

12/9/73

Nixons Disclose Financial Status, Details on Taxes

By Carroll Kilpatrick
Washington Post Staff Writer

In a major effort to rebut charges of scandal, the White House yesterday released 50 documents covering President and Mrs. Nixon's personal finances and disclosing that their net worth increased from \$307,141 to \$988,522 in 4½ years.

Reporters were permitted to examine copies of the Nixons' income tax returns for 1969, 1970, 1971 and 1972 to check them against summaries that were distributed showing the Nixons paid \$78,651.10 in federal income taxes for the four years.

The payments were \$72,682.0 in 1969, \$692.81 in 1970, \$878.23 in 1971 and \$4,298.17 in 1972.

The President announced that he and Mrs. Nixon, after they both die, will give their San Clemente home to the American people for use by future Presidents and as a conference center.

In a statement, Mr. Nixon said that "to the open-minded, the papers and documents provided today, the facts they contain and the figures they reveal, will lay to rest such false rumors as that campaign funds were used in the purchase of my home in San Clemente, that I have hidden away a secret \$1 million investment portfolio, that I sheltered income on which my daughter Tricia should have paid taxes, and that \$10 million in federal funds was spent on my homes in Key Biscayne and San Clemente."

But the President acknowledged that questions on two matters may continue to arouse controversy, noting that even the tax men who advised him "have disagreements of professional opinion among themselves."

With regard to the two matters — the claimed deduction of \$576,000 for the gift of his vice presidential papers to the United States and the non-payment of a capital gains tax on the sale of land adjoining his San Clemente home — the President asked the judgment of the Joint Committee on Internal Revenue Taxation. He promised to abide by their decision and pay any amounts the committee says he should pay.

If the committee should rule against him on both counts, he would be subject

to payments, including interest, of close to \$300,000, officials estimated.

Tax lawyers and accountants "who assisted me in the preparation of my federal income tax returns advised me that both of these items were correctly reported, the President said. "My tax attorneys today are giving me similar advice."

Also, he said, the Internal Revenue Service, which checked his returns for 1971 and 1972, "reviewed both items and advised me that they were correctly reported."

Nevertheless, Coopers & Lybrand, a New York accounting firm which Mr. Nixon employed this year to prepare an independent audit, concluded that the Nixons realized a capital gain of \$117,370 on the sale of land they did not want which surrounds their San Clemente home. They were required to purchase 26 acres by the sellers when they bought the home in 1969.

Arthur Blech, a California certified public accountant who helped prepare the Nixon tax returns, disagreed with the Coopers & Lybrand finding.

The White House said that even if a gain of \$117,370 had been reported in 1970, no tax would have been payable because the President's "declared deductions exceeded his income by \$44,239."

The White House said that all available documents will be presented to the Joint Committee on Internal Revenue Taxation and that the President's lawyers and accountants will testify and answer questions.

The committee reluctantly agreed to undertake the investigation after Republican members met with Mr. Nixon this week and had a briefing from his lawyers.

Some Democratic members argued that the President was engaging in a "diversion" on an issue where he apparently acted within the law but showed questionable moral judgment for a man occupying the nation's highest office.

The President's salary is \$200,000 a year, and he has a taxable expense account of \$50,000. Under the law, he does not have to account for the expenses other than for income tax purposes. The tax

See PRESIDENT, A3, Col. 1

PRESIDENT, From A1

returns showed that in the four-year period Mr. Nixon spent only \$111,000 of the total \$200,000 allowed him for expenses.

The law says that the \$50,000 is for "defraying expenses relating to or resulting from the discharge of his official duties." But Mr. Nixon pocketed the \$89,000 not spent, with White House lawyers arguing that he had every right to do so.

Some other lawyers maintain, however, that since the \$89,000 remaining was not used for "defraying expenses" of the office he should have returned it to the government.

The President's principal gains came in the sale of real estate—the sale of stock in Fisher's Island in Biscayne Bay, the sale of his Fifth Avenue apartment in New York and the sale of two lots in Florida. The Fisher's Island and apartment sales were made in 1969, shortly after he became President, and the two lots were sold in 1972.

