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Hughes Fled Country to Escape IRS

The late Howard Hughes, according to his secret papers, fled the country in 1970 to escape the clutches of the Internal Revenue Service.

His in-the-dark-of-the-night departure has remained a mystery for more than six years. He was sneaked out of his Desert Inn penthouse on a stretcher and hauled down the fire escape for nine floors.

The next day, aides concealed his disappearance by ordering a special Thanksgiving dinner for him from the Desert Inn kitchen. But the eccentric billionaire was already 3,000 miles away in another penthouse in Nassau's Britannia Beach Hotel on Paradise Island.

Within a year, he began to get restless. A top aide issued this written dictum from the Hughes penthouse on Nov. 10, 1971: "He wants to know from Chester how long this IRS thing will keep us out of the country." Chester was the billionaire's abrasive lawyer, Chester Davis.

The following year, Hughes changed penthouses again, going to the Intercontinental Hotel in Managua, Nicaragua. Then an earthquake forced him to flee on Dec. 23, 1972. He took the risk of landing in Miami but changed the destination in mid-flight to Ft. Lauderdale to confuse the authorities.

A top IRS official, G.T. Register, got wind of Hughes' arrival and even anticipated that the recluse might make a last-minute change in the flight plan. So he had agents waiting at Ft. Lauderdale with a subpoena for the elusive Hughes.

Hughes' aides stalled the agents until they could talk to Davis, who placed a midnight call to Washington. Believe it or not, the agents received instructions not to serve Hughes the subpoena. The midnight decision was made by then-Internal Revenue Commissioner Johnnie Walters and Assistant Commissioner John Hanlon.

Through our own Hughes investigation, meanwhile, we gained access to his private files and arranged for the IRS to photograph them. These show his personal financial empire was valued over \$2.3 billion.

It included seven hotel-casinos, 1,200 mines, an airline, a munitions works, assorted television properties and 30,000 acres of undeveloped desert. The Nevada casinos frequently handle more than \$1 million in a day of wagering.

The billionaire controlled most of his operations through the Las Vegas-based Summa Corp. and the Miami-based Howard Hughes Medical Institute.

His papers show that, by ordinary standards, he had plenty of loose cash on hand. The year before he died, for example, Summa amassed \$182.4 million in savings and liquid investments. Yet this was a decrease, the records disclose, of \$32.5 million from the previous year. According to a secret analysis, Hughes was short of cash "to cover nonoperating and nonrecurring costs."

With all these millions to juggle, the odd eccentric sometimes lost track of

huge sums. He failed, for instance, to cash 109 checks totaling \$185,250.03 that were issued to him by the Hughes Tool Co. between 1957 and 1961. His aides had to urge him to redeem the checks.

Hughes also neglected to place some of his savings in interest-bearing accounts. After much prodding from his aides, Hughes wrote a letter to the First City National Bank in Houston, stating: "Please transfer the funds . . . in my name . . . in the amount of \$145,621.35 to my account in the Texas Commerce Bank of Houston." The money had lain dormant, gathering no interest, for 17 years.

He was also absentminded about his will, which explains the controversy that has now developed among his would-be heirs. According to the secret papers, there was confusion over which of two wills was authentic.

In one memo, Hughes was informed that his former faithful secretary Nadine Henley, "believes the will she has is the true will and she must have been given instructions in the past by you to keep it secure. If the hand-written will is the real will, it could be that you had it updated later to the one (she) has."

Concludes the memo: "You alone can . . . compare one with the other and make whatever changes you deem necessary in your best interests." In reply Hughes scrawled at the bottom of the memo: "Will get down to constructing new will as soon as possible."

The new will, if it were ever completed, now appears to be missing.