

Nixon Attorneys Testify on Tax Data

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The attorneys who assisted President Nixon with his 1969 tax returns have sworn that they relied completely on the White House for their information about the controversial \$576,000 deduction he claimed after the legal deadline had passed.

His personal lawyer, Herbert Kalmbach, and tax lawyer, Frank De Marco, have been granted a limited release from the attorney-client privilege to talk about their tax discussions with the President.

They have testified that the 1969 returns were based wholly on information provided by White House aides, principally Edward L. Morgan, who signed the backdated deed bequeathing the Nixon papers to the government.

The backdating was done to make it appear that the papers had been donated before the July 25, 1969, deadline expired for claiming a tax deduction.

De Marco admitted that he notarized the fraudulent deed at the White House on April 10, 1970, the same day he submitted the tax returns to President Nixon for his signature.

Kalmbach and De Marco said they explained the returns carefully to the President, who checked them over page by page. The two attorneys reviewed the controversial \$576,000 tax deduction with the President but never advised him specifically that the deed had been backdated, according to their testimony.

From congressional sources,

we have now obtained a copy of the crucial 1969 returns, which the President signed. Attached to the returns is an affidavit from Chicago appraiser Ralph G. Newman, who set the \$576,000 value of the donation.

The affidavit clearly states that the appraisal wasn't completed until Dec. 8, 1969 — nine months after the papers were supposed to have been donated and almost five months after the deadline had passed for claiming a tax deduction.

The appraisal began, according to the affidavit, on "the sixth to the eighth day of April, 1969." But sources close to Newman say on those two days he looked only at papers that were part of an earlier gift.

The final appraisal of the \$576,000 papers, according to the affidavit, was conducted "on Nov. 3, Nov. 17 through 20 and Dec. 8, 1969."

Newman selected only one-third of the available papers — just enough, according to the sworn testimony, to constitute the deduction that the President desired.

In the tax statement claiming a \$576,000 "charitable contribution," the President gave the "Date of Gift" as March 27, 1969. He may have difficulty explaining how on March 27 he could give the government papers that weren't even selected, itemized and appraised until November and December of 1969.

The final appraisal was dated April 6, 1970, just four days before the President signed the returns.

The returns also claim that "the gift was free and clear with no rights remaining in the taxpayer." Actually, the President won't permit the public to examine the papers, which he supposedly has given to them. Access to the papers is restricted to those he designates. In other words, Richard Nixon originally produced his vice presidential papers at the taxpayers' expense, then gave one-third of them back to the taxpayers in return for a \$576,000 tax deduction and now won't let the American people inspect their \$576,000 gift.

Footnote: The President waived the attorney-client privilege for Kalmbach and De Marco only to appear before the Joint Committee on Internal Revenue Taxation of Congress and the Internal Revenue Service. They aren't permitted to speak about the subject to the Watergate prosecutors, House impeachment inquiry or, of course, newsmen. For that reason, they refused through their attorney to comment on our story.

Airline Squeeze — The White House has ordered federal agencies to abandon a plan that would save the taxpayers a whopping \$20 million a year on air transportation.

For two years, Rep. William Moorhead (D-Pa.) has been trying to get the federal bureaucracy to adopt the same two-cents-a-mile overseas charter service that only the Pentagon uses.

A Pentagon employee, for ex-

ample, can fly to London for \$91, while the State Department man must pay \$280. Yet the Pentagon traveler gets more leg room, better food and faster Customs treatment. The planes are chartered from the airlines, which make a reasonable 10% per cent profit on the service.

Under Moorehead's prodding, the civilian agencies accepted the savings, and the Pentagon generously promised to help set up the charter service. Even the Civil Aeronautics Board, whose chairman Robert Timm is a golfing crony of the airline executives, didn't oppose the move.

But on March 18, two days before Senate hearings, shocked federal agencies got urgent calls from the White House ordering them to back off the plan. At least one agency was instructed by the White House as to exactly what it was to tell the Senate.

Suspicious congressmen thought they smelled a political deal. The airline executives, who feared they would make less profits because of the government charter service, had been among President Nixon's most pliable contributors in 1972. But the White House insists to us that the reversal was a staff-level decision totally without political input.

Spokesmen for both the White House and the airlines cite the same reasons for opposing the plan: shaky airline financial conditions, international air agreements and the fuel crisis.

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