

# Secret IRS Audit of Congressman Ford

## Washington

Gerald R. Ford and his wife apparently managed to live on between \$5 and \$13 per week in pocket money during 1972, according to an Internal Revenue Service audit conducted during Mr. Ford's vice presidential confirmation proceedings.

According to a secret IRS summary of the audit, Mr. Ford told revenue agents that he required very little cash, because most of his miscellaneous expenses were paid by private interest groups to whom he made speeches and by other political associates.

After talking with Mr. Ford and examining his records, IRS agents concluded that he and his wife spent only between \$225 and \$637 in cash during the entire year, the summary shows.

That amount, the agents wrote in their report, "Surprised" even Mr. Ford when he was made aware of the calculation.

Nonetheless, the agents accepted the figures as plausible totals for "miscellaneous, out-of-pocket" cash expenditures.

Copies of the audit summary were given to reporters this week by a supporter of the Jimmy Carter presidential campaign, who said he was acting on his own.

The Carter supporter had access to the document while Mr. Ford was undergoing confirmation proceedings in the House and Senate.

The audit turned up no evidence that Mr. Ford had violated tax laws. But it came to light in the midst of an investigation by Watergate special prosecutor Charles Ruff into the handling of campaign funds by Mr. Ford in the decade from 1964 to 1974.

The Ruff investigation, according to sources, is continuing.

The audit made public yesterday covers the period 1967 to 1972 and was turned over to Congress at Mr. Ford's request when he was nominated to be vice president.

The audit summary also contains this information:

That in 1972 Mr. Ford paid most of his day-to-day living expenses from checks drawn on a bank account that consisted of honoraria from political speeches, reimbursement for travel expenses and "some political contributions."

•That the same account, known as the Gerald R. Ford Fifth

District account at the Union Bank & Trust Co. in Grand Rapids, Mich., was used to pay for clothes totaling \$871.44 for Mr. and Mrs. Ford. Because IRS agents determined that these purchases did not qualify as the type of political expenses the account was intended to pay for, the IRS ruled the money was income and imposed a \$435.77 penalty tax.

•That on Nov. 30, 1972, Mr. Ford paid \$1167 for a family ski vacation out of the same Fifth District account. "He later instructed (his accountant) to make the necessary reimbursement which had been overlooked," according to the audit summary.

In his last six years in Congress, Mr. Ford had gross taxable income of \$454,667, averaging in that time over \$75,000 a year.

His congressional pay in those years was supplemented by \$177,000 in honoraria from speeches and personal appearances.

The special Fifth District account was used to finance his political travels and as the receiving account for this honoraria checks, spending money and a few political contributions, according to his personal accountant, Robert McBain Sr.

When Mr. Ford traveled, he withdrew cash from the Fifth District account to pay his transportation and expenses, according to the IRS report.

Funds from various bank accounts sometimes were commingled with political contributions, expense reimbursements connected with his congressional duties and speaking engagements and

money spent for the Ford family's regular living expenses.

The special prosecutor's investigation into Mr. Ford's finances is known to center on the question of whether he converted political contributions to his private use or otherwise misused such funds.

*Washington Post*