

Hughes Payout To Politicians Is Surfacing

"He cared nothing about candidates or issues—unless they had some effect on Howard Hughes.

"And if they did he figured he could buy his way to favor. 'Everybody has a price,' he always said. And he was going to offer that price—to a city councilman or the President of the United States."

—Noah Dietrich. "Howard: The Amazing Mr. Hughes"

At a meeting in 1967 with Raymond M. Holliday, then chief executive of the Hughes Tool Co., "I showed Mr. Holliday a handwritten memorandum from Mr. Hughes where Mr. Hughes was asking me to make a million-dollar payoff to a President of the United States. Mr. Holliday fainted, dropped the yellow sheet of paper on the floor and requested of me whether or not his fingerprints could be taken off the piece of paper."

—Robert A. Maheu, under oath, July 4, 1973

By Morton Mintz

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LOS ANGELES—He is the world's most famous recluse, holing up in the Bahamas or the Desert Inn in Las Vegas or Nicaragua, or, at the moment, a London hotel. He is fanatically secretive, too, about his financial affairs, which are substantial, Howard Robert Hughes being a billionaire.

But now information about Hughes as political financier, about his bagmen, about his underground rivers of campaign contributions, about the origins of much of that money in his gambling casinos—all of this is gushing to the surface.

The principal founts of the information are two of his former most trusted aides, Robert A. Maheu and Noah Dietrich.

Maheu ran Hughes' Nevada Operations, a purported \$300 million diverse enterprise said to be the state's single largest employer. Dietrich was Howard Hughes' chief executive officer for 32 years.

The Maheu information—his deposition in a pending lawsuit with other evidence, such as a series of handwritten letters to Maheu apparently from Hughes—deeply involves men who hold public office at this moment: President Nixon; Sen. Hubert H. Humphrey, who in his earlier incarnation as Vice President was Mr. Nixon's opponent in the 1968 presidential election; numerous legislators on Capitol Hill, and several dozen state and local officials in California and Nevada.

The office of Watergate Special Prosecutor Archibald Cox in Washington recently gave an aura of immediacy to the Maheu papers by requesting copies of some of them from the U.S. District Court in Los Angeles.

Here are brief highlights—some have eluded public notice, while others have drawn piecemeal attention:

• \$50,000 in checks went to assorted Nixon-Agnew committees about three weeks before the 1968 election. "I want you to go to see Nixon as my special confidential emissary," the letter-writer presumed to be Hughes told Maheu in March, 1968.

"I feel there is a really valid possibility of a Republic-

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can victory this year," the letter continued. "If that could be realized under our sponsorship and supervision every inch of the way, then we would be ready to follow with Laxalt as our next candidate." Paul Laxalt was the governor of Nevada.

• \$50,000 in checks went to Humphrey within a few days of the contribution to Mr. Nixon. The money was passed through former Nevada Gov. Grant Sawyer, who wrote checks on his own account to various Humphrey committees.

In the same letter in which he designated Maheu as his "emissary" to Mr. Nixon, Hughes named Humphrey as the "one man" who, through President Johnson, could delay a feared underground nuclear test near the Hughes resort in southern Nevada.

"Why don't we get word to him on a basis of secrecy that is really, really reliable that we will give him immediately full unlimited support for his campaign to enter the White House if he

will just take this one on for us?" said Hughes—or the man whose signature has not been denied by his lawyers to be his.

"How can we expect to realize our potential as a resort if we are scaring people away with bomb tests?" Hughes said in another letter.

Angry at the Atomic Energy Commission, which ultimately carried out the tests, called Boxcars, Hughes suggested to Maheu that "somebody should start negotiating with the AEC just like buying a hotel."

• \$50,000 in currency also went to Humphrey during the 1968 campaign. Maheu testified that he delivered the cash to the Vice President in the candidate's limousine outside Los Angeles' Century Plaza Hotel, where Humphrey had just delivered a campaign speech.

• \$100,000, in currency "earmarked" for President Nixon, was delivered in two equal installments in 1969 and 1970 to C. G. (Bebe) Rebozo, one of Mr. Nixon's closest friends. Maheu said Rebozo had been "chosen by Mr. Nixon" to receive the cash.

The first delivery was made in Key Biscayne by Richard G. Danner, who runs the Sands Hotel, a Hughes-owned gambling casino on the Las Vegas strip. Danner also made the delivery in 1970—so long after the presidential election that Maheu admitted to concern about possible "eventual embarrassment."

