

**Financier Refused to Testify****Smith's Jail Sentence Annulled**

SAN DIEGO, Aug. 16 (UPI) —Financier C. Arnholt Smith, long-time friend and campaign contributor to former President Nixon, will not have to serve time in jail for refusing to testify in a criminal trial.

California's Fourth District Court of Appeals has annulled the indefinite jail term Superior Court Judge Paul E. Overton imposed on Smith June 14.

Smith, a high school dropout, was an election-eve companion of Mr. Nixon when he was first elected President in 1968. He has aided Mr. Nixon since his first campaign for Congress in California.

Smith was called to testify in the trial of Robert Daggett, 49, who was accused of trying to extort money from him.

"Any answers Smith might give might conceivably strike a link in a chain of potentially incriminating evidence to be used against him," his attorney, Robert Hinerfeld, argued at the time.

The judge disagreed even though it was known a federal grand jury was investigating Smith's financial dealings at the time.

That Grand Jury later indicted Smith on charges including conspiracy, misapplication of funds of a national bank, making false statements to bank officers and making false entries in books of a national bank.

Judge Overton imposed the

contempt sentence after responding that the questions posed could "be answered without violation of the attorney-client privilege and without his giving evidence against himself."

Smith's appeal precluded his having to serve any jail time for contempt. The appeals court said it could not find "that any prospective answer to the questions pro- pounded could not possibly incriminate or form a link in the chain" of evidence against Smith.

The indictment against Smith involved the largest bank failure in U.S. history, that of U.S. National Bank.