

## THE ADMINISTRATION

## Cutting Back on Candor

It was a sad end to a bad year for Richard Nixon. He had launched Operation Candor in the final few months to try to regain credibility by revealing information about himself and his activities. There were the inconclusive chats with groups of Congressmen about his role in Watergate, the televised press conference at Disney World with managing editors, and the release of information about his income tax returns. But the operation was too little, too late; each move only seemed to raise more questions. Finally, the President decided to cut back on Candor.

During his talks with the Congressmen, Nixon had indicated that he would

challenged the Administration's boost in milk price supports after milk cooperatives had made contributions to the Nixon re-election campaign.

Dobrovir's act was clearly outrageous. But it was scarcely proof that written summaries of the Watergate tapes, if published, would be misused or misinterpreted. The White House also argued that the President now faces a hostile environment, and that some critics were bound to twist any summaries of the tapes. However unconvincing its rationale, the White House was under no legal compulsion to make the summaries public.

The White House also decided last



PRESIDENT NIXON CHATTING WITH PASSENGERS ON HIS FLIGHT TO CALIFORNIA  
When he came down to earth, Watergate was still waiting.

be willing to make public the substance of the celebrated presidential tapes concerning the Watergate burglary that he had turned over to Federal Judge John J. Sirica. The tapes contain key conversations between the President and such former top aides as John Dean, John Ehrlichman and H.R. Haldeman. Last week the White House decided not to release the summaries. The main reason was fear that the tapes might link the President closer to Watergate. Top White House aides readily admit that the tapes include "ambiguities" about the President's role.

**Glaring Misuse.** To justify withholding the summaries of the tapes, the White House argued that the inconclusive material would somehow be "misused" against the President. As a glaring example of such misuse, the White House cited the recent case of Attorney William Dobrovir. He entertained a Georgetown cocktail party by playing part of a presidential tape that he had got as evidence in a civil suit. The suit

week that it would not deliver material that had been subpoenaed by Senator Sam Ervin's Watergate committee. The material includes 486 tapes and hundreds of documents that possibly bear on a variety of scandals. Just how the White House planned to deal with the subpoenas remained to be worked out, but Operation Candor obviously was hurt again. Late in the week, the White House did recover some ground by announcing that it would be releasing documents—although no summaries of tapes—dealing with the milk fund and the ITT case, the relatively favorable antitrust settlement that was granted to the conglomerate at a time when it was pledging to contribute up to \$200,000 to the 1972 Republican Convention.

As the year came to a close, President Nixon got away for a few days' rest. Flying to California, he did his bit to ease the energy crisis with a symbolic act of conspicuous nonconsumption. Instead of traveling in Air Force One, the President, Wife Pat, Daughter Tri-

cia, nine staffers and 13 Secret Service agents went, unannounced, aboard a United Air Lines DC-10.

Nixon left his \$217.64 first-class seat and spent half an hour walking the aisles in the tourist-class section happily holding a baby, signing autographs and chatting amiably with passengers while Press Secretary Ron Ziegler snapped photos. When one 16-year-old girl blurted out: "You look like Bob Hope!", Nixon grinned and replied: "He's a good friend of mine." As he left the compartment, the passengers gave the President a standing ovation.

When Nixon came back down to earth, Watergate was waiting. This week Special Prosecutor Leon Jaworski will announce that the grand juries he has been working with will soon "be prepared to consider the matter of returning indictments in a substantial number of major involvements." Such indictments could conceivably nudge Watergate a lot closer to the Oval Office, and some high level White House staffers believe that the worst is still to come for the President. "It's going to be more intense than ever," predicts one of his close advisers. Another admits: "I wouldn't place a bet on his survival at this point."

## INVESTIGATIONS

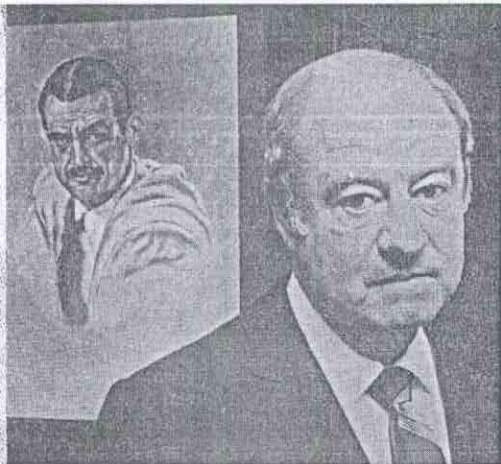
## Indicting Hughes

As the capricious and supremely autocratic ruler of a business empire worth billions, Howard Hughes has spent almost as much time and trouble fighting legal problems as the germs about which he constantly worries. In 1973, after a twelve-year court fight, he finally upset a \$180 million judgment against him for allegedly mismanaging TWA, and he is currently being sued by his former chief lieutenant, Robert Maheu, for \$17 million on grounds of libel.

Last week Hughes faced his first criminal charge. Along with four present or former business associates, including Maheu, Hughes was indicted by a federal grand jury in Las Vegas on charges of perpetrating a stock swindle.

Judge Roger D. Foley ordered the defendants arraigned next week. Because he has extensive business dealings with the Government, which could be endangered if he repeatedly ignores court orders, Hughes eventually may feel obliged to show up in court. But the chances that he will appear for arraignment are roughly equal to those for breaking the bank at one of his gambling casinos in Vegas. For the phantom of hotel penthouses, it was time for another secret move to another set of \$1,000-per-day quarters.

