

Records Show Hughes Borrowed \$39.5 Million Shortly Before Death

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SAN FRANCISCO, Oct. 13—About three months before he died, Howard R. Hughes borrowed \$39.5 million from three Houston banks, Texas probate court records showed.

As with many other disclosures about the business practices of the reclusive industrialist, the papers showing the loans raised more questions than they answered.

They were filed in Probate Court in Harris County, Tex., by the Texas Commerce Bank, owed \$28,250,000; First City National bank, owed \$6,250,000; and Bank of the Southwest, owed \$5 million.

With interest, the total claims amounted to \$41,440,402.19. The banks acted under Texas probate rules that require the filing of secured claims within six months of naming of estate administrators.

Relatives Are Coadministrators

Mr. Hughes's closest surviving relative, Mrs. Annette Gano Lummis, his aunt, and her son, William Rice Lummis, are coadministrators of the Hughes estate under appointment of Probate Judge Pat Gregory of Houston. The California and Nevada authorities also have claimed a voice in probate of the estate.

Probate court officials said Mrs. Lummis and her son had indicated in their handling of the claims filed by the banks that they would approve payment. Payment would be made when approved by Judge Gregory.

Knowledgeable sources have said that when Mr. Hughes died, his wealth included some \$200 million in a cash-note-bond for payment of sizable legal fees, and \$25 to \$30 million for renovation and expansion being undertaken at the Desert Inn Casino and Hotel in Las Vegas.

Sometime next year when appraisals are negotiated to agreement with the Internal Revenue Service, the Hughes estate must begin annual payments on inheri-

ance taxes, including interests, that will amount to about 75 percent of the net appraised value. The payments are to extend throughout 10 years.

The barest amount possible of the paper work behind the loans was filed in the record. But what was there showed a strange business practice.

Last Dec. 31, at a time when Mr. Hughes was living in Acapulco, Mexico, the Texas Commerce bank made five loans. The first was for \$1.5 million; the second for \$5 million. They were both to Mr. Hughes personally and were secured by a promissory note to Mr. Hughes from the Hughes Tool Company for \$6.5 million, dated Dec. 31, 1970.

That was the name on that date of Mr. Hughes's personal holding company. But he sold the name when he sold the company, which manufactured bits for oil drilling, to the public in 1972. The holding company now is called Summa Corporation and has assumed the obligation of the promissory notes involved.

Also on Dec. 31, Mr. Hughes borrowed \$15 million from Texas Commerce Bank, giving as security a \$15 million note from Hughes Tool dated Dec. 31, 1966.

\$5 Million Loan Secured by Stock

Texas Commerce bank also made a fourth loan, which was unsecured, of \$3 million, and a fifth for \$3,750,000, which was secured with stock of Sands Inc., the corporate name of the hotel in Las Vegas that Mr. Hughes owned in his own name.

On Jan. 9, First City Nation of Houston loaned \$6,250,000 and Bank of the Southwest loaned \$5 million, also secured by the stock of the Sands hotel.

The file of documents also included a power of attorney granted by Mr. Hughes to Raymond M. Holliday on Dec. 29, 1971, at which time Mr. Holliday still was the chief officer of Hughes Tool, which Mr. Hughes still owned.