

Financier Denies SEC Charges

Associated Press

San Diego

Financier C. Arnholt Smith denied yesterday he had ever misused the assets of his Westgate-California Corp. or his bank, as charged by the Securities and Exchange Commission.

Smith, a major contributor to Republican party candidates, was accused in a U.S. District Court suit filed Thursday of helping to defraud the conglomerate and the bank.

The alleged scheme allowed certain Westgate assets to be sold to purchasers who obtained their cash from the United States National Bank through loans secured by the assets being purchased, the SEC said. Smith headed the bank until recently.

The civil suit asked that Smith, 74, be barred from serving as an officer of any public company.

Smith, chairman of Westgate-California, said in a

Back Page Col. 3

From Page 1

statement that the charges were unfounded.

"Westgate did derive profits of \$17.5 million, during the period 1969-72, from the sale of assets mentioned in the civil complaint," he said.

"The profits were recognized at the time of the transactions as being valid and the sales were real sales for which the corporation received cash in most cases.

"The transactions were with third parties not under domination or control of Westgate or Mr. Smith and they obtained undisputed legal title to the properties they acquired."

As the largest stockholder and until recently chairman and president of the bank, Smith said he would "not have any incentive to misuse assets."