Danner, who is expected to fill out the story in a deposition due to be filed this week, made three trips to Washington in 1970 to see Attorney General John N. Mitchell. His mission was "to convey a request of Mr. Hughes," Maheu said.

The request was that Mitchell overrule the Justice Department's Antitrust Division, which was trying to prevent Hughes from acquiring the Dunes Casino-Hotel on the Las Vegas strip.

Hughes was already a dominant power on the strip, where he owned the Silver Slipper Casino and five casino-hotels, the De-

sert Inn (where he lived a secluded life in the ninth-floor penthouse), and the Castaways, Frontier, Landmark and Sands Hotels. In addition, he had other major interests in Nevada.

Maheu said he told Thomas G. Bell, a Hughes lawyer in Las Vegas who was a conduit for political cash in the state, "that certain political obligations had to be met as the result" of one of Danner's trips to see Mitchell.

Columnist Jack Anderson said last Tuesday that Danner has told investigators for the Senate Watergate committee that Mitchell, claimed by Danner to have been unaware of the \$100,000 given to Rebozo, cleared the Dunes acquisition in August or September of 1970.

This was several weeks after Danner had delivered the second \$50,000—in \$100 bills—to Rebozo in San Clemente. However, the Dunes acquisition fell through.

• \$25,000 in cash was delivered by Maheu in 1968 to Lawrence F. O'Brien, then chairman of the Democratic National Committee, soon after the burial of Sen. Robert F. Kennedy. Maheu said the money had been pledged to Kennedy's campaign for the Democratic presidential nomination. Because the Kennedy campaign was left with unpaid bills, "I felt it would be the proper thing to meet our commitment," Maheu said. He went to O'Brien, he said, "pursuant to instructions of Pierre Salinger," a Kennedy family friend.

• Richard A. Ellis, a certified public accountant retained by Maheu, confirmed under oath that the total of \$125,000 in cash given to Nixon, Humphrey and Kennedy in 1968 and 1969 flowed from Hughes' "personal account" in Los Angeles through Maheu's unincorporated investigative and public relations firm, Robert A. Maheu Associates. Hughes' secretary, Nadine Henley, administered the "personal account," also identified as "Hughes Productions."

The \$50,000 in cash given to Mr. Nixon in 1970, however, came from the Silver Slipper gambling casino. Ellis, in a deposition supported by a 62-page financial summary, said the "total cash received" by Maheu from the Hughes "personal account" between Jan. 1, 1965, and April 30, 1970, exceeded \$300,000. This was in addition to the cash gifts to Nixon, Humphrey and Kennedy, which, Ellis said, Maheu kept secret from him. Maheu said that Hughes imposed the secrecy.

The candidates who shared the \$300,000 were designated in phone calls to Maheu from "a fellow by the name of Bart Evans" at Hughes Aircraft near Los Angeles, Ellis said. Evans "would state that there was a dinner or a political function" to which "he felt there should be a certain amount of moneys contributed," Ellis testified, "and checks would be issued as a result."

The recipients included Democrats Alan Cranston (\$65,000) and John V. Tunney (\$3,200), who are now California's senators; GOP Sen. George Murphy (\$2,000), defeated by Tunney in 1969; Democratic Sens.

Robert Maheu and Noah Dietrich (left from top), Howard Ro bard Hughes (center) and Govs. Paul Laxalt and Grant Sawyer.



Birch Bayh (Indiana), \$1,300; Fran Moss (Utah) \$1,000, Howard W. Cannon (Nevada), \$2,000 and Joseph Montoya (New Mexico), \$1,000, and GOP Sens. John Tower (Texas), 35,000, Edward Brooke (Massachusetts), \$1,000 and Hugh Scott, the Minority Leader, \$500.

Hughes' bipartisan approach ranged up and down the ranks. He gave to California GOP Gov. Ronald Reagan and to former Democratic Gov. Pat Brown, to Republican and Democratic congressmen, to Los Angeles Mayor Thomas Bradley and to the man Bradley defeated, Sam Yorty. He also gave \$2,000 in 1970 to Pete Pitchess for the sheriff's race in Los Angeles.

Maheu said he once told Tom Bell, the Hughes lawyer, of "the desire of Howard Hughes to own all the officials in Nevada . . . He wanted every politician, at whatever level, beholden to him."

From time to time, Maheu testified, Bell "would inform me that he had, pursuant to Mr. Hughes' instructions, covered all the bases in Las Vegas, the County of Clark and the State of Nevada."