Seven days before the indictment was handed down, Hughes and a party of ten roared out of London, where he had lived at the Inn on the Park for nearly a year, and flew by private jet to Freeport, on Grand Bahama Island. Arriv-



**MAHEU IN FRONT OF HUGHES PORTRAIT**  
For the phantom of hotel penthouses, it was time for another move.



**SUMMA CHIEF COUNSEL CHESTER DAVIS**

ing at 4 a.m., the entourage moved into four top-floor suites of the Xanadu Princess Hotel. Among its attractions is that it is in a country that recently refused to extradite financier Robert Vesco to the U.S. to stand trial on an indictment for using telegraph services to carry out a fraud—one of the violations that Hughes is now charged with.

The case centers on Hughes' campaign to acquire Air West Inc. (since renamed Hughes Air West), a line serving eight Western states and parts of Mexico and Canada. The Government charged that Hughes and associates conspired to manipulate the price of the company's stock up and down by, among many other things, flooding the market with large holdings in an illegal effort to scare its directors to terms. Hughes was charged with seven violations carrying a maximum prison sentence of 28 years and \$34,000 in fines.

Besides Hughes and Maheu, who was ousted in an epic power struggle three years ago, those indicted were:

Chester Davis, Hughes' longtime No. 1 attorney and chief counsel of Summa Corp., the umbrella organization that holds the casinos, Hughes Air West, Hughes Aircraft Co. and nearly all of Hughes' other properties.

David B. Charnay, president of Four-Star International Inc., of Beverly Hills, a television production company; he became acquainted with Hughes when the billionaire was expanding his television network in the late '60s.

James H. (Herb) Nall, a Hughes official in charge of land acquisition.

Named as co-conspirators but not indicted were Herman (Hank) Greenspun, publisher of the Las Vegas Sun and a longtime Hughes booster; and George Crockett, an old Hughes friend.

Hughes became interested in Air West, which was in financial difficulty, in 1968. He was opposed by a faction on the board of directors who insisted that Hughes' tender offer of \$22 per share was too low. Indeed, even after stockholders approved a sellout to Hughes at that price, the board voted 13 to 11 to refuse. At that point, the Government charges, Hughes and his cro-

nies put into motion their strategy.

Two large blocks of stock were owned by Greenspun and Crockett. According to the indictment, Maheu urged Crockett to sell his Air West holdings, assuring him that he would be "made whole" for any losses. Similarly, according to pretrial testimony in the Maheu libel case, Greenspun was assured by an associate of Maheu that "Mr. Hughes isn't going to let you get caught holding the bag" by selling Air West stock at a low price. Around Dec. 31, 1968, the Government charges, Crockett, Greenspun and Charnay unloaded 46,000 shares of Air West stock, or slightly more than 1% of all the shares outstanding. The stock's price skidded from a high of 20 in mid-December to 15½ on Dec. 31. Further, the Government charges, the Hughes group harassed recalcitrant board members by filing lawsuits against them. Finally, six of the 13 board opponents changed their votes, and Hughes' offer was accepted.

**Approved Application.** That did not settle the matter. Under federal law the President of the U.S. must decide that changes in the ownership of American international carriers are in the "national interest." Considering his troubles at TWA plus an even more checkered career as controlling shareholder of Northeast Airlines from 1962 to 1964, Hughes did not seem the ideal candidate for sole proprietorship of Air West. Even so, Nixon approved Hughes' application in April 1970.

By coincidence or not, a Hughes lieutenant by then had already made one of the celebrated \$50,000 cash "contributions" that were held for Republican campaign funds by Nixon's pal Bebe Rebozo; the second \$50,000 payment was delivered the following July. Rebozo claims that he held the money for three years and eventually returned the same bills to Hughes representatives. That story, as well as the Air West deal and other legal matters involving Hughes, is under investigation by the Senate Watergate committee.

For Air West stockholders, Hughes' arrival turned out to be anything but a smooth ride. Though no wrongdoing has

yet been proved, Hughes' bookkeepers declared Air West a "non-going utility," meaning that the carrier had a negative net worth. Since Hughes' offer stipulated that his final purchase price for the stock would depend on the company's net worth, he claimed that the price should be far less than he earlier had trumpeted. Instead of collecting the \$22 per share that they had expected, Air West stockholders—some of whom have filed suit against Hughes—wound up selling their shares for about \$11 each.

## TRIALS

### Extremists Acquitted

The trial was marked by vociferous disruptions from the two defendants—shouted insults at the judge and militant denunciations of the whole U.S. judicial system. Both defendants were periodically banished from the courtroom and listened to the proceedings over loudspeakers from adjacent rooms. Yet in a U.S. district court in New York last week, Joanne Chesimard, 26, and Fred Hilton, 20, reputed members of the radical, gun-toting Black Liberation Army, were acquitted of charges that they and two companions had robbed a Bronx bank in September 1972. The jury verdict ended their second trial on the charges, after the first resulted in a hung jury (11 to 1 in favor of conviction).

This was just the latest in a long series of cases in which the Government has been notably unsuccessful in prosecuting black and white extremists. The abortive conclusion of the Chicago Seven trial in 1970, the acquittal of Bobby Seale in the Rackley case in 1971, and the acquittal of 17 of the Camden 28 in the spring of 1973—all represented prolonged, expensive Government prosecutions gone awry. In many instances, the Government case was weak.

In the Chesimard case, the prosecutor relied on the testimony of the two

**CHESIMARD ALLEGEDLY ROBBING BANK IN 1971**

