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A Lawyer's

Guilty Plea--

Nixon Taxes

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Washington

A former White House lawyer pleaded guilty yesterday to participating in a criminal conspiracy to create a fraudulent \$576,000 tax deduction for former President Nixon.

Edward L. Morgan, 36, entered the guilty plea in U.S. District Court. During the early years of the Nixon administration Morgan had worked as the deputy to White House counsel John D. Ehrlichman.

Morgan, who acknowledged that he had knowingly backdated documents involved in the gift of Nixon papers to the government, has agreed with the special Watergate prosecutor to testify "in any and all cases with respect to which he may have relevant information."

It was not clear whether these "cases" included anything other than the alleged tax fraud.

Whether Mr. Nixon himself will be accused of participation in the alleged conspiracy to fabricate the tax deduction is not known.

Neither Morgan's statement in court nor the criminal information simultaneously made public by the special prosecutor named any other members of the

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alleged conspiracy.

Morgan's plea opened the possibility that Mr. Nixon might be forced to pay more than \$200,000 in civil fraud penalties arising from the deductions he took on his tax returns for the years 1969-72.

President Ford's pardon of Mr. Nixon for any and all crimes he may have committed while in the White House does not cover civil penalties for wrongful acts.

If the deductions that Mr. Nixon took for a gift of his



EDWARD MORGAN
Ex-White House lawyer

pre-presidential papers to the National Archives are proved to have been fraudulent,

it will not necessarily have to be proved that Mr. Nixon had direct knowledge of the fraud or participated in any conspiracy.

Taxpayers have been charged the 50 per cent civil fraud penalty in cases in which it was not proved that they knew of the fraud committed by those who prepared their tax returns, provided it could be shown that they should have known, a spokesman for the Internal Revenue Service said.

The IRS audited Mr. Nixon's 1969-1972 tax returns earlier this year, following disclosures of possible improprieties, and found that he owed \$419,229.69 in back taxes because of the improper deduction of the gift of the papers and ten other separate improper deductions or omissions of income.

The agency also assessed a five per cent penalty for negligence.

As far as is known, Mr. Nixon has never paid the entire amount of the delinquency, although he repeatedly pledged that he would do so. At the time IRS assessed the delinquency, the statute of limitations had already run out on his 1969 tax returns, on which he was found to have owed \$148,080.97.

There is no statute of limitations on civil tax fraud, however.

Thus, if Mr. Nixon is found guilty of civil tax fraud, he would be required to pay the 1969 delinquency, plus the 50 per cent fraud

penalty -- an amount that could total \$357,695.81.

No one could be reached at Mr. Nixon's residence in San Clemente to comment on the latest developments in the tax case, or to say whether Mr. Nixon ever paid the 1969 taxes he was found to have owed.

The actions to which Morgan pleaded guilty included knowingly backdating documents relating to Mr. Nixon's gift of his papers and misrepresenting who had the legal title to the documents on crucial dates.

The question of the validity of the deduction for the Nixon papers turns on timing. Congress in 1969 passed a law prohibiting deductions for such gifts, with an effective date of July 25, 1969.

The information filed in district court said that Morgan and his unnamed fellow conspirators "well knew" that the papers were not actually given to the archives until a year later, and that documents were fraudulently backdated to make it appear otherwise.

Morgan's sentencing will take place later.

New York Times