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**Crocker Operates  
U. S. National's  
63 Branches**

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SAN DIEGO, Oct. 19—The United States National Bank of San Diego, declared insolvent yesterday, opened its 63 offices for business this morning as branches of the Crocker Bank of San Francisco.

Little drama attended operations, and customers displayed little awareness that they were associated with the largest bank liquidation in United States history. Depositors, unlike stockholders in U. S. National, face no likelihood of losses.

The scene at the former U. S. National headquarters office here, where windows displayed

hurriedly printed posters declaring, "Now we're Crocker Bank," contrasted sharply to last night's rapid-fire developments.

#### F.D.I.C. Is Receiver

At the close of the banking day Thursday 3 P.M., the United States Controller of the Currency, James E. Smith, declared in San Francisco that U.S. National, with assets of some \$1.2-billion, was insolvent and appointed the Federal Deposit Insurance Corporation as receiver. Then the Controller entertained bids from the Union Bank, Wells Fargo and Crocker.

Crocker, offering \$89.5-million, outbid the Union Bank and Wells Fargo for most of the assets and liabilities of U.S. National not associated with its principal stockholder, C. Arnhold Smith, and some of his associates. Federal District Judge Leland Nielsen approved the deal in San Diego about 6 P.M.

Mr. Smith and his associates, the Westgate California Corporation, which he also controls, and the bank had been under investigation by several Federal agencies for months. The Securities and Exchange Commission charged in a suit last May that Mr. Smith and others had conspired to convert bank assets to their own use. The Controller forced the 74-year-old Mr. Smith, out of the bank management in May.

#### Assets Purchased

At a news conference today in the former board rooms of U. S. National, Emmett G. Solomon, chairman of Crocker, stressed that the deal was in no sense a take-over or a merger. "We simply purchased certain assets," he said. "They are excellent assets."

Mr. Solomon said the some \$1.1-billion of assets purchased by Crocker would not be entirely set before reconciliation of assets. He said acquired assets would be matched with liabilities and any difference would be made up by a cash payment from the Federal Deposit Insurance Corporation. That payment could range between \$20-million and \$35-million, Mr. Solomon estimated.

Mr. Solomon said Crocker approached the bidding on the basis that there was no equity value in U. S. National. "We did not go for capitalization of earnings because this was not a typical bank. We took the assets we were assuming and figured what we would be able to make over a five-year period on the same amounts."

Asked what stockholders of U. S. National could expect to realize from the liquidation, Mr. Solomon deferred to the receiver, but said that "it depends entirely on the success of the liquidation of those assets by the F.D.I.C. not assumed by Crocker.

The prospects are not too bright," he said added.

A reported total of \$160-mil-

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lion in loans outstanding to Mr. Smith's Westgate California Corporation and subsidiaries was not purchased by Crocker.

Acquired by Crocker were all of U.S. National's cash and sash due from other banks, securities portfolio, certain loans and financed leases, buildings and furniture, certain maintenance contracts, assets relate to acceptances and certain letters of credit to be assumed by Crocker, as well as deferred interest and prepaid items connected with the normal banking business.

Crocker assumed all demand-deposit (checking account) liabilities and certain time and savings deposit liabilities, except for time and saving deposits held by Westgate-California, C. Arnhold Smith and certain other associated companies and individuals.

Other liabilities assumed included borrowed money other than certain indebtedness payable to one or more members of the Smith group, all acceptance obligations, all letter of credit obligations, except obligations under standby letters of credit, issued for the benefit of one or more members of the Smith group, liabilities on foreign-exchange contracts, and expenses and accruals normally associated with the operation of banking business.

Crocker also assumed U.S. National's Master Charge credit-card obligations, and will also take over the bank's trust business.

In declaring the bank insolvent last night, Mr. Smith, the Controller, stated: "The offices of the Controller of the Currency have had the U.S. National Bank under close supervision since early this year when a controller's examination revealed a significant volume of unsound loans extended by the bank's principal stockholder and former chief executive officer (C. Arnhold Smith). A further credit evaluation completed in August, convinced us that we must undertake intensive contingency planning in the unhappy event that it became necessary to declare this bank insolvent."

The acquisition brings Crocker's total assets to about \$9-billion and deposits to some \$7.6-billion. Crocker, which previously had no offices in San Diego County, will now have 360 offices throughout the state.

Mr. Solomon said Crocker had been negotiating with the Controller of the Currency for about a month on U.S. National. The transition when it came was rapid and apparently smooth.