

Smith Pleads No Contest

Fined in Fraud Case

SAN DIEGO, June 12 (UPI) — C. Arnholt Smith, 76, friend of former President Nixon and head of a once vast corporate empire, pleaded no contest today to four federal felony counts involving an alleged scheme to defraud his own bank of \$27.5 million.

Smith and Philip A. Toft, former president of the Smith-controlled Westgate-California Corp., were indicted on charges of conspiring to defraud Smith's now-defunct United States National Bank.

Toft pleaded no contest to three counts, and the remaining counts against the two defendants were dismissed.

The pleas were accepted by visiting U.S. District Court Judge Robert Schnacke of San Francisco, who admonished both defendants in advance that he considered a no contest plea "equal and equivalent in all respects to a plea of guilty."

Schnacke imposed the maximum prison term of two years on Smith but suspended it, placed him on probation for five years and fined him \$30,000, the maximum allowed.

Toft also was placed on probation for five years after

his one-year prison term was suspended. His fine, also the maximum, was \$25,000.

Smith pleaded no contest to misapplication of funds, conspiracy, lying to federal bank examiners and making false entries in the books of his bank.

Toft pleaded no contest to conspiracy, misapplication of \$3.2 million in USNB funds and using a false statement for the sale of real estate.

Smith, a high school dropout who nurtured a depression-starved bank into the second-largest in the city, was accused in the 25-count indictment of approving \$170 million in illegal loans and letters of credit for himself and associates, or for the benefit of companies they controlled.

The 20 counts against Toft alleged conspiracy with his longtime business associate in a scheme that began in 1969.

Smith used his bank as the kingpin in a sprawling financial empire with holdings that included a professional baseball team, airlines, numerous taxicab companies and a tuna fishing fleet.

His personal fortune was estimated at \$20 million or more at one time.