

Kalmbach still handles the President's books

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WASHINGTON — Herbert W. Kalmbach, the President's former attorney, still handles Nixon's checking accounts and pays his bills, even though he was the chief paymaster in the Watergate affair.

Kalmbach has been identi-

fied as the man who solicited \$100,000 in contributions from business corporations, some of which were illegal. He paid, confessed "dirty tricks" saboteur Donald Segretti, and raised "hush money" that was passed to the original Watergate burglars and their lawyers.

Earlier the White House

claimed Nixon had severed relations with Kalmbach.

The President's tax returns were audited for the first time last spring after the Watergate scandal broke open. An Internal Revenue Service computer automatically "red flagged" his name in a list of taxpayers

with high income who paid very little taxes in 1971 and 1972. There was no explanation why Nixon's returns for 1968 and 1970 were not audited, since the same conditions applied then.

The President's account, which Beach and Kalmbach's law partner, Frank DeLoe, spent six hours on

May 25 going over the returns with two IRS supervisors in Washington. The agents asked a lot of questions about why Nixon claimed a small tax loss on a house he inherited from his mother and rents for \$50 a month, Beach said.

The President gets two paychecks every month,

one for 1/12 of his \$200,000 salary and the other for 1/12 of his \$50,000 annual expense allowance. The checks are deposited in two checking accounts he has in his friend Bebe Rebozo's Key Biscayne Bank.

Some of the money is then shifted to a third account maintained by Kalmbach in Newport Beach, Calif. Kalmbach pays the First Family's bills from the three accounts.