

SFChronicle Accountant Talks About Nixon Taxes

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President Nixon's tax accountant, Arthur Blech, has told the Los Angeles Times that, while preparing the President's tax returns in 1971 and 1972, he believed that some of the deductions Mr. Nixon was claiming were "unwise" and that he was not following a "prudent" tax policy.

Blech said he had sought a meeting with the President to warn him personally against the tax course that he was taking, but never able to meet with Mr. Nixon.

Blech made these remarks in a four-hour interview on December 18. At the time he asked that the remarks be kept off the record. However, yesterday he lifted the embargo on the interview, asking only that it be made clear that it had taken place in December.

The tax accountant said then that while he is convinced that everything on Mr. Nixon's income tax returns conforms strictly to the law, he habitually warns clients who, like the President, are in the \$200,000 to \$300,000 annual income range, to pay some appreciable tax — at least about 10 per cent of their total income.

In a December 8 financial statement, Mr. Nixon disclosed that on annual income exceeding \$250,000 a year, he had paid \$792 in federal income tax in 1970 and \$878 in 1971.

Blech said that normally in such cases he advises clients to pay more than legally required for two reasons: (1) To avoid the possibly hostile scrutiny by the Internal Revenue Service and (2) to avoid potential embarrassment in future years should the political situation change.

The tax accountant said that, in particular, he felt it was unwise for the President to take tax savings of \$250,000 in deductions arising from a \$576,000 gift of

his vice presidential papers to the national archives.

"It wasn't my idea," Blech remarked. He said that he and presidential tax attorney Frank DeMarco Jr. had been instructed by the White House to take the deductions for the papers.

Nonetheless, Blech emphasized, a great many political figures have taken similar deductions over the years.

"When you ask these congressmen to stand up who gave papers," Blech said, "look around and you won't see anybody sitting. They all gave papers. Now, they're being sanctimonious."

The tax accountant said that he had asked DeMarco to arrange a meeting with Mr. Nixon both in 1971 and 1972, but that he understood that requests for a meeting had been turned down by presidential aides.

Blech said he viewed the situation whereby he never saw his tax client as irregular. He said that he does have personal contact with all of the other people whose tax returns he prepares.

In recent weeks, DeMarco also has been asked for his account of these events. He indicated that he never took Blech's requests for a meeting with Mr. Nixon that seriously and that he viewed

them more as social climbing than a serious attempt to warn Mr. Nixon that he was following an imprudent course.

DeMarco, however, does recall that when he first told Blech about the \$576,000 gift of vice presidential papers and discussed the resulting deductions with him, Blech asked: "Frank, is this wise?"

"I want the whole story to come out," Blech said yesterday in lifting the embargo on the earlier interview.

He said he is incensed by what he described as false reports in the news media, relating to many aspects of the President's financial situation.

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In particular, Blech said, reports that the President's net worth has tripled since he became President are "a stupid lie."

"It only went up 55 per cent in four, five years," he said. "That's not a bad thing to do in that time."

Actually, the report of a tripling of Mr. Nixon's net

worth came from the December 8 financial statement the President released himself. This showed that his "net assets" in January 1969 totaled \$307,141 and that on May 31, 1973 his assets totaled \$988,522.

The tax accountant also said there had been inaccuracies in an audit report released by the accounting firm of Cooper and Lybrand, particularly as related to a \$117,000 capital gain the President was said to have had in the sale of part of the San Clemente estate to his friend, Robert Abplanalp. Abplanalp is the multimillionaire inventor of the aerosol spray can.

Blech has steadfastly insisted there was no capital gain. He said in the December 18 interview that he had wanted to quarrel with the Cooper and Lybrand finding at the briefings, but that he had been cautioned by White House press secretary Ronald Ziegler that this was not the time to air internal disagreements.

The central point that the

50-year-old tax accountant made in the interview was that he believes Mr. Nixon's tax returns are in conformance with the law, and that they ultimately will be upheld by the Joint Congressional Committee on Internal Revenue Taxation and the Internal Revenue Service, which has been auditing them.

He said the first work he did for the Nixons came in 1969 when DeMarco told him that the President's brother, Donald, was in serious tax trouble and the White House wanted him to try and get him out of it.

"I found a solution," Blech recalled. "What was originally a major (IRS) assessment, I reduced to 8 per cent (of the original claim) . . . the White House was pleased. I was told to keep watch on Donald Nixon from then on."