

Letter to President on Audit of Purchases

Special to The New York Times

SAN CLEMENTE, Calif., Aug. 27—Following is text of a letter from Coopers & Lybrand, a public accounting firm of New York to President and Mrs. Nixon outlining the results of an audit of the acquisition of Nixon properties in Key Biscayne, Fla., and San Clemente:

Dear Mr. President and Mrs. Nixon:

On this date we reported upon our examination of the statement of your assets and liabilities at May 31, 1973 and the related statement of changes in your new assets for the period from January 1, 1969 to May 31, 1973.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstance.

We examined, among other things, the accounting records and other documents relating to: the purchase of your residential properties in Key Biscayne, Florida and San Clemente, California and the sources of funds used therefor; the sale of a part of your interest in the San Clemente property; and the costs paid by you for improvements and for operations of the residential properties through May 31, 1973.

At your request we set forth below, as supplemental information the details with respect to: (A) The purchase of your residential properties and the sources of funds used therefor; (B) the amounts paid (I) with respect to the related obligations including interest, (II) for improvements and furnishing, and (III) for operations of the residential properties, all through May 31, 1973; and (C) the balance of those obligations outstanding at that date that are related to the properties.

Residential Properties, Key Biscayne

500 Bay Lane. Your property at 500 Bay Lane, Key Biscayne, Florida consisting of land, building and furnishings was purchased on December 19, 1968 from Senator and Mrs. George A. Smathers for \$125,000. Other costs in connection with the purchase were \$527.

The total purchase price of this residence was \$125,527.

Payment for this property Assumption of unpaid balance of mortgages payable to:

First Federal Savings and Loan Association of Miami \$45,373
Chaswil, Inc. (mortgage subsequently transferred to Paul E. Williams)

36,875 \$82,248
amount paid from bank loan (described below) \$43,497
125,745

less, net settlement for interest, taxes, etc. 218
total \$125,527

was made as follows:

516 Bay Lane. Your property at 516 Bay Lane, Key Biscayne, Florida consisting of land, building and furnishings was purchased on December 19, 1968 from Manuel Arca, Jr. and Evora Bonet de Arca for \$127,800. Other costs in connection with the purchase were \$128. The total purchase price of this residence was \$127,928.

Payment for this property was made as follows:

Assumption of unpaid balance of mortgage payable to First Federal Savings and Loan Association of Miami \$ 27,718

Promissory note and purchase money mortgage issued to Manuel Arca Jr. and Evora Bonet de Arca, sellers with annual interest of 7.5 per cent (the Arca note) 80,000

Amount paid from bank loan (described below) ... 20,243
127,961

Less, net settlement for interest, taxes, etc. 33

TOTAL \$127,928

\$65,000 Unsecured Loan

The two previously mentioned payments of \$43,497 and \$20,243 were made from the proceeds of an unsecured loan to you in the amount of \$65,000, obtained on Dec. 19, 1968, from the First National Bank of Miami. These proceeds were disbursed as follows:

Paid to Senator and Mrs. George A. Smathers \$43,497

Paid to Manuel Arca Jr. and Evora Bonet de Arca... 20,243

Sundry expenditures in connection with the loan closing.. 643
64,383

TUESDAY, AUGUST 28, 1973

of His Properties

Cash remitted to you 617
TOTAL LOAN \$65,000

During the period from Dec. 19, 1968 to June 13, 1969, you made monthly payments with respect to the mortgages on the Bay Lane residences from your personal funds. The payments were as follows:

Principal	Interest	Total
First Federal Savings and		

Loan Association of Miami:			
500 Bay Lane			
\$805	\$1,349	\$2,154	
516 Bay Lane			
595	630	1,225	
Chaswil, Inc./Paul E. Williams			
584	916	1,500	
Total			
\$1,985	\$2,895	\$4,879	

On June 13, 1969, the existing mortgages with respect to the property at 516 Bay Lane were paid. You provided \$11,100 from your personal funds and the balance was paid from the proceeds of your mortgage note payable to Greater Miami Federal Savings and Loan Association for \$100,000.

