

Fraud Indictment
Indictment Dismissed
In Hughes
s' Air West Deal

Post 1/31/54
RENO, Jan. 30 (AP)— Charges of stock fraud against billionaire Howard Hughes in the purchase of a regional airline were dismissed today by a federal judge who called the indictment one of the worst he had ever seen.

U. S. District Court Judge Bruce Thompson dropped all nine counts in the federal grand jury indictment against Hughes and four other men.

In Washington, the Justice Department immediately said it would seek another indictment against the five persons as soon as possible. Department spokesman Robert Stevenson said government lawyers will seek to rewrite the charges in order to correct defects cited by Thompson.

Charged along with the much-hidden and much-traveled Hughes were Robert Maheu, Chester C. Davis, David B. Charnay and James H. Nall.

The indictment related to charges that Hughes and others conspired to drive down the stock of Air West, a Western feeder airline, and then pressured directors to sell to Hughes, who renamed the line Hughes Airwest.

"It would be a perversion of justice to require the defendants to go to trial under this indictment, which has to be interpreted in a manner most favorable to the prosecution in order for the indictment to maintain any semblance of properly charging the defense," Thompson said.

In arguing for the motion to dismiss, defense attorneys said the indictment failed to allege a clearly illegal action on the part of Hughes and the four others charged. They said the language of the indictment was so muddled that they could not possibly mount a defense.

Thompson said the government could appeal his ruling or could present the charges again to a grand jury, which is what the Justice Department said it would do.

The judge said the nine-count indictment should have been more specific, should not have duplicated allegations and should not have been open to speculation or interpretation.