DOCUMENT WITHDRAWAL RECORD (NIXON PROJECT)

DOCUMENT NUMBER	DOCUMENT TYPE	SUBJECT/TITLE OR CORRESPONDENTS	DATE	RESTRICTION
~~1~~	~~memo~~	~~Caulfield to Ehrlichman, 2pp~~ open 12/2/08	~~27 Oct 70~~	~~D~~
2	statement	Dean Financial Statement	29 Mar 72	G

FILE GROUP TITLE

WHSF: John Dean

BOX NUMBER

~~28~~ 28

FOLDER TITLE

Financial Statement [and Caulfield IRS Memo]

RESTRICTION CODES

A. Release would violate a Federal statute.
B. National security classified information.
C. Pending or approved claim that release would violate an individual's rights.
D. Release would constitute a clearly unwarranted invasion of privacy or a libel of a living person.
E. Release would disclose trade secrets or confidential commercial or financial information.
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GENERAL SERVICES ADMINISTRATION

GSA FORM 7279 (10-79)

THE WHITE HOUSE

WASHINGTON

October 27, 1970

MEMORANDUM FOR JOHN D. EHRLICHMAN

FROM: JACK CAULFIELD

SUBJECT: DIRECTOR, ALCOHOL, TOBACCO AND FIREARMS DIVISION OF THE TREASURY DEPARTMENT

In connection with my candidacy for the above position and my request that you speak with Under Secretary Walker at the earliest possible time, it will be helpful if you are aware of the below indicated hard intelligence and comments:

A) The thrust by the Democrats in IRS against my candidacy is being centered and directed from the office of the Assistant Commissioner (Compliance), Donald Bacon. He is described as tough willed, devious, and possesses strong jugular instincts. He has accumulated a striking series of successes regarding agency infighting and appointments to key IRS career positions. Further, he has been most effective in manipulating Thrower and, in effect, blunting the Administration's interests in many key areas.

B) It has been determined that he has directed two subordinates, Leon Green (Deputy Assistant Commissioner for Compliance and Joseph Schaeffer, Director of IRS Personnel) to "do whatever is necessary to preclude Caulfield from getting the top post." Both of these individuals interviewed me in Bacon's office on Thursday, October 22nd. Their thrust was three-fold: a. To attempt to create doubts in my mind regarding the position and my ability to handle it considering the fact that I have not come up the career ladder. b. To express the concern of the liquor interests in the Director position. c. To attempt to interest me in one of two subordinate positions presently unoccupied in the division. Needless to say, all of the above approaches were unsuccessful, and my response to their tactics has, in effect, drawn the confrontation line with the next move up to IRS. This will occur when an IRS pro forma selection panel convenes for the purpose of selecting a candidate. As you know, this is a career position and gives the entrenched bureaucrats a significant opportunity to employ counter tactics.

There is much more at stake in the ATFD position, in my judgment, than appears on the surface. In the face of strong White House endorsement entrenched Democrats are exhibiting a willingness to blatantly challenge our interest in placing our candidate in a sensitive federal law enforcement

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Re: Director, ATFD
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position. You are aware that below Thrower there is but one member of IRS in a position to be trusted by the White House. Considering Thrower's performance, I am not sure that we have only ONE person in all of IRS (65,000 employees!) who can be trusted to perform with the Administration's interests at heart.

Beyond this factor, I view another consideration with equal importance. ATFD is operating as a key federal law enforcement unit with significant tools to make a most effective contribution against the revolutionary terrorist activity accelerating across the country. The present executive structure of IRS is completely tax oriented with a strong history of minimizing the enforcement mission of all IRS law enforcement, but specifically ATFD. With the acquisition of gun control and now explosive jurisdictions, I view the mission of ATFD as taking a profound change from its previous permissive oriented (liquor and tobacco) functions to a dominant law enforcement role, the performance of which will have great implications for the security of this nation in the months immediately ahead.

So far as I can determine, there has been little or no response from IRS leadership to this challenge. The unit is and has been floundering in a bureaucratic maze of indecision and inefficiency. Indeed, Thrower, I understand, months ago asked the IRS hierarchy (Bacon, Green, et al) for a definition of the ATFD mission as it relates to their responsibilities and, as yet, has failed to receive a reply.

I consider it untenable that this unit is functioning in the environment described. I must admit it was a shock to me when I learned that the ATFD functions in the field are supervised by seven IRS regional <u>tax</u> Commissioners, five of whom have the unquestioned loyalty of the aforementioned Bacon.

I have spoken with a number of people in Treasury and with Krogh and Dean relative to the concept of changing the present structure of this unit from its present position under Bacon to a line organization to report in directly to either the Commissioner of IRS or to the Assistant Secretary of the Treasury for Enforcement. Either approach would effectively change our present defensive posture to one of significant offensive. The tactic would be a memorable lesson to the entrenched Democrats and signal a profound change in the Administration's attitude towards this key agency.

Without exception, those I have spoken with agree that the above approach is needed, desirable and should be done. The concept needs leadership and direction from the White House. It would be most helpful if you would consider this question with a view towards authorizing the change herein suggested.

Eyes

NIXON PRESIDENTIAL MATERIALS PROJECT
DOCUMENT CONTROL RECORD

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