

Panel Members Say Nixon Got Tax Neglect Penalty

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Members of the House Judiciary Committee disclosed today that the Internal Revenue Service had assessed President Nixon a 5 per cent negligence penalty for the underpayment of his income taxes.

It was the first confirmation of reports that the revenue service had found the President to have been negligent in failing to pay more than \$400,000 in taxes owed for 1970, 1971 and 1972.

Committee Divided

Representative Robert McClory of Illinois, one of the committee's senior Republicans, said that the President had already begun to pay the taxes and interest due for the remaining three years. Taxpayers with sizable deficiencies are permitted to pay their debt in instalments.

Committee members were split on whether the President could be impeached for misconduct of his personal finances.

Representative Edward Mezvinsky, an Iowa Democrat, said that the presentation today "convinced me that the matter is serious and the allegations that could lead to an impeachable offense should be pursued."

"This whole area of taxes could fall within even the White House's restricted view of what is an impeachable offense," he said.

Mr. Mezvinsky was referring to the President's contention that only a serious criminal offense could be ground for impeachment and to his own assessment of the possibility that Mr. Nixon had committed criminal tax fraud.

Other committee members said, however, that they found no evidence of impeachable conduct in the President's handling of his taxes. They said that he had paid little personal attention to the matter and had left preparation of his returns up to his lawyers and accountants.

Mr. McClory remarked, "The presentation we heard today tends to vindicate the President."

Even Representatives Robert F. Drinan of Massachusetts and Jerome R. Waldie of California—two of the Democrats who have been strong critics of the President—said that they found little in the tax presentation that would lead to impeachment.

Last April 3, the President announced that he had been assessed and would pay \$432,787.13 in back taxes plus interest. The announcement came after both the Internal Revenue Service and the staff of the Congressional Joint Committee on Internal Revenue Taxation had conducted thorough audits of his tax returns for the years 1969 through 1972.

The figure cited by the President apparently included the negligence penalty, which experts set in the neighborhood of \$14,000.

The sum the President promised to pay was the amount assessed by the I.R.S. Details of the delinquencies discovered by the Revenue Service have not been disclosed, but they were available to the Judiciary Committee members today.

Same Areas Probable

The Congressional investigators found underpayments totaling \$442,022 and made public a thorough report of their inquiry.

The similarity in the deficits found by the joint committee and the revenue service led experts to believe that they had probably cited many of the same areas of delinquency.

The joint committee staff found five different categories of taxable income that Mr. Nixon should have reported and failed to report and six different categories of deductions that they said he took without being entitled to do so.

Judiciary Committee members confirmed today that the revenue service, like the joint that Mr. Nixon acted improperly when he claimed deductions on \$576,000 of income for what he said was a gift of his pre-Presidential papers to the national archives.

The law prohibits deductions on gifts of such papers after July, 1969, and the revenue service was said to have concluded that the President's gift was not made before that date.

Frank DeMarco Jr., a lawyer who advised Mr. Nixon on tax matters, has conceded that he backdated the deed for the gift of the papers to show that the donation was made while a deduction could still be claimed.

If Mr. Nixon knew of the backdating and acquiesced in it, he might be involved in fraud, but committee members said today that they heard no evidence that the President had known.

Members Disagree

Some members of the committee believe that fraud must be proved before an impeachable offense based on the President's tax payments could be considered.

But others disagreed. Representative Jack Brooks, Demo-

crat of Texas, said that "gross negligence and not necessarily technical fraud might be a basis for impeachment."

In citing the President for negligence, the revenue service was invoking a law that entitles the Government to collect a 5 per cent penalty for "negligence or intentional disregard of rules and regulations, but without intent to defraud."

Albert E. Jenner Jr., the Republican counsel to the impeachment inquiry, noted that the negligence penalty was a civil one and did not prevent a later criminal citation for fraud.

The special Watergate prosecutor, Leon Jaworski, is currently investigating whether such a crime was involved in the preparation of Mr. Nixon's tax returns.

5 Held Upstate on Charges Of Operating a Drug Lab

CATSKILL, N. Y., June 20

(UPI)—Eleven persons were being held in Greene County jail today in lieu of \$50,000 bail each following a crackdown on what the state police called a clandestine drug laboratory in the village of Athens.

The 11—eight men and three women—were arrested late yesterday on charges of second-degree criminal possession of a controlled substance. The police said the lab was being used to make methaline dioxide amphetamine, destined for sale in New York, Georgia and Florida.

Two of those arrested were identified as George Raptis, 24 years old, of Atlanta, and John Bingham, 34, of Richmond. The others were from Greene, Dutchess and Ulster counties troopers said.