

IS, THURSDAY, MAY 8, 1975

C. ARNHOLDT SMITH IS SUED BY F.D.I.C.

NY Times

\$3-Million Action Charges
Misappropriation of Loans

MAY 8 1975

SAN DIEGO, May 7 (AP)—
The Federal Deposit Insurance Corporation has filed a \$3-million suit against C. Arnholdt Smith, the financier, accusing him of misappropriating \$1.5-million in loans from European lenders.

The F.D.I.C. filed the suit yesterday against Mr. Smith and three companies he reportedly controls: United States Holding Company; Pacific Enterprises, Inc., and the Westward Realty Company.

Louis X. Scheid, a former officer of the defunct United States National Bank, also was named in the F.D.I.C. suit.

The federal banking agency is acting as a receiver for the United States National Bank, which was declared insolvent in 1973. Mr. Smith faces Federal bank fraud charges next month in connection with the bank's collapse.

Four Loans Alleged

In yesterday's suit, the F.D.I.C. alleged, Pacific Enterprises secured four loans for a total of \$5.5-million from financial houses in London and Luxembourg.

The suit alleges Mr. Smith and Mr. Scheid "caused" the bank to issue letters of credit backing the four loans, making the bank responsible for repayment.

Meanwhile, the F.D.I.C. alleges, \$1.5-million of the borrowed money was funneled through Westward Realty to United States Holding for the latter's "own purpose and benefit."

The F.D.I.C. suit seeks \$1.5-million in actual damages and an equal amount in punitive damages.