

Hughes' Las Vegas: Orgy of Acquisition

By Leroy F. Aarons

Washington Post Staff Writer

LOS ANGELES—Nearly seven years ago, in the dead of night, flat on his back on a stretcher in his privately hired railroad train, Howard Hughes slipped into Las Vegas.

Four years later almost to the day, just as quietly, just as mysteriously, he slipped away again, this time to the Bahamas. Behind him lay the secrets of a four-year saga of compulsive acquisition that changed the face

of Las Vegas and the economy of Nevada; a saga of grandeur both delusive and real, of avarice, arrogance, and comic opera manipulations and machinations.

Now, because of a multi-million-dollar civil suit that emerged from the debris of Hughes' departure, it is possible to put together a picture that brings the elusive, eccentric billionaire and his Las Vegas adventure into focus.

Massive depositions and exhibits on file in the case of Robert Maheu vs.

Hughes Tool Co. et al, which comes to trial any week now in Los Angeles, have already revealed alleged payments of \$100,000 from Hughes to C. G. (Bebe) Rebozo, perhaps President Nixon's closest friend, as well as other campaign contributions recently reported in this newspaper.

Beyond that, however, filings in the case and other interviews allege that Hughes:

- Turned down an offer from Mr. Nixon to dispatch Henry Kissinger to Las Ve-

gas to explain to Hughes personally why the country must continue underground atomic testing.

- Tried to buy a hotel across from the Desert Inn, where he was living a secluded existence in a top-floor suite, because he was afraid an overhead million-dollar sign would fall off and crash into his penthouse.

- Refused to allow the Tournament of Champions golfers to use the Desert

See HUGHES, A9, Col. 1

HUGHES, From A1

Inn golf course for fear that all the people converging there would contaminate his suite with germs.

- Ordered his aides to curtail hiring of Negroes in his hotels, tried to eject the Davis Cup tennis matches from one of his hotels because black player Arthur Ashe was participating, and later out of fear pledged \$100,000 towards construction of a community center in the black neighborhood.

- Through his aides engaged in a staggering, almost continuous orgy of wheeling and dealing involving casinos, hotels, land, mining property, television stations and almost anything purchaseable in a seemingly obsessive need to possess and to block competition.

Many of these revelations appear in material supplied by Robert Maheu, a former FBI agent who was Hughes' chief operative in Las Vegas for four years until he was suddenly fired shortly after Hughes' departure. Maheu is seeking \$17.3 million in a U.S. District Court civil suit, charging that Hughes libeled him in a 1972 telephone news conference in which he said that Maheu "stole me blind."

Countersuit Filed

In a countersuit, the Hughes Summa Corp. (the new corporate entity combining most parts of the Hughes empire) charged that Maheu owed Hughes \$4.4 million in unaccounted for loans, wages and payments.

What comes through most dramatically in the materials on file is a pervading atmosphere of greed, within which Hughes, as an endless, unpredictable font of money, was at once the golden goose and the ruthless manipulator. Within the circle of Las Vegas entrepreneurs, everyone was looking to cash in, and many did — attorneys, hotel owners, real estate men, and various hangers-on eager to get a piece of the action in

the form of finders' fees, secret stock tips, or land speculation. In this milieu, Hughes was both perpetrator and victim.

In his 14-volume deposition, and in supporting documents, Maheu, who never saw Hughes, describes his life as a constant round of phone calls (usually through an intermediary), handwritten memos (more than 80), from a source other than Maheu, purporting to be in Hughes' handwriting, are on file and often contradictory orders involving one or more of Hughes' ambitious schemes.

Up to 18-Hour Day

"In those days we were working about 17, 18 hours a day," says Maheu in his deposition. "I remember at one point that I had an average of about 207 telephone calls that I could not handle on a daily basis. I kept receiving an unbelievable amount of traffic from Mr. Hughes... and many other unbelievable calls all hours of the day..."

Problems arose within weeks of Hughes' arrival on Thanksgiving, 1966. He was ensconced in the 9th floor penthouse at the Desert Inn, with the eighth floor reserved for staff. But the Desert Inn's chief owner, Moe Dalitz, was unhappy. His tenant was costing him money. The 9th floor suite was usually reserved for "high rollers" who, according to Dalitz, spent \$3,000 a

day in the casino. By the end of December, Dalitz was threatening to throw Hughes out.

Maheu testified that in an effort to head off the eviction, he sought help from James Hoffa, whose Teamsters union had financed the Desert Inn. Reached through a Washington lawyer, Edward Morgan, Hoffa phoned Dalitz, according to Maheu, "with the hope that the type of pressure would enable us to maintain the rooms, because Mr. Hughes was adamant that he was not going to leave."

