

Ex-Aide Pleads Guilty In Nixon Tax Case

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Edward L. Morgan, a White House aide and assistant secretary of the Treasury under former President Nixon, pleaded guilty yesterday to illegally backdating Mr. Nixon's 1970 gift of public papers to the government.

The object of the backdating was to obtain tax benefits for Mr. Nixon.

Morgan, a 36-year-old lawyer who resigned his Treasury post earlier this year after the backdating became public, could be sentenced to a maximum 5 years in jail and fined \$10,000 for his plea to one felony count of conspiring to impede, defeat and obstruct the lawful functions of the Internal Revenue Service.

Watergate special prosecutors disclosed in a letter made public during the plea that Morgan has agreed to cooperate in an ongoing investigation "with respect to which he may have relevant information."

Sources said later that the prosecutor's office is continuing an investigation into



EDWARD L. MORGAN
... awaits sentence

Mr. Nixon's tax returns, and that others connected with the preparation and filing of those returns are targets of the probe.

Mr. Nixon has received a pardon from President Ford for all criminal acts he committed or may have committed during his term in office, so he could not be prosecuted in connection with illegal tax returns.

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By entering the plea to a single count, Morgan also escaped prosecution for any other possible charges in connection with the preparation or filing of the Nixon tax return or any false statements he made to agencies investigating the tax returns last fall, prosecutors said.

Morgan stood stern-faced before U.S. District Judge George L. Hart Jr. to enter his plea. Hart Jr. to enter sentencing pending a presentence report, expected within the next 30 days.

The criminal information, or charge, filed by the prosecutors outlined this series of events that led to the backdating:

Mr. Nixon's pre-presidential papers were delivered to the General Services Administration on March 26 and 27, 1969, for storage "but title to, and all interest in, those materials remained in Richard M. Nixon."

A new tax law reducing the amount of deductions allowed for charitable contributions of personal papers was passed, effective July 26, 1969.

In the spring of 1970, Morgan and others decided "that a claim would be made on the (1969 Nixon) tax return that Richard M. Nixon had made a gift of pre-presidential papers prior to the effective date of the Tax Reform Act of 1969, and that a tax deduction would be taken for the claimed gift.

The 1969 Nixon tax return was filed with a claim that Mr. Nixon had made a gift of personal papers on March 27, 1969, that had a value of \$576,000.

In March or April of 1970, Morgan and other unnamed conspirators prepared a deed from Mr. Nixon to the federal government dated March 27, 1969, and filed an affidavit and other papers "all of which documents falsely and fraudulently represented that some of the pre-presidential papers constituted a gift to the United States when they were delivered March 26 and 27, 1969.

The conspirators "unlawfully, wilfully, and knowingly did combine, conspire, confederate and agree to defraud the United States . . . by impairing, defeating and obstructing the proper and lawful governmental function and right of the Commissioner of the Internal Revenue Service" to get

federal income taxes due from then-President and Mrs. Nixon, according to the information.

The special prosecutor's office did not identify anyone else involved in the tax probe.

Morgan and his attorney, Richard C. Van Dusen of Detroit, refused to make any comment after Morgan's plea of guilty.

Morgan resigned as assistant secretary of the Treasury last February. In a pessimistic interview immediately afterward told the Wall Street Journal that he no longer believed he had authority to sign the deed—"although five years ago I fervently believed I did."

"If it were just the questions about my signing the silly deed, I wouldn't be leaving," he said then. "But it's everything that's happening to this government. I just want out."

Neither the IRS, California tax officials nor Mr. Nixon's tax lawyer, Dean S. Butler of Los Angeles, would say yesterday whether tax matter involving Mr. Nixon himself remains to be resolved.

In September, IRS Commissioner Donald C. Alexander said the agency's probe of Mr. Nixon's 1969 tax return was continuing. IRS spokesman Leon Levine said yesterday that he had "nothing to add to that statement."

On April 17, Mr. Nixon paid \$284,706.16 in back taxes, penalty and interest for the years 1970 through 1972. In a report to the House Judiciary Committee on June 19, the IRS said Mr. Nixon had not paid \$148,080.97 owed for 1969 and Levine said yesterday that "so far as we know it has still not been paid."

In May, Mr. Nixon paid \$5,052.26 in back taxes owed the state of California.

Mr. Nixon is under no legal obligation to pay the 1969 U.S. deficiency because more than three years has lapsed since the tax was due. However, the White House announced while Mr. Nixon was President that he had ordered the 1969 deficiency paid.

If a taxpayer is found guilty of fraud in filing his return, the three-year limitation does not apply. However, a finding of fraud on the part of someone involved in preparing a tax return does not necessarily implicate the taxpayer, Levine said.

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