

# NIXON 1968 AUDIT DENIED BY ZIEGLER

## White House Rebutts Report of I.R.S. Review and Attacks 'Leaks' of Congress Panel

Special to The New York Times

WASHINGTON, March 25—

Ronald L. Ziegler, the White House press secretary, denied today a published report that President Nixon's tax return for 1968 was being examined by Internal Revenue agents.

If such a review were being made, it would indicate that Internal Revenue believed that fraud may have been committed in connection with the 1968 return. A three-year statute of limitations applies to the commission of nonfraudulent errors on tax returns.

Mr. Ziegler said that none of Mr. Nixon's tax lawyers knew of any examination of the 1968 return by Internal Revenue agents.

He did not indicate whether he had also checked the matter with Internal Revenue.

In addition, he attacked what he called "leaks" from the Congressional investigation of Mr. Nixon's tax returns for the years 1969 through 1972. He described the leaks as "out of context" and "partisan-motivated."

The leaks, which have included assertions that Mr. Nixon underpaid his taxes by from \$300,000 to \$500,000 during those years, have created "misleading, absolutely erroneous impressions about the President," Mr. Ziegler said.

### No Confirmation

The report that Mr. Nixon's 1968 return was being examined was contained in today's editions of The Baltimore Sun and originated in that newspaper's Washington Bureau.

The Sun said that one of the main items being challenged was a deduction, as a business expense, of 25 per cent of the depreciation of the New York cooperative apartment owned by the Nixons and in which they lived during that year.

There has been no independent confirmation of whether the Nixons took such a deduction.

The White House made public in December complete copies of Mr. Nixon's tax returns for the years 1969 through 1972, but the 1968 return has not been made available.

Mr. Nixon does regularly take a deduction, as a business expense, for 25 per cent of the depreciation of his house at San Clemente, Calif. and for 100 per cent of the depreciation of a house in Key Biscayne, Fla.,

which is adjacent to the house the family uses as a residence there.

~~657.88 in 1972 and similar~~

Those deductions totaled \$7,657.88 in 1972 and similar amounts in earlier years.

In another development related to Mr. Nixon's tax returns, it was learned that Mr. Nixon had not yet formally given permission to two of his lawyers to testify about a conversation they had with him on April 10, 1970, the day Mr. Nixon signed his 1969 tax return. The lawyers are Frank DeMarco Jr. and Herbert W. Kalmbach, both of whom have represented Mr. Nixon in the past.

### Gift to Archives

The Congressional Joint Committee on Internal Revenue Taxation and the Secretary of State of California, and possibly Internal Revenue, as well, want to know about the conversation because this was the tax return on which Mr. Nixon first claimed a portion of a \$576,000 deduction for the gift of his pre-Presidential papers to the National Archives.

There is extensive dispute over whether the gift was made before July 25, 1969. On that date, a tax law revision took effect, denying deductions for such gifts of papers by public officials.

Mr. DeMarco has testified that he went over the 1969 tax return with the President in the course of a half-hour meeting in the President's office in the White House, at which Mr. Kalmbach was also present. But Mr. DeMarco invoked the principle that permits conversations between lawyer and client to remain confidential concerning any details of the conversation.

The committee and the California Secretary of State both asked Mr. Nixon to waive the rule of confidentiality earlier this month, and Mr. Ziegler announced yesterday that Mr. Nixon would waive it. Neither Mr. DeMarco nor Mr. Kalmbach has yet received any formal notice of the waiver, however.

The Baltimore Sun reported that the White House had sought information from the lawyers on what they would testify to if the privilege of confidentiality were waived and the newspaper said that the two lawyers had refused.

This could not be independently confirmed.

The substance of the conversation among Mr. Nixon and his lawyer on April 10, 1970 could have important bearing on whether Mr. Nixon personally knew such things as the undisputed fact that the only deed for the pre-Presidential papers that currently exists was signed in 1970 and backdated.

Mr. DeMarco has said he had it retyped so that it would conform, in style, with accompanying documents and had the original, dated before the change in the law, destroyed.

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