

Part 5/23/73

Grand Jury Investigates Industrialist

SAN DIEGO, Calif., Aug. 22 (UPI)—A federal grand jury has joined the investigation into the financial empire of C. Arnholt Smith, and it is reported to be looking into possible criminal violations.

The banker-industrialist made a 10-minute appearance before the grand jury here Monday, but Warran Reese, the chief assistant U.S. attorney who is handling the probe, had "no comment" on Smith's appearance or the extent of the grand jury investigation.

Smith has also filed a new plea with the U.S. District Court for relief in a legal battle with the Internal Revenue Service.

Smith is a defendant in a civil lawsuit filed May 31 by the Securities and Exchange Commission. He and associates have been accused of misusing millions of dollars of assets of Westgate California Corp. and the U.S. National Bank.

Last Aug. 2, the IRS seized Smith's assets to satisfy a demand for immediate payment of \$22.8 million claimed for 1969 personal income taxes.