

# A '68 Lunch Spawned Gift From Hughes

By WALLACE TURNER

In the summer of 1968 three men met for lunch in a Washington restaurant. That meeting set in motion a gift of \$100,000 in cash from Howard R. Hughes to Richard M. Nixon.

The gift, described under oath in Los Angeles court records by the men who delivered it, is under study by the Senate Watergate committee staff.

Officials studying the matter and lawyers involved in the litigation have asked questions that show the following suspicions:

¶ That an antitrust ruling favorable to Mr. Hughes was tied to the gift of the money.

¶ That Mr. Hughes was able to use Internal Revenue Service investigators in his dispute and legal wrangles with a former employe.

¶ That there is something awry in the recent partial explanation that the money was returned to the Hughes interests.

Of the three men who met at lunch that day five years ago, one would arrange for the gift and one would deliver the \$100,000.

## Third Man at Table

The third man at the table, C. G. Rebozo, received the money. Robert A. Maheu, a former Hughes executive, who was not at the lunch but who said that he had been involved in one of the money transfers, has testified that Mr. Rebozo "had been chosen by Mr. Nixon as the person to whom money should be delivered." He did not say how he learned this.

Mr. Rebozo, the President's friend and neighbor in Key Biscayne, Fla., told Senate Watergate investigators that he kept the money in a safety deposit box for three years and then gave it back earlier this year.

He would not say when he gave it back, nor to whom. Mr. Rebozo told the investigators, knowledgeable sources said, that the money had been intended for 1970 Congressional campaigns but was never used.

Chester C. Davis, chief counsel for Mr. Hughes, also said that the money had been returned, but would not say when or where or in what form.

[The Washington Post, quoting what it called informed sources, said in its Sunday editions that Mr. Davis had received the money Mr. Rebozo said he had returned. The Post said that the inquiry into the \$100,000 transaction was part of a broader investigation by the Watergate committee into Mr. Nixon's finances.]

An official on the Watergate committee staff said the Internal Revenue Service had discovered the payment to Mr. Rebozo, but that the service's investigation of those payments had "stopped, bang, like a curtain coming down" shortly after the discovery.

The staff wants to hold hearings on the \$100,000 payments and the I.R.S. performance in

the investigation, this official said.

The payment was found in the investigation by the revenue service of Mr. Maheu, once the manager of Mr. Hughes's business interests in Nevada. He was dismissed in 1970, and since then has sued the Hughes interests for \$17.3-million in libel damages because Mr. Hughes once said in a telephone interview with newsmen that Mr. Maheu "stole me blind." The case is scheduled for trial in Federal District Court in Los Angeles later this month.

The story of the luncheon meeting in Washington in 1968 and the movement of the \$100,000 from Mr. Hughes, the recluse billionaire industrialist, to Mr. Rebozo comes from depositions and exhibits gathered for the trial of the Maheu suit.

The other two men at the table that day were Richard G. Danner, a former Federal Bureau of Investigation agent, who introduced Mr. Rebozo and Mr. Nixon some 25 years ago; and Edward P. Morgan, also a former F.B.I. agent, and later a Washington lawyer who represented the Hughes interests in some matters. He was also a friend of Mr. Maheu. The luncheon was described in a deposition by Mr. Danner in the Maheu libel case.

## Nixon Meets Rebozo

At lunch Mr. Danner asked Mr. Morgan to speak to Mr. Maheu about a Hughes contribution to the Nixon campaign. That was how it began.

Through their mutual friend, former Senator George A. Smathers, a Florida Democrat, Mr. Danner testified he had met Richard M. Nixon, a freshman Representative, in 1947. About 1950, Mr. Nixon was in Florida and wanted to go fishing, so Mr. Danner said he had asked his friend Mr. Rebozo to take them on his boat.

From this meeting grew the Nixon - Rebozo friendship.

After the 1968 election, Mr. Danner was hired by the Hughes organization. Mr. Maheu has said that Mr. Hughes personally approved the hiring, and that one of the main considerations was that Mr. Danner was a close friend of Mr. Rebozo.

## Problem Left From Election

Mr. Danner went to work for Mr. Hughes in February, 1969, and by 1972 he was an \$85,000-a-year general manager of the Sands Hotel in Las Vegas, Nev.

In his deposition, Mr. Danner said he had made a trip after the 1968 election with Mr. Nixon, Mr. Rebozo and Robert H. Abplanalp, a New York businessman who is a Nixon friend, to Walker Cay, the Bahamas island owned by Mr. Abplanalp. It was Mr. Abplanalp who, with Mr. Rebozo, helped Mr. Nixon to acquire his home at San Clemente, Calif.

When he had been in Las Vegas awhile, Mr. Danner was

asked to help solve a problem left over from the 1968 election, he said in testimony. As a result of a series of requests initiated at the luncheon in the summer of 1968, Mr. Hughes had said he would give \$50,000 to Mr. Nixon.

