

THE WHITE HOUSE

WASHINGTON

April 3, 1970

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MEMORANDUM TO H. R. HALDEMAN

From several sources conversant with the situation at Treasury and the IRS, there come some alarming reports of actions taken that could reflect adversely on the President and the Administration.

1. Inquiries are being made about the new tax forms prepared by LBJ's people but used this year by us; forms which are producing a great number of complaints and which lend themselves to exploitation by the Democrats in the Senate -- Senator Moss is reportedly looking into the situation for political capital.

2. There was reportedly a cost overrun on printing of the new tax forms, which is being carefully covered up, but which could well leak out.

3. I have one report that one of LBJ's cronies with connections to the TV industry was slipped in as head of a "service center" of IRS in Austin, in the same building with LBJ's office, and there are even some reports of official hanky-pank with Texas oil men.

4. You are probably by now aware of the gun control film prepared by liberal Democrat, Mr. Rosapepe, who is the information officer over there, who produced a piece of footage so anti- the sportsmen lobby that a number of conservative Senators' noses were severely wrenched out of joint, when Rosapepe staged a showing for the liberal anti-gun control types on the Hill.

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5. I have two separate reports that the IRS is running through tax-exemptions for black militant groups -- some of whom have chieftains with criminal records. Also, that Percy and Brooke are pressuring some of these tax-exemptions and that the Commissioner, who is in clear sympathy with the cause of the blacks, feels this is the right course of action to follow.

6. Another unverified report is that Rosapepe -- father and son -- were seen lunching with Jack Anderson on Monday.

These are areas where the President could be damaged if a scandal broke.

There are other points to be made that should be.

There is no office in government touching on more people than the IRS and one report I get is that there are 175 super-grade jobs over there -- and we have not appointed one.

Secondly, our man Thrower spends much of his time on the road making speeches and his mail is currently opened by an Assistant to the Deputy Commissioner and routed thru the Deputy Commissioner, neither of whom is our man. The Deputy Commissioner reportedly runs the Department, an extremely able and liberal fellow named William Smith, who uses the Commissioner as a front man, while making all the decisions himself -- Smith is the protege of Bertrand Harding, the screaming liberal over at the FAA. Harding has an interesting background of his own -- having apparently been at OEO and then moved out to get in on the consulting fees via his consultation firm.

This fellow Smith (G.S. 18) is so highly valued by Thrower that the latter has nominated him for the Rockefeller Award as Civil Servant of the Year -- or whatever that award is for.

The tax-exempt division is apparently a nest of liberals.

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Apparently, the only two men we have appointed to the Internal Revenue at all are the Commissioner himself and one other fellow whose name I can't find in my notes; I think he is the Counsel.

This is a portion of what I have been told; if half of it is true, then the place needs a pre-emptive strike -- and perhaps a scandal of minor sorts would be what we needed to clean house. I have been told that to take effective control of it we need probably 10 men of competence and loyalty to the President.

As for Thrower -- from his handling of that private schools issue alone -- he seems to be a prime candidate for canning.

The individuals from whom I got some of this report are concerned about a scandal of sorts; they would like, I think, to see an investigation by Mollenhoff. Assuredly, something like this is desperately needed.

PAT BUCHANAN

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