These funds were applied as follows:

Payment in full of unpaid principal & interest (\$3,000) of the Arca note.	\$83,000
Payment in full of the unpaid principal and interest (\$195) of the mortgage payable to First Federal Savings and Loan Association of Miami.	27,318
Sundry costs in connection with refinancing.	782
Total	\$111,100

On Sept. 4, 1969, you repaid from your personal funds the loan of \$65,000 to the First National Bank of Miami and the interest thereon of \$3,504.

Monthly Installments

You also paid from your personal funds the monthly installments on the existing mortgage on these properties as they have become due from June 13, 1969 to May 31, 1973. These payments are summarized as follows:

Principal Interest		Total
First Federal Savings & Loan Association of Miami	\$7,292	\$10,802
Chaswil, Inc./Paul E. Williams	6,413	7,987
Greater Miami Federal Savings & Loan Association	6,280	28,250
Total	\$19,925	\$47,309

Through May 31, 1973 you paid from your personal funds for improvements to these properties in the amounts of \$37,942 with respect to 500 Bay Lane, and \$38,479 with respect to 516 Bay Lane as follows:

	500 Bay Lane	516 Bay Lane
Remodeling	\$24,734	\$29,687
Furniture	13,208	8,792
Total	\$37,942	\$38,479

At May 31, 1973 these properties were subject to the liens of mortgages as follows:

Mortgage		Monthly Annual Installments	Balance Interest of Mortg.
500 Bay Lane:			
First Federal Savings and Loan Association of Miami	6%	June, 1985	\$37,316
Paul E. Williams	6%	\$300 to Nov., 1984	29,878
516 Bay Lane:			
Greater Miami Federal Savings and Loan Association	7.5%	\$740 to May, 1994	93,740
Total			\$160,934

Residential Property, San Clemente

We examined documents indicating that Richard M. Nixon and Patricia Nixon, as

joint tenants, are beneficiaries of a revocable trust established April 24, 1969, which terminates in ten years. This trust was formed to enable the trustee (Title Insurance and Trust Company of Los Angeles) to take title in your behalf to real property in San Clemente, California.

The trustee has taken title to two parcels of real property with the following consideration:

THE COTTON PARCEL:

Land (approximately 26 acres and building purchased July 15, 1969 from Victoria Reyes Cotton Ogden, Lionel E. Ogden, Edwin L. Harbach, trustees under deed of trust executed June 14, 1961, Victoria Cotton Ogden, Lucy Ellen Cotton, and Janice Ogden Vest (formerly Janice Lucy Ogden)	\$1,400,000
Other costs in connection with the purchase	100
Total	\$1,400,100

THE ELMORE PARCEL:

Land (approximately 2.9 acres) purchased October 13, 1969 from John J. Elmore, John Jameson Elmore and Stephen Henry Elmore, trustees under last will and testament of Hetty J. Elmore	\$100,000
Other costs in connection with the purchase	54
Total	\$100,054
Total (2 parcels)	\$1,500,154

Payment for the Cotton parcel was made as follows: Promissory note with purchase money trust deed, issued to sellers, payable in four installments of \$100,000 each July 15 thereafter, and \$600,000 payable July 15, 1974, with annual interest at 7.5 per cent (the Cotton note) \$1,000,000 (The proceed of a loan to you from Robert H. Abplanalp, in the amount of \$450,000 with annual interest at 8 per cent, had been deposited in your bank account on July 11, 1969.)

Net settlement for real estate taxes	491
Total	\$1,400,100

Payment for the Elmore parcel was made as follows: Promissory note with purchase money trust deed, issued to sellers, payable in five installments of \$16,000 each October 13, including October 13, 1974, with annual interest at 7.5 per cent (the Elmore note)

Cash paid by you	\$80,000
Total	\$100,054

Secured by Property

The foregoing obligations are secured solely by the property held in trust and do not involve any personal liability.

