Pardon.

PRESIDENT: Do you think the press would use it? They may not play it.

DEAN: It'd be difficult not to. Uh, it'd be difficult not to.

PRESIDENT: Why is it that Sullivan'd be willing to do this?

DEAN: I think the, the quid pro quo with Sullivan is that he wants someday back in the Bureau very badly.

PRESIDENT: That's easy.

DEAN: That's right.

PRESIDENT: Do you think after he did this to the Bureau that they'd want him back? "They," if there is a "they."

DEAN: Uh, probably not. But I think that, uh, he could also possibly do -- What, what Bill Sullivan's desire in life

is, is to set up a national, or domestic national security intelligence system, a plan, a program. He says we're deficient. Uh, we've never been ef--, efficient, since Hoover lost his guts several years ago. If you recall, he and Tom Huston worked on it. Uh, Tom Huston had your instruction to go out and do it. Then the whole thing just crumbled.

PRESIDENT: Do you think Hoover would have cooperated?

DEAN: That's all Sullivan really wants. Even if we just put him off studying it for a couple of years, we could put him out in the CIA or some place else where he felt --

PRESIDENT: Put him there; we'll do it.

DEAN: I think that's what the answer is. I've never really --

PRESIDENT: No problem with Sullivan. We'll put him -- I mean, he's a valuable man. Uh, now, would the FBI then turn on him, piss on him?

DEAN: There would be some effort at that. That's right, they would say he's disgruntled. He was canned by Hoover. He is angry, he's coming back. But that would kind of, I would think a lot of that would be lost in the, uh, in the shuffle of what he is laying out. I don't know if he's given me his best yet. I don't know if he's got more

ammunition than [unintelligible] he has already told me. Those were just a couple off-the-cuff remarks.

PRESIDENT: And that's why you said that -- Why do you think he is now telling you this? Why is he doing this now?

DEAN: Well, the way it came out is, when I, when the Time Magazine article broke on the fact that it charged that the White House had directed that newsmen and White House staff people be, uh, subject to some sort of surveillance for national security reasons, I called, in tracking down what had happened, I called Sullivan and I said, "Bill, you'd better come over and talk to me about that and tell me what you know." I was calling him to really determine if he was a leak. That's one of the reasons. I was curious to know where this might have come from because he was the operative man at the Bureau at the time. He's the one who did it. Uh, he would not, you know, he came over and he was shocked and, uh, distraught, and, and the like [unintelligible] his own, uh, uh, his own [unintelligible] [laughs] frankly, uh, and then, and after going through his explanation of all what had happened, he started volunteering this other

thing. He said, "John, what, this is the only thing I can think of during this Administration that has any taint of political use but it doesn't really bother me 'cause it was a national security purpose. These people worked -- there was sensitive material that was getting out, was getting out to reporters."

PRESIDENT: [Unintelligible] what we ordered?

DEAN: That's right.

PRESIDENT: Of course, [unintelligible] the stuff was involved in the God damned Vietnam War.

DEAN: That's right.

PRESIDENT: That's what it was.

NOTE: At this point, a portion of the discussion has been deleted.

DEAN: But he said, "John, what does bother me is that you all have been portrayed as politically using --"

PRESIDENT: And we never did.

DEAN: And we never have. He said the Eisenhower Administration didn't either. The only

PRESIDENT: Never.

DEAN: times that he can recall that there has been a real political use has been during Democratic tenure. I said, "For example, Bill, what are you talking about?" Then he told me this example of, of, uh, the Walter Jenkins affair, when DeLoach

PRESIDENT: Yeah.

DEAN: and, and Fortas, and --

PRESIDENT
and DEAN: [Unintelligible]

PRESIDENT: The Kennedys, the Kennedys used it, let me say, politically on that steel thing.

DEAN: That's right.

PRESIDENT: That was not, that was not a national security, was it?

DEAN: No. Now I asked, uh, I asked somebody about that and they told me that what happened there is that, uh -- they were being defensive of Kennedy, and so that the person who would defend Kennedy necessarily -- was saying that Kennedy had given Hoover orders and Hoover, being typical in his response, tried to get it yesterday as far as the answer

for the President. And that's why he sent people out in the middle of the night and the blame really fell on Hoover. And, and this might be [unintelligible] over there though, who knows.

PRESIDENT: [Unintelligible]

DEAN: Well, that's right.

PRESIDENT: It's still wrong.

DEAN: That's right. Sure.

PRESIDENT: Good God. Can you imagine if somebody -- steel company that had raised hell about, uh, or an automobile company, about, something, silly thing, Ruckelshaus does, and we send FBI agents out to arrest? Jesus Christ, now. Does he know about the bugging of Martin Luther King?

DEAN: Yep.

PRESIDENT: I wonder if he'd tell that, that would be good.

DEAN: I think he would tell everything he knows.

PRESIDENT: You do?

DEAN: Uh huh. That's why I'm saying he is, he is, he is a trem-- he's a bomb. Uh, now the fact is --

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PRESIDENT: You really have to keep telling --

DEAN: Well, if that's, that's the, the real problem is, how it's structured, how can it be done. Uh, he sent me this note and I called up and I said, "Bill, I appreciate getting that note very much." I said, "It takes a lot of guts to send a note like that to me." And he said -- I said, "It's kind of a pleasure to see a man stand up, blowing a little smoke up him and the like." Uh, he said, "Well, John, I mean it. I am perfectly willing to do anything you want. If you want me to go up and testify, I will." I said, "Well, how much, you have just given me some tidbits that you, in our conversation and I would really like to again repeat: Can you put together what you do know; just for your own use right now, just put it together on a pad, go through all your recollections; and then also tell me how you can substantiate it, and, what kind of cross-examination you might be subject to on it if you did testify." So he is doing that. Now, the question I've, I've had is, how in the world can we program something like this? The, wa-- I, I just have a feeling that it would be bad for one Bill Sullivan to quietly appear up on, uh, on some Senator's doorstep, and say, "I've got some information you ought to have." "Well, where did you get

it? Where -- why are you up here?" "The White House sent me." That would be bad. The other thing is, maybe this information could be brought to the attention of the White House, and the White House could say to the, uh, to, uh, Eastland, "I think you ought to call an executive session and hear his testimony. This is quite troublesome, the information that has been presented to us. It's so troublesome, we can't hold it here and hope to, uh, and rest comfortable."

PRESIDENT: Why, why on the other hand doesn't he just present it to Eastland? I mean, uh -- Why executive session? That doesn't serve --

DEAN: Well it would, one, because you're trying -- The first approach would be not to destroy the Bureau, not to tarnish the name. It's going to leak out of there, though, quite obviously. If it doesn't, we'd make sure it did. Uh -- [coughs] If, if, uh, Sullivan went up to Eastland cold and just said, or Hruska, I would think they would say, "Go on back down to the Department of Justice where you work, and let's not start all this."

PRESIDENT: Suppose another thing, Patrick Gray says to either Eastland or to, or to Hruska or anybody on that Committee -- Who is the tiger on the Committee on our side, on the Committee, the Judiciary Committee?

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DEAN: Cook's --

PRESIDENT: [Unintelligible]

DEAN: Gurney, Gurney has been good. Gurney was good during the ITT hearings, and he -- he'll study, he'll get prepared. Uh --

PRESIDENT: But, would he go after the Bureau? [Unintelligible]

DEAN: They're not going after the Bureau. What they are doing is, they're taking the testimony of somebody who is going after the Bureau.

