

Key Nixon Supporter Named in Fraud Suit

Examiner News Services

SAN DIEGO — A long time friend and key financial backer of President Nixon, C. Arnholt Smith, has been accused by the Securities and Exchange Commission of a multimillion dollar fraud.

Smith was named yesterday in a civil suit by the SEC, along with two associates and six of the companies in his far flung business empire.

Smith has been a confidante of the President since Nixon was a congressman. He reportedly raised more than \$1 million for Nixon's 1972 re-election campaign, including \$250,000 of Smith's own money.

Baseball Team

Just last weekend it was revealed that Smith had agreed to sell the San Diego Padres baseball team, of which he is the majority owner, to a Washington, D.C., group for \$12 million, the highest price for a team in the history of professional baseball.

Smith, 74, rose from bank teller to the director of a financial empire that includes the U.S. National Bank, Yellow Cab franchises in Los



C. ARNHOLT SMITH
Charged by SEC

Angeles, San Francisco and Phoenix, hotels and office buildings, tuna canneries here and in Puerto Rico, an airline, Air California, produce, real estate and insurance firms.

The suit charged that his Westgate-California Corp. included in its earnings statements manufactured earnings of over \$17.5 million from 1969 through 1972.

The suit contended the defendants used their positions at Westgate and U.S. National Bank to wrongfully appropriate the assets of

those two firms for the benefit of the defendants, to the detriment of the other shareholders.

Others Named

Also named defendants were Philip A. Toft of San Diego, a director and the president of Westgate; M.J. Coen, who has served as chairman of the board, president and chief executive officer of First California Co., San Francisco; Sovereign States Capital Corp., San Diego; British Columbia Investment Co. and Elsinore Royalty Inc., Kansas City, Mo., and United States Holding Co., San Diego.

The scheme involved a sales arrangement in which certain Westgate assets purportedly were sold to purchasers who actually obtained their cash from the U.S. National Bank through loans secured by the assets being purchased, the SEC said.

The purchase prices were arbitrarily set by those who controlled Westgate and the bank in many instances, the agency said.

Request

The complaint, filed in U.S. District Court, asked the court to order Westgate into receivership, and bar Smith, the firm's chairman, or Toft, its president, from acting as officers of the firm.

In a separate federal action, the Comptroller of the Currency moved against U.S. National Bank, the cornerstone of Smith's empire. The comptroller said the bank had exceeded legal limits in making loans to Westgate California, and ordered the bank to get the excess loans back.

A spokesman for the bank would not comment when asked whether Smith's projected sale of the Padres was aimed at providing the cash needed to comply with the comptroller's order.