

IRS Cancels Accord With Financier

SAN DIEGO, Calif., Sept. 25 (AP)—The Internal Revenue Service has canceled an agreement which modified its \$22.8 million income tax lien against financier C. Arnholt Smith, attorneys for both sides say.

Portions of the previously secret agreement were discussed in court Monday, and it was revealed that the IRS nullified the agreement after Smith allegedly removed some papers from a vault at U.S. National Bank.

Smith, a longtime friend and financial backer of President Nixon, has denied he owes the IRS any money in back taxes and interest from the year 1969.

In the agreement reached Aug. 10, Smith dropped a countersuit against the IRS, which in turn consented to relax its pressure for immediate payment of the money, according to U.S. District Court Judge Leland C. Nielsen.

Attorneys further disclosed Monday that the IRS had agreed at the time to drop its levies against U.S. National Bank. But IRS lawyer Richard Robert maintained the financier was to be allowed access only to his personal bank account and papers, and not to dispose of any property under lien.

Smith's tax attorney, Paul Connolly, contended all liens against the bank had been lifted, so Smith assumed he was allowed to remove papers from his safe-deposit box.

The lawyer said Smith and another attorney went to the vault Aug. 14, and Smith removed stock certificates owned by Westgate-California Corp., a conglomerate he controls.