

# Two Charged in Nixon Tax Case

Washington

Former President Nixon's tax lawyer and a prominent Lincoln scholar were charged yesterday with conspiring to illegally backdate Mr. Nixon's 1970 gift of some of his public papers to the U.S. government.

The object of the backdating was to get a tax break for Mr. Nixon.

The indictment by a special Watergate grand jury also charged that the two men, attorney Frank DeMarco Jr. of Los Angeles and documents appraiser Ralph G. Newman of Chicago, tried to cover up the scheme in 1973 and 1974 by lying to various government bodies and hiding or destroying documents relating to the plan.

A former White House aide, Edward L. Morgan, has pleaded guilty to a similar conspiracy charge and is serving a one-month jail term. He is expected to be a government witness in the trial of Newman and DeMarco.

Mr. Nixon has received a pardon from President Ford for all criminal acts he committed or may have committed during his term of office, so he could not be prosecuted in the case.

In Los Angeles, DeMarco issued a statement saying: "I have done nothing wrong. I have conspired with no one in my judgement. I have made some mistakes, but they were neither intentional nor criminal. . . I am satisfied that sooner or later I will be vindicated."

DeMarco no longer oversees Mr. Nixon's tax matters.

Yesterday's indictment contained four specific counts:

- Newman and DeMarco were charged together with conspiring to defraud the United States by "impair-

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## NIXON

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ing, impeding, defeating, and obstructing the proper and lawful governmental functions of the Internal Revenue Service. The count carries a possible maximum jail term of five years and possible fine of \$10,000.

- Newman was charged with aiding and assisting in the preparation of a false document filed with a federal income tax return — specifically a claim that he had personally examined Mr. Nixon's gift to the government in 1969 and appraised it at \$576,000. That count carries a possible penalty of three years in jail, or a \$5000 fine.

- DeMarco was charged with lying about the alleged backdating scheme to IRS agents in 1973 who were auditing Mr. Nixon's 1970 return. That charge carries a possible penalty of five years in prison and a \$5000 fine.

- DeMarco was also charged with obstructing the congressional Joint Committee on Internal Revenue Taxation in its own probe by providing the committee with false documents about the Nixon gift. That charge carries maximum penalties of five years in jail and a \$5000 fine.

The alleged scheme, laid out in detail in the indictment, involves a group of pre-presidential papers that Mr. Nixon delivered to the General Services Administration for storage in March, 1969.

A new tax law reducing the amount of deductions allowed for charitable contributions of personal papers

# Writeoff



LPI Telephotos

FRANK DeMARCO

RALPH NEWMAN

The case involves backdating a gift of papers

was passed, effective July 26, 1969.

According to the indictment, DeMarco and Newman met on March 27, 1970 and discussed treating some of the previously delivered papers as a 1969 gift to the United States.

Newman called a National Archives employee that day and asked her to pick some papers as the gift, according to the indictment, and both defendants mailed her a letter describing the papers as a 1969 gift.

The indictment said the scheme also included a DeMarco-prepared schedule claiming the papers had been given March 27, 1969, and a Newman affidavit saying he'd examined and appraised the papers at \$576,000 in April, 1969. Both false documents were attached to the Nixons' tax returns for 1969, the indictment said.

After tax audits, the Nixons were presented with a back tax bill of more than \$400,000 last year.

On April 17, Mr. Nixon paid \$284,706.16 in back taxes, penalty and interest for 1970-1972. At last report, he had not paid \$148,080.97 for 1969 — which is beyond the statute of limitations.

Newman, 63, is a well-known scholar of Abraham Lincoln and appraiser of historical documents.

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See clipping of same story as carried by WXP.