

# Stockholders Sue C. Arnholt Smith

## San Diego

Financier C. Arnholt Smith and his sprawling business empire have been sued for \$300 million in a stockholder's suit.

Smith recently was a primary subject of a *Life* magazine article on San Diego and is also a target of testimony in a Civil Aeronautics Board hearing in Washington, D.C.

The 26-page lawsuit was filed in United States District Court here by Robert H. Fendler of Phoenix, a holder of 20 shares of stock in Westgate-California Corp. The company is the keystone of Smith's airline, taxicab, fishing, banking, cannery and land holdings.

At the heart of the suit, filed on behalf of all Westgate stockholders, are allegations that Westgate was

deprived of millions of dollars through fraudulent dealings by Smith and the 26 firms and 21 individuals which are codefendants.

The U.S. National Bank, San Diego, in which Smith and Westgate have had large holdings, is another defendant.

So is John Alessio, a Smith business associate who Thursday was denied parole from a federal prison term for income tax evasion.

One of the allegations is that the bank's capital was impaired as of Dec. 31, 1970, because of actions of defendants. The suit states that as of that date the obligations to the bank by Smith, Westgate and other related interests were in excess of U.S. National Bank's legal lending limits.

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