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**LAWYER ADMITS  
 AIDING TAX FRAUD  
 ON NIXON'S BEHALF**

**Lawyer Admits He Aided  
 Tax Fraud in Nixon Favor**

**Edward Morgan Says He  
 Backdated Documents in  
 Gifts to the Archives**

**DEDUCTION OF \$576,000**

**Plea Opens Possibility That  
 Ex-President May Pay  
 \$200,000 in Penalty**

**By EILEEN SHANAHAN**  
 Special to The New York Times

WASHINGTON, Nov. 8 — A former White House lawyer pleaded guilty today to participation in a criminal conspiracy to create a fraudulent \$576,000 tax deduction for former President Richard M. Nixon.

The lawyer, who entered the guilty plea in United States District Court for the District of Columbia, is Edward L. Morgan, who worked during the early years of the Nixon Administration as the deputy to John D. Ehrlichman, former White House domestic officers adviser.

Mr. 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 except the alleged tax fraud.

**No One Else Named**

Whether Mr. Nixon himself would be accused of participation in the alleged conspiracy to fabricate the tax deduction was not known. Neither Mr. Morgan's statement in court nor the criminal information simultaneously made public by the special prosecutor named any other members of the alleged conspiracy.

Mr. Morgan's plea opened the possibility that Mr. Nixon might ultimately 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.

**Direct Knowledge Unneeded**

If the deductions that Mr. Nixon took for a gift of his pre-presidential papers to the National Archives are proved to have been fraudulent, it will not necessarily have to be proved that he had direct knowledge of the fraud or participated in any conspiracy.

Taxpayers have been charged the 50 per cent civil fraud

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penalty in cases where it was not proved that they knew of a 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.

Internal Revenue 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 10 other separate improper deductions or omissions of income.

The agency also assessed a 5 per cent penalty for negligence.

**Pledged Payment**

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 I.R.S. assessed the delinquency, the statute of limitations had already run 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.

The fraud penalty plus the unpaid 1969 taxes could total \$357,695.81.

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

A woman who answered the phone in the office of Ronald L. Ziegler, the former press secretary, said that Mr. Ziegler had taken the day off and that she was the only staff member at the compound.

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

**Question of Timing**

The whole question of the validity of the deduction for the 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 Mr. 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.

Mr. Morgan pleaded guilty to this and all other matters contained in the information. The information said that Mr. Morgan had "maintained liaison with persons preparing the 1969 joint Federal income tax return of Richard M. and Patricia R. Nixon" and that he had "discussed with these persons the fact that a claim would be made on the tax return that Richard M. Nixon



The New York Times  
**Edward L. Morgan in the  
 White House in 1969.**

had made a gift of pre-Presidential papers prior to the effective date of the Tax Reform Act of 1969."

Frank DeMarco Jr., a California lawyer, signed Mr. Nixon's 1969 tax return and is presumably one of the mentioned "persons preparing" that return.

Internal White House memorandums that were submitted to Congressional investigators also showed that Mr. Morgan's chief, Mr. Ehrlichman, did some work on Mr. Nixon's personal income taxes in 1969.

**May Testify on Talks**

Presumably, Mr. Morgan will testify at some point on the conversations that he had with Mr. DeMarco and other persons involved in the matter.

Mr. DeMarco has admitted that the only existing copy of the deed for the pre-Presidential papers was signed by Mr. Morgan as Mr. Nixon's lawyer, in 1970. But Mr. DeMarco has previously always asserted that there was a valid 1969 document, which he had retyped because the original did not look nice.

In exchange for his testimony in the Nixon tax case, Mr. Morgan is receiving the support of the special prosecutor, Henry S. Ruth Jr., in his request that he be sentenced under a criminal section of the Internal Revenue Code, which provides for a lighter penalty than the criminal code provisions relating to conspiracy.

Judge George L. Hart Jr., in accepting his plea and his waiver of both grand jury proceedings and jury trial, pointed out that it was nonetheless possible for Mr. Morgan to receive the longer sentence of up to five years instead of the shorter one of up to three years.

The sentencing will take place later, following the normal presentencing investigation by the United States Probation Office.

There was no information about the prospects of bringing anyone to trial in the Nixon tax case. There appeared to be a strong possibility that the special prosecutor was hoping that others with knowledge of what had happened would come in now, and offer to tell what they knew, in the hope of receiving a lighter sentence in return for their information about the alleged conspiracy.