The issue was finally resolved when, with Morgan acting as broker, a deal was made for Hughes to purchase the Desert Inn for \$6.25 million plus assumption of debts. In return, Morgan received a finder's fee of \$150,000, 17 per cent of which he shared with Herman (Hank) Greenspun, a real estate man and powerful publisher of the Las Vegas Sun, who helped set up the negotiations.

First of Many

It was the first of many purchases (although Hughes already owned 18,000 acres of land in West Las Vegas, purchased in the early 50s.) In addition to the Desert Inn, in the next four years Hughes bought four more hotels, the Silver Slipper and casino in Vegas (curtailed only by antitrust pressure from the Justice Department), McCarran Field, the main Las Vegas airport; a television station, Harold's Club in Reno, a country club and golf course and thousands of acres of undeveloped land.

In addition, he negotiated for but never bought substantial additional property, involving five hotels and five casinos.

Besides Hughes' compulsion to be "the biggest owner in Nevada," in the words of a source close to Maheu, there were very practical reasons for the buying spree. Hughes needed to spend some of his fortune, which included hundreds of millions from the sale of TWA, to avoid paying a gigantic tax bill.

The role of Greenspun is one of the more intriguing elements of the Hughes Las Vegas drama. An outspoken newsman, whose front-page editorials were often critical of Hughes, Greenspun privately was deeply involved with Hughes in his financial machinations.

Hughes was anxious from the beginning to curry favor with the influential publisher. Early on, he made a bid to buy KLAS-TV, owned by Greenspun.

As Greenspun remembers it in his deposition, Hughes was unhappy that KLAS went off the air shortly after midnight. He communicated to Greenspun that he would like the station to be on all night to show his favorite movies—"westerns and all that kind of stuff," in Greenspun's words.

"And then they asked me to put somebody to work who would be helpful in ascertaining what kind of pictures Mr. Hughes liked," Greenspun testified. "And I even put that man to work, as I recall."

Finally, Greenspun recalls he told Hughes' intermediaries, "If he wants it to run all night, and if he wants to put on certain pictures, let him buy the damn station." Hughes did, for \$3.6 million. **\$500,000 for Ad Space**

In still another 1967 transaction, Hughes bought \$500,000 in prepaid advertising in

Greenspun's Sun newspaper. In Maheu's version, Hughes "learned that Mr. Greenspun had some financial problems and wanted to find out how he could be of help . . . I believe it was Mr. Greenspun who suggested the prepaid advertising."

Greenspun remembers it differently. He said the prepaid advertising came as a guarantee he elicited from Hughes when Hughes was planning to purchase the rival Las Vegas Review-Journal. The deal with the Review-Journal was never consummated.

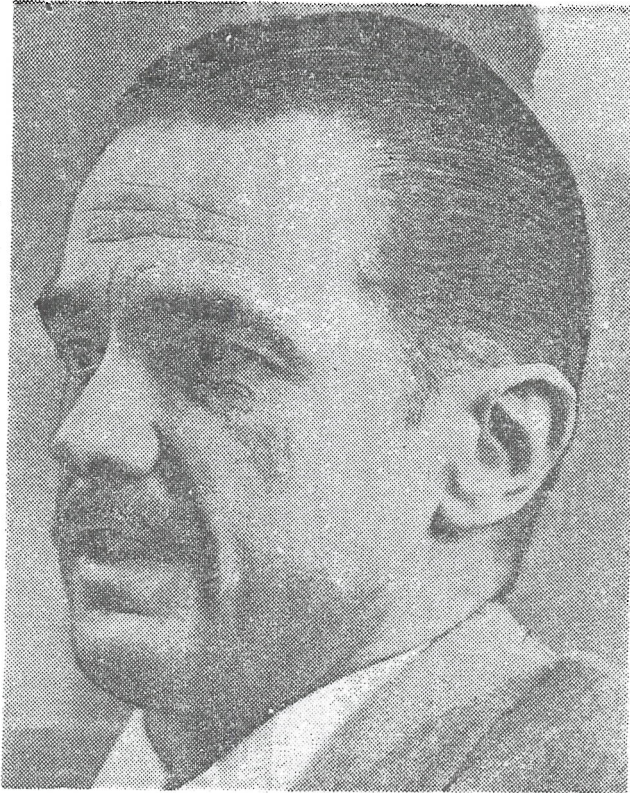
Also in 1967, Hughes loaned Greenspun \$4 million at 5 per cent interest. In Greenspun's version, the secret, unrecorded loan was mainly a device for Greenspun to purchase land around the Paradise Valley golf course, with an agreement that at a later date, both the golf course and the adjoining land would be sold to Hughes. In effect, Greenspun was fronting for Hughes to prevent land costs from mushrooming.

