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# Nixon Pal Link to 'Illegal' Air Deal

WASHINGTON — (AP) — C. Arnholt Smith, wealthy banker friend of President Nixon, illegally acquired control of Golden West Airlines, while in control of various surface transportation interests, the Civil Aeronautics Board's Bureau of Operating Rights said today.

The purpose was to protect Smith's Yellow Cab Co. business at San Francisco and Los Angeles airports, the bureau said.

Because of these improper control relationships, Smith must not be allowed to acquire the assets or operating authority of the bankrupt helicopter airline Los Angeles Airways, the bureau said in a 119-page brief to CAB Examiner Harry Schneider.

"The instant application represents the latest in a series of attempts spanning four years in which the Smith

combine has sought to acquire Los Angeles Airways for the purpose of forging the final link of a chain to monopolize airport-related short-haul transportation in Southern California," bureau counsel Elliott Seiden said.

"This proceeding is not the first time the Smith financial combine has sought to acquire control of Los Angeles Airways," he said.

Smith, a financial supporter of the President, is chairman of the board of the United States National Bank, San Diego, the 10th largest in California, with assets of more than \$750 million.

He also is president of Westgate California Corp. a conglomerate with assets including hotels, real estate, insurance, a tuna fishing fleet, a cannery and Yellow Cabs in Los Angeles, San Diego and San Francisco.

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Smith owns the San Diego Padres baseball team.

The bureau brief will be considered by the examiner along with arguments of the applicants and other parties in preparing a decision for action by the CAB.

## Illegal

The bureau said Westgate California has been found by the CAB to be a common carrier because of its ownership of taxi companies, and this finding made it illegal for that company to acquire control of Golden West without CAB approval.

And Golden West's ties to surface transportation preclude the CAB, as a matter of law, from approving the proposed acquisition, the bureau added.

"In early 1968 the Smith-Westgate combine concluded that short-haul air carriers in Southern California, as well as in San Francisco, were cutting into its monopoly surface transportation interests at the Los Angeles and San Francisco airports," the bureau said.

"It was determined, at that time, that Westgate should buy up all of these entities and thereby preserve and protect its monopolistic position in these markets."