

2 AUDITORS DIFFER ON NIXON TAX GAIN

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Firm Here Reported Capital
Earning on Sale in 1970,
but Coast One Didn't
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An upcoming decision by a joint Congressional committee on whether President Nixon should have declared a capital gain on the sale of part of his San Clemente estate will also resolve a dispute between the two forms of auditors that have studied the question for Mr. Nixon.

The President has said that he will abide by the committee's findings on the San Clemente transaction, which he has described as one of the main "controversies" surrounding his payment of minimal Federal income taxes since he took office in 1969.

The two accounting firms at odds over the question are Coopers & Lybrand of New York, which has concluded that Mr. Nixon did earn a capital gain on the 1970 sale, and Arthur Blech & Co. of Los Angeles, which prepared his tax return for that year without showing a gain.

Dividing Total Value

The difference in the conclusions reached by the two firms stems from the manner in which they divided the total value of the Nixon's estate between the property on which the President's home stands and the surrounding acreage.

Coopers & Lybrand assigned a higher value to the homesite than in Mr. Blech and a value to the remaining property that was less than the price for which Mr. Nixon eventually sold it, providing him with a substantial profit on paper.

Mr. Blech assessed the property under the "highest and best use" method, ignoring all existing improvements, including the house, and valuing the entire estate as if it had been subdivided into smaller homesites.

As a result, his conclusion was that the worth of the surrounding property was greater than the value placed on it by Coopers and just equal to its sale price, erasing any profit for Mr. Nixon from the transaction.

Audit Made Public

Coopers & Lybrand was retained by the President last year to prepare an audit of his real estate transactions that was subsequently made public by the White House. According to that study, Mr. Nixon earned a profit of \$117,370 on the sale of 23 acres of his 28.9-acre estate to Charles G. Rebozo and Robert H. Abplanalp, two of his closest friends.

In a recent interview, Mr. Blech charged Coopers & Lybrand with intentionally "misleading" the White House and the public into thinking that its conclusions had been based on a formal appraisal of the value of the remaining 5.9-acre oceanfront home site that Mr. Nixon calls Casa Pacifica.

"They have no appraisal," Mr. Blech asserted. "This is a lie."

The most that the firm had had to work from, he said, were two "letters of opinion" written to Herbert W. Kalmbach, then Mr. Nixon's personal lawyer, in April, 1969, three months before the President bought the first parcel of the San Clemente property.

"Coopers & Lybrand knows this is not an appraisal," he said. "They're too big a firm not to know better."

Didn't Have Appraisal

Coopers has never maintained that it had access to a formal appraisal before preparing its report, however. A White House statement, released with a public accounting of Mr. Nixon's finances last December said only that the firm had based its conclusions on "valuations made by independent appraisers."

The precise market value of the land about 30 miles south of here on which Casa Pacifica stands is central to the question of whether the President enjoyed a capital gain on the sale of the unimproved property that surrounds the house.

The two "letters of opinion," which Mr. Blech insisted were much less thorough than a formal appraisal, were nevertheless prepared by members of the American Institute of Real Estate Appraisers. The first one judged the portion of the total cost of the estate allocable to homesite in December, 1970, at \$382,000 and the second at \$400,000. The valuation reached by Coopers of \$397,817 falls between the two.

In both cases, Mr. Blech pointed out, the appraisers assessed a "five-acre" parcel.

"These guys never even saw the property," he said. "They never asked to see the property. They were given the wrong acreage."

The homesite, he declared, actually measures 4.51 acres—a figure that itself conflicts with the White House estimate of 5.9 acres.

By subtracting the sum of \$397,817 from the \$1,529,447 that Mr. Nixon paid for the entire tract in the summer of 1969, Coopers concluded that they 23 acres sold to the B and C Investment Company was worth \$1,131,630 at the time he purchased it.