Mr. Hughes had also told Mr. Maheu to give \$50,000 to Vice President Humphrey, which was delivered in cash by Mr. Maheu directly to the Vice President, according to Mr. Maheu's testimony. Also, he said \$25,000 was given to help pay off the deficit of the late Senator Robert F. Kennedy's 1968 Presidential campaign. The three payments were reportedly made from \$125,000 drawn from a Hughes bank account in Los Angeles.

Mr. Rebozo had called off the first attempt to give the Nixon donation, according to testimony, because the President's brother, F. Donald Nixon, and John Meier, a Hughes employe, would have played a role, which was not described.

Working through the then Governor of Nevada, Paul Laxalt, a Republican, Mr. Maheu testified that he had then arranged an appointment to see the President-elect while he visited Republican Governors in Palm Springs, Calif., on Dec. 6-7, 1968.

Mr. Maheu and Mr. Laxalt flew to Palm Springs in one of Mr. Hughes's jets, Mr. Maheu said, and drove to the home of Mr. Nixon's host, Walter H. Annenberg, later to be Ambassador to Britain. Mr. Maheu testified that he had carried the \$50,000, which he intended to give to Mr. Nixon.

But when Governor Laxalt went to the door, he was told that Mr. Nixon's schedule was off track and that the appointment could not be met, according to Mr. Maheu. Mr. Maheu said that he had taken the money back to Las Vegas.

Mr. Danner testified that he had eventually delivered this money to Mr. Rebozo. His testimony on this and a subsequent delivery of \$50,000 was hazy and imprecise as to date and circumstances. He thought that the two deliveries were either both in 1970 or that one was in 1969, and that they were on either July 3 or Aug. 19 or 20.

He made one delivery at San Clemente and one at Key Biscayne, he said. Newspaper accounts show that on July 3, 1970, Mr. Nixon was at San Clemente, but it is not known whether Mr. Rebozo was a guest there at that time.

Mr. Maheu testified that Mr. Danner had reported that the first delivery of \$50,000 had been made to Mr. Rebozo at San Clemente.

The testimony of both Mr. Danner and Mr. Maheu discussed the Justice Department's ruling on Mr. Hughes's acquisition of a casino in relation to the delivery of a second \$50,000 to Mr. Rebozo.

In 1968, the Justice Department had blocked Mr. Hughes's purchase of the Stardust Hotel

in Las Vegas on the ground that it would give him too much control of the hotel-casino business. In 1970, Mr. Hughes wanted to buy the Dunes Hotel. Mr. Maheu testified that he had sent Mr. Danner at Mr. Hughes's orders to see Attorney General John N. Mitchell on this question.

Mr. Danner testified that he had made two trips to Mr. Mitchell's office at the Department of Justice. On the second one, he said, Mr. Mitchell called in Antitrust Division lawyers, who gave a go-ahead to Mr. Hughes's plans. Mr. Hughes never bought the hotel.

Mr. Maheu testified that when Mr. Danner returned from Washington "certain political obligations had to be met as a result of the trip."

Mr. Maheu said he had ordered \$50,000 taken from the proprietor's account at the Silver Slipper Casino, which was owned by Mr. Hughes, and turned it over to Mr. Danner to use to meet the obligations.

Mr. Maheu testified he had accompanied Mr. Danner to Key Biscayne, where the money was delivered to Mr. Rebozo at his home, next door to the President's home.

Mr. Danner testified that, as he remembered it, he had made this delivery alone. He said that he had given the money to Mr. Rebozo at the Bank of Key Biscayne, in which Mr. Rebozo is a major stockholder and officer.

Mr. Danner was asked by Howard Jaffe, one of Mr. Hughes's attorneys, if he had talked to Mr. Mitchell about this contribution of funds by Mr. Hughes.

"Absolutely not," Mr. Danner said.

Mr. Danner disclosed he had been interviewed by I.R.S.

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## to Nixon

agents who were investigating Mr. Maheu. The circumstances of his interview by the agents were seized upon in the questioning by Morton Galane, Mr. Maheu's lawyer.

Mr. Galane implied that the circumstances indicated improper acts by the revenue service in its investigation of Mr. Maheu, who was notified soon after Mr. Hughes dismissed him at the end of 1970 that he was the target of a criminal investigation.

Mr. Danner was interviewed by the agents in May, 1972. What upset Mr. Maheu's lawyer was the disclosure that the interview had been in the Hughes Tool Company board room in Houston, although both Mr. Danner and a tax agent interviewing him live in Las Vegas.

The lawyer was also critical of the fact that the interview was observed by Mr. Davis, the chief counsel of the Hughes interests, but who Mr. Danner said did not represent him. Mr. Danner is still employed by Mr. Hughes. Two other Hughes employees were interviewed the same day, Mr. Danner said.

In April, 1973, some 11 months after the interview, the agents brought a transcript of his statement to him to sign or amend, Mr. Danner said. He made so many changes, he said, that they asked him instead to sign a newly drawn affidavit.

Among the changes he made, Mr. Danner said, were some that emphasized his uncertainty about the dates on which he gave the payments of \$50,000 to Mr. Rebozo.

Mr. Danner said that last Aug. 30 he was interviewed by investigators for the Senate Watergate committee who served a subpoena on him for an appearance before the committee but did not set a date.