Maheu said the Silver Slipper was the source of Nevada contributions, which were distributed mainly by Bell; Hughes' security chief Jack H. Hooper, who invoked the Fifth Amendment against self-incrimination in a deposition proceeding, and the late Air Force Gen. Edward Nigro, who had been Maheu's chief deputy.

Bell, in a deposition, named 82 Nevada politicians who, in 1969, in preparation for the 1970 elections, together got \$385,000—mostly in currency—from the "proprietor's drawing account" at the Silver Slipper.

Hughes was personally the sole proprietor of the casino. As such, he could legally contribute. The ban in the federal criminal code is on corporate contributions. Hughes was careful to list

the contributions as non-deductible items in order to avoid possible tax implications, Maheu said.

The beneficiaries of the \$385,000 included the current governor, Democrat Mike O'Callaghan. He got \$25,000, after he had shown "a prayer of winning," Maheu said. Hughes had been determined to defeat O'Callaghan and had contributed earlier only to the GOP's Ed Fike, who got \$45,000.

Other beneficiaries included Lt. Gov. Harry Reid, \$10,000, Nevada Supreme Court Justices Cameron Batcher, \$5,000, and E. J. (Al) Gunderson, \$7,000, Attorney General Robert List, \$9,500, and State Comptroller Wilson McGowan, \$2,000.

Twenty-seven legislative candidates got about \$56,000. Substantial sums — frequently in currency — also went to candidates of both parties for numerous other offices, including district judgeships and commissionerships of Clark County, regent posts at the University of Nevada, district attorney, city commissioner of Las Vegas, and even justice of the peace.

In 1967 or 1968, Maheu recalled, Hughes directed him in writing to contribute, "I believe, \$50,000," to Nevada's senior senator, Democrat Alan Bible.

When the state's junior senator, Howard Cannon, sought re-election in 1970, Maheu said, the contribution "authorized" for him "at least initially, was for \$70,000."

That Hughes did not restrict himself to the United States is indicated by a tape recording in court files of a phone call in early 1970, purportedly from Hughes to Maheu. The subject was a possible move by Hughes from Las Vegas to the Bahamas.

"If I make this move," the voice believed to be that of Hughes said, "I would expect you to wrap up that government down there to the point where it will be —

well, a captive entity in every way."

Later in 1970, Hughes moved secretly to the Bahamas. But in March, 1972, he fled by night in a chartered yacht to escape deportation.

Maheu, a grocer's son and former FBI agent, was fired as chief of Hughes' Nevada Operations in December, 1970.

"He's a no-good, dishonest son of a bitch and he stole me blind," a man identifying himself as Hughes said in a telephone news conference in January, 1972.

Maheu struck back a month later with a \$17.5 million defamation suit. The defendant is Summa Corp., successor to Hughes Tool Co., and, like it, wholly owned by Hughes. Summa then filed counter-claims against Maheu for \$4.6 million. Tentatively, the case will go to trial in U.S. District Court on Oct. 23.

Maheu, despite the high stakes and the bitterness, was reluctant to discuss Hughes' campaign financing. It was a lawyer for Hughes, Howard M. Jaffe of New York, who broached the subject while taking Maheu's deposition on July 4.

"I have religiously protected Howard Hughes and the Hughes Tool Co. relative to political contributions," Maheu told Jaffe. "If you want to push the political world of Howard Hughes," Maheu warned, "I will put the . . . consequences squarely on your shoulders."

Jaffe persisted, possibly in hopes of fishing out evidence that Maheu siphoned off political money for himself. Moreover, Maheu's law-

yer, Morton R. Galane of Las Vegas, told him firmly that "my instruction to you as a lawyer" is to answer "in complete detail."

With that, Maheu began a two-day unfolding of his story of how, starting in the early 1960s, he dispensed hundreds of thousand of dollars to politicians, always, he said, on specific instructions from Howard Hughes.

One person to whom Maheu said he relayed Hughes' instructions was Frank W. (Bill) Gay, a former Hughes Tool Co. official who is now executive vice president of Summa.

At a meeting in mid-1970, Maheu said, "I told Mr. Gay that I was very much concerned about the attempts that Howard Hughes made in asking me to make big payoffs to Presidents of the United States, which I categorically refused to do"; to "own" Presidents, and to choose the successors.

Maheu said he told Gay that some of the Hughes contributions were "far in excess of what they ought to be." Gay expressed concern about Hughes' desire "to exercise or attempt to exercise that much power, particularly since he was involved in so much national defense work," Maheu testified.