PRESIDENT: Yeah. I know that. I'm just thinking of the --

DEAN: Yeah.

PRESIDENT: They all look down the road and see what would be the result of what they are doing is, won't they? I would think so. I mean, I'm just trying, how -- Would they go after Johnson? Let's look at the distant future. Uh, look at the -- How bad would it hurt the country, John, to have the FBI so terribly discredited? [Unintelligible]

DEAN: [Unintelligible] I've, I've, kicked this around with Dick Moore, these, these broader questions, and, I think it would be damaging to the FBI, uh, but maybe it's time to

shake the FBI and rebuild it.

PRESIDENT: [Unintelligible]

DEAN: I'm not so sure the FBI is everything it's cracked up to be. I, I'm convinced the FBI isn't everything the public thinks it is.

PRESIDENT: No.

DEAN: I know quite well it isn't.

PRESIDENT: [Unintelligible] if you could get, uh, Jerry Wilson in there rather than a political appointee. What is your feeling at the moment about Gray? Can he hang in? Should he? I don't know.

DEAN: Uh --

PRESIDENT: Awfully close.

DEAN: I -- they're going to vote this -- They have an executive session this afternoon to invite me to testify.

PRESIDENT: Sure.

DEAN: Uh, there's no question, they're going to invite me. Uh, I would say, based on how I handle the: (1) the formal letter that comes out of the Committee asking for information, and I programmed that they do get specific, just

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what in the hell do they want to know that I've got, and lay it out in the letter that's sent down here asking me to appear so I can be responsive, fully --

PRESIDENT: Respond to the letter.

DEAN: Respond to the letter in full. I think I have, I feel I have nothing to hide, as far as, uh, the issue they've raised.

PRESIDENT: Would you respond under oath?

DEAN: I think I would be willing to, yes.

PRESIDENT: That's what I'd say because that's what I am preparing in the press thing. I'll say you'll respond under oath in a letter. You will not appear in a formal session.

DEAN: That's, that's our present position.

PRESIDENT: What if they say, what if they say, "Would he be willing to be questioned under oath?"

DEAN: That's not what the question is. Yes, I'd be willing to be questioned under oath, but we're not going up.

PRESIDENT: No, no. But here?

DEAN: Oh. I think that would be a hell of a bad precedent.

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PRESIDENT: Okay. I just wanted to be sure we don't cross that bridge. I agree. You -- but you would respond to written interrogatories.

DEAN: That's right.

PRESIDENT: That's it. Okay.

DEAN: Now, uh, after, after that, if we've been responsive, their argument for holding up Gray's confirmation based on me is, should be gone. Sure, they're going to say it raises more questions than it answers, but if we're -- but that can go on forever. We've taken the central points they want answers to, given them the responses, that puts something in Eastland's hand that can say, "All right, it's time, it's time to vote." And Eastland says he's got the votes to get Gray through. Now, but what happens on the Senate Floor is something else, 'cause Byrd is opposing Gray. Byrd's got good control of that Southern bloc.

PRESIDENT: Not totally.

DEAN: No.

PRESIDENT: Byrd is running for leader of the whole Senate. A lot of them may desert him on this.

DEAN: But Mansfield, on the other hand, of course, has come out

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and said that he favors, initially he supported Gray's, uh, confirmation.

PRESIDENT: My feeling is that they would like [unintelligible], I think that they'd like to have a, an excuse not to do it. Maybe they'll use, not you, but all this crap about hearings [unintelligible]

DEAN: Well if they say, if they say they have to hold up Gray's confirmation until the Watergate hearings are completed --

PRESIDENT: Oh -- That's great.

DEAN: That's the vehicle --

PRESIDENT: The best of both worlds for us, John,

DEAN: That's right.

PRESIDENT: because Gray, in my opinion, should not be the head of the FBI. Not because of any character or other flaws or thoughtless flaws, but because he is going to be too much like Kleindienst. After going through the hell of the hearing, he will not be a good Director, as far as we're concerned.

DEAN: I think that's probably true. He'll be a, he'll be a very suspect Director. Not that I don't think Pat won't do what we want. I, I read him a little differently than

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Dick in that regard. Like he's still keeping close touch with me. He's calling me. He's given me his private line. We talk at night, just how do you want me to handle this, so and so forth. So he still plays, playing in tight, and still being involved. But I think he --

PRESIDENT: But he couldn't do it.

DEAN: But he can't do it. He's under, he's going to be under such surveillance by his own people -- watch every move he's making -- uh, that'll be the difficult thing for Pat. Not that Pat wouldn't want to still play ball, but he may not be able to.

PRESIDENT: I agree. That's what I meant.

DEAN: Pat has already gotten himself, himself, in a situation where he's got this Mark Felt as his number two man. These other people are surrounding him. If you put a guy like Jerry Wilson in there he could just, you know, wipe this, and say, "Gentlemen, I'm putting my own team in, and I'm going to bring people in I've met around the country who are good office directors; Sacks out of Chicago," wherever, and just put his own team together for the, for the Headquarter's Office.

PRESIDENT: So where do you come out?

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DEAN: Gray's already been locked into, to major personnel decisions. I wouldn't be surprised to see [unintelligible] occur if they say that they cannot go forward with Gray's hearings because of the Watergate.

PRESIDENT: Where would that be done, John, at what point in the Committee or on the Floor or both?

DEAN: It could happen. It would certainly be voted on first in the, uh, uh, in the Committee, in the Judiciary Committee.

PRESIDENT: [Unintelligible]

DEAN: The question is, then, whether, uh, it'll be put on the calendar by the leadership. I assume that that's --

PRESIDENT: The leadership might determine that we will not put it on the calendar until after the Watergate hearings.

DEAN: That's right.

PRESIDENT: Then we could then, Gray could then come in and say I will not wait that long.

DEAN: And they'll -- when they -- you're -- "This, you're, this is damaging to the leadership of the FBI, and I will have to withdraw based on this." What would be nice for all would be to get Gray voted out of the Committee

PRESIDENT: Yeah.

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DEAN: with a, with a positive vote, uh, enough to get him out of Committee, and then lock him at limbo there.

PRESIDENT: What is Moore's judgment about Sullivan? Does he know?

DEAN: Yeah, he's, uh, uh, he says it's a piece of dynamite. He says it depends and we both agree, that it, it -- the way it would be done would be a secret, whether it was done. Whether -- this isn't the sort of thing we could just leap out and do. Have to be very carefully thought through. Have to be -- have to decide in advance should the White House not be involved or should we be involved? If we're going to play with it, we are going to probably have to say that we were involved and structure it in a way that there is nothing improper with our involvement.

PRESIDENT: The difficulty with the White House being involved is that if we are involved in pissing on Johnson, [unintelligible] that concerns me.

DEAN: That's right.

PRESIDENT: That's why it really ought to be, I mean -- If he could just --

DEAN: I suppose the answer is saying, to, to have him -- to say to him --

PRESIDENT: [Unintelligible]

DEAN: You've got, you know, this is something -- "What you've, you've intimated a few things to me, uh. The proper place to take that information is to the Senate Judiciary Committee or to the Attorney General, possibly." And then have Dick take it to the Committee. Or is that too close to the President, still?

PRESIDENT: First hand, if he takes it to the Committee, it's better if the Committee's conducting a hearing. [Unintelligible] Wait a minute, he works for the Attorney General, doesn't he.

