

# IRS Admits Audit Laxity

By Tim O'Brien

Washington Post Staff Writer

Internal Revenue Service Commissioner Donald C. Alexander yesterday acknowledged that the IRS "did not do as thorough an audit as it should have done some 10 months ago" in examining President Nixon's tax returns.

In a subsequent "thorough" audit, he said, the IRS uncovered no evidence of civil fraud on the part of Mr. Nixon personally.

But Alexander refused to comment about any IRS investigation into possible fraud on the part of those who prepared the President's returns.

Los Angeles attorney Frank DeMarco, who drew up the back-dated deed on Mr. Nixon's intended gift of pre-presidential papers, has reportedly been questioned recently by IRS agents looking into the possibility of fraud.

Alexander also refused to comment when asked whether the IRS has found evidence of negligence in the preparation of the President's returns. Negligence would carry a penalty of 5 per cent of the President's back taxes.

"The IRS believes that all taxpayers, including this one, are entitled by law and by sound IRS practice to a basic right of taxpayer privacy, and we don't propose to go behind that," Alexander said.

Asked if a recent White House statement about the IRS findings did not effectively waive the right to privacy, Alexander said the "IRS does have a policy, as you pointed out, of correcting the record, where correction is necessary . . . No such correction is warranted at this time."

Meanwhile, House Minority Leader John J. Rhodes (R-Ariz.) charged that the congressional committee that investigated the President's taxes treated Mr. Nixon unfairly.

"The President never had a chance to have his attorneys explain any of the parts of the transactions, and, as a result, the President of the United States is going to pay more taxes than any taxpayer in the United States would have to pay," Rhodes said in an appearance on "Meet the Press" (NBC, WRC).

"There certainly would be a good argument as to whether or not any of these assessments would be allowed, and to me it was a very unfortunate situation that the staff was allowed to proceed in that way," Rhodes said. "I think every committee should control its staff much better than this committee did."

Rep. Wilbur D. Mills (D-Ark.), vice chairman of the Joint Committee on Internal Revenue Taxation, which examined the President's taxes,

responded by saying, "It is my understanding from talking to our own staff people that on several occasions they did discuss with the President's lawyers some of the details, at least, of what they were finding, and I do know that we did give or sent to the White House, to his lawyers, a copy of the report as we began to look at the report ourselves."

The joint committee found that Mr. Nixon owed \$476,431 in back taxes and interest. The IRS found he owed about \$467,000. The President has agreed to pay the latter sum, which covers the years 1969 through 1972.

Rhodes said the accountants who prepared the Nixon tax returns were responsible for whatever errors were made, not the President himself.

Mills, who appeared on "Issues and Answers" (ABC, WMAL), said, "I am of the opinion, frankly, that no 5 per cent [negligence] penalty has been assessed by the IRS." He said the difference between the IRS and joint committee findings on due back taxes—about \$11,000—came from two factors unrelated to any negligence penalty.

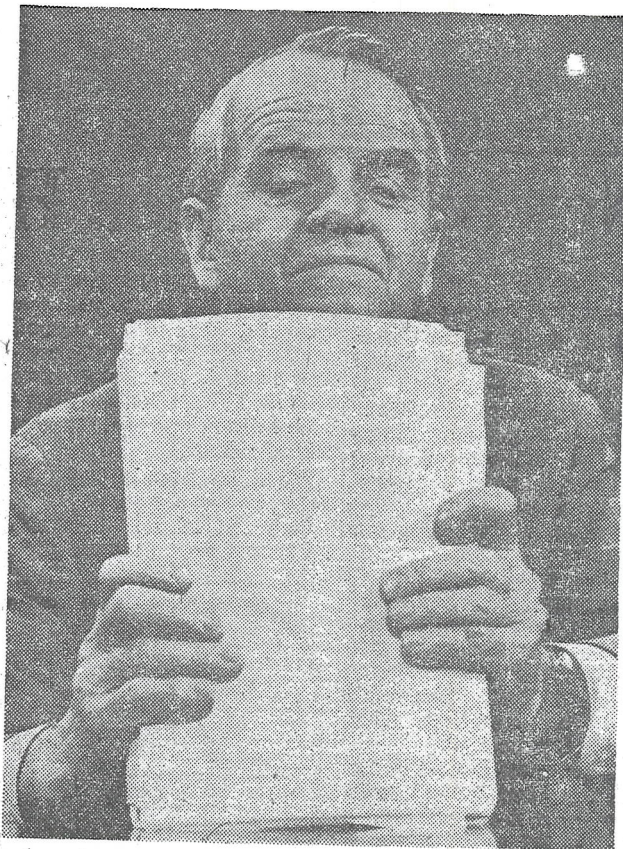
Rhodes said he has no doubt that the White House would turn over to the House Judiciary Committee the requested tape recordings of conversations between Mr. Nixon and former White House counsel John W. Dean III.

Rhodes said he does not think it proper to make nose counts on how House members might vote on the question of impeachment and that, if asked by the President to make such a count, he would "say exactly that."

Appearing on the television program "Face the Nation" (CBS, WTOP), IRS chief Alexander refused comment when asked whether his agency is investigating reports that parts of a \$100,000 contribution from Howard Hughes to the Nixon re-election campaign had been passed to Mr. Nixon's two brothers and personal secretary, Rose Mary Woods.

He said, "You're talking about an IRS investigation, and I can't and won't comment on an IRS investigation . . ."

CBS newsmen Daniel Schorr said he has learned that the IRS became aware of the \$100,000 contribution about two years ago and that when an effort was finally made in April, 1973, to question the conduit for the gift—C. G. (Bebe) Rebozo—the IRS accepted Rebozo's claim that he kept the money locked up for three years before returning it.



Associated Press

IRS chief Alexander checks notes before TV appearance.