Hughes later reneged on the deal, according to Greenspun and Maheu, when he learned that the golf course was being watered with effluent water. "He issued specific instructions to me," says Maheu in his deposition, "that no executive or employee or associate of the Hughes Tool Company was to appear at any time on that golf course."

Sued for \$142 Million

Greenspun has since sued Hughes for \$142 million in an effort to have a lien removed on some 2,000 acres around the country club.

But, in happier days, Greenspun was helpful to Hughes in other ways. At one point, when Hughes was seeking several gaming licenses he testified before the gaming board in favor of multiple licensing of casinos, a drastic reversal of his earlier position. Greenspun said he changed his mind because he believed Hughes



Associated Press

Howard Hughes, recluse billionaire, spent four years in Las Vegas, running his empire by memo, phone.

involvement would drive out the Mafia influence in Nevada gambling.

And, Greenspun's paper lent support to Hughes' single-minded crusade to end underground nuclear tests at the testing site near Las Vegas. So much so, that for one editorial, Hughes suggested that Greenspun be nominated for the Nobel Peace Prize.

The crusade against the AEC, outlined in detail in the purported memos from Hughes to Maheu, displayed Hughes in his most manic style.

"This is the last straw," so says one alleged, undated Hughes memo, "I just this minute read that they are going to shoot off the largest nuclear explosion ever detonated in the United States. And right here at the Las Vegas test site . . . I want you to call the governor at once and the Senators and congressmen . . . I am going direct to the President in a personal appeal and demand that the entire test program be moved north."

Hughes made it clear in the memos that his concern was not with the concept of testing, but that its proximity to Las Vegas would hurt the resort business. At one point, seeking to get postponement of a massive test known as Boxcar, he warned that if the AEC did not respond, "I will ally myself completely with the all-out antibomb faction throughout the entire U.S.A.

" . . . and I am ready to

dedicate the rest of my life and every cent I possess in a complete no-quarter fight to outlaw all nuclear testing of every kind and everywhere . . .

"If they (the AEC) want to continue their tests in continental U.S., Hawaii Islands, any of the U.S. Pacific islands, or the Phillipines, they damned well better get down off their high autocratic (sic) horse and start talking a compromise with us."

The testing did not stop, but Hughes' voice was being heard. In one of the so-called memos to Maheu, Hughes directed him to "go to the White House" to try to convince President Johnson to declare a permanent ban on Las Vegas testing. "I am sure," Hughes said, "HHH would be glad to go with you and to set up the appointment."

Sources close to Maheu said that he did indeed visit Mr. Johnson at the LBJ ranch. The President patiently explained why the tests were needed for national defense, and offered to explain this personally to Hughes. But the reclusive Hughes never took up the offer.

Campaign Continued

He continued his campaign, however; after the Nixon administration took office. In his deposition, Maheu said at one point, Mr. Nixon offered to send Henry Kissinger to Las Vegas to explain in person U.S. policy to Hughes. When Hughes turned that down, a suggestion was made to use a direct line telephone from Maheu's quarters for a Kissinger-Hughes conversation.

Again Hughes refused. He never did win his drive to end all testing. But, the ABC did shift its megaton-plus nuclear blast to Alaska, although there is no available evidence that it was a result of Hughes' crusade.

In a fascinating sidelight, the memos reveal that Hughes, fearing competition, tried to use the testing issue as a device to discourage fellow tycoon Kirk Kerkorian from building what later became the International Hotel. Hughes instructed Maheu to inform Kerkorian subtly that the testing was undermining the ground structure to the degree that he, Hughes, had cancelled plans to build an extension to the Sands Hotel.

The ruse either was never carried out or failed to work, since the giant International was built and became one of Las Vegas' most successful hotels.

In some instances, Hughes' capers bore the air of low comedy. The golf tournament incident was one of them. Not long after Hughes took over the Desert Inn, the annual Tournament of Champions, traditionally held at that hotel, came up.

But, according to Maheu, Hughes became paranoid at the thought that "sports writers would try to contact him by telephone" and "he felt having thousands of people watching would cause an influx of germs which might penetrate his headquarters."