DEAN: That's right. If he takes it to Kleindienst, Kleindienst is going to say, "Bill, just don't do it because you are going to take DeLoach's name down with it, and DeLoach is a friend of ours."

PRESIDENT: Bull shit.

DEAN: Something I have always questioned.

PRESIDENT: Nobody is a friend of ours. Let's face it. Don't worry about that sort of thing.

DEAN: Well, it's something I will, uh, I think I ought to [unintelligible] kick around with Dick Moore, 'cause --

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PRESIDENT: Yeah.

DEAN: But first of all, I've got to, uh, just have to be thought through every inch of the way. It came here

PRESIDENT: Sure.

DEAN: late yesterday afternoon.

PRESIDENT: Sure.

DEAN: It was not -- Bob said, uh, when I talked to him, he said he was quite excited about it, as Ehrlichman said, gave a very favorable "Uh huh." Uh, and I said, "Well, I'm not going to rush anything on this. It's -- We've a little bomb here that we might want to drop at one"

PRESIDENT: Yeah.

DEAN: "point down the road."

PRESIDENT: Yeah, yeah.

DEAN: Maybe, maybe the forum to do it is something totally out of the Committee context between the Gray confirmation hearings and the Watergate hearings. Maybe let him go over to U. S. News, or, who knows what it would be, but we ought to consider every option, now that we've got it, and see if --

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PRESIDENT: Rather than doing it in a hearing, doing it in the press. Then that will force the hearing to call him. That's another way you can do on this. Have him be selected to

DEAN: Give an interview.

PRESIDENT: to give an interview. I would do it in U. S. News. Do it in [unintelligible] wire service guy or something. A respected damn reporter. Why not go to a jackass like Mollenhoff? No, he's too close to us.

DEAN: Well, that's interesting. Now, Mollenhoff is, is close but by God, you can't program Mollenhoff to do anything.

PRESIDENT: No.

DEAN: And if, uh --

PRESIDENT: No. And also, we are in a position on Mollenhoff, who's been fighting us some, that maybe, maybe Mollenhoff would be a pretty good prospect for this thing because it's the kind of a story he loves, he digs on some. You couldn't tell him, however, uh [unintelligible] story part. Or Sullivan just goes to talk to him, says, "Well, now, hell, you're a hell of a, hell of a guy, and, uh, I just want to tell you a few things."

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DEAN: Or, can you call Clark and say -- can I call Clark and say, "Listen, Clark, a guy has brought me a piece of dynamite I don't even want in the White House?"

PRESIDENT: He will write that, though, won't he?

DEAN: Yeah. Because that'd look like that's a set-up deal. Well, Clark Mollenhoff is the first guy to uncover

PRESIDENT: Yeah.

DEAN: [unintelligible] anything, and he will say no way.

PRESIDENT: But he's willing to do it.

DEAN: Uh huh.

PRESIDENT: That's very important, at least.

DEAN: Uh huh.

PRESIDENT: Broadens the scope. Getting to the bottom of the whole thing, don't you feel that that's the need here is to broaden the scope of the damned thing, instead of --

DEAN: The focus is right on us. That's the problem.

PRESIDENT: Yeah. Nothing on the Democrats, and nothing,

DEAN: Nothing.

PRESIDENT: nothing on what the previous three Administrations did.

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DEAN: Nothing. It's making,

PRESIDENT: Yeah.

DEAN: well, it, it -- of course it's still a Washington story. You go out of this city

PRESIDENT: I know.

DEAN: and you can't find anybody that even knows what's happening. Although it's increased in the network coverage. That NBC thing last night, which is just a travesty as far as -- the very thing Ron was talking about, about shabby journalism. They took the worst edited clips they could, out of context, to respond to things they would say on the lead and they would have a little clip of Ron saying, "Well, I deny that." And he was denying something totally other than what they were talking about in their charge. It was incredible. Someone is going through and putting that all together right now, and, Ron ought to be able to have a field day back with that one on NBC. It was just ver--, it was very, very dishonest television reporting of a sequence of events. It was out of sequence.

PRESIDENT: Well, you see, John -- Yeah. I know the situation. Ervin gets up there and, you know, gassing around, he was huffing and puffing about his being a great Constitutional lawyer and all. I guess it just makes us wonder about our first decision, doesn't it, [unintelligible] about sending Gray up. Probably a mistake, but then, we didn't anticipate --

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DEAN: Well --

PRESIDENT: Or you think not. Who knows?

DEAN: Who knows? That's right. Uh, if you didn't send him up, why didn't you send him up. Because he was --

PRESIDENT: Right. I know. That's what they --

DEAN: That's true.

PRESIDENT: That's what they -- You send somebody else up to take them on, not a big clown. You know what I mean?

DEAN: Yeah.

PRESIDENT: I won't even announce any [unintelligible]. I think the problem is, the reason that the Senate was not [unintelligible] being reasonable was because [unintelligible] a lot of this stuff hanging out there [unintelligible] Ervin Committee.

DEAN: Well, we, you know, one, one thing is that I, the saturation level of the American people on this story is [laughs] depressing. Pretty close -- in fact [laughs] the saturation level in this city is getting pretty high now. They can't take too much more of this stuff.

PRESIDENT: Think not?

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DEAN: Nothing, nothing really new is coming out.

PRESIDENT: Some kid, they said-- I don't think that anybody, incidentally, will care about somebody infiltrating the peace movement that was demonstrating against the President, particularly on the war in Vietnam. Do you think so?

DEAN: No.

PRESIDENT: Anyway, I don't care about that. What happened to this Texas guy that took his money back? Was he --

DEAN: All hell broke loose for him after. This was Allen.

PRESIDENT: No, no. Allen -- yeah.

DEAN: Allen, not Duncan, there were two

PRESIDENT: Nothing to do [unintelligible].

DEAN: [Unintelligible]. All hell broke loose for Allen for this reason: He, uh, uh -- The money apparently originally came out of a subsidiary of one of Allen's corporations down in Mexico. It went to a lawyer in Mexico who put it down as a fee billed to the subsidiary. Then the, then the lawyer, the Mexican lawyer, sent it back into the States, and it came back up here. But, the weakness of

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it is, is, uh, the Mexican lawyer: (1) didn't have a legitimate fee; (2) it could be corporate contribution. So Allen wanted, and Allen had personally put a note up with the corporation to cover it. But Allen is meanwhile having problems with his wife, and a divorce is pending, and tax problems. So he --

PRESIDENT: [Unintelligible]. The only problem I saw there was where you put it off -- lay it off -- [unintelligible] the fact that it was being used for Watergate.

DEAN: That's -- I don't know why that went in the letter. I, uh -- it wasn't used for the Watergate. That's the, that's the interesting thing.

PRESIDENT: It wasn't?

DEAN: No. It was not. What happened is these Mexican checks came in. They were given to Gordon Liddy, who said, "What do we -- why don't you get these cashed?" Gordon Liddy, in turn, took them down to this fellow, Barker, in Florida, and said, "Would you cash these Mexican checks." Uh, and so that's how they went through Barker's bank account back in here. They could have been just as easily cashed at the Riggs Bank. There was nothing wrong [laughs] with the checks. Why all that rigamarole? It's just like

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a lot of other things that happened over there. God knows why it was all done. It was totally unnecessary, and it was money that was not directly involved in the Watergate. It wasn't a, a wash operation to, to get money back in to Liddy, and the like.

PRESIDENT: Who is going to be the worst witness up there?

DEAN: Sloan.

PRESIDENT: Unfortunate.

