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SF Chronicle

# C. Arnholt Smith Is Indicted Again

San Diego

C. Arnholt Smith was indicted for state income tax evasion and grand theft yesterday in the sale of the San Diego Padres baseball club two years ago.

Three counts on each charge were added to the 58-count indictment returned against Smith by the county grand jury December 15.

The new charges accuse the 77-year-old financier of evading state income taxes for 1973 and 1974 and theft of money paid by Ray Kroc for the National League team.

Kroc, chairman of McDonald's fast food chain, paid a reported \$12 million to the baseball holding company of which Smith was principal.

Deputy District Attorney Steven Davis said the grand theft charges involve Smith's Sovereign State Capital, Inc., accusing the ex-banker of claiming that Kroc funds repaid debts to the company.

Davis said Smith failed to

convey promised surplus stock certificates of the Padres to Sovereign States.

A trial was set for June 7.

Smith, whose U.S. National Bank collapsed and whose vast business empire was taken from him, pleaded no contest last year to felony bank fraud. Additional federal charges were dismissed. He was fined and placed on probation.

He also faces \$22.8 million in federal income tax claims and billions of dollars in civil court claims.

Associated Press