

**TWO MEN INDICTED  
OVER NIXON TAXES**

**Lawyer and Appraiser Are  
Accused of Fraud Plot in  
National Archives Gift**

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, Feb. 19—The lawyer who prepared former President Richard M. Nixon's tax returns and the appraiser who valued the pre-Presidential papers claimed by Mr. Nixon as a tax deduction were indicted today by a Federal grand jury for conspiracy to commit fraud and other crimes in connection with Mr. Nixon's tax returns.

Frank DeMarco Jr., a Los Angeles lawyer, was indicted on three counts, each of which carries a maximum penalty of five years' imprisonment and a \$10,000 fine.

Ralph G. Newman, a Chicago appraiser, was indicted on two counts, one of which carries a possible five-year prison sentence and the other a possible three-year sentence, and each of which involves a maximum fine of \$10,000.

**Men Accused of Lying**

The indictment charges that both men "well knew" that Mr. Nixon's gift to the National Archives of pre-Presidential papers appraised at \$576,000 was not made before a change in the tax laws prohibiting deductions for such gifts, but that they prepared documents showing the contrary and lied about the matter.

The grand jury also said that Edward L. Morgan, a lawyer on the White House staff under Mr. Nixon, had participated in the conspiracy to backdate the gift of the papers and to prepare other false documents relating to the gift. He was named a co-conspirator but not

Continued on Page 11, Column 1

Continued From Page 1, Col. 4

a defendant by the grand jury.

Mr. Morgan in November pleaded guilty to charges of fraud relating to Mr. Nixon's tax returns and is serving a four-month jail sentence for this crime.

There is nothing in today's indictment that asserts that President Nixon was a part of the alleged conspiracy or knew about it. If it were proved that he knew, he could become liable for the penalty for civil tax fraud, which amounts to 50 per cent of the total amount by which the taxes were underpaid on any return on which there was fraud.

President Ford's pardon of Mr. Nixon extends only to criminal acts, and thus imposition of a civil fraud penalty remains possible.

The Internal Revenue Service, following an audit of Mr. Nixon's taxes, assessed him \$271,148.72 in back taxes for 1970, 1971 and 1972, plus a

was required to do.

Internal Revenue also said that he had underpaid his taxes by \$148,080.97 for 1969, but that since the statute of limitations had run for that year, he would not be required to pay. Mr. Nixon pledged publicly that he would pay the 1969 taxes as well, but has not done so.

If Mr. Nixon were found to have committed fraud in his 1969 taxes, he would become legally liable for any delinquency plus the 50 per cent civil fraud penalty. There is no statute of limitations on civil tax fraud.

The largest single item of delinquency that Internal Revenue found in Mr. Nixon's taxes was traceable to the deduction for the gift of his pre-Presidential papers, but 10 other items of disallowed deductions or unreported income were also found.

**Alleged Plot Traced**

According to the grand jury, the conspiracy to create a fraudulent deduction for Mr. Nixon began on or about March 27, 1970. The legislation under which Congress had prohibited deductions for gifts of papers made after July 25, 1969 was passed the previous December.

On March 27, 1970, the indictment said, Mr. DeMarco and Mr. Newman discussed in a telephone conversation "that portion of the pre-Presidential papers which would be described as constituting a 1969 gift by Richard M. Nixon to the United States of America."

Five days later, on April 2, according to the indictment, Mr. DeMarco met with Mr. Morgan, "and they discussed the plan to claim on the 1969 Nixon tax return that a charitable contribution of the pre-Presidential papers had been made prior to July 26, 1969."

Other overt acts in the alleged conspiracy, as detailed in the indictment led up to the signing of his 1969 tax return by Mr. Nixon on April 10.

**More Charges Made**

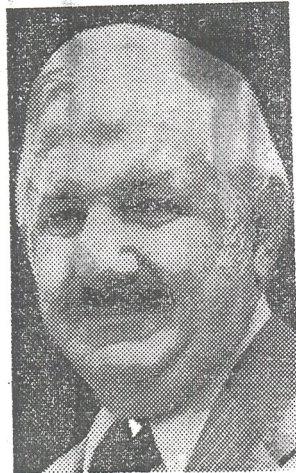
Thereafter, there were further illegal actions, the grand jury said, including the signing of the backdated documents by Mr. Morgan on April 22, 1970, and the preparation of false documents to go into the files of the National Archives that purported to show that the gift of the papers was made before the cutoff date of tax deductions.

Other items in the indictment deal with what the grand jury found to be an attempt to cover up the falsification of the deed and other documents.



Associated Press

**Frank DeMarco Jr. prepared Mr. Nixon's tax returns.**



United Press International

**Ralph G. Newman appraised former President's papers.**

negligence penalty of 5 per cent. Mr. Nixon has paid this amount as, under the law, he

See also SFChronicle [LATimes] 1 Sep 73, on alteration of dates on land survey documents involved in Nixon's sale of part of San Clemente estate to Abplanalp and Rebozo. This matter also involves DeMarco.