DEAN: Without a doubt. He's --

PRESIDENT: He's scared?

DEAN: He's scared. He's weak. He has a, uh, a compulsion to, uh, cleanse his soul by confession. Now, we're, he's going, we're giving him a lot of stroking, uh, telling him you're doing a beautiful job. The funny thing is, this fellow goes down to the Court House here before Sirica, testifies [laughs] as honestly as he can testify, and Sirica looks around and calls him a liar. [Laughs] He's a sad -- Sloan can't win. So Kalmbach has been dealing with Sloan. Sloan [unintelligible] as a child. Kalmbach has done a lot of that. The person that will have the greatest problem with -- as a result of Sloan's testimony is Kalmbach

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and Stans. So they're working closely with him to make sure that he settles down.

PRESIDENT: Kalmbach will be a good witness.

DEAN: Oh yes.

PRESIDENT: Knowing what Kalmbach has been through.

DEAN: Kalmbach has borne up very well. In fact, I decided he may be --

PRESIDENT: Kalmbach, Kalmbach, of course, this is somewhat embarrassing, he is, they say, lawyer for the President. Well, hell, I don't need a lawyer. He handles that, that property out there.

DEAN: He's sensitive on that point. He, uh, over -- he saw a briefing, uh, saw a transcript of a, of a briefing where Ron was saying, "Well, he's really not, that's not the right nomenclature, this 'personal attorney'." Herb said, "Well, gee whiz. I don't know if Ron knows what all I do." And I said, "Herb, well, don't worry about it."

PRESIDENT: Well, what I meant is that this -- I don't care about that, but I meant, it's just the fact that it's played that way, as if he's in, that I am, he's in talking to me all the time. I don't ask him [unintelligible]

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DEAN: I know that.

PRESIDENT: I don't talk to him about anything. I mean, I don't know, I see Herb once a year when he brings the income tax returns.

DEAN: That's right.

PRESIDENT: I'm sure that he, he handles that San Clemente property and all the rest, but he's, he isn't a lawyer in the sense that most people have a lawyer.

DEAN: No, no. Although he didn't even handle the estate plan, he's done some, you know, dove-tailing on it, like --

PRESIDENT: Well, but anyway, we don't want to back off of him.

DEAN: No. Anyway he's solid. He's solid.

PRESIDENT: He will, uh, how does he tell a story when he gets, [unintelligible]? He's got a pretty hard row to hoe, he and Stans have.

DEAN: He'll be good. He's going over every -- Herb is the kind of guy who will check, not once, not twice, on his story, not three times, but probably fifty to a hundred times. Literally. He will go over it. He will know it. There won't be a hole in it. He'll have thought it -- he, he'll do his own Q. and A. He'll be -- have people cross-examine him from ten ways.

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PRESIDENT: Good.

DEAN: He will be ready, as John Mitchell will be ready, as Maury Stans will be ready.

PRESIDENT: Yeah.

DEAN: Uh, it's, uh --

PRESIDENT: Mitchell is now studying, is he?

DEAN: He is studying. Sloan will be the worst witness. I think Magruder will be a good witness. This fellow, Bart Porter, will be a good witness. They've already been through it, they've been through Grand Jury. They have been through trial. Uh, they did well. [Coughs] And then, of course, people around here

PRESIDENT: I [unintelligible]

DEAN: won't be witnesses.

PRESIDENT: They won't be witnesses.

DEAN: Won't be witnesses.

PRESIDENT: Hell, no. They will make statements. That's -- That'll be the line which I think we've got to get across to Ziegler, in all of his briefings where he is constantly saying we

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will furnish information. That is not the question. It is how it's to be furnished, and we will not furnish it in a formal session. That would be to break down the privilege. Period. Do you agree with that?

DEAN: I agree. I agree. I have always thought that's the bottom line, and I think that's the good thing about what's happening in the Gray hearings right now. If we, they send a letter down with specific questions, I send back written interrogatories, sworn. You know as a, as a lawyer, that, uh, you can handle written interrog--, interrogatories, where cross-examination is another ball game.

PRESIDENT: I know.

DEAN: They can -- you can make a person look like they're inaccurate even if they're, even if they are trying to tell the truth.

PRESIDENT: "Well now, really, you sh--, you can't mean that." You know, uh, I know -- All their face-making and all that crap. I know; [unintelligible]. Written interrogatories you can --

DEAN: Can be artfully, accurately answered and give the full information.

PRESIDENT: [Unintelligible] that there will be total and full [unintelligible].

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Well, what about the sentencing. When the hell is he going to sentence?

DEAN: We thought he was going to sentence last Friday. Uh,

PRESIDENT: I know; you've said that.

DEAN: no one knows what in the world Sirica is doing. It's getting to be a long time now. It frankly is.

PRESIDENT: [Unintelligible]

DEAN: And no one really has a good estimation of how he will sentence. There's some feeling that he will sentence Liddy the heaviest. Liddy's already in jail; he's in Danbury. He wants, he wanted to start serving so he can get good time going. Uh, but Hunt, he'll probably be very fair with.

PRESIDENT: Why?

DEAN: Pardon?

PRESIDENT: Why? Why Hunt?

DEAN: He likes Hunt. He liked Hunt. He thought Hunt was being open with him and candid, and Hunt gave a statement in open court that he didn't know of any higher-ups involved and, and, uh, Hunt didn't put him through the rigors of

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trial, and Hunt was a beaten man, the loss of his wife, uh, was ill, they tried to move and have a, him severed from the trial. And Hunt didn't cause a lot of problems. Bittman was cooperative, uh. Whereas Liddy played the, played the heavy in the trial. His lawyer raised all the objections and the like, and embarrassed, uh, the judge for some in-chambers things he'd said, and --

PRESIDENT: But Liddy's going to appeal the sentence?

DEAN: Liddy is going to appeal the decision, uh, the trial. He will appeal, appeal that.

PRESIDENT: He will appeal the trial?

DEAN: Trial -- And there's --

PRESIDENT: He was convicted.

DEAN: There is an outside chance that this man has gone, this judge has gone so far in his zeal to be a special prosecutor --

PRESIDENT: Well, some of those statements from the bench --

DEAN: Incredible statements.

PRESIDENT: To me, to me, incredible.

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DEAN: Commenting on witnesses' testimony before the jury, was just incredible. Incredible. So he may have, there may be a mistrial. I don't -- There may be reversible error, even. I don't know.

PRESIDENT: What about the Cubans?

DEAN: The Cubans will probably be thought of as hired hands, and nowhere near the sentences of Liddy, I would think. Uh, not all of them. Barker, uh, the lead Cuban, may get more than the others. It's hard to say. I, you know, I just don't have any idea. Sirica's a strange man. He is known as a hanging judge. Uh --

PRESIDENT: That's the kind that I want.

DEAN: That's right. [Laughs]

PRESIDENT: I understand.

DEAN: That's right. He's tough. He, he is tough. Now, the other thing, Sirica -- there was some indication that Sirica might be putting together a panel. They have this system down there now, based on this informal agreement, where a judge, a sentencing judge, convenes a panel of his own to take advice from. If Sirica were being shrewd, he just might get himself a panel and take their recommendations.

