

Nixon, Ex-Aides Could Face More Woes After Morgan's Guilty Plea in Tax Case

11-9-74

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WASHINGTON — Edward L. Morgan's guilty plea in connection with preparing Richard Nixon's 1969 tax return could signal more woes for the former President and some of his one-time associates.

Mr. Morgan, who as Deputy Counsel to the President signed the back-dated deed for Mr. Nixon's gift of vice presidential papers to the National Archives, pleaded guilty to one count of conspiring "to impair, impede, defeat and obstruct" the functions of the Internal Revenue Service. The development means he's available to testify against others involved in the conspiracy. It also means the government has evidence that, at least at some level, fraud was involved in the tax deduction claimed for the papers.

Mr. Nixon's pardon spares him from criminal prosecution, but he could be liable for some \$200,000 in civil penalties if he is found responsible for fraud. However, IRS Commissioner Donald Alexander wouldn't comment on the investigation, except to confirm that it remains open. The IRS has collected \$284,706.16 in back taxes and penalties on the 1970-1972 Nixon returns. If fraud is found, Mr. Nixon also may have to pay the \$148,080.97 deficiency on his 1969 taxes, on which the statute of limitations has expired; but Mr. Nixon has promised to be liable for it.

The targets of the Special Prosecutor's continuing criminal investigation haven't been disclosed, and the six-page information to which Mr. Morgan pleaded doesn't name the other conspirators. However, last spring when the IRS referred the matter to the special prosecutor, Mr. Alexander said that, in addition to Mr. Morgan, the agency's investigation had focused on activities of John Ehrlichman, Mr. Nixon's top domestic adviser; Herbert Kalmbach, Mr. Nixon's one-time personal attorney; Frank DeMarco, his tax attorney, and Ralph Newman, the appraiser who valued the papers at \$576,000.

It was Mr. Ehrlichman who, as White

House counsel, first assigned Mr. Morgan to work on the gift of papers and who kept tabs on the project during 1969, according to the evidence gathered by the House Judiciary Committee for its impeachment inquiry. That report indicates that Mr. Ehrlichman, Mr. Kalmbach, Mr. DeMarco and Mr. Newman all had at least brief dealings with the President on the subject of the gift of papers.

Mr. Morgan, according to the information filed by the special prosecutor, in February, March and April 1970 "maintained liaison with persons preparing the 1969 joint federal income tax return of Richard M. and Patricia R. Nixon" and "discussed with these persons the fact that a claim would be made on the tax return that Richard M. Nixon had made a gift of prepresidential papers prior to the effective date of the Tax Reform Act of 1969." That act essentially eliminated tax deductions for gifts of papers made after July 25, 1969.

Whether Mr. Morgan can unlock the full story of the fraud for the prosecutors and the IRS isn't clear, and he declined to comment after entering his plea in U.S. district court here.

Mr. Morgan faces a maximum sentence on the conspiracy charge of five years in prison and a \$10,000 fine. But Special Prosecutor Henry Ruth said he would recommend as "appropriate maximum penalties" the three years and \$5,000 fine called for in the Internal Revenue Code for the more specific crime of aiding in the preparation of a false income tax return. The fact that Mr. Morgan pleaded to the board conspiracy count presumably reflects prosecution plans to build a case against others.

The 36-year-old Mr. Morgan, who had moved to the Treasury Department as assistant secretary and "top cop," resigned from the government last January, telling an interviewer, "The tanks are coming. They're coming right down Pennsylvania Avenue and into the Oval Office."