
1972 Mystery**Liddy Fights IRS
Over Nixon Funds**

Washington

G. Gordon Liddy, the Watergate conspirator who signed a declaration that he is a pauper when he left prison, is challenging Internal Revenue Service allegations that he owes more than \$155,000 in income taxes and penalties, it was disclosed yesterday.

The IRS action in U.S. Tax Court could force the "mystery man" of Watergate to tell what he did with \$176,800 in excess funds in 1972 as a Nixon campaign official — or face taxes and penalties on the money as though it were his personal income.

In 1972 Liddy received thousands from the Finance Committee to Re-Elect the President to implement political intelligence operations that included the break-in at the Democratic National Headquarters at the Watergate complex.

The IRS contends that Liddy "received \$374,300 from various persons and the Finance Committee to Re-Elect the President, disbursed \$197,500 and retained \$176,800 of the money "for his own use and benefit."

Liddy challenged the allegation, saying that he and his wife

"did not realize income as alleged."

In court records, Liddy said that he was not advised of the sources of income upon which the IRS based its figures, and swore that his only source of income were those itemized in his return.

Liddy "admits that he acted as a conduit, courier, and messenger in his occupational position for the Committee to Re-Elect the President for certain funds during the period in question, none of which he retained for his own use or conveyed to others for his own personal use," according to documents filed by Liddy's lawyers.

Liddy asked that the IRS assessments and penalties be removed.

Specifically, the IRS contends that Liddy and his wife understated their 1972 taxable income as only \$16,838.50.

The IRS contended that Liddy owed \$107,027.30 on a taxable income of \$194,271.46, plus a 50 percent penalty because "all or part of the underpayment of tax required . . . is due to fraud."

United Press