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PRESIDENT: When will the Ervin thing be hitting the fan most,
I mean [unintelligible]

DEAN: Well, I would say that, uh, uh, the best indications
we have now is public hearings will probably start about
the first of May. Now, they will, you know, there'll be
a big, probably, bang of interest, initially. We have
no idea how they will proceed yet. We do have sources to
find that out, other than Baker. Incidentally, Kleindienst
was, was, had called Ervin again, returned the call. Ervin
is going to see him this week, uh, with Baker. That's --

PRESIDENT: Public hearings the first of May. Well, that'll be a big
show. The public hearings, I wouldn't think, though, I
know from ex--, experience that, my guess is that, uh, I think
they could get through about three weeks of those and then
I think it begins to peter out somewhat. Do you agree?

DEAN: No, I --

PRESIDENT: ITT went longer, but that was a different thing, and it
seemed more important.

DEAN: When I told Bob, oh, several months ago, I hope they don't
think [unintelligible]. He said the way they could have

those hearings and do a masterful job on us, is to hold one hearing a week on Thursdays, Thursday mornings, they cov--, they cover it live. That way, you'd get live coverage that day; you'd get the networks that night; the national magazines that week; the -- get the weekend wrap-ups. You could stretch this thing out for nearly --

PRESIDENT: We should insist -- Our members of the Committee at least should insist, "Let's get it over with, and go through five day sessions, and so forth."

DEAN: Yeah. Well, they, you know, they, they're not that, I don't think they are that

PRESIDENT: No.

DEAN: perceptive to, to figure that.

PRESIDENT: Well, so be it. This is a, I mean, I noticed in the news summary Buchanan was viewing with alarm the [unintelligible] the great crisis in the confidence of the Presidency, and so forth. [Unintelligible]

DEAN: Well, the best way --

PRESIDENT: How much?

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DEAN: Pardon?

PRESIDENT: How much of a crisis? I mean, it'll be, it'll be in a newspaper [unintelligible] but the point is that everything is a crisis. I mean, Christ, we've had -- screw around with this thing for a while [unintelligible] it'll be mainly a crisis among the upper intellectual types, the ass holes, you know, the

DEAN: That's right.

PRESIDENT: soft heads, soft -- our own, too -- Republicans, Democrats and the rest. Average people won't think it is much of a crisis unless it affects them. But it'll go on and on and on.

DEAN: Well, I think it'll -- I, I, you know, I think after the Ervin hearings, they are going to find so much -- there will be some new revelations. Uh, I don't think that, uh, the thing will get out of hand. I have no reason to believe it will.

PRESIDENT: Oh, yes, there'll be the revelations in, in Watergate. They, they [unintelligible]? That's the point.

DEAN: Well, they want to, they want to find out who --

PRESIDENT: Who -- is there a higher up?

DEAN: Is there a higher up?

PRESIDENT: They're really, let's face it, after, I think they are really after, uh, Haldeman.

DEAN: Haldeman and Mitchell.

PRESIDENT: Mitchell -- I mean, Colson is not a big enough name for them. He really isn't. You know, he is a thorn in their side, but Colson's name bothers them none. So they get Colson. They're after Haldeman and after Mitchell. Don't you think so?

DEAN: That's right. Or I bet they'd take Ehrlichman if they could drag him in but they've been unable to drag him in in any way.

PRESIDENT: Ultimately, uh, Haldeman, uh, Haldeman's problem is Chapin, isn't it?

DEAN: Bob's problem is, is circumstantial.

PRESIDENT: What I meant is, looking at the circumstantial, I don't know that [unintelligible]. On top of that, Bob had nothing -- didn't know any of those people, like the Hunts and all that bunch. Colson did. But, uh, Bob, Bob did know Chapin.

DEAN: That's right.

PRESIDENT: Now, what -- Now however the hell much Chapin knew I'll

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be God damned, I don't know.

DEAN: Well, Chapin didn't know anything about the Watergate, and --

PRESIDENT: You don't think so?

DEAN: No. Absolutely not.

PRESIDENT: Did Strachan?

DEAN: Yes.

PRESIDENT: He knew?

DEAN: Yes.

PRESIDENT: About the Watergate?

DEAN: Yes.

PRESIDENT: Well, then, Bob knew. He probably told Bob, then. He may not have. He may not have.

DEAN: He was, he was judicious in what he, in what he relayed, and, uh, but Strachan is as tough as nails. I --

PRESIDENT: What'll he say? Just go in and say he didn't know?

DEAN: He'll go in and stonewall it and say, "I don't know anything about what you are talking about." He has already done it twice, as you know, in interviews.

PRESIDENT: Yeah. I guess he should, shouldn't he, in the interests of -- Why? I suppose we can't call that justice, can we? We can't call it [unintelligible]

DEAN: Well, it, it --

PRESIDENT: The point is, how do you justify that?

DEAN: It's a, it's a personal loyalty with him. He doesn't want it any other way. He didn't have to be told. He didn't have to be asked. It just is something that he found is the way he wanted to handle the situation.

PRESIDENT: But he knew? He knew about Watergate? Strachan did?

DEAN: Uh huh.

PRESIDENT: I'll be damned. Well, that's the problem in Bob's case, isn't it. It's not Chapin then, but Strachan. 'Cause Strachan worked for him.

DEAN: Uh huh. They would have one hell of a time proving that Strachan had knowledge of it, though.

PRESIDENT: Who knew better? Magruder?

DEAN: Well, Magruder and Liddy.

PRESIDENT: Ahh -- I see. The other weak link for Bob is Magruder, too. He having hired him and so forth.

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DEAN: That's applies to Mitchell, too.

PRESIDENT: Mitchell--Magruder. Now, where do you see Colson coming into it? Do you think he knew, knew quite a bit, I can't -- I can't -- yet he could know a great deal about a lot of other things and not a hell of a lot about this, but I don't know.

DEAN: Well, I've never --

PRESIDENT: He sure as hell knows Hunt. That we know. And was very close to him.

DEAN: Chuck has told me that he had no knowledge, uh, specific knowledge, of the Watergate incident before it occurred. Uh, there have been tidbits, that I have raised with Chuck, I have not played any games with him, I said, "Chuck, I have indications --"

PRESIDENT: Don't play games.

DEAN: I don't -- I --

PRESIDENT: You've got to be -- the lawyer has got to know everything.

DEAN: That's right. And I said, "Chuck, people have said that you were involved in this, involved in that, involved in this." And he said, "I -- that's not true," and so on and so forth. Uh, I don't, I think that Chuck had knowledge that something was going on over there. A lot of people around

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here had knowledge that something was going on over there. They didn't have any knowledge of the details of the specifics of, of the whole thing.

PRESIDENT: You know, that must, must be an indication, though, of the fact that, that they had God damn poor pickings. Because naturally anybody, either Chuck or Bob, uh, was always reporting to me about what was going on. If they ever got any information they would certainly have told me that we got some information, but they never had a God damn [laughs] thing to report. What was the matter? Did they never get anything out of the damn thing?

DEAN: No. I don't think they ever got anything.

PRESIDENT: It was a dry hole, huh?

DEAN: That's right.

PRESIDENT: Jesus Christ.

DEAN: Well, they were just really getting started.

PRESIDENT: Yeah. Yeah. But, uh, Bob one time said something about the fact we got some information about this or that or the other, but, I, I think it was about the Convention, what they were planning, I said [unintelligible]. So I assume that must have been MacGregor, I mean not MacGregor, but Segretti.

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DEAN: No.

PRESIDENT: Bob must have known about Segretti.

DEAN: Well, I -- Segretti really wasn't involved in the intelligence-gathering to speak of at all.

PRESIDENT: Oh, he wasn't?

