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INVESTIGATIONS

Fraud in Nixon's Taxes

The question of whether there was fraud involved in the preparation of former President Richard Nixon's income tax returns was resolved last week. His official tax adviser, Edward L. Morgan, pleaded guilty to conspiring with unnamed others to violate the U.S. tax laws by backdating a deed of Nixon's papers to the National Archives in order to obtain an illegal deduction.

Morgan, 36, thus became the fourth law-enforcement official in the Nixon Administration to be charged with a crime. As an Assistant Secretary of the Treasury, he had supervised the policing of counterfeit, customs, firearms and alcohol laws. The former Arizona lawyer faces a maximum sentence of five years in prison and a \$10,000 fine.

Before moving to the Treasury Department, Morgan served as deputy counsel to President Nixon. There he helped prepare a backdated deed and other papers in an attempt to support a tax deduction of \$576,000 for the gift to the Government of Nixon's prepresidential papers. The deduction was later disallowed by IRS and declared invalid by Congress's Joint Committee on Internal Revenue Taxation. The IRS levied a 5% negligence penalty against Nixon but passed an investigation of fraud on to the special prosecutor.

A letter to Morgan's attorney from Special Prosecutor Henry Ruth indicated that the guilty plea was being accepted on the condition that Morgan will cooperate in the Government's continuing investigation. Other potential targets of that probe include Nixon's personal tax attorney, Frank DeMarco Jr., and the professional appraiser who evaluated the papers, Ralph G. Newman.