

The Nixon Papers Tax Deduction



Much more detailed column, WXP, filed W/gate.

Jack Anderson

PRESIDENT NIXON "must have known" that a backdated deed was used to obtain his celebrated \$576,000 tax deduction.

This is the statement of sources who are completely familiar with the preparation of the President's controversial tax returns.

They contend that he not only instructed his subordinates to seek the deduction but kept a sharp eye on their efforts.

The question is whether Mr. Nixon donated his vice presidential papers before July 25, 1969. This was the last day he could take a tax deduction for the papers.

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WE HAVE SPENT several weeks investigating the President's tax returns. From sources who have followed the developments closely, we can now provide this curious chronology of the Nixon papers:

- Before Richard Nixon moved from his New York law firm to the White House, he stored all his pre-presidential papers in his law office. He decided in December 1968 to take a tax break by donating some of the papers to the government.

Ralph Newman, an expert appraiser of historical documents, was called in from Chicago to evaluate the gift. He selected enough documents to justify the \$80,000 tax deduction that Mr. Nixon wanted. Then Mr. Nixon signed over the documents to the government in a deed, which was also accepted by signature. DATE?

- Our sources say Mr. Nixon was annoyed with his former law partners over the \$128,611 settlement they gave him when he left the firm. Angrily, he ordered all his papers moved to the Archives. The deeded papers arrived on March 20, 1969.

- Ralph Newman paid a visit to the Archives from April 6 to 8 to complete his appraisal of the deeded papers.

- Congress voted in December 1969 to outlaw tax deductions for private papers. When the President realized what Congress was about to do, he sent his top lobbyist, Bryce Harlow, to Capitol Hill to delay the cut-off date until the end of 1969. Instead, Congress retroactively set July 25, 1969, as the deadline.

- Meanwhile, Ralph Newman was summoned to appraise the remaining Nixon papers. He was instructed to set aside enough papers to justify a tax deduction of \$500,000. The formal appraisal was drawn up on April 6, 1970, and was attached to President Nixon's tax returns, which he signed on April 10.

- Based on Newman's final 1970 appraisal, the President claimed a \$576,000 tax deduction. Yet no deductions were supposed to be allowed after July 25, 1969.

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TO GET AROUND this problem, White House aide Edward L. Morgan simply backdated the deed to March 27, 1969. This was notarized by the President's tax attorney, Frank Demarco, who backdated his notary seal to April 21, 1969.

In early 1972, the President again assigned his lobbyists to try to repeal the July 25, 1969, cut-off date. This would have removed any question about the legality of the \$576,000 tax deduction and the backdated deed.

Footnote: Both Morgan and Demarco contend that the backdating of the deed was entirely proper, because it formalized what the President had wanted to do before the deadline.