DEAN: No, he wasn't, he was out just, he was out --

PRESIDENT: Who the hell was gathering intelligence?

DEAN: That was Liddy and his, his outfit.

PRESIDENT: I see. Apart from Watergate?

DEAN: That's, well, that's right. That was part of their whole -- Watergate was part of intelligence-gathering, and this

PRESIDENT: Well, that's a perfectly legitimate thing. I guess that's what it was.

DEAN: What happened is they --

PRESIDENT: What a stupid thing. Pointless. That was the stupid thing.

DEAN: That was incredible. That's right. That's right.

PRESIDENT: [Unintelligible] to think that Mitchell and Bob would allow, would have allowed this kind of operation to be in the Committee.

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DEAN: I don't think he knew it was there.

PRESIDENT: You kidding?

DEAN: I don't --

PRESIDENT: You don't think Mitchell knew about this thing?

DEAN: Oh, no, no, no. Don't mis-- I don't think he knew that people -- I think he knew that Liddy was out intelligence-gathering.

PRESIDENT: Well?

DEAN: I don't think he knew that Liddy would use a fellow like McCord, for God's sake, who worked for the Committee. I can't believe that. Uh, you know, that --

PRESIDENT: Hunt? Did Mitchell know Hunt?

DEAN: I don't think Mitchell knew about Hunt either.

PRESIDENT: So Mitchell's thing is [unintelligible] said, "Gee, and I hired this fellow and I told him to gather intelligence, but I -- " Maybe [unintelligible].

DEAN: That's right.

PRESIDENT: Magruder says the same thing?

DEAN: Magruder says that -- as he did in the trial -- he said, it was, uh, -- "Well, of course, my name has been dragged in as the guy who sent Liddy over there," which is an interesting thing. That's a --

PRESIDENT: [Unintelligible]

DEAN: That's right. They said, well what happened is -- Magruder asked for a lawyer -- he wanted to hire my deputy over there for General Counsel and I said, "No way. I can't give him up."

PRESIDENT: Was Liddy your deputy?

DEAN: No, Liddy never worked for me. Uh, there was this fellow Fred Fielding who works for me. And I said, "I can't give him up." He said, Magruder said, "Will you find me a lawyer?" I said, "I will be happy to look around." I checked around the White House, Krogh said, "Liddy might be the man to do it, to go over there -- he would be a hell of a good lawyer. Uh, he has written some wonderful legal opinions over here for me,

PRESIDENT: Right.

DEAN: and I think he is a good lawyer."

PRESIDENT: Yeah.

DEAN: So I relayed that to Magruder.

PRESIDENT: How the hell does Liddy stand up so well?

DEAN: He's a strange man, Mr. President.

PRESIDENT: Strange or strong, or both?

DEAN: Strange and strong.

PRESIDENT: Good.

DEAN: Uh, he -- his loyalty, I think, is just beyond the pale.
He's just -- nothing.

PRESIDENT: He hates the other side too.

DEAN: Oh, absolutely. He's strong. He really is.

PRESIDENT: Well, what about the hang-out thing?

[Unknown person enters, receives instructions from the President to take something to Haldeman, and leaves the room.]

PRESIDENT: Uh, is it too late to, to, frankly, go the hang-out road? Yes, it is.

DEAN: I think it is. I think -- Here's the -- The hang-out road --

PRESIDENT: The hang-out road's going to have to be rejected. I, some, I understand it was rejected.

DEAN: It was kicked around. Bob and I and, and, and --

PRESIDENT: I know Ehrlichman always felt that it should be hang-out.
[Unintelligible]

DEAN: Well, I think I convinced him why that he wouldn't want to hang-out either. There is a certain domino situation here. If some things start going, a lot of other things are going to start going, and there are going to be a lot of problems if everything starts falling. So there are dangers, Mr. President. I'd be less than candid if I didn't tell you the -- there are. There's a reason for us not -- not everyone going up and testifying.

PRESIDENT: I see. Oh no, no, no, no, no. I didn't mean go up and have them testifying. I meant --

DEAN: Well I mean just, they're just starting to hang-out and say here's our, here's our story --

PRESIDENT: I mean putting the story out to PR buddies somewhere. Here's the story, the true story about Watergate.
[Unintelligible]

DEAN: They would never believe it.

PRESIDENT: That's the point.

DEAN: The point is -- the two things they are working on on
Watergate --

PRESIDENT: Who is "they"? The press?

DEAN: The press,

PRESIDENT: The Democrats?

DEAN: -- the Democrats, the intellectuals --

PRESIDENT: The Packwoods?

DEAN: Right. Right. "They" would never buy it, uh, as far as
(1) White House involvement in the Watergate which I think
there is just none, uh, for that incident that occurred over
in the Democratic National Committee Headquarters. People
just, here, would -- did not know that that was going to be
done. I think there are some people who saw the fruits
of it, but that's another story. I am talking about the
criminal conspiracy to, to go in there. The other thing
is that, uh, the Segretti thing. You hang that out, uh,
they wouldn't believe that. They wouldn't believe that,
that, uh, Chapin acted on his own to put his old friend,
friend Dick Segretti in to be a Dick Tuck on somebody

else's campaign. They would, they would have to paint it into something more sinister, something more involved, a part of a general plan.

PRESIDENT: Shit, it's not sinister. None of it is.

DEAN: No.

PRESIDENT: Segretti's stuff isn't been a bit sinister.

DEAN: It's quite humorous, as a matter of fact.

PRESIDENT: As a matter of fact, it's just a bunch of crap. It's just is a [unintelligible]. We never knew. Never objected to -- You don't object to such damn things, oh, anyway. On, and on and on. No, I tell you this, the last gasp of the, of the, you know, of the, our partisan opponents. They've just got to have something to squeal about.

DEAN: The only thing they have to squeal on.

PRESIDENT: Squeal about that, that, and perhaps inflation, but that will end. Oh, yeah, they're going to squeal and then they're [unintelligible]. They're having a hell of time, you know.

They got the hell kicked out of them in the election.

[Unintelligible]. They are, they're, they're going to Watergate around in this town, not so much our opponents, but basically it's the media, uh, I mean, it's the Establishment. The Establishment is dying, and so they've got to show that after some rather significant successes we've had in foreign policy and in the election, they've got to show, "Well, it just is wrong because this is -- because of this." In other words, they're trying to use this to smear the whole thing.

DEAN: Well, that's why I, in fact, I keep coming back with this fellow, Sullivan, who could,

PRESIDENT: -- who could --

DEAN: could change the picture.

PRESIDENT: How would it change it though?

DEAN: Well it --

PRESIDENT: By saying you're another? Is that what it is?

DEAN: That's, yeah. But here's another, and it happens to be Democrats. Your, uh -- I, you know, I just, I just wish --

PRESIDENT: If you get Kennedy in it, too, I'd be a little more pleased.

DEAN: Well, now, let me tell you something that's -- lurks at the bottom of this whole thing.

PRESIDENT: Yeah.

DEAN: If, in going after Segretti, I -- Segretti, right -- they go after Kalmbach's bank records, you'll recall that sometime back -- maybe you, you perhaps didn't know about this, it's very possible -- that right after Chappaquiddick somebody was put up there to start observing. Within six hours.

PRESIDENT: Did we?

DEAN: That's right.

PRESIDENT: I didn't know that.

DEAN: That man watched that -- he was there for every second of Chappaquiddick, uh, for a year, and almost two years he worked for, uh, he worked for Jack Caulfield, who was originally on John --

PRESIDENT: Oh, I heard of Caulfield, yeah.

