WITNESS ADAMANT ON DEMARCO PLEA

Says Tax Lawyer Admitted Lying About Nixon Return

LOS ANGELES, Oct. 8—A former Internal Revenue Service agent maintained under cross-examination today in Federal District Court here that Frank DeMarco Jr. Admitted to members of the Watergate special prosecutor's office that he lied about his role in getting Richard M. Nixon a tax deduction in 1969 that was eventually disallowed.

Anthony J. Pasaretti said late yesterday that Mr. DeMarco told Jay Horowitz and Henry Hecht of the special prosecutor's staff on Aug. 3, 1974, that he had "knowingly and willfully" lied about the preparation of a deed on Vice-Presidential papers that President Nixon donated to the National Archives, which originally brought Mr. Nixon a $576,000 tax deduction.

Did Not Take Notes

Mr. Pasaretti, now working for the New York District Attorney's office, said that Mr. DeMarco had made the statement after he had been warned of his constitutional rights. However, Mr. Pasaretti conceded that Mr. DeMarco's statement was not made under oath and that no official transcript of the meeting was made.

Mr. Pasaretti said the statements were made in his presence and that he recalled Mr. DeMarco's answers as "brief and to the point" even though Mr. DeMarco's admission of lying was not included in notes of the meeting taken by Mr. Hecht.

Mr. Pasaretti, who was working for the special prosecutor's office at the time, said that he had not taken any notes at the meeting nor had he made a report of it later.

Mr. DeMarco is accused of making false statements to the I.R.S. and of obstructing a Congressional inquiry into Mr. Nixon's taxes. This is one of the last cases to be brought by the special prosecutor's office.

Mr. Pasaretti said that Mr. DeMarco, after first denying that he had lied, conceded he had lied "willfully" and then said, "I'm glad it is out."

However, Mr. DeMarco declined to make a definitive comment on the alleged admission to reporters. He asked rhetorically, "Does it make sense that I would go into the special prosecutor's office and say I willfully and knowingly lied. That's nonsense."

This morning the defense attorneys moved that the judge grant a directed verdict of acquittal on the charge that Mr. DeMarco had obstructed the Congressional inquiry. They said they would make a motion to the same effect on the other count later this week. Prosecutors said this afternoon that Mr. Pasaretti would be their last witness.