Noah Dietrich, who was fired by Hughes in 1957, is suing Summa, as well as Hughes personally, for \$51 million. His suit also results from remarks made by the disembodied voice in the telephone press conference in January, 1972.

Dietrich did not share Maheu's reticence about cam-

paign contributions. Indeed, he volunteered an effusive account, first in his book, published last year by Fawcett Gold Medal, and then in interviews with this reporter last week and in December, 1972. The striking thing is that the undocumented recollections of the 85-year-old Dietrich complement and are consistent with the testimony obtained under oath in the Maheu case.

Dietrich said in his book, for example: "During the late 1940s and throughout the 1950s, Howard's political contributions ran between \$100,000 and \$400,000 per year. He financed Los Angeles councilmen and county supervisors, tax assessors, sheriffs, state senators and assemblymen, district attorneys, governors, congressmen and senators, judges yes, and Vice Presidents and Presidents, too."

In the interviews, Dietrich named Frank J. Waters, a Los Angeles lawyer, as a long-time former conduit for millions of dollars of Hughes' political money.

Waters could not be reached last week. He was reported to be in the Soviet Union. Earlier, however, he refused to talk to a reporter.

Dietrich's records were locked up in his office when he was fired, and he says he has never been able to retrieve them. But he has a sharp, retentive memory.

In "Howard: The Amazing Mr. Hughes," Dietrich told of political contributions flowing, at various stages of their careers, to President Nixon and the late Presidents Johnson and Truman, to a former Democratic national chairman in connection with a criminal prosecution, and to numerous other politicians.

Except for names, places and dates, many of the episodes described by Dietrich have almost nothing to distinguish them from those described by Maheu.

To take a case in point, Hughes in Dietrich's time used Carl Byoir and Associates, the huge public relations firm, as a conduit for political funds, just as in Maheu's time he used the Maheu firm. The Byoir firm has declined to comment.

Dietrich, a Republican, said Lyndon Johnson, as a "young upstart congressman" running for the Senate in Texas, asked him for the free use of billboards throughout the state that were leased by the Hughes-owned Gulf Brewing Co. Dietrich refused, saying the billboards were needed to promote Grand Prize Beer.

Johnson was one of numerous politicians who got \$5,000 a year, on a regular basis, through Frank Waters, Dietrich said.

He recalled an episode after World War II in which Juan Trippe, then chairman of Pan American World Airways, told Hughes that he made corporate contribu-

tions without violating federal law by routing them through a South American subsidiary — a charge Pan Am has denied.

The law does not distinguish between foreign and domestic corporations. But, Dietrich said, lawyers for Hughes said the foreign aspect of the law had not been tested. Hughes told him to "go ahead," Dietrich said.

Hughes Tool Co. had a subsidiary in Canada. Dietrich said that he structured it so that its profits would be adjusted to produce whatever campaign contributions Frank Waters said he needed.

"It was a curious operation," Dietrich said. "Money from the use of Hughes' drills in Canada flowed to the Bank of America branch the Bank of America branch in West Hollywood and thence to politicians' coffers from Sacramento to Washington."

Another Hughes lawyer, the late Neil McCarthy, also was a conduit for political contributions, Dietrich said. Under an arrangement Dietrich termed "screwball," McCarthy was compensated for contributions he made in Hughes' behalf with increases in legal fees from Hughes' interests.

Dietrich recalls in his book an incident in 1944, when Vice President Harry Truman was carrying much of the burden of campaigning for President Roosevelt, who was ailing.

"On a visit to Los Angeles, he was visited at the Biltmore Hotel by Howard Hughes and his attorney, Neil McCarthy," Dietrich said.

"Howard waited in the outer room while McCarthy conferred with Truman, wished him luck in the campaign and handed him a cash contribution of \$12,500 in an envelope," Dietrich said.

"During their chat, Howard burst into the room and said bluntly, 'I want you to know, Mr. Truman, that is *my* money Mr. McCarthy is giving you.'"

Later, Hughes wanted to exert pressure on the Civil Aeronautics Board in behalf of Trans World Airlines, which he then owned, Dietrich said. The executive managed to get an invitation on President Truman's yacht for a cruise down the Potomac. The time came when he told Mr. Truman of his purpose and reminded him of the \$12,500 contribution Hughes had made.

Dietrich said the executive told him later that "Truman blew his top, and the executive was lucky not to have been forced to swim ashore."

More than a quarter-century later, Howard Hughes was still contributing to Presidents, from Las Vegas or the Bahamas, or London, but on a grander scale. For Richard Nixon's re-election campaign last year, Hughes gave a recorded \$150,000.