

# THE STAT

Vol. 96—No. 164

Tuesday, December 19, 1972

New

DEC 19 1972

## GOP Refused \$50,000

By JAMES R. POLK

© 1972, Washington Star-News

WASHINGTON — The Nixon campaign sent back \$50,000 in secret donations from San Diego banker and baseball club owner C. Arnholt Smith earlier this year while he was facing three government investigations.

"It was politically sensitive. That kind of trouble we didn't need," explained a high-ranking source close to the Nixon campaign.

Smith is the owner of the San Diego Padres, who are considering a move to Washington next year. He is a friend of President Nixon. Nixon campaign headquarters declined to comment on the return of the money, and Smith could not be reached.

THE SECRET CHECKS were with-

drawn from campaign bank accounts and sent back to Smith in late March when his business empire was facing various investigations before the Securities and Exchange Commission (SEC), the Civil Aeronautics Board (CAB) and the Justice Department.

Smith is president and chairman of the United States National Bank of San Diego and the Westgate-California Corp., a holding firm with investments in hotels, real estate, insurance, airlines and airport cab companies.

Justice filed an antitrust suit this month against Westgate-California and two other companies to block a proposed airlines merger. A year-long investigation by the SEC of Westgate-California's financial transactions is still unresolved.

The refunds to Smith came just five

days after a Life magazine article charged that a federal prosecutor in California had blocked a tax probe of illegal 1968 campaign donations for Nixon made through an advertising agency controlled by Smith.

AT THE TIME the money was sent back, Smith was under subpoena to appear before a CAB investigation in another airline case.

There was no indication that Smith ever asked for political help with his government troubles, although the Nixon campaign is known to have returned money to other donors who did make such a move.

Nixon's finance chairman, Maurice H. Stans, said in an interview in June: "There have been a couple of people who have offered contributions in re-

## ES-ITEM FINAL

Orleans, La.

10 Cents

## from Banker Under Probe

turn for favors in government. They had regulatory problems at the time.

We turned them down. It would be unfair to name them, but I can document that. We gave them their money back." In each case, that sum was \$100,000, Stans said.

A source close to the Smith dealings said the San Diego banker was not involved in such a case. "There were a couple of those," he said, "they thought they had an understanding. They didn't—and their money was returned."

SMITH'S \$50,000 was given, deposited and returned all within the grace period when campaign donations were being kept secret before the April 7 starting date for the new disclosure law.

The Nixon files for that month have been sealed in a locked room at the federal courthouse as part of the pending suit by Common Cause, a citizens' action group, to open up the campaign books. Those records cannot be made public under contempt of court penalties. However, other sources gave this account:

On March 1, the 73-year-old Smith wrote a series of checks—most of them for \$3,000 each—to Nixon campaign groups carrying names such as "Dedicated Friends of Government Reform." The donations, which totaled \$50,000, were deposited in various Washington banks for the political committees two weeks later.

The Life appeared March 19. In its opening sentence it charged: "The Nixon administration has seriously

tampered with justice in the city of San Diego." The article focused on Smith and a former business associate, race track operator John Alessio, who is serving a federal prison sentence for tax evasion.

ON MARCH 24 another series of \$3,000 checks was drawn on the same bank accounts for the political groups. Those checks were made out to Hugh W. Sloan Jr., treasurer of Nixon's finance committee at that time.

But, sources said, on the back of each check was the typewritten instruction: "Pay to the order of C. Arnholt Smith," followed by Sloan's signature as an endorsement. A stamp be-

Turn to Page 22, Column 1

Continued from Page 1

low that indicated the check indeed was deposited in Smith's account.

"There was a government investigation going on," said a source closely connected with the Nixon campaign. "We didn't want to attract any more press attention." No money from Smith ever appeared in the 1972 cam-

paign.

Sloan resigned from the Nixon staff during a later federal investigation of the handling of \$114,000 in campaign funds linked with the Watergate affair. He is expected to be a government witness in next month's trial of seven defendants in the break-in at Democratic headquarters.