

Original NYT story filed W/gate; includes many more details, including Foundation's status as "public charity."

SFChronicle JAN 18 1974

IRS Audit Of Nixon Foundation

Washington

The Internal Revenue Service is auditing the tax returns of the Richard Nixon Foundation, in addition to President Nixon's personal tax returns, Arthur Blech, the President's accountant, disclosed yesterday.

The foundation, created in 1969 to finance and construct a library to house Mr. Nixon's presidential papers, is a relatively small operation so far, according to its tax returns. Its net worth at the end of 1972, the latest year for which figures are available, was \$114,076.

Unlike individual returns, the tax returns of foundations are not completely confidential. One part is kept secret by the Internal Revenue Service, but another, containing information about income and outgo, is available for public inspection at IRS offices.

The public portions of the tax returns of the Richard Nixon Foundation raise a number of questions about its operations.

No return at all was filed by the foundation in 1969, despite what revenue officials said was a clear statutory requirement that a return be filed for the first year of any organization that has been granted tax-exempt status.

Among the many other failures to report what appeared to be required information on the tax returns was the omission of any mention of the money paid by the foundation to Mr. Nixon's brother, Edward, assertedly for his services in inspecting sites for the library.

The tax returns for the foundation were prepared by Frank Demarco Jr. and Arthur Blech, the same lawyer and accountant, respectively, who worked on the President's personal tax returns.

New York Times