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NIXON TAX STUDY REPORTED SOUGHT BY HEAD OF I.R.S.

He Is Said to Want a Grand Jury to Act on a Possible Plot on Gift of Papers

REQUEST TO JAWORSKI

Prosecutor Believed Given a List of Ex-Presidential Aides to Be Examined

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WASHINGTON, April 10 — Donald C. Alexander, the Commissioner of Internal Revenue, has asked that the special Watergate prosecutor's office initiate a grand jury investigation into a possible criminal conspiracy stemming from President Nixon's claim of a $576,000 tax deduction for his Vice-Presidential papers, well-placed sources said today.

The sources said that Mr. Alexander discussed the tax issue privately last week with Leon Jaworski, the special prosecutor, and provided him with a list of former White House aides and Presidential associates to be investigated.

In a meeting yesterday with reporters, Attorney General William B. Saxbe publicly named Frank De Marco, a California lawyer who prepared an admittedly backdated deed for the papers, as among those cited by Mr. Alexander as a potential grand jury target.

Jaworski's Viewpoint

Mr. Saxbe also said that the question of possible criminal involvement on the part of Mr. Nixon was for the Congressional impeachment inquiry to decide, and not an issue before Mr. Jaworski's office.

Mr. Jaworski is known to have concluded earlier this year that the grand jury that sat on the Watergate cover-up did not have the constitutional authority to indict a sitting President, although it was reported in March that the grand jury had determined that Mr. Nixon was involved in the Watergate cover-up.

Nonetheless, a number of Washington tax experts and former Government officials interviewed by telephone today depicted Mr. Alexander's direct request for a formal grand jury investigation as a highly unusual step that could provde more embarrassment for the Administration. One former revenue service official said that such investigations were normally conducted by the special agents of the service and later submitted to the Justice Department for possible

Continued on Page 26, Column 6

Continued From Page 1, Col. 1

criminal action.

"I can't remember the head of the I.R.S. directly asking for the convening of a grand jury," he said.

Under the law, lawyers said, the person who signs a tax return is usually held responsible for the return.

One Federal tax expert said that the Justice Department had on occasion prosecuted the prepares of individual returns, but said that he could not recall a case involving so many participants.

"What happens," he said, "is that we usually prosecutor a taxpayer, and his defense — and it's a good defense — is that 'I didn't do it, I only hired some guys.' The big show in a tax case is that you've got to find the villain, and the answer is always that the accountant did it, he's always responsible.

"It looks like the President has found himself a bunch of villains."

The White House has denied any direct responsibility for the preparation of Mr. Nixon's tax returns. In a statement issued last Wednesday, shortly after it was announced that Mr. Nixon would pay the revenue service's claim in full, the White House said:

"Any errors which may have been made in the preparation of the President's returns were made by those to whom he delegated the responsibility for preparing his returns and were made without his knowledge and without his approval."

The identify of the other potential targets of Mr. Jaworski could not immediately be learned. However, the report of a joint Congressional committee on Mr. Nixon's taxes that concluded last week that the huge deduction was illegal, also named former White House aides John D. Ehrlichman and Edward L. Morgan as having been involved in the claim.

The committee's report also cited Ralph Newman, a Chicago appraiser who valued the papers at $576,000, as having played a key role in the preparation of the President's gift.

The committee's report, while avoiding any conclusion regarding fraud, found many conflicts in testimony of White House aides and Nixon associates regarding Mr. Nixon's gift of the papers, which, the report said, was not legally made before a July, 1969, cutoff for such tax-deductible gifts.

The Internal Revenue Service, which last week also found Mr. Nixon delinquent on the payment of more than $432,000 in taxes in the years 1969-72, apparently reached a conclusion similar to the committee's regarding to gift.

The revenue service, the special prosecutor's office and the Justice Department all refused to comment today on Mr. Alexander's request for a grand jury investigation. President Nixon visited Michigan today, and his key aides could not be reached for comment.

It could not be learned whether Mr. Jaworski planned to convene a separate grand jury inquiry into possible fraud regarding Mr. Nixon's tax returns. Three grand juries are now deliberating various aspects of the Watergate inquiry.

Sources said today that Mr. Jaworski's decision to begin a formal inquiry had come only after a special ruling from Attorney General Saxbe. This was needed because some of the potential defendants were personal employes of the President and not White House aides.

The statutory authority setting up the special prosecutor's office is limited to possible wrongdoing on the part of the President, his appointees and members of his staff, one source said, and advance approval is needed from the Attorney General for other inquiries. Such approval has been granted only a few times since the special prosecutor's office was set up, the source added, most recently in the antitrust case involving the International Telephone and Telegraph Corporation.

A number of Mr. Nixon's former associates have already disputed the White House view that the President was not involved in the preparation of his taxes.

Mr. DeMarco, a partner of Herbert W. Kalmbach, President Nixon's former personal attorney who has pleaded guilty to criminal charges resulting from the Watergate cover-up, said last week that he and another lawyer had gone over the President's 1969 tax return "paper by paper" during a meeting in April, 1970.

It was that return in which the President took a $95,298 deduction for his gift of the papers, part of an eventual total deduction of $428,018 for the papers over four years.