

# Tax Inquiry on Nixon Site Asked

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A state investigation into the assessment of property taxes on President Nixon's Western White House has been urged by the chairman of the California State Board of Equalization.

William M. Bennett, a liberal Democrat, has notified the four other members of the board, three of them Democrats, that his informal inquiries have led him to believe that "the San Clemente properties, whomsoever owns them, are underassessed." Another tax expert estimated that Mr. Nixon may have escaped as much as \$60,000 in property taxes because of underassessment.

Mr. Bennett asked that his colleagues support his request for a "formal impartial investigation undertaken by the staff of this agency." The board, which has authority to make sure that property taxes are fairly assessed, will meet in Sacramento next Monday. If an investigation is voted by a majority, the staff would have subpoena power to produce documents and witnesses.

## \$1 Million Difference

Mr. Bennett began his inquiries after seeing recent statements that Mr. Nixon and his financial backers paid \$1.5-million for the property, that Mr. Nixon spent \$123,000 on improvements, and that \$703,000 more was spent on the property for other renovations and for security measures. The county assessor's estimated full value of the property, on which the tax bill is based, is \$1,370,080, or about \$1-million below the totals reported.

Mr. Bennett, interviewed by telephone while on vacation in Honolulu, also confirmed reports of his friends that his tax records were audited lately by the Internal Revenue Service. He said that the audit ended after he and his tax accountant had one interview with a revenue agent. Mr. Bennett said the agent had told him that the records showed he had complied with the tax laws.

Mr. Bennett said that he considered the incident to be a harassment inspired by Nixon Administration officials who resented some of his views and official acts. Revenue officials declined to comment.

But he also said that he did not believe the incident had any relationship to his position as chairman of the Board of Equalization and that it preceded his current demands for an investigation of the taxes paid on the Western White House.

An air of secrecy has surrounded the ownership of the old Spanish-style mansion on 24.6 seaside acres at San Clemente since the White House announced in May, 1969, that Mr. Nixon would acquire the \$1.4-million property with a \$100,000 down payment.

## Inquiries Rebuffed

During Mr. Nixon's first term, the White House press office rebuffed or ignored inquiries about the transaction.

Mr. Nixon's sketchy statement of his net worth last September, issued as he ran for reelection, appeared to ignore a \$1-million mortgage. Orange County property records show the mortgage was recorded against his mansion, which he plainly controlled and on which Federal money was being used to finance improvements on the house and grounds.

The records, then and now, show that the former owners sold the property in 1969, but that the identity of the new owners is hidden within a trust operated by the Title Insurance and Trust Company, an institution that does business in many states.

Inquiries have shown that the file on the Nixon property is held in much closer control than any other documents held by Title Insurance and Trust Company.

"A man can get his arm broken just asking for them, a well-placed company employe reported back to a friend for whom he had made tentative inquiries.

## Debts Were Assumed

In late May, as the Watergate scandals caused a changing of the guard at the White House, a statement was issued on Mr. Nixon's behalf saying that he had not actually owned all the property.

The statement said that Mr. Nixon, short of cash when closing the purchase, had borrowed \$625,000 from his friend, Robert A. Abplanalp, the industrialist. In 1970, the statement said, Mr. Nixon surrendered ownership of all but 5.9 acres of the San Clemente estate to Mr. Abplanalp as settlement of that and other debts that Mr. Abplanalp then assumed. Mr. Abplanalp paid about \$1,294,000 for approximately 18.7 acres, the statement said.

Mr. Abplanalp's interest was said to be held by an investment company he created for that purpose. But the White House refused to give information on that company, even a name for it, and Mr. Abplanalp has refused to meet reporters or to provide answers through an intermediary.

## Division Not Specified

The White House statement did not specify how the property had been divided between Mr. Nixon and Mr. Abplanalp. The only public explanation in the White House statement is-

sued May 25 was the following sentence:

"This sale was accomplished by executing an assignment of an interest in the trust and delivering it to the trustee, the Title Insurance and Trust Company."

