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# IRS sifts Nixon's returns for fraud

New York News

WASHINGTON — The Internal Revenue Service is conducting a criminal fraud investigation into President Nixon's tax returns, the House Impeachment inquiry has been informed.

The investigation according to House Judiciary Committee sources, is focusing on the individuals who prepared and helped prepare Nixon's tax returns. The prospect that Nixon would be cited personally in the case appeared unlikely since IRS already has decided to assess Nixon only a 5 percent negligence penalty for underpaying his taxes for 1969-72 by \$432,797.

A central issue not only to the IRS investigation but also to the impeachment probe is whether Nixon knowingly underpaid his taxes or whether, as the White House maintains, he was merely following the advice of his tax lawyers. Nixon claimed nearly a half million dollars in tax deductions for his vice presidential papers under provisions of a now-repealed law.

Both the IRS and the Joint Congressional Committee on Internal Revenue Taxation disallowed the deduction without addressing the question of fraud.

One Judiciary Committee member, Rep. Charles Rangel, D-N.Y., said that it is "clear" that Nixon "signed a bunch of lies" when he signed his tax returns and that Nixon should be subpoenaed or at least sent written questions in an effort to find out whether he did so knowingly.

Disclosure that IRS is still considering possible criminal action against those in-

involved in the preparation of Nixon's tax returns came as the impeachment panel moved to conclude six weeks of closed door evidentiary hearings. The committee heard testimony from a former Justice Department tax fraud expert that, if Nixon had been an ordinary citizen, his tax returns would have been referred to the Justice Department for further investigation and possible civil or criminal prosecution.

The expert, Fred Folsom, a former head of the fraud section of the Justice Department's Tax Division, also disclosed that IRS had considered citing Nixon for civil fraud in connection with his 1969-72 tax returns. Instead, IRS opted for the negligence penalty, which amounted to roughly \$13,000.

The investigation on Friday into the President's personal finances sparked bitter, closed-door wrangling, sources said.

The President's Republican supporters, like Reps. Charles Wiggins of California and Robert McClory of Illinois, said they thought the tax issue should be dropped, that the President has been thoroughly investigated by IRS already and that the case on Nixon personally "is closed."

However, sources noted that while this is true, the criminal probe of the Nixon returns continues, with "serious" questions still unanswered about the culpability of those who prepared the tax forms.

Rep. William S. Cohen, R-Maine, was sharply critical of the original IRS probe of Nixon's returns, calling it "insufficient" and "hasty."