

# NEW INDICTMENT OF HUGHES ISSUED

JUL 31 1974

Justice Department Yields  
to a Nevada Grand Jury  
in Airline Stock Case  
NYTimes

By WALLACE TURNER

Special to The New York Times

LAS VEGAS, Nev., July 30—  
The Department of Justice yielded to a Nevada grand jury today and permitted the indictment of Howard R. Hughes, the reclusive industrialist, on the charge that he and his associates manipulated stock markets to cut the price he paid when he bought Air West in 1968.

Yesterday the jury balked when asked to indict three associates of Mr. Hughes, but not to indict Mr. Hughes himself.

The others are Robert A. Maheu, once Mr. Hughes's manager here; Chester C. Davis, chief counsel of Summa Corporation, a Hughes holding company, and David Charney, film producer and long-time friend of Mr. Hughes.

Sources who would not be quoted by name said that the Securities and Exchange Commission staff notified the De-

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partment of Justice this morning that a civil action would be filed against Mr. Hughes if no criminal actions were brought in the Air West matter.

This would have the effect of unveiling the evidence that has been gathered to substantiate the contention that Federal statutes were violated when Mr. Hughes purchased Air West, a regional air line, on Dec. 31, 1968.

For whatever reason, officials of the Justice Department in Washington reversed their position, and today summoned the grand jury back into session. Also, control of the presentation of the new indictment was restored to V. Devoe Heaton, United States Attorney for Nevada.

### Forced to Withdraw

Previously, after Mr. Heaton had objected vigorously to the Washington decision that Mr. Hughes was not to be named as a defendant, about 10 days ago the United States Attorney was forced by his superiors to withdraw from the case and turn it over to an assistant.

The grand jury balked when his assistant, Dean Vernon, presented the indictment for voting yesterday.

No spokesman for the Department of Justice has explained in the last week why Washington officials were adamant in their stand that Mr. Hughes not be indicted.

Late last year Justice Department officials approved an indictment that named Mr. Hughes. That indictment was dismissed by a Federal judge on Jan. 30 as having been faulty drawn. Six months was

allowed for reindictment, and that term expires tonight.

Mr. Hughes had offered \$22 a share for Air West stock. This would have meant a total price of \$90-million. The previous indictment, which was dismissed, alleged that associates of Mr. Hughes had driven down the price of the stock by causing a wave of selling in the days before the sale was agreed upon.

When the transaction was finally completed, shareholders received about \$8 a share for a total price of about \$40-million for the airline, according to statements at the time the earlier indictment was returned.

A major problem in presenting the new indictment was gathering a quorum of grand

jurors. Originally made up of 23 jurors, the jury is now down to 20, and 16 must meet together to permit action. At least 12 must vote to indict. There is no assurance that the grand jury had refused to accept Washington's position in the case has created tensions in the Department of Justice.

For example, today Gerald D. Fines, deputy to Philip Modlin, director of the executive office of United States Attorneys, refused to permit a caller to state his purpose and terminated a conversation immediately on learning that it was a reporter who had called. That office provides liaison between the Justice Department and United States Attorneys such as Mr. Heaton.