Whatever the division is has not been a matter of public record in Orange County, where the property is situated, and where amended land maps showing the different ownership would be filed.

Sources close to Mr. Bennett said that, if his colleagues on the Board of Equalization authorized an investigation, he expected that the board's staff would subpoena the records held by Title Insurance and Trust Company, as well as those held for Mr. Nixon by Herbert W. Kalmbach, the California lawyer who represented the President in the estate purchase.

## Confidentiality Required

The records would be used confidentially by the board to check the equity of the assessment and would not be made public, Mr. Bennett said. State law requires confidential treatment of such records obtained by board subpoena.

The board's main purpose is to assist county assessors in establishing a tax value on their county's share of public utility properties. But it also has authority that has been used in the past to make certain that taxes are fairly assessed within each taxing district. The possibility that Mr. Nixon's property is underassessed can be construed from the publicly disclosed information about its value. This information includes its purchase price and its record of extensive improvements, some paid for by Mr. Nixon but mostly made at public expense.

The White House has said, and county records show, that 1.5-million was paid for the property. The General Services Administration has said that it has spent \$703,367 on improvements, which include detection devices, a new furnace, a new set of windows in the Presidential study, complete landscaping, a glass wall at the swimming pool and awalkway to the beach.

The White House statement of May 25 said that Mr. Nixon had paid \$123,514 for other improvements. The sum of these amounts is \$2,326,881, which would appear to be a figure that would approach the "full cash value on which the assessed value is based, as Mr. Bennett says he sees the question.

However, the true cash value as estimated in a tax roll made public July 1 in Santa Ana, Calif., is \$1,370,080. Assessed values are set at 25 per cent of the cash value in Orange County, so the assessed value of Mr. Nixon's property by this official estimate, is \$342,520.

The tax rate there this year

is \$10.074 per \$100 assessed value on land and 30 cents less on improvements. Thus, Mr. Nixon's (or Mr. Abplanalp's) tax bill is about \$34,500. The tax bills have been paid on the property by Title Insurance and Trust Company, which was presumably reimbursed under terms of the trust agreement.

Had the "full cash value" reflected the additional \$1-million that the property appears to be worth, as indicated in the total sales price plus cost of improvements, the assessed value then would have been about \$250,000 higher and the tax bill would have been about \$25,000 more for the current year alone.

However, there is disagreement over whether some of the improvements should be considered as additions to the value of the property. When the tax controversy began early this month, the former tax assessor for Orange County, Representative Andrew Hinshaw, a Republican, said they should not.

## Victor Over Incumbent

Mr. Hinshaw said that, in his judgment, most of the \$703,367 spent by the General Services Administration had been for security arrangements that would be in the province of the Federal Government.

Mr. Hinshaw reportedly had the covert backing of the White House last spring when he won the Republican nomination for the House from that district, defeating the incumbent, John G. Schmitz, a conservative Republican who is a former member of the John Birch Society.

After losing renomination in June last year, Mr. Schmitz accepted the Presidential nomination of the American Independent party. As a Presidential candidate, he toured the nation accusing President Nixon of being too close to Communist nations and particularly attacking Mr. Nixon's trip to China last year.

The estimate of \$60,000 as the sum that Mr. Nixon may have escaped paying in taxes through assessments favorable to him was made by a person knowledgeable about California taxing practices. He insisted on anonymity.

The estimate included the arbitrary assignment of about \$400,000 of the Government work on the Nixon estate as being permanent improvements that would enhance the value, entirely outside the question of personal security of the President.

On July 1, 1969, just 15 days before Mr. Nixon committed himself to pay \$1.4-million for the Hamilton H. Cotton estate, and a few months before he paid another \$100,000 for a small addition to it, the tax assessor said that if the 24.6 acres and improvements the President eventually bought were worth \$716,584 on the then current market.