

Drop Westgate Lien, IRS Told

San Diego

A federal judge yesterday ordered the Internal Revenue Service today to lift its \$4.2 million lien against assets of the Westgate-California Corp., imposed in a claim for back taxes.

The action was taken by U.S. District Court Judge Leland C. Nielsen. But first he told Frank Schmidt, IRS district director: "I have been unable to find any instance where the IRS has ever filed a jeopardy assessment against a publicly held corporation."

Nielsen said the lien against Westgate's assets, imposed just as a new court-appointed majority took office on the company's board of directors, would bankrupt Westgate.

He maintained the IRS, by "standing on technical grounds," was causing the loss of 10,000 jobs and as well as inflicting losses to stockholders.

The IRS on October 23 claimed that Westgate, a far-flung conglomerate then headed by C. Arnholt Smith, owed the money in taxes and interest on its income from 1963 through 1970, except 1968.

Meanwhile, a Securities and Exchange Commission civil suit claimed Westgate had listed many millions of dollars in fictitious profits as part of a fraudulent scheme engineered by Smith, former Westgate president Philip A.

Preferred Dividends Skipped

San Diego

Directors of beleaguered Westgate-California Corp. have voted to skip two cash dividends on preferred stock.

The January 2 twice-yearly dividend of \$1.75 a share on the 5 per cent cumulative preferred stock, \$70 par.

They also voted against the November 1 quarterly dividend of 15 cents per share of 6 percent cumulative preferred, \$10 par.

Associated Press

Toft, and others to appropriate profits.

In settlement of the suit, Smith and Toft resigned and the judge named five new members to sit on the seven-man board of directors.

Nielsen said the new directors were unable to raise needed money because of the IRS lien, and that they could not obtain a surety bond to lift the lien.

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