

Deductions 'Called By White House'

By John M. Crewdson
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President Nixon's tax advisers were ordered by the White House to take some of the deductions from his taxable income that were later declared improper by a congressional investigation, according to Mr. Nixon's personal accountant.

"It was take 100 per cent of that and take 50 per cent of that," Arthur Blech, the accountant, recalled in an interview. He said he understood that the instructions, which he in one case disregarded, had come at different times from John W. Dean III, John D. Ehrlichman and other former high Nixon aides.

"Any allusion that we had options is crazy," Blech said. "The pattern was set in 1969 and the deductions for 1970, 1971 and 1972 just followed suit."

At one point after completing the President's 1970 federal income tax return, he said, he asked for a meeting with Mr. Nixon because "I came out with a no-tax situation and I asked myself: 'What's going on here?'"

As a result of the deductions, the President paid only \$793 in federal income taxes in 1970, something Blech said he believed at the time to be "politically unwise."

A meeting was eventually promised with the President in 1972 at his San Clemente estate, but was canceled when Mr. Nixon returned to Washington unexpectedly. Blech said he had still never talked with Mr. Nixon and that he never spoke with anyone in the White House "until the stink came out."

One of the orders dictated

from the White House, according to the accountant, concerned the deduction from the President's taxable income as a "business expense" part of the cost of running his homes in Florida and California.

Blech said that instructions were passed to him through Frank DeMarco, a partner in a firm of lawyers here retained by Mr. Nixon, to deduct 100 per cent of the expenses of one of the President's two homes in Key Biscayne, Fla., and 50 per cent of the cost of operating his oceanfront estate at San Clemente.

Blech reduced the San Clemente deduction to 25 per cent of his own accord, he said, but even this amount was deemed impermissible by the staff of the Joint Congressional Committee on Internal Revenue Taxation in its report last week on the President's taxes.

The committee staff found that Mr. Nixon had underpaid his federal taxes for the period 1969 through 1972 by \$444,022. The White House announced that he would pay \$432,787.13 to the federal government based on a concurrent investigation by the internal revenue service that found underpayments of the lesser amount.

Blech's remarks followed a declaration by DeMarco last week that DeMarco and another lawyer had gone over Nixon's 1969 return with the President "page by page" during an April, 1970, conference in the oval office in the White House.

DeMarco was replying to a White House statement of last Wednesday, the day the committee's report was released, attributing "any errors which may have been made" in the President's returns to "those to whom he delegated the responsibility for preparing" them, mean-

ing DeMarco and Blech. The statement added that any existing errors had been made without Mr. Nixon's "knowledge" or "approval."

One source familiar with the preparation of the Presi-

dent's returns went further than Blech or DeMarco have in their public remarks.

The source asserted that Mr. Nixon knew everything that was being done in his behalf and had not objected to any of the procedures employed. He said that everything had been explained to the President.

He referred to a memo from Ehrlichman to the President dated less than a month after Mr. Nixon took office in January, 1969, that outlined in detail plans to deduct more than \$500,000 from Ehrlichman to the over a period of years for the "gift" of his presidential papers to the national archives. The comment "good" was scrawled at the bottom of the memo in Mr.

Nixon's handwriting.

A second source, who also asked not to be named, supported Blech's assertions of direction from Washington, at least in connection with the President's 1969 return.

That was the year in which Mr. Nixon, under the Ehrlichman plan, claimed the first installment of \$95,298 of the \$425,018 that he eventually deducted for the papers.

The joint committee found the gift of the papers invalid for tax purposes on the ground that a proper deed granting the papers to the archives had not been prepared before mid-1969, when a law that made such deductions impossible took effect.

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