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Mitchell Tied to Hughes Bid

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Former Attorney General John N. Mitchell, acting without the knowledge of his own Antitrust Division, secretly encouraged a controversial effort by billionaire Howard Hughes to buy the Dunes Hotel in Las Vegas, according to Senate Watergage committee investigators.

The committee staff, in a draft report obtained yesterday by The Washington Post, charged that Mitchell's apparent decision to approve the Hughes purchase in 1970 was "clothed with the appearance of impropriety."

The report also charged that the Dunes Hotel case may have been connected with the $100,000 in Hughes money that was given to C. G. (Bebe) Rebozp, the President's close personal friend.

The Senate committee staff pointed out that Richard G. Danner, the Hughes representative who delivered the money to Rebozo, "was the same man who presented Hugnes' case directly to the Attorney General" about buying the Dunes.

The Hughes deal for the Dunes fell through later in 1970 for financial reasons "wholly unrelated to antitrust considerations," but except for that, the report charged, "this is a classic case of governmental decision-making for friends." The report said Mitchell's approval of the purchase conflicted with antitrust guidelines that had been developed for such acquisitions.

Hughes was already a dominant power on the Las Vegas strip when he moved to buy the Dunes. He owned the Silver Slipper Casino and five casino hotels, one

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of which was bought only after careful review by the Justice Department's Antitrust Division.

Government antitrust lawyers had also blocked Hughes' plans to buy the Stardust Hotel in 1968 on the grounds that it would give him too much control of Las Vegas' resort hotel accommodations.

In contrast to those Justice Department reviews through regular channels, the Senate report said, "the initial approach to the Justice Department on the Dunes was made directly to the Attorney General, not to the Antitrust Division. In addition, the report said, the approach was made by Danner, a man who was "Rebozo's, Mitchell's and the President's" friend.

Citing interviews with Robert A. Maheu, the former head of Hughes' Nevada operations, and memos between Hughes and Maheu, the report said:

"Because of his friendships with the President and Rebozo, Hughes and Maheu expected Danner to act as a 'political liaison' in Hughes' affairs with the federal government."

The report said Mitchell's decision to approve the Dunes purchase "apparently rested on a series of secret meetings between Mitchell and Daner in early 1970 . . . .Significantly there is no record of the Danner-Mitchell meetings, which no one else attended, in the Dunes file maintained by the Antitrust Division."

The Senate investigators said Danner, Rebozo and Mitchell have all denied any connection between the Dunes case and the $100,000 turned over to Rebozo. However, Maheu, who had a highly publicized falling out with Hughes in late 1970, has testified in a deposition that one $50,000 installment was a late contribution to the 1968 campaign and the other $50,000 was related to the effort to buy the Dunes.

According to the staff report, Danner first broached the possible acquisition of the hotel-casino to Mitchell at a meeting in January of 1970 in an effort to find out "whether we would be in violation of antitrust" laws and guidelines.

At a following session, on Feb. 26, 1970, the report said, Danner gave Mitchell a statistical memo on hotel room ownership in Las Vegas. The Senate staff said the memo also suggested a change in applicable antitrust guidelines that would make the Dunes purchase acceptable.

In secret testimony disclosed in the report, Danner said Mitchell told him he would "let the boys look this over and give you an answer later." But the Senate investigators said that neither the head of the Antitrust Division at the time, Richard McLaren, nor any other lawyer in the division who might have been expected to review the proposal can remember seeing this memorandum.

The Senate report said Mitchell met with Danner again at the Justice Department on March 19, 1970. Danner testified that Mitchell told him in a very perfunctory manner, " 'from our review of these figures, we see no problem. Why don't you go ahead with the negotiations?' "

Danner said Mitchell told him the proposed purchase "met the guidelines."

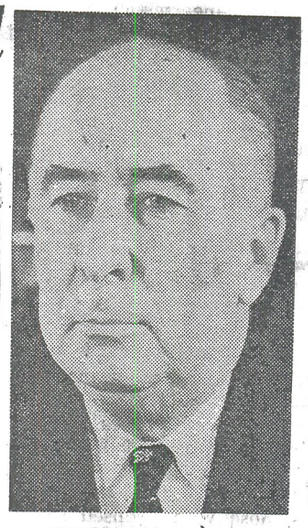
Immediately after the meeting, the report said, Danner informed Maheu, who was in Washington at the time, and Hughes' Washington lawyer Edward P. Morgan, of the results. "Maheu remembers Danner telling him that the case was 'taken care of in Washington and there would be no interference after that,' " the report said.

Danner and Maheu then went to Key Biscayne where the report said both registered at the Sonesta Beach Hotel from March 20 to March 22. Mitchell's logs show he went to Florida by train on March 20 for three days and "was apparently in Key Biscayne when Danner and Maheu were." But the Senate investigators were apparently unable to uncover any meetings between the Hughes representatives and either Mitchell or Rebozo during the Florida trip.

The Senate report pointed out, however, that Maheu has testified that one of the $50,000 contributions was set in motion after Danner returned from one of his meetings with Mitchell in Washington. Maheu said he told a Hughes lawyer in Las Vegas that "certain political obligations had to be met as the result of the trip which Mr. Danner had made."

The Watergate committee staff quoted Mitchell as saying that he "remembers almost nothing about the Dunes . . . Mitchell cannot remember whether he or anyone in the department ever made a decision on the Dunes."

According to the Senate report, McLaren was kept so much in the dark that he wrote Mitchell on March 26, 1970 — one week after Danner says he got the Attorney General's approval — a two-page memo discussing possible stances the Justice Department might take on the Dunes.



JOHN N. MITCHELL
. . . accused in report

McLaren also attached to the memo an FBI report from the late Director J. Edgar Hoover. In it, Hoover said FBI agents had heard in Las Vegas on March 19, 1970 — the day of Mitchell's meeting with Danner — "that Hughes had received assurance from the Antitrust Division of the Department of Justice that no objection would be interposed to Hughes' purchasing the Dunes Hotel."

Evidently assuming that the FBI had picked up the tip from state officials in Nevada, McLaren concluded in his note to the Attorney General: "I trust that the attached FBI report inaccurately records the understanding which the state government received from the department."

The former head of the Antitrust Division, who is now a federal judge in Chicago, told Senate investigators that he never again heard from Mitchell about the case.

McLaren has said he was told by Mitchell early in March of 1970 that Paul Laxalt, then governor of Nevada, was pushing for Justice Department approval of the Dunes purchase because the hotel was "hoodlum owned" and Hughes would "clean it up."