

The President as Taxpayer

'Almost Wiped Out'

By Jules Witcover
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The \$467,000 bill for back taxes and interest confronting President Nixon has "almost virtually wiped out" his personal savings and will require a reassessment of "his entire financial position," the White House said yesterday.

Deputy White House press secretary Gerald L. Warren said Mr. Nixon "will pay certain cash" to settle the debt "and then he will probably have to borrow some money to pay the remainder of that."

Warren said that the President would not, however, sell his home at San Clemente, Calif., to raise the money. He recalled that Mr. Nixon had pledged to make a gift of the home to the American people upon his death, "so obviously he won't sell that."

To add to the President's financial problems, a mortgage payment on the San Clemente property of about \$226,660 is

See **PRESIDENT, A14, Col. 1**

PRESIDENT, From A1

due in mid-July, Warren confirmed.

According to the White House accounting of the President's net worth, as of last May 31 he and Mrs. Nixon had cash holdings of \$432,874, including \$250,000 in certificates of deposit.

Warren said he could provide no later figure, but since that time Mr. Nixon has received 10 months salary at the rate of \$200,000 a year. His net worth, including real estate, was \$988,522 as of May 31.

There was no indication where the President might borrow the additional money he might need. In past real estate purchases, including his homes in San Clemente and Key Biscayne, Fla., two of his wealthy friends, Robert Abplanalp and C. G. (Bebe) Rebozo, gave him loans.

Warren, asked about a reported offer from Chicago insurance executive W. Clement Stone to pay part of Mr. Nixon's tax bill or organize a fund-raising dinner for him, said while he was certain the President would be "grateful" he would pay his own IRS debt. Stone was the largest single contributor to Mr. Nixon's 1972 re-election campaign, having given a reported \$2.1 million.

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The IRS' rejection of the President's bid to take a \$482,012 charitable deduction for the donation of his vice-presidential papers to the National Archives left open the question of those papers' disposition.

Asked several times yesterday whether Mr. Nixon wanted the papers back or would ask for them, Warren would say only that the archivist of the United States, Dr. James B. Rhoads, had raised a question about whether they could be kept. Warren said Mr. Nixon would abide by whatever decision was reached.

James O'Neil, deputy archivist at the National Archives,

said later: "The legal position of our agency is that the papers, described in Schedule A on the chattel deed dated March 27, 1969 [from Mr. Nixon], are now the property of the United States and subject to the terms of The chattel deed."

Mr. Nixon, in an appearance before the Associated Press Managing Editors' Association in Orlando, Fla., last Nov. 17, referred to his deduction for the vice-presidential papers and said:

"Now, no question has been raised by the Internal Revenue about it, but if they do, let me tell you this: I will be glad to have the papers back and I will pay the tax because I think are worth more than that."

Reminded by a reporter of that reply, Warren said that the President had "given a gift to the people of the United States" and took a tax deduction his lawyers thought valid. He repeated that the President would abide with

whatever disposition the archivist ruled was proper.

In Mr. Nixon's March 15 appearance before the Executives' Club in Chicago, he conceded that he might owe more taxes as a result of "a debatable technical point as to whether a gift of three-quarters of a million dollars' worth of presidential papers which was delivered three months before the deadline, whether the paper work on it was completed in time to qualify for the deduction. If it was completed in time, as I understand it, I get the deduction. If it was not completed in time, I don't get the deduction. I pay the tax, and the government gets to keep the papers."

The actual IRS notice to Mr. Nixon, delivered to his tax lawyers by three IRS agents Tuesday, will not be made public, Warren said. He said the President, like any other citizen, had the right to deal privately with the IRS.

The notice, he said, included "no mention of fraud, none

whatsoever." He noted that the three-year statute of limitations applies to the 1969 return, and that in fraud cases that statute does not apply.

Warren said that there was no plan to contest the IRS ruling, that the White House considered the matter "a closed case" and that most Americans would agree.

He said the White House was "confident" that there would be no further IRS investigation of Mr. Nixon's past tax returns. In California, however, Republican state controller Houston Flournoy said it was likely the President owed California back taxes on the profit from sale of some of his San Clemente property in 1970, and could be subject to a possible allegation of fraud.

Warren said he had discussed the federal tax situation with the President both Wednesday night and yesterday morning. Asked to describe Mr. Nixon's mood, he said: "businesslike."