

INTELLIGENCE ACTIVITIES
SENATE RESOLUTION 21

HEARINGS
BEFORE THE
SELECT COMMITTEE TO STUDY
GOVERNMENTAL OPERATIONS WITH
RESPECT TO INTELLIGENCE ACTIVITIES
OF THE
UNITED STATES SENATE
NINETY-FOURTH CONGRESS
FIRST SESSION

—
VOLUME 3
—

INTERNAL REVENUE SERVICE

OCTOBER 2, 1975



Printed for the use of the Select Committee To Study Governmental
Operations With Respect to Intelligence Activities

U.S. GOVERNMENT PRINTING OFFICE

60-877 O

WASHINGTON : 1976

SENATE SELECT COMMITTEE TO STUDY GOVERNMENTAL OPERATIONS
WITH RESPECT TO INTELLIGENCE ACTIVITIES

FRANK CHURCH, Idaho, *Chairman*

JOHN G. TOWER, Texas, *Vice Chairman*

PHILIP A. HART, Michigan

WALTER F. MONDALE, Minnesota

WALTER D. HUDDLESTON, Kentucky

ROBERT MORGAN, North Carolina

GARY HART, Colorado

HOWARD H. BAKER, JR., Tennessee

BARRY GOLDWATER, Arizona

CHARLES McC. MATHIAS, JR., Maryland

RICHARD SCHWEIKER, Pennsylvania

WILLIAM G. MILLER, *Staff Director*

FREDERICK A. O. SCHWARZ, JR., *Chief Counsel*

CURTIS R. SMOTHERS, *Counsel to the Minority*

AUDREY HATRY, *Clerk of the Committee*

CONTENTS

HEARING DAY

Thursday, October 2, 1975..... Page 1

WITNESS

Donald C. Alexander, Commissioner, Internal Revenue Service; accompanied by Singleton Wolfe, Assistant Commissioner, Compliance; Warren Bates, Assistant Commissioner, Inspection; Meade Whitaker, Chief Counsel; Thomas J. Clancy, Director, Intelligence Division; William E. Williams, Deputy Commissioner..... 4

HEARINGS EXHIBITS¹

No. 1—November 1-2, 1972 IRS report; Subject: The Special Service Staff; Its Origin, Mission, and Potential.....	39
No. 2—August, 1969 memorandum to the Director, Federal Bureau of Investigation from the Assistant Commissioner (Compliance), IRS; Subject: Request to be placed on Dissemination List. August 15, 1969 memorandum for Mr. W. C. Sullivan from D. J. Brennan, Jr. Subject: Internal Revenue Service (IRS) Investigations of New Left and Extremist Organizations and Individuals.....	42
No. 3—April 14, 1964 excerpt from communication to Director, FBI from Special Agent in Charge, Atlanta.....	45
No. 4—February 2, 1967 memorandum; Subject: IRS Briefing on RAM PARTS.....	46
No. 5—December 6, 1972 memorandum to District Director, St. Louis District, Internal Revenue Service from Chief, Intelligence Division, San Francisco District; Subject: Tax Protest Movement, with excerpts from attached lists of individuals and organizations.....	48
No. 6—July 9, 1974 memorandum to Special Agents, IG & R Group, Jacksonville District from Group Manager, IG & R Group, Miami, Florida; Subject: Payment to Confidential Sources (Informants). Handwritten note entitled, "Instructions from J. K. W.".....	53
No. 7—Chart of the Organization and Functions of the Internal Revenue Service: Organization of the Office of Assistant Commissioner (Compliance). Map of Regional and District Offices of the Internal Revenue Service.....	57
No. 8—June 6, 1974 letter to Donald C. Alexander, Commissioner of Internal Revenue from Assistant Commissioner (Inspection) with attached Internal Audit Report on the On-Line Audit of the Narcotics Traffickers Program-Termination Assessments, with attachments.....	59
No. 9—April 18, 1973 memorandum to Chief, Audit Division, Chicago, Illinois, from Chief, Intelligence Division, Chicago, Illinois; Subject: Request for Services of Accounting Clerk [deleted].....	78
No. 10—Excerpt from 1974 IRS Internal Audit Report.....	79
No. 11—April 15, 1975 letter to U.S. Attorney, Los Angeles, California from Group Manager, Intelligence Division.....	82
No. 12—List of Intelligence Gathering and Retrieval Unit (IGRU) Data.....	86

¹ Under criteria determined by the Committee in consultation with the Internal Revenue Service and the Federal Bureau of Investigation, certain materials have been deleted from these exhibits, some of which were previously classified, to maintain the integrity of the internal operating procedures of the agencies involved, and to protect intelligence sources and methods. Further deletions were made with respect to protecting the privacy of certain individuals and groups. These deletions do not change the material content of these exhibits.

IV

No. 13—August 24, 1971 memorandum to District Directors, Midwest Region, Attention: Chief, Intelligence Division from ARC-Intelligence, Midwest Region; Subject: Operation Mercury. August 11, 1974 memorandum to Regional Commissioner, Midwest Region, Attn: ARC-Intelligence from Intelligence Division, Washington, D.C.; Subject: Operation Mercury-----	87
No. 14—November 5, 1970 memorandum to: All District Directors, Southeast Region from ARC (Intelligence) I, Southeast Regional Office; Subject: Operation Bird Dog. November 5, 1970 memorandum to Director, Intelligence Division, National Office from ARC (Intelligence), Southeast Regional Office; Subject: Operation Bird Dog. November 17, 1970 memorandum to Regional Commissioner, Midwest Region, Attention: ARC-Intelligence from Director, Intelligence Division, Washington, D.C.; Subject: Bird-dogging Operation involving Muhammed Ali-Jerry Quarry Fight. November 8, 1971 memorandum to Regional Commissioner, Midwest Region, Attention: ARC-Intelligence, from Chief Intelligence Division, St. Louis District; Subject: Operation Bird Dog. Involving: Muhammed Ali-Jerry Quarry Fight, Final Report----	89
No. 15—October 1, 1971 letter to Springfield Police Department, Springfield, Missouri from Special Agent, Internal Revenue Service. October 11, 1971 letter to Special Agent, Intelligence Division, Internal Revenue Service, from Chief of Police, Springfield, Missouri, and Detective, Identification Division-----	94
No. 16—December 1, 1969 and November 2, 1970 examples of bi-weekly reports of the Special Service Staff of the Internal Revenue Service to Assistant Commissioner (Compliance) dated December 1, 1969 and November 2, 1970-----	96
No. 17—List of Federal Agency Requests for Tax Information-----	103

APPENDIX

Questions by Senator Goldwater to Commissioner Alexander Concerning IRS Activities, and Commissioner Alexander's Responses-----	104
Attachment 1—Agreement on Coordination of Tax Administration with the State of Ohio Provided to the Senate Select Committee by Commissioner Alexander-----	106
Attachment 2—Internal Revenue Service Manual Supplement-----	116