DEAN: He worked for Caulfield originally and then he worked for, when Caulfield worked for John, and then when I came over here I inherited Caulfield and this guy was still on this

same thing.

PRESIDENT: Yeah.

DEAN: Well, if they get to those bank records between, uh, it starts on July of '69 through June of '71, and they say, "What are these about? Who is this fellow that's up in New York that you paid?" There comes Chappaquiddick with a vengeance. This guy is a, is a twenty year detective on the, uh, New York State, uh, New York City Police Department.

PRESIDENT: In other words, we --

DEAN: He is ready to disprove and to show that, everything from --

PRESIDENT: [Unintelligible] consider that wrong, do we?

DEAN: Well, if they get to it, uh, it's going to come out and the whole thing is going to turn around on that one. I mean, if Kennedy knew the bear trap he was walking into --

PRESIDENT: How do we know -- uh, why, why don't we get it out anyway?

DEAN: Well, we sort of saved it. [Laughs]

PRESIDENT: Does he have any record? Is it any good?

DEAN: Uh, he is probably the most knowledgeable man in the country.

He can't, you know, there are certain things he runs up against walls when they closed the, when they closed the records down, things he can't get, but he can ask all of the questions and get some, many of the answers. As a, as a twenty year detective, but we don't want to surface him right now. But if things ever surfaced, uh, this is what they'll get.

PRESIDENT: Now, how will Kalmbach explain that he'd hired this [unintelligible] Chappaquiddick? Did he -- out of what type of funds?

DEAN: We'd have -- he had, he had money left over from, uh, pre-convention --

PRESIDENT: Are they going to investigate those funds too?

DEAN: They are funds that were quite legal. There's nothing illegal with those funds.

PRESIDENT: How can they, how can they investigate them?

DEAN: They can't.

PRESIDENT: Huh?

DEAN: They -- The only -- The -- What they would -- happens -- what, what would occur, you see, is they would stumble into this in going back to, say '71, on Kalmbach's bank records. They've

already asked for a lot of his bank records in connection with Segretti, as to how he paid Segretti.

PRESIDENT: Are they going to go back as far as Chappaquiddick?

DEAN: Well, yeah, but this, this fellow worked into '71 on this. He was up there. He talked to everybody in that town. He, you know, he, he's the one who caused a lot of embarrassment for Kennedy already by saying -- he went up there as a newspaperman. "So why aren't you checking this? Why aren't you looking there?" And pointing the press's attention to things. Gosh, the guy did a masterful job. I have never been, had the full report.

PRESIDENT: Coming back to the Sullivan thing, you'd better now go ahead and talk to him. You will now talk to Moore, again to Moore and, uh, then what?

DEAN: Uh, I'll see if we have something that's viable. And if it's --

PRESIDENT: In other words -- Have you talked to Sullivan again?

DEAN: Oh, yes. Yes, I plan on it.

PRESIDENT: Why the hell don't you get him in and talk to him? [Unintelligible]

DEAN: Well, he's -- I asked him last night and he said, "John

give me a day or so to get my, all my recollections together,"

PRESIDENT: Right.

DEAN: and that was yesterday. So I thought I would call him this evening and say, uh, "Bill, I'd just like to know --"

PRESIDENT: You see, the fact that you've talked to him will become known. So maybe, maybe the best thing is to say "I am not concerned here," and you say that he, he's to turn this over, and you say we will not handle it. Then make, then anyway, it gets to the Committee, aren't they going to say, "The White House turns over information on the FBI?" That's the -- I don't know how the Christ to get it down there.

DEAN: Well, that's what I think I can kick around with Dick Moore. He and I do very well just bouncing these things

PRESIDENT: Yeah.

DEAN: back and forth and coming up with something that we don't have to be embarrassed about it.

PRESIDENT: I think a newsman, a newsman, a hell of a break for a newspaper.

DEAN: Oh yeah.

PRESIDENT: A hell of a story. Uh, maybe the Star would just run a hell of a story, I mean a real bust on the FBI. Then, and then, and

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then the Committee member, the man you, you, for example, on this basis could call Gurney, and say, "Now look. We're on to something very hot here. I can just tell you, I'm not going to tell you anything more. Go after it, forget you ever had this call." Then he goes.

DEAN: Uh huh.

PRESIDENT: It seems to me that that's a very effective way to get it out.

DEAN: Uh huh. Another thing is, I don't think Sullivan would give up the White House. Sullivan -- as I said could, there's one liability in Sullivan here, is that's his knowledge of the earlier things that occurred, uh --

PRESIDENT: That we did?

DEAN: That we did.

PRESIDENT: Well, now you should tell them. Oh, you mean he wouldn't, he'd say, he'd say, "I did no political work at all. My, my work in the [unintelligible] Nixon Administration was, was solely in the national security."

DEAN: That's right.

PRESIDENT: And that is totally true.

DEAN: That's right.

PRESIDENT: Okay. Well, good luck.

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DEAN: All right, sir.

PRESIDENT: It's never dull, is it?

DEAN: Never.

28. On May 2, 1973 the Center on Corporate Responsibility, Inc. filed suit claiming that it had been unlawfully denied tax-exempt status because of selective treatment for political, ideological and other improper reasons having no basis in the statute and regulations. On December 11, 1973 the United States District Court held that the tax exemption had been unlawfully denied. The Court stated that its ruling was based in part on the failure of the White House to comply fully with discovery orders. The Court found that the inference of political intervention had been unmistakably raised.

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case involving the present plaintiff and indistinguishable from the one here involved.

There Judge Coleman, speaking for the court, said:

"We think the correct standard for the determination of the issue now before us was enunciated by the Third Circuit in The Travelers Insurance Company v. Blue Cross of Western Pennsylvania, [July 10, 1973], 481 F.2d 80:

'The anti trust laws, however, protect competition, not competitors; and stiff competition is encouraged, not condemned.'

"This statement was preceded by the observation that:

'In its negotiating with hospitals, Blue Cross has done no more than conduct its business as every national enterprise does, i. e., get the best deal possible * * * * * Blue Cross passes along the saving thus realized to consumers.'

"That is the situation here. American Family Life does not write broad coverage hospital and medical insurance. Blue Cross-Blue Shield do write such coverage. American Family Life sells cancer plan policies. Blue Cross-Blue Shield writes such coverage only as incidental to or as a part of its broad coverage which protects the insured as to many diseases or disabilities. When they include COB in their policies these companies are simply providing that to a certain extent they shall not make the payments received or to be received from some other insurance policy, thus reducing the cost of their broad risk coverage as well as its cost to the insured.

"This may be tough competition for American Family Life, which chooses to concentrate on only one dread risk, but the test is whether any restraint of trade thus caused is reasonable, North-

ern Pacific Railway Company v. United States, 356 U.S. 1, 78 S.Ct. 514, 2 L. Ed.2d 545 (1958). In our opinion, there is no logical way in the context of this case by which the COB provisions can be pronounced 'unreasonable'. We cannot say under § 1 of the Sherman Act that an insurance company insuring against only one risk is entitled to dictate the terms upon which broad risk companies may offer their benefits to those individuals who need protection against many risks.

"Stated another way, may the Blue Cross-Blue Shield COB provisions be invalidated under the Sherman Act so that American Family Life may write its cancer policies in the form it desires while at the same time denying the same right to Blue Cross-Blue Shield as to broad coverage? We think not, and we so hold."