Hughes ordered Maheu to get the tournament shifted to another hotel. Maheu did, convincing the owners of the Stardust to take on the tournament, if Hughes agreed to absorb the \$80,000 expenses.

A year or so later, it became apparent that the players did not like playing on the Stardust Hotel golf course, and word leaked that two of the champs—Arnold Palmer and Jack Nicklaus—were not going to show up.

It just so happened that by now, Hughes was interested in buying the Stardust, but was having trouble with the antitrust division of the Justice Department. The loss of Palmer and Nicklaus was abhorrent to him:

"It will be considered by everybody here that this is a terrible insult to me personally, since I am just in the process of buying the Stardust.

"I had already come to the conclusion . . . that some kind of deal will have to be made with N and P if I want them to include Las Vegas on their tour."

"So I had decided to offer the two players a contract to appear in a feature motion picture (starring the two)."

Neither Materialized

The movie never materialized, nor did Nicklaus and Palmer. The lucrative Tournament of Champions moved to San Diego, and never returned to Las Vegas, despite efforts by Hughes to get it back.

In the realm of comedy, Maheu tells the story of how in the spring of 1967 Hughes asked that a huge sign atop

the Frontier Hotel, across from the Desert Inn be torn down. The sign cost \$1 million.

"He was afraid the sign would collapse and endanger his life by falling on the penthouse at the Desert Inn," said Maheu. Getting a refusal, Hughes "insisted I move forthwith with an attempt to buy the hotel."

Thus, the Frontier came into the Hughes domain in late 1967 at a cost of \$13 million.

Less humorous was Hughes' attitude toward blacks, as delineated by the memos and Maheu's testimony.

In a memo to Maheu, apparently in 1968, Hughes wrote: "I have just finished watching CBS news . . . the riots the looting, etc., in Washington, Chicago and other cities was (sic) terrible. I wonder how close we are to something like that here?"

" . . . there is tremendous pressure upon the strip owners to adopt a more liberal attitude toward integration, open housing and employment of more negroes. Now, Bob, I . . . would not say these things in public. However . . . I feel the negroes have already made enough progress to last the next 100 years and there is such a thing as overdoing it.

"I know this is a hot potato (sic), and I am not asking you to form a new chapter of the KKK . . . But I am not running for election and, therefore, we don't have to curry favor with the NAACP either."

Because of Black

At another point, Hughes

reportedly phoned Maheu hours before a scheduled Davis Cup match at the Desert Inn to order him to cancel it because one of the players was a black, Arthur Ashe. Sources close to Maheu maintain that Maheu told Hughes "to go to hell," and the matches went on anyway.

Hughes must have worried that his private opinions were becoming known. Toward the end of 1969 when blacks rioted in the Las Vegas ghetto neighborhood, Hughes told Maheu "he was fearful of his life. He said he thought perhaps some of the Negro leaders may have found out about his vehement hate of the Negro race."

Maheu contends that Hughes told him to commit \$100,000 toward construction of a community center in the black neighborhood, but that Hughes never honored the pledge.

Maheu insists that throughout the Las Vegas era, he played the dual role of protecting Hughes against exploitation by others, at the same time trying to curb Hughes' tendencies to abuse his power. As one of the few who dared argue with Hughes, Maheu found himself in and out of "the man's" good graces.

One revealing memo has Hughes pleading with Maheu: "I want to be able to communicate with you and not be frightened for fear each word . . . might be the one that would cause you to get angry . . . and wind up with my stomach tied up in knots.

"Please, Bob, let us go

back to the environment of friendship . . . and if our differences are due to something I have said or failed to say . . . I apologize most sincerely, and I hope you will . . . let us put it all behind us."

Obviously, that was not to be the case. In December, 1970, Maheu and the large staff he had assembled were unceremoniously dumped. Hughes' lawyers and executives charged Maheu with playing a two-faced role, secretly enriching himself while pretending to represent Hughes' interests.

Decision Still Awaited

The outcome of that struggle awaits a jury decision in the federal court here.

But, apart from Maheu, there are indications that Hughes the exploiter, was also himself exploited. The Wall Street Journal a year ago documented instances in which Hughes paid exorbitant prices for some of his acquisitions, as well as implications that there might have been a pattern of skimming at some of his casinos.

In addition, the Hughes interests have filed a suit charging that he was cheated of millions of dollars by a ring of promoters who sold him mining properties at extremely exaggerated prices.

Hughes is now located in a London hotel. His Las Vegas interests have been reorganized. His international corporate interests have been placed under a single umbrella, the Summa Corporation. The world awaits the next chapter of the Howard Hughes one-man extravaganza.