

Financier's Secret Control Alleged

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Denial of L.A. Copter Airline Sale Urged

Washington

The Civil Aeronautics Board was urged yesterday to deny an application by Golden West Airlines to take over Los Angeles Airways, a bankrupt helicopter service, because of alleged secret control by C. Arnholt Smith, San Diego financier who is a friend and financial supporter of President Nixon.

'MONOPOLY'

Elliott M. Seiden, counsel of the CAB's Bureau of Operating Rights, said Smith illegally acquired control of

Golden West despite a ruling by the CAB.

"The Smith combine rechanneled its efforts to monopolize short-haul transportation through a Byzantine maze of intercorporate control relationships and straw men," Seiden said in a 119-page brief to CAB Examiner Harry H. Schneider.

Smith has denied that he still controls Golden West. He is chairman of Westgate-California Corp., a conglomerate with \$215 million in assets including hotels, insurance, a tuna fishing fleet,

canneries and the United States National Bank, California's tenth largest.

HOLDINGS

Westgate owns airport cab companies in several cities and 81 per cent of Air California, a state commuter airline for whose sale to Pacific Southwest Airlines is being negotiated.

Three scheduled airlines, including PSA, Western and Hughes Airwest, oppose Golden West's acquisition of Los Angeles Airways.

The brief said Westgate-California Corp. is a common carrier because of its

ownership of transportation interests in every major California city except San Diego. Westgate attempted in April, 1968, to buy Aero Commuter, predecessor to Golden West, and Los Angeles Airways but the acquisition plan was turned down by the CAB, Seiden said.

'COMPLIANCE'

"In February, 1969, and in alleged compliance with the board's order disapproving Westgate's control of Aero Commuter, the outstanding stock of Aero Commuter

was sold to a Kansas City investment group headed by M. J. Coen," the brief said.

"Mr. Coen was and continues to be under Mr. Smith's financial domination and control, and the sale of stock to Mr. Coen's group was intended to obscure the continuing control of Golden West by the Smith combine."

A spokesman for Smith said the 73-year-old banker, who also owns the San Diego Padres baseball club, would have no immediate comment.

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