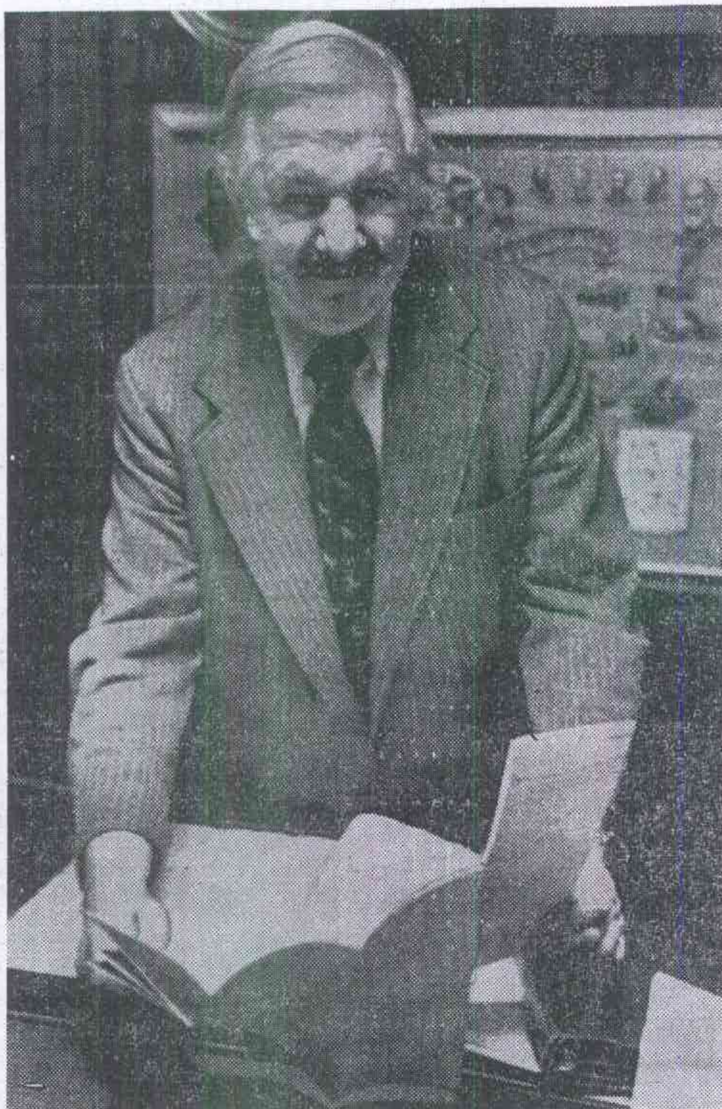

United Press International

'he author, Ralph G. Newman, who appraised former President Nixon's papers.

The author, a Chicago documents appraiser, was indicted last week on charges of conspiring to illegally backdate former President Nixon's 1970 gift of some public papers to the government. This article originated in the mid-1960s as a speech Newman delivered to the Manuscript Society and was first published in the society's magazine, Manuscripts. Another version, from which this is excerpted, then appeared in the June, 1966, issue of American Heritage magazine under the title "Appraisals and Revenooers."

I AM WRITING about a subject which in the past has not ordinarily been discussed in public, but the time has come for a public airing of it. Many librarians, collectors, curators, and dealers are called upon in the normal course of day-to-day activities to place a value on a letter, a manuscript, or a book, or on a collection of such items. And on occasion they are required to prepare a document to satisfy the whims of Internal Revenue Service examiners.

This is simply "appraising," but of late the word seems to indicate to many not the science of placing a true, current, acceptable value on an object, but part of a complex game of wits whose ultimate objective is to confuse, baffle, or outwit one or several exceedingly curious individuals in the Treasury Department. I shall cite a few dangerous examples.

John Smith has a collection of papers. Let us say they are his own, accumulated during seven less-than-earth-shaking months as ambassador to Mali and consisting in the main of carbons of letters to his political sponsor asking him, "For heaven's sake, get me out of this place!" He arranges for a friendly institution to buy a fraction (probably 5 per cent) of his collection for $5,000 (and chances are that he donates the $5,000 to the institution). The following year he donates the balance—95 per cent—of his collection to the institution and takes as his tax deduction 19 times $5,000, or $95,000. This may seem legitimate, but in actuality it is fraud perpetrated by the donor and a friendly official of the institution.

Another example: The benefactor goes to his favorite and very friendly bookseller and makes a very sizable

Post 2/23/75

Nixon's Appraiser On the IRS

By Ralph G. Newman

purchase; perhaps the amount is $35,000. He asks the dealer to bill a certain school or college for perhaps one-fifth of the items, but at the full purchase price of the collection. He then advises the school that he has located several items he knows the library would like to own. He would like to buy them for the institution, even though the price is admittedly high. He has, therefore, asked the dealer to send them to the school, but he is sending his personal check to the school so that they can pay the bill.

Now what has happened in this literary version of the union "sweetheart contract"? The collector gets a tax deduction for the entire amount of his purchase and ends up with 80 per cent of the items in his own collection. The school is the innocent "dupe," though a knowledgeable librarian or curator might suspect something was wrong by virtue of the high price of the items received. The collector and the dealer, however, are not innocent individuals trapped in a maze of tax law; on the contrary, they are highly sophisticated sharpies who are trying to defraud the government.

Congress has passed certain laws affecting the collector and the institution. These laws are designed to encourage the collector to give materials to institutions so that they may be studied by the many instead of the few and so that the collector may receive some financial benefit from his generosity. Congress never intended that the main motive for the gift would be tax avoidance.

NOW IT SO happens, in the actual operation of this section of the Internal Revenue Act, that there are occasions when a donor of books, manuscripts, paintings, securities, or real estate may actually profit by making a gift to an educational, religious, or charitable institution or organization. But we must assume that this is an accident—the donor, when he bought or created the book, manuscript, painting, stock, or building, did not plan ultimately to make a gift on which he would realize a profit. It merely happened, and one day he found himself the possessor of materials worth much more than his cost.

See APPRAISALS, Page B2