

Nixon's Friend Denies Charges

Washington

C. Arnholt Smith, a longtime friend of President Nixon and one of his financial backers, yesterday denied charges by several airlines that he continues to control a California commuter airline despite a government order to sell it.

Smith, chairman of the United States National Bank and president of the multi-million dollar Westgate California Corp., told the Civil Aeronautics Board: "It is my position that all steps that could reasonably have been taken to accomplish the divestiture have been taken and neither I nor any entity controlled by me controls Golden West Airlines."

In the Golden West case, the CAB issued an order in 1969 rejecting Smith's proposed acquisition of Los Angeles Airways, a helicopter company connecting airports in the Los Angeles area, and the acquisition of Aero Commuter, a California air taxi company already controlled by Smith.

ORDER

The order had the effect of forcing Smith's corporation to dispose of the air taxi

company, which is now called Golden West Airlines.

However, Hughes Air West, Pacific Southwest Airlines and Western Air Lines argued that Smith actually still controls Golden West via an intricate financial arrangement with Smith's other companies.

LENDER

In testimony before the CAB, Smith said that although the United States National Bank continues to be a major lender to Golden West this is being done "out of necessity and as a matter of sound banking practice, and not by choice." He said he was looking forward to the day when this activity will no longer be required to protect the bank's investment.

Smith was mentioned in an article in Life magazine last week, which claimed the Administration tampered with justice in San Diego by stopping an investigation of possible illegal political contributions to President Nixon's 1968 election campaign. According to the article, the funds were allegedly funneled through some of Smith's many corporations.

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