

# Rebozo to Pay \$52,474 In Disputed Income Taxes

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Charles G. (Bebe) Rebozo, a close friend and financial benefactor of former President Richard M. Nixon, has agreed in U.S. Tax Court to pay disputed federal income taxes of \$52,474 for 1970 and 1971 after the Internal Revenue Service said Rebozo underreported his taxable income.

According to records filed at the Tax Court, the IRS claimed that Rebozo received taxable income of \$222,334 during those two years but reported only \$62,722 on his tax returns.

The \$52,474 in back taxes, plus interest, that Rebozo agreed last month to pay represents about 60 per cent of what the IRS claimed he owed. Rebozo had already paid \$31,673 in taxes for 1970 and 1971.

It is not clear from the Tax Court records which of the nine IRS claims against Rebozo were included in the figure Rebozo agreed to pay, or whether Rebozo agreed to pay some percentage of all of them.

One of the claims alleged that Rebozo charged \$14,610 in personal living expenses to Key Biscayne Bank & Trust Co., where he is chairman and president. The payments, averaging more than \$7,000 a year for the two years were listed at the bank as being for advertising, dues and subscriptions, or business-related travel and entertainment. But the IRS said this was not their true purpose.

Included in the payments charged as advertising expenses were Rebozo's personal expenses of \$1,132 at the Key Biscayne Hotel, \$1,991 at the Key Biscayne Yacht Club, and \$1,573 at the Sonesta Beach Hotel, the IRS alleged.

The IRS said personal expenses charged to the bank for dues and subscriptions included \$1,137 paid to the



**CHARLES G. (BEBE) REBOZO**  
... accused of underreporting income

Key Biscayne Yacht Club, \$354 to the Country Club of Coral Gables, \$629 to the Riviera Country Club, \$200 to the Two Hundred Club of Miami, and \$416 to the Ocean Reef Club.

In addition, the IRS claimed, a \$492 Sony television for Rebozo's personal use, \$1,813 in personal travel on National Airlines, and \$1,882 in personal items on charge cards were charged to the bank.

These funds amounted to "constructive dividends" Rebozo received from the bank and were taxable, the IRS said.

The IRS claims against Rebozo all related to his personal and business finances rather than the Watergate Special Prosecutor's investigation of Rebozo's handling of a \$100,000 cash contribution from the late Howard

Hughes. That investigation ended with a decision not to seek an indictment of Rebozo.

The claims against Rebozo were made in December, 1974. Rebozo challenged them in U.S. Tax Court, claiming that the IRS has had erred in its findings. A trial date had been set for Dec. 6 in Miami, but Rebozo, through his lawyer, agreed Dec. 8 to pay \$52,474 of the total \$86,313 claim against him.

James D. O'Donnell, Rebozo's lawyer in Jacksonville, had no comment yesterday.

At the same time that Rebozo agreed to pay the back taxes, three companies in which Rebozo has an interest or previously had an interest agreed to pay another \$7,534 in taxes the IRS claimed were owed for various years beginning in 1968. The three companies are Key Biscayne Bank, Biscayne Insurance Agency, Inc., and Monroe Land Title Co.

In another case settled at the same time, Rebozo agreed to pay taxes of \$79 owed by Washwell, Inc., whose assets had been transferred to Rebozo, according to the IRS.

In determining that Rebozo had not reported his full taxable income, the IRS said his 1970 income should have been raised \$42,603 because he received income of \$11,841 from Centro Cubano Partnership but had reported a \$30,762 loss from the partnership on his tax returns.

Rebozo's 1970 income should have been raised another \$42,977, the IRS said, while his 1971 income should have been decreased \$17,250, because he did not properly report long- and short-term capital gains.

In 1971, Rebozo under-reported his taxable income by \$18,999 because he reported a \$24,564 loss from farming, when the actual loss was \$5,565, the IRS claimed.

Rebozo's 1971 income should have been raised another \$42,253 because that amount, from the construction and sale of a house, should have been reported as ordinary income rather than a long-term capital gain, the IRS said. Capital gains are taxed at a lower rate than ordinary income.