On July 15, 1970, the proceeds of a loan from Robert H. Abplanalp in the amount of \$175,000, with interest at 8 per cent, were deposited in

your bank account. On that date, you paid the current installment on the Cotton note (\$100,000) and the related interest (\$75,000).

On October 13, 1970, you paid from your personal funds the current installment on the Elmore note (\$16,000) and the related interest (\$6,000).

On December 15, 1970, you sold a portion of your interest in the trust, representing the entire Elmore parcel (2.9 acres) and a part (approximately 20.1 acres of the Cotton parcel, to Robert H. Abplanalp and C. G. Rebozo, co-partners doing business under the firm name and style of B. & C. Investment Company. On December 24, 1970, the trustee acknowledged receipt of a document of assignment and transfer of a part of your interest in the trust to B. & C. Investment Company.

Consideration received for this sale consisted of:

Assumption of obligation under promissory notes of B. & C. Investment Company of:	
Part of the	
Cotton note	\$560,000
The Elmore note	64,000
Principal amount of two notes payable to Robert H. Abplanalp, deemed paid	\$625,000
Total	\$1,249,000

Interest Retained

After the sale, you retained your interest in the trust representing approximately 5.9 acres of the Cotton parcel including the residence and other improvements referred to as Casa Pacifica, and had an obligation of \$340,000 representing the unpaid portion of the Cotton note which had not been assumed by B. & C. Investment Company.

Subsequently, you paid from your personal funds the interest (\$56,883) owed on the notes payable to Robert H. Abplanalp (the principal of which was deemed paid in connection with the sale to B. & C. Investment Company), the interest (\$28,993) due to December 15, 1970 on the Cotton and Elmore notes, and the installments and interest (\$113,102) due in 1971 and 1972 on the part of the Cotton note not assumed by B. & C. Investment Company.

At May 31, 1973, the unpaid balance of the Cotton note amounted to \$700,000. At that date, your obligation for the note amounted to \$264,440. It is due, with interest of 7.5 per cent, in installments of \$37,780 and \$226,660 on July 15, 1973 and 1974, respectively. Your interest in Casa Pacifica is subject to the terms of the purchase money trust deed issued with the Cotton note.

Prior to May 31, 1973 you incurred and paid from your personal funds \$217,270 for

improvements, furnishings and other costs at Casa Pacifica as follows:

Description	Amount
Improvements and furnishings:	
Kitchen remodeling	\$30,440
Other remodeling costs	27,167
Painting	25,165
Swimming pool, including heater	14,950
Work on sewer system	13,318
Landscaping	7,804
Work on porch and fireplace	5,936
Driveway paving	1,146
Other costs	6,188
Furnishings	55,863
Total	187,977

Acquisition costs:	
Commission to realtor	\$25,000
Geotechnical survey	4,293
Total	\$29,293
Total	\$217,270

Amounts Paid for Operations of the Residential Properties

During the period from the respective dates of purchase to May 31, 1973, you have paid from your personal funds certain operating expenses, exclusive of interest, of your residences in Key Biscayne, Fla., and in San Clemente, Calif. The amounts paid, after deducting \$4,800 representing utilities and maintenance costs of the golf facilities at San Clemente that were reimbursed by the golfing friends of the President, were:

Real estate taxes	\$72,298(X)
Utilities	31,175
Fire and casualty insurance	4,713
Household maintenance	59,104
Total	\$167,290

(X) This amount does not include \$2,125 of real estate taxes that were accrued but were not paid at May 31, 1973.

Opinion

The amounts set forth above with respect to the purchase or improvement of the residential properties are stated on the basis of your cost. They do not include any amounts paid by the Government of the United States or others in connection with these residences.

In our opinion, the information set forth above presents fairly: (A) the purchase of your residential properties and the sources of the funds used therefore; (B) the amounts paid by you (I) with respect to the related obligations including interest, (II) for improvements and furnishings, and (III) for operations of the residential properties, all through May 31, 1973; and (C) the balance of those obligations outstanding at that date that are related to the properties.

Very truly yours,
Coopers and Lybrand