

Slightly shorter version carried by WXPPost, same date, filed Nixon. Post gives byline, Al Delugach.

IRS Claim on \$22 Million

Lien on Nixon Friend

Los Angeles

The Internal Revenue Service yesterday filed a 22.8 million personal income tax lien — believed to be the biggest ever for an individual for a single tax year—against C. Arnholt Smith, San Diego financier and friend of President Nixon.

The IRS moved swiftly to levy against Smith's assets.

Notices of the agency's claim on all assets up to \$22.8 million were being served on San Diego banks and other businesses, according to sources there. The IRS declined to discuss the levies or where the notices were being served.

ASSESSMENT

The IRS simultaneously served on Smith an unusual "jeopardy assessment" for the claimed 1969 tax deficiency.

A jeopardy assessment, an administrative action that is recognized as a harsh step



AP Wirephoto

C. A. SMITH
Tax troubles

and is used sparingly, is employed when there appears to be urgent need for acting quickly without notice.

Copies of the \$22.8 million lien were filed in various California counties. The lien

represents a top-priority claim against property owned by the 74-year-old banker-industrialist and political campaign donor. It includes \$3.8 million claimed as interest due on the tax bill.

Smith was reported to be "out of town" and not available for comment.

CONTROL

Smith's holdings include controlling interest in Westgate-California Corp. and U.S. National Bank, both publicly-held.

A conglomerate, Westgate operations include Yellow Cab firms in California and Phoenix; the Westgate Plaza, a San Diego luxury hotel, the U.S. National Bank building there, and canneries that produce seafood, including Breast-O'-Chicken and Carnation Tuna, in San Diego and Puerto Rico.

The IRS moves came at a time when Smith has been involved in extraordinary cash-raising efforts to hold

his complex of public and private enterprises together in the wake of actions by two other federal agencies.

CHARGE

One was the filing of a civil suit May 31 by the Securities and Exchange Commission accusing Smith and others with a fraudulent scheme to appropriate for their own use the assets of Westgate and the bank.

Westgate, a defendant, this week denied all the allegations and asked for dismissal of the suit, scheduled for trial October 16. Smith and his associates also had previously denied the SEC allegations.

Another agency, the U.S. Comptroller of the Currency, which regulates national banks, filed a cease-and-desist order last May requiring the bank to liquidate millions of dollars in loans it made to Westgate and related Smith enterprises.

Los Angeles Times