

Defamation Trial of Mahou v. Hughes Corporation Opens on Coast

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What may be known in years to come as a historic confrontation in the law of defamation — Mahou v. Summa Corporation — opened in United States District Court here today.

Even before the first words were spoken in the courtroom, the trial had brought the names of Governors, Senators and the President of the United States into the unfolding story of Howard Hughes's practice of parceling out packages of cash from the vaults of one of his Las Vegas casinos.

At issue is the reputation of Robert A. Mahou, 55 years old, who has already testified that on some occasions he gave thousands and thousands of dollars to Mr. Hughes's money to politicians.

The allegation is that Mr. Hughes, in a telephonic news conference conducted on Jan. 7, 1972, said of Mr. Mahou that he "stole me blind" while managing the \$150-million Hughes investments in Nevada.

Mr. Mahou has asked for \$17.5-million in damages. Summa in a cross-complaint has asked for \$4.5-million that it contends Mr. Mahou either lost through mismanagement or misappropriated.

While the named defendant is Summa Corporation, the real defendant is Mr. Hughes. Summa (formerly the Hughes Tool Company) is his personal holding company for almost all of his estimated \$2-billion wealth.

Mr. Mahou was summarily dismissed from his \$520,000-a-year job at the end of 1970. He is the latest in a long line

of high-salaried managers to be dismissed by Mr. Hughes.

Like many others, Mr. Mahou never saw Mr. Hughes face to face. Nor was he told by Mr. Hughes that he was dismissed. People who were to replace him gave him the message soon after Mr. Mahou found that Mr. Hughes had left the Las Vegas hotel where he stayed four years.

United States District Judge Harry Pregerson began questioning jurors today. Under the rules of the Federal District Court here, six persons will sit as the jury, not the customary 12, and six alternates will sit as the jury, not the customary 12.

The trial is expected to last six weeks and perhaps may then be recessed and later resumed for another six weeks. Judge Pregerson told prospective jurors.

Mr. Hughes will not be here. He will probably follow the proceedings from his 13th-floor suite in the Xanadu Prentiss Hotel on Grand Bahama Island.

No one has been able to serve a legal process on Mr. Hughes for decades. In fact, 15 years ago it was Mr. Mahou who was in charge of diverting summons servers from Trans World Airlines.

When Mr. Hughes sold T.W.A. and moved to Nevada with about \$500-million to invest, it was Mr. Mahou who made most of the arrangements. The former Federal Bureau of Investigation agent and private investigator was Mr. Hughes's closest adviser and confidant for about four years.

Together, they invested Mr. Hughes's millions. They bought real estate, golf courses and a television station. They priced

newspapers and acquired seven casinos (four with hotels). Mr. Hughes became the biggest gambling operator in Nevada, a title that he is said to prize. Mr. Hughes and Mr. Mahou also invested heavily in political goodwill. The testimony about some of these payments to politicians has caused national reverberations.

The biggest reverberation came with the report that Charles G. Rebozo, President Nixon's friend, had received \$100,000 in \$100 bills from Mr. Hughes's messengers.

Mr. Mahou said that Mr. Rebozo had been "designated" to receive the money for Mr. Nixon. The word "designated" was not explained. Mr. Rebozo said that he held it in a safety deposit box for two years and then returned it last spring to one of Mr. Hughes's lawyers.

President Nixon, at one of

his news conferences last year, defended Mr. Rebozo's actions.

While Mr. Rebozo agreed that he had received the money, a different situation exists regarding \$50,000 in cash that Mr. Mahou has said in sworn testimony he delivered to then-Vice President Hubert H. Humphrey before the 1968 Presidential election in which Mr. Humphrey was the losing Democratic candidate.

Mr. Mahou described this payment in a deposition in July. It became public knowledge in September. Mr. Mahou said that the money had been delivered to Mr. Humphrey in a briefcase that was placed in the back seat of a limousine in which the two men met.

Mr. Humphrey, now a Senator from Minnesota, last week answered what are called interrogatories, another meth-

od of getting testimony under oath. The answers have not yet reached the court record, but a member of Mr. Humphrey's staff has said that the Senator denied the entire story told by Mr. Mahou.

This matter, and the other political payments described by Mr. Mahou, will become important if attorneys for Summa challenge the story and demand a different accounting from Mr. Mahou for that \$50,000.

If that occurs it is possible that Senator Humphrey will be subpoenaed for examination during the trial, and that Mr. Mahou will find it necessary to produce evidence to back up his story. But if Summa, despite Mr. Humphrey's denial, does not challenge the story, the disposal of that briefcase full of \$100 bills will go into the court record as described by Mr. Mahou.

The meaning of these words, their truthfulness or the lack of it, and their impact on Mr. Mahou's livelihood is what this trial is all about.