

Around the Nation**Secret Agreement is Reached
Between Financier and IRS**

SAN DIEGO—Attorneys for the government and for financier C. Arnholt Smith reached a secret agreement to delete a demand by the Internal Revenue Service for immediate payment of \$22.8 million.

The agreement let stand the federal tax claim but bound the IRS to proceed as it normally would against any taxpayer instead of using the "jeopardy assessment" demand for immediate payment by Smith, a close friend of President Nixon.

The IRS filed the \$22.8 million tax lien against Smith, former president and chairman of Westgate-California Corp., Aug. 3. The IRS claimed Smith owed that amount in unpaid taxes and penalties for 1969.

An IRS spokesman said the jeopardy assessment, a rarely used power, laid immediate claim to Smith's assets. The spokesman said such an assessment was used only when the IRS feared it might not get the money otherwise.

Smith responded by suing for a preliminary injunction to block the IRS claim. His attorneys huddled with their government counterparts Thursday and early Friday.

The result was submission of stipulation withdrawing the suit for a preliminary injunction against the IRS. U.S. District Court judge Leland C. Nielsen signed the stipulation and added it

to the already sealed file on the case.

Terms of the agreement were not disclosed. But the court and attorneys told newsmen it permitted Smith to operate his businesses as usual, that a different type of security had been submitted to replace the tax liens and that the IRS would proceed against Smith in a normal manner.

The claim was believed to be the largest for a single year against any individual in U.S. history. Smith said he was being attacked, by bureaucrats abusing their power, because of his friendship with the President.