

NYTimes OCT 3 1973  
**C. Arnholt Smith Wins Rulings  
In Government Financial Battle**

SAN DIEGO, Oct. 2 (UPI)— The I.R.S. attached all of Mr. C. Arnholt Smith, the financier, Smith's assets. An agreement won two rounds against the was then worked out—the de-Government yesterday. A Fed-tails of which have been kept eral judge ordered suspensionsecret by the court—allowing of grand jury proceedingsMr. Smith operating control of against him and quashed at-his business, without renounc-tempts to collect immediatelying the service's claim to, the on a \$22.8-million tax lien. \$22.8-million, while the issue is United States District Judgefought out in court.

Leland Nielson ordered the Last week the service said it United States Attorney's officewas backing out of the agree- to halt grand jury proceedingsment on the grounds that Mr. until after settlement of a civilSmith had violated it by taking suit against Mr. Smith by theitems of value from a bank Securities and Exchange Com-safe deposit box with an I.R.S. mission. seal.

"I don't propose to let the Mr. Smith said the items he Government have its cake andtook were papers not covered eat it too," Judge Nielson said, by the agreement.

agreeing with Mr. Smith's attor- The judge ruled yesterday neys that dealing with thethat Mr. Smith had not violated grand jury was taking up timethe agreement and that the needed to prepare for trial ofrevenue service had no right the S.E.C. suit. to nullify it. But he also or-

The Government has moveddered an inventory of the de- against Mr. Smith on severalposit box contents to verify fronts. Mr. Smith's statement.

Aside from the S.E.C. com- Judge Nielson ordered trial plaint and the Justice Depart-to proceed as scheduled, Oct. ment action, Mr. Smith is a23, on the S.E.C. civil suit target of the Internal Revenuecharging that Mr. Smith vio- Service. In August I.R.S. leviedlated Federal fraud statutes by a \$22.8-million jeopardy assess-misappropriating assets of ment against Mr. Smith for al-United States National Bank legedly.unpaid taxes from 1969.and the Westgage-California This is believed to be the big-Corporation, in both of which gest claim ever filed against aMr. Smith holds the controlling single taxpayer for one year. interest.