The lots were bought in 1967 for \$38,080 with a loan of \$20,000 from his daughter, Tricia. They sold them in 1972 for \$150,000. Tricia's

share in the profit was \$44,508.

It had been charged that Tricia paid no capital gains tax on the gain, but the White House said she did.

The Nixons paid no California or District of Columbia income taxes in the years 1969-72. Officials said the District does not impose an income tax on any elected federal official residing here and that California tax officials had ruled that no tax was due on income earned outside that state by residents not domiciled there.

The Nixons paid local property taxes in California and Florida.

The Coopers & Lybrand audit showed that of the \$988,522 in net assets, the Nixons' major assets were cash holdings of approximately \$430,000 (including \$250,000 in certificates of deposit) and their investments in land, buildings and furnishings.

The largest single item is the San Clemente residence and 5.9 acres. In May, when Coopers & Lybrand made its audit, the Nixons still owed \$264,400 on the property.

Two close friends of the President, C. G. (Bebe) Rebozo and Robert Abplanalp,

formed the B & C Investment Co. to buy the remaining 26 acres of the original parcel the Nixons purchased in 1969.

Mr. Nixon said that to answer innumerable charges he was making public what he believed to be the most "comprehensive and exhaustive" disclosure of his personal assets and liabilities any President has ever made.

"The purpose of my release of these papers is to answer questions that have arisen, to remove doubts that have been raised and to correct misinformation that currently exists about what I have earned, and what I own," he said.

"And even though both American law and tradition protect the privacy of the papers I am releasing today, these documents are being made public—because the confidentiality of my private finances is far less important to me than the confidence of the American people in the integrity of the President."

The President said he also had been concerned by "the degree of public misunderstanding about government expenditures at my home in San Clemente."

"The perception is now widespread that the government spent anywhere from \$6 million to \$10 million on improvements at my home," he said. "One myth breeds another, so many observers also believe that the government improvements have vastly enriched me personally."

Calling those views "grossly inaccurate," the President said that total spending by the General Services Administration on his home was \$68,000. The money was spent on fire and smoke detection systems, interior electrical systems and "the installation of an electric heating system that the Secret Service thought necessary for safety purposes."

GSA spent about \$635,000 on the grounds installing lighting and alarm systems, walls and guard posts and landscaping "to restore areas torn up" when the work was under way, he said.

Nearly \$6 million has been spent by the military services on the office complex next door, which is Coast Guard property. These offices are used by the President and his staff when there and as a conference center at other times, he said.

"Unfortunately, the Amer-

ican people have been misled into believing that the funds for the office complex were spent on my home," the President said.

"The fact that the total spent on my home was \$68,000 has been ignored; the fact that my wife and I spent ourselves three times as much as that, \$87,977 out of our own funds, for real improvements to our homes, has been lost altogether.

"I trust that with the release of these documents the impressions can be erased and the truth of this matter firmly established."

The President said he recognized that the nation's investment in the San Clemente complex, even though the office complex remains as government property, will not pay off to the country as a whole in eight years.

"Accordingly, at the time of my death or that of my wife, whichever is later, we intend to make a gift to the people of the United States of my home at San Clemente," the President said.

The \$576,000 deduction the President claimed on the gift of his papers has been spread over four years, and \$93,000 remains available for deduction on 1973 taxes.

If the President had not taken the deduction but had sold his papers for a similar amount he would have been 10 or 15 per cent better off, a White House official said on the basis of computations by Arthur Blech, the tax accountant who prepared the tax returns.

If the President had taken neither course with regard to the papers his total tax in four years would have been \$234,909 instead of \$78,651.10

Mr. Nixon paid the federal government a penalty of \$607 for underestimating his 1968 estimated tax, an official said. The penalty was paid after Mr. Nixon entered the White House, when the IRS discovered that he had underestimated his income.

However, the official emphasized that when the President filed his 1968 return he paid the full amount due. The official said that many lawyers, not knowing what they will make, underestimate the estimated tax due.