The motion for summary judgment is granted and the case dismissed.⁴

It is so ordered.



CENTER ON CORPORATE RESPONSIBILITY, INC., Plaintiff,

v.

George P. SHULTZ et al., Defendants.

Civ. A. No. 846-73.

United States District Court, District of Columbia.

Dec. 11, 1973.

As Amended Dec. 12, 1973.

Nonprofit corporation, which was organized to promote use of corporate institution and power to better the social welfare, brought action for refund of

4. The court intends this dismissal to be with prejudice; however, should certiorari be granted by the Supreme Court in the Florida Blue Cross case, we suggest that counsel

move the Fifth Circuit to withhold any opinion in this case until that case is disposed of. In this way, additional appeals of the same question may be avoided.

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ing mechanisms against White House "enemies" and whether the White House would claim executive privilege regarding any of the requested documents, memoranda or writings. Mr. Buzhardt's affidavit stated that he had reviewed the transcripts of the Watergate Hearings (Ervin Committee) and said that the hearing transcripts did not indicate that the conversations "related to tax-exempt organizations or organizations claiming tax-exempt status." Mr. Buzhardt stated further that he was "authorized to advise the Court that the White House is claiming executive privilege" is to both the tape recording and the four documents submitted for *in camera* inspection.

II. THE COURT WILL IMPOSE RULE 37(b)(2)(A) F.R.C.P. SANCTIONS AGAINST THE DEFENDANTS FOR THEIR FAILURE TO COMPLY WITH THIS COURT'S DISCOVERY ORDERS

[1] A looming issue in this case has been whether political interference or intrusion has played a role in the Internal Revenue Service's consideration of the Plaintiff's exemption application.¹⁷ Should this specter prove to have substance, the complexion of this case changes. A showing of political influence renders the Service's ruling null and void. It is outside the law.

The Court is concerned not only with direct political intervention, but also with the creation of a political atmosphere generated by the White House in the Internal Revenue Service which may have affected the objectivity of those participating in the ruling in the Plain-

ferred, was between the President, Mr. Dean and Mr. Haldeman, not Mr. Ehrlichman.

17. ". . . Moreover, notwithstanding the stated grounds for the May 16 ruling, Plaintiff in fact was denied a favorable ruling because it was singled out for selective treatment for political, ideological and other improper reasons which have no basis in the statute and regulations." Plaintiff's Amended Complaint, para. 21, second sentence.

tiff's case. The inference of political intervention has been unmistakably raised: (1) by the handwritten memo in the Plaintiff's file indicating "*perhaps White House pressure*"; (2) by John Dean's testimony before the Ervin Committee; (3) by the memoranda Mr. Dean submitted to the Ervin Committee; (4) by the testimony of Patrick J. Buchanan, White House Staff Member, before the same committee (September 27, 1973);¹⁸ (5) by the Deposition of Roy Kinsey, Assistant to Mr. Dean, (July 30, 1973, at 10-18); and (6) by the four documents submitted for *in camera* inspection. These indicia of political intervention, combined with the unusual and protracted processing of the Plaintiff's application, have triggered a warning signal requiring the Court to fully investigate the issue. Through its Discovery Orders, the Court has endeavored to obtain all the information necessary to make an informed evaluation of the issue. However, the time has come for the Court to make that evaluation, and the Court is without the requested materials to do so.

The Defendants have failed to comply with the Court's Order of July 6. Within the scope of the Order were all White House files plus the Treasury and the IRS files regarding tax-exempt organizations since Jan. 20, 1969, and certain tape recordings now before Judge Sirica.

Neither of the two searches of the White House files met the scope of the Order. The first was limited solely to materials in the White House files which mentioned the Plaintiff. In addition, Mr. Kehrl's affidavit regarding the first search of "all White House

18. Mr. Buchanan's testimony referred to a memorandum from himself to the President, dated March 31, 1971, which discussed the Administration's intent to use the IRS to combat those "anti-Administration institutions like the Stern Foundation." See, *New York Times*, September 27, 1973, p. 31.

files" was misleading. As his deposition indicates, he did not in fact search all of the White House files. He did not search the impounded files of Messrs. Colson, Ehrlichman, Haldeman, Dean or Caulfield.

The second time, the Defendants limited the search to documents, memoranda or writings in the White House central and special files which either related to or mentioned the Plaintiff or related to "White House interest in the tax-exempt status of left-wing activist organizations." Mr. Buzhardt's affidavit indicated that he conducted a complete search of the files which produced four documents which he submitted for *in camera* inspection.¹⁹ Mr. Buzhardt's complete search, however, failed to produce the documents, memoranda, and writings relating to this issue which were specifically referred to by Mr. Dean and Mr. Buchanan in their Ervin Committee testimony and by Mr. Kinsey in his deposition.

- As to the Defendants' duty to search the Treasury and IRS files, they have simply replied that the Order is "excessively burdensome." They made no request for a protective order. They provided no objective facts to support their claim, which would have allowed the court to treat the reply as a form of protective request and determine if there was "good cause" under Rule 26(c), F.R.C.P., to limit the scope of the search.

In addition to failing to comply with the Court's general discovery orders, the

Defendants have failed to comply fully with the Court's Order Compelling Answers to Interrogatories in either substance or in deadlines. The Court can only consider this is another example of the Defendants' efforts to evade the Court's orders. Considering both the necessity for the information sought in the discovery orders and the fact that the Defendants have sole possession of that information, failure to comply with the orders is grounds for imposition of Rule 37(b), F.R.C.P., sanctions. See, *Campbell v. Eastland*, 5 Cir., 307 F.2d 478, 491-492 (1962), cert. denied, 371 U.S. 955, 83 S.Ct. 502, 9 L.Ed.2d 502.

[2, 3] There is one other facet of the Defendants' Response to the Court's Show Cause Order which concerns the Court. The tape^{19a} of the conversation between the President, Mr. Dean and Mr. Haldeman regarding the use of the IRS against White House "enemies", will not be produced because of "executive privilege." Mr. Buzhardt's affidavit states that he is "authorized to say that the White House was claiming "executive privilege" as to any and all tapes as well as the four documents submitted for the Court's *in camera* inspection. Evidently this single statement is intended to be a claim of executive privilege. *United States v. Reynolds* (1954), 345 U.S. 1, at 7-8, 73 S.Ct. 523, 97 L.Ed. 727, requires that a valid claim of executive privilege can be made only by the head of the agency which has custody of the documents in issue. *Wright & Miller*, *Federal Practice and Procedure, Civil*

19. The four documents demonstrate that the White House staff did in fact consider using the IRS against their "enemies." This conduct is at best reprehensible. The Court finds that the documents contain information relevant to this action, and are discoverable. The Court has summarized the reasons for this finding in a statement which it has submitted to the U. S. Court of Appeals for the District of Columbia Circuit for their *in camera* review pursuant to their direction at page 39 in *Nixon v. Sirica*, 487 F.2d 700, Nos. 73-1962, 73-1967, 73-1989, D.C.Cir., 1973. See Appendix for statement of rea-

sions. Should the Court of Appeals' requirement for a sealed review apply solely to that suit and not to the circumstances of this case, the Court shall make the documents part of the record *sua sponte*.

19a. The October 2 Order ordered the production of the tape of the conversation on September 15, 1972 between the President, John Dean and John Ehrlichman. Mr. Buzhardt's affidavit informed the Court that the taped conversation of that date was between the President, Mr. Dean and H. B. Haldeman.

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