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# C. A. Smith, Nixon's Ally, Seeing Empire in Eclipse

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SAN DIEGO, Oct. 19—The mounting legal troubles of C. Arnholt Smith, who for years basked in the civic accolade of "Mr. San Diego of the Century," were blamed today for the insolvency of his United States National Bank and its overnight take-over by the Crocker National Bank of San Francisco.

Built from a struggling neighborhood bank Mr. Smith acquired for a pittance in Depression days, using money borrowed from an older brother, U. S. National Bank became one of the brightest jewels in a vast business empire acquired by 74-year-old financier and intimate friend of President Nixon.

### Trial Is Scheduled

Federal banking officials left no doubt today that the situation with U. S. National stemmed almost entirely from Mr. Smith's growing difficulties not only with the Comptroller of the Currency, but also with the Securities and Exchange Commission, the Internal Revenue Service and the Justice Department.

He and two co-defendants are scheduled to go on trial in Federal District Court here Tuesday, charged in an S.E.C.

civil suit with defrauding stockholders of both the U. S. National Bank and his \$190-million Westgate California Corporation, the keystone of his conglomerate holdings, which range from airlines, hotels and shopping centers to tuna fleets and canneries, in-

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Associated Press

C. Arnholt Smith

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insurance concerns and land developments.

The S.E.C. has charged that Mr. Smith made lavish use of millions of dollars in loans to finance a maze of illegal transactions that appropriated Westgate assets at "bargain prices" to produce large personal profits for Mr. Smith and his co-defendants, Westgate president Philip A. Toft and Michael J. Coen, a Kansas City entrepreneur. The agency says it cannot trace \$160-million of loans it made to Westgate subsidiaries.

Mr. Smith also faces a \$22.8-million jeopardy assessment by the I.R.S. for 1969 income taxes, and a criminal investigation by the Justice Department.

U.S. National's new 23-story home of glistening glass and marble dominate the fulfillment of a boyhood dream, and he dominated it like an old-time tycoon until he was ousted by the Controller of the Currency on May 31.

A high school dropout at 16, he worked first as a grocery clerk for \$14 a week, and had become a vice president of the Bank of America.

Eleven years later he was one of a handful of businessmen who established young Richard M. Nixon in his political career as a candidate for Congress in 1946.

Over the year, he has given generously of his wealth—reportedly more than \$2-million—and influence to promote Mr. Nixon, who once publicly embraced him and announced that "Arnie is one of my closet and most loyal supporters."