

Court Is Told Hughes Left Only \$168 Million

Holdings Appraised

Las Vegas

An appraisal filed in court here yesterday contended that Howard R. Hughes, who was almost invariably identified as billionaire Howard R. Hughes, was worth only \$168,834,615 when he died last April 5.

The appraisal was filed by a Las Vegas lawyer who represents the family group that must pay taxes on Hughes' estate. Those taxes will approximate 77 per cent of whatever value is finally established legally for the estate, because Hughes apparently died without leaving a will, making all his wealth subject to the highest inheritance tax rates.

Asked whether the appraisal would be the basis of the Hughes estate's 1976 income tax return, officials of the Summa Corp., which Hughes used as a personal holding company throughout his business career, had no comment.

Some of Hughes' former associates, who asked not to be quoted by name, said that they believe the appraisal is too low.

The key element in the appraisal was an affidavit from Albert J. Fitzgibbons, a vice president of Merrill Lynch, Pierce, Fenner & Smith Inc. of New York. The firm was hired last year to make the appraisal for a fee of \$400,000, according to court records.

The estimate was prepared at the direction of a Nevada District Court judge who earlier had given Summa an extension of time to file the inventory.

Fitzgibbons said that he had appraised five elements of the Hughes estate and found them to be worth \$114.5 million. This included \$110.7 million for the total value of the Summa Corp. and the Hughes Television Network Inc., which held title to several of the casino hotels that Hughes owned here.

Fitzgibbons did not specify values for the myriad properties held by these two companies. William Morse, the Las Vegas lawyer who filed the appraisal, said that Merrill Lynch is preparing a detailed report on its work. The report will not be available for several weeks, he said, but will eventually be filed with probate court.

Since almost all of Hughes' wealth was held in the Summa Corp., and since Fitzgibbons' ap-

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praisal did not single out the various elements of that corporation to assign individual values to them, critics of the appraisal pointed to the value assigned to Hughes' personal holdings that were shown in the appraisal documents.

For example, when Hughes acquired total ownership of Air West, a regional airline, in 1968, he held 22 per cent of it in his own name, with the balance in the Summa Corp. The Merrill Lynch appraisal assigned a value of \$850,000 to the 22 per cent share. Projecting this valuation, the total value of the airline would be \$3.8 million by the appraisal standards.

But when Hughes acquired the airline, he paid millions in cash, (his publicists said \$40 million) and assumed millions in debts. One man familiar with the transaction said that the "total exposure as was about \$160 million."

And in a court action in San Francisco, Air West stockholders sued Hughes for \$80 million, contending that they had been defrauded in the sale of the airline to Hughes. The suit is pending.

Hughes also owned seven casinos and five hotels in Nevada, and all but one of these is owned within the two companies that were lumped together in Fitzgibbons' appraisal. The Hughes holding companies paid about \$80 million for those properties, according to a source familiar with the purchases.

The seventh casino, the Silver Slipper, was appraised in these words by Fitzgibbons without further explanation: "Sole proprietorship, Silver Slipper, \$1.00" However, it is known that when Hughes bought the casino, he paid \$5.5 million for it.

In addition, the Summa Corp. held title to about 1300 acres of undeveloped land just north of Los Angeles International Airport. Again, as with the gambling empire, the value assigned by Fitzgibbons to the land is hidden for the time being within his overall estimate of the value of the Summa Corp. and the Hughes Television Network.

However, the value of this land is considered by executives of Summa to be immense. For several years before Hughes' death, his executives had made detailed plans for development of the property, but he never allowed them to execute the plans.

The tract was appraised by Hughes' executives a few years ago at \$200,000 to \$300,000 an acre. One man said that if the value were put at only \$100,000 an acre, the total value of the tract would be \$130 million. Hughes also owned 40 square miles of undeveloped desert land near here. One observer said that such land is now worth about \$1000 an acre, which would be \$25 million for the tract. In addition to these items in the appraisal that were criticized yesterday, other sources said that in recent litigation in Nevada, lawyers for the Summa Corp. told judges that the company had a net worth of about \$450 million.

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