

\$120 Million Suit Over Smith Bank

Los Angeles

Three stockholders of the insolvent U.S. National Bank of San Diego have filed a \$120 million civil damage suit in U.S. District Court here.

The suit named as defendants financier C. Arnholt Smith and 22 other persons, 18 of whom were members of the bank's board of directors as of last December 31. The other four were bank trustees in recent years.

The \$1.2 billion bank, which had 62 branches in Southern California, was controlled by Smith. It was declared insolvent October 18 by the U.S. Controller of Currency.

The suit was filed Thursday. It accused the defendants of knowingly authorizing actions "for the express purpose of enabling defendant Smith to unjustly enrich himself and entities owned and controlled by him and his relatives, in bald disregard of their duties . . ."

The suit also contends that Smith-related firms acquired bank assets such as real estate and then led them back to the bank at a high profit rate.

Smith agreed Wednesday to resign as chairman of the Westgate-California Corp. The agreement was part of

the settlement of a securities and Exchange Commission civil suit which accused Smith and others of scheming to defraud Westgate and U.S. National Bank of millions of dollars.

The suit filed Thursday by the bank's stockholders accused the defendants of lending in excess of legal limits, securities fraud, breach of fiduciary duty and conspiracy to defraud the minority stockholders.

The suit was filed in behalf of all minority stockholders by Ken Hansen, owner of the Scandia restaurant here; James P. Young, co-producer of the television series, "General Hospital"; and Samuel P. Rosenberg, a textile executive.

Associated Press

\$4.5 Million Suit Against Smith

Financier C. Arnholt Smith was named defendant in a \$4.5 million damage suit in Federal Court yesterday in the aftermath of the failure of Smith's U. S. National Bank of San Diego.

Smith; First California Co., a San Francisco brokerage firm; Michael J. Coen, its president, board chairman and controlling stockholder; and Valley National Bank of Arizona are accused of using "devices, schemes and artifices to defraud," in violation of the Securities and Exchange Act.

U.S. National Bank of San Diego was declared insolvent October 18 by the Comptroller of the Currency, and its remaining assets and business were purchased by Crocker Bank of San Francisco.