

Hughes Fraud Case Dismissed

Reno

Charges of stock fraud against billionaire Howard Hughes in the purchase of a regional airline were dismissed yesterday by a federal judge who called the indictment one of the worst he had ever seen.

U.S. District 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 in his decision.

The four who had been charged along with the much hidden and much-traveled Hughes are 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 Airwest, a feeder airline to Western Airlines, and then pressured directors to sell to Hughes, who subsequently bought the airline and renamed it Hughes Airwest.

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. The language of the indictment was so muddled, the defense attorneys said, 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.

Noting that he had been a

lawyer since 1936 and a U.S. judge for the last ten years, Thompson said, "In all my experience this is the worst criminal pleading I have ever encountered."

The dismissal frees Hughes from any requirement that he return to the United States. He had failed to appear at the first hearing, but because arraignment was delayed for the dismissal motion to be argued, no bench warrant was issued for his arrest.

The indictment was handed down last December 27 following a year-long investigation by the Securities and Exchange Commission.

It charged Hughes with authorizing Davis and Maheu to unlawfully manipulate the market price of Airwest stock by depressing the value of the airline's stock and threatening lawsuits against directors opposed to the sale.

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