

# Howard Hughes Indicted

By Margaret Gentry  
Associated Press

Billionaire Howard R. Hughes was indicted yesterday by a federal grand jury on charges of conspiracy and stock manipulation in connection with the purchase of Air West airlines, the Justice Department announced.

Hughes' former top aide and three other associates also were named defendants in the nine-count indictment returned in U.S. District Court in Las Vegas.

The indictment accuses the five of conspiring to depress the market price of Air West stock in a roundabout scheme to pressure Air West directors to agree to Hughes' takeover.

Indicted along with the industrialist were Robert Maheu, former chief executive officer of Hughes' Nevada operations; Chester C. Davis, chief legal counsel for the corporation; David B. Charnay, a Hughes associate and president of Four Star International, a TV and movie production firm, and James H. Nall, who is in charge of land acquisition for Hughes' Nevada operations.

Hughes, who has not been seen in public for years, is reportedly in the Bahamas.

The indictment says the alleged conspiracy took place between June, 1968, and January, 1969. Hughes bought the airline in December, 1968.

In just two days in December, 1968, the indictment says, 46,000 shares of Air West stock were sold by Charnay and two unindicted co-conspirators, Herman (Hank) Greenspun, editor and publisher of The Las Vegas Sun, and George Crocket, former owner of Alamo Airways.

Hughes, Maheu and Davis caused lawsuits to be filed against Air West directors who had voted against selling out to Hughes' company, Hughes Tool Co., the indictment says.

Hughes and his associates then used the lawsuits to pressure the recalcitrant directors into changing their votes, the indictment says.

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## HUGHES, From A1

Government attorneys said Hughes directed Maheu and Davis orally and in writing to institute the lawsuits and to manipulate the market price of Air West stock. The manipulation was designed to make Hughes' purchase offer appear more attractive to Air West stockholders, the indictment says.

Other counts in the indictment charge the defendants with violating the wire fraud statute by sending telegrams to carry out the alleged scheme.

Despite numerous investigations of Hughes' financial dealings, he had not been named in criminal charges until now.

Hughes, known for keeping his whereabouts secret, reportedly left London last week for Freeport in the Bahamas, where he is reportedly living in a hotel penthouse.

A Justice Department spokesman said attorneys are considering whether to initiate extradition proceedings to bring Hughes back.

He and the other defendants, if convicted, could be sentenced to a maximum of five years in prison and fined \$10,000 on the conspiracy charge. The other charges carry lesser penalties.

The indictment said the alleged conspiracy grew out of the Hughes Tool Co. proposal on Sept. 20, 1968, to buy Air West, now known as Hughes Airwest.

On the same day the directors of Air West voted 13 to 11 tentatively recommending acceptance of the offer.

A month later, after receiving Hughes' formal proposal, the board deadlocked in a tie vote, blocking consummation of the deal.

Subsequently, two other companies made purchase offers to Air West. But at a meeting on Dec. 27, 1968, a majority of shareholders voted to accept the Hughes offer after the former chief executive of Air West blocked consideration of one of the other proposals.

The next day, however, the Air West directors voted 13 to 11 to overturn the shareholders' vote and to reject Hughes' offer.

According to the indictment, the fraud scheme was then set in motion by Hughes, the four associates and the two unindicted co-conspirators.

Hughes instructed Davis and Maheu "to unlawfully manipulate the market price of Air West common stock and to instigate lawsuits against the opposing directors of Air West, Inc., to pressure the board of directors into approving the Hughes acquisition offer and to create a false illusion as to the merits . . ." the indictment says.