

PRESIDENT NIXON ON PATIO OF WESTERN WHITE HOUSE AT SAN CLEMENTE

HOUSING

Richard Nixon, Mortgagee

Shortly after President Nixon entered the White House in 1969, he asked John Ehrlichman, then White House counsel, to issue an 87-page pamphlet titled *A Reference Booklet on Conflict of Interest*. The pamphlet advised all Cabinet members to liquidate their investments and put the proceeds into blind trusts or diversified mutual funds. "We don't want any whiff of questions," said Ehrlichman. "No member of the Cabinet is going to know what he owns."

Unlike his subordinates, Nixon does know what he owns, notably the Western White House in San Clemente and the Southern White House in Key Biscayne. And there have been more than a few questions about them. The General Services Administration has issued a series of much revised reports, finally revealing that \$10.5 million in public money has been spent on security and other official arrangements for the two estates. Last week the White House is-

sued a privately produced report on the complex transactions by which the houses were financed. It showed a President heavily dependent on two millionaires—Robert H. Abplanalp, the inventor of the aerosol-spray valve, and Miami Entrepreneur Charles G. ("Bebe") Rebozo. While buttressing White House assertions that nothing illegal had occurred, the statement raised anew the propriety of Nixon's large (and secret) indebtedness to his friends.

The report was specifically a delayed response to a story that appeared last April in Orange County's conservative *Santa Ana Register*, which claimed that federal investigators were looking into the possibility that unreported funds from the 1968 G.O.P. campaign were used to help buy Nixon's \$1.5 million dream home in San Clemente. At the time, Press Secretary Ron Ziegler called the story "malicious, ill-founded and scurrilous." Although

the new accounting did not document the source of personal funds used in Nixon's various transactions, it demonstrated fairly convincingly that he neither used nor had need of illicit funds.

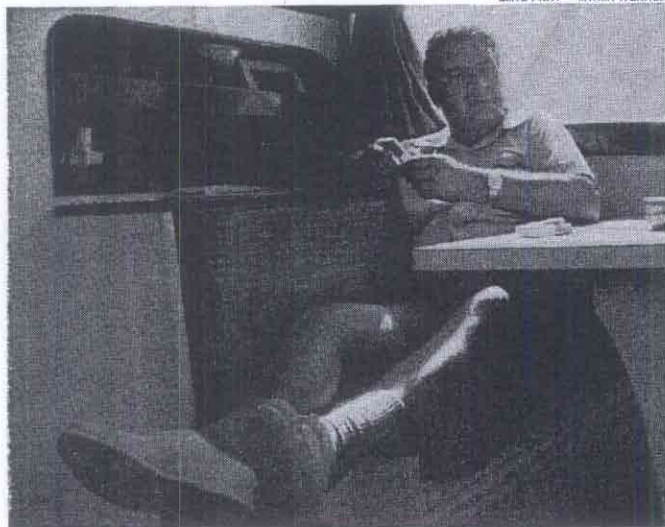
The report indicated that Nixon has spent from his personal resources a total of \$802,722 on buying, improving and running his residences—certainly not an inconceivable sum for a man who reported liquid assets of about \$500,000 in May 1969, and who had earned a salary of \$200,000 annually for the past 4½ years. As of last May 31, the President still owed \$160,934 on mortgages on his two Key Biscayne houses, which presently are being paid off in installments totaling \$1,399 monthly. On the San Clemente property, Nixon had a mortgage indebtedness of \$264,440, all of which must somehow be paid off or refinanced by next July 15.

Many Loans. The San Clemente obligation would be much greater if Nixon had not been able to sell off most of his land in December 1970, just 17 months after he bought it. The original purchase had been made entirely on credit—\$399,609 in cash (derived from a \$450,000 loan, at 8% interest, from his friend Abplanalp) plus \$1,000,000 in promissory notes payable to the original owners of the estate. Nixon hoped that all but six acres surrounding his Casa Pacifica might be bought from him by a presidential foundation set up in his name for the creation of a library. For reasons that have never been made public, that plan fell through, leaving Nixon the holder of more California real estate than he could afford. Evidently as a result, he was forced to negotiate a new loan to pay the 1970 installment (\$100,000) on his promissory notes, plus interest on the unpaid balance, which was then accumulating at the rate of \$75,000 annually. To obtain those funds, Nixon went back to Abplanalp for another loan.

Six months later the President finally found the "compatible" buyer he required for the 20-odd acres of land that he wanted to sell. Until last week's accounting, this buyer had been identified by the White House as the presidential creditor: Abplanalp. In fact, said Nixon's auditors, the property was bought by both Abplanalp and Rebozo. To buy the land from their friend in the White House, the two men became "co-partners doing business under the firm name and style of B. & C. Investment Co." Nixon spokesmen explained that Abplanalp later bought out his partner and that Rebozo's name was not mentioned earlier to shield him from publicity.

On Dec. 15, 1970, B. & C. paid \$1,249,000 for about 24 of the 30 acres that, by Nixon's accounting, he had originally bought. Put another way, the President managed to recover 83% of his original purchase price by selling off 80% of his land—holding on to his house and six acres of choice ocean-front land in the bargain. Furthermore, since the entire plot was (and still is)

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held in trust by Los Angeles' Title Insurance & Trust Co., what B. & C. actually bought was a "beneficial interest" in the trust—an arrangement that might make it difficult for the company to develop its share of the land. In any case, in a rare interview with the *Washington Star-News*, Abplanalp recently said that he did not have any immediate plans to develop his property. This means that the First Family will enjoy the free use of a \$1.25 million sanctuary around its property.

Why was the whole story not made public at the time of the sale? The White House will not say; nor will it explain why John Ehrlichman indicated nearly two years after the B. & C. deal that Nixon was still looking for a buyer. Did the President pay capital-gains taxes on his apparently sizable profit from the B. & C. sale? He has not said. Is the B. & C. Investment Co. registered somewhere? Neither its owner nor Nixon will say. Why the unusual trust arrangement? Again, no clear answer.

The air of suspicion around Nixon's affairs was so thick that it even engulfed the accounting firm chosen to prepare the report—Coopers & Lybrand, one of the "big eight" of the accounting field. Some observers made much of the fact that three former officials of the firm (when it was called Lybrand, Ross Bros. & Montgomery) had been convicted of mail fraud and distribution of false financial statements in 1968 but had received a presidential pardon from Nixon in 1972. White House spokesmen argued convincingly that the three men have had no connection with the firm for five years and that all Presidents sign long lists of pardons recommended by the Attorney General.

How Wise? The most troubling questions that grow out of the presidential audit involve matters not of legality so much as of propriety. Is it really wise for a President to become so indebted to one man, no matter how trusted a friend? There is no indication that Abplanalp ever tried to take advantage of his lender's role, but any large businessman has dealings with the Government, and any presidential friend acquires a certain power in business.

Furthermore, Nixon has displayed an unfortunate propensity to rely on his creditors' personal hospitality. He often commandeers Rebozo's Key Biscayne home for the use of Secret Servicemen at the Florida White House, and he visits Grand Cay, Abplanalp's private island in the Caribbean, so frequently that he has been provided with personal quarters there.

Certainly any President, no matter what his means, is entitled to a retreat for himself and his family. And in the day of buy now, pay later, no one can insist that Presidents follow Polonius' puritanical advice: "Neither a borrower nor a lender be." Yet Presidents need to make their dealings as far beyond question as Nixon himself proposed when he first came to office.