

HUGHES-CASE JURY REFUSES TO INDICT

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U.S. Had Redrawn Charges to Omit the Industrialist in Alleged Conspiracy

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LAS VEGAS, Nev., July 29—

A Federal grand jury refused today to vote an indictment that was specially drawn by Department of Justice officials in Washington with the intention of excluding Howard R. Hughes, the reclusive industrialist, from a list of defendants.

The local United States Attorney, who had objected to leaving Mr. Hughes off the indictment, was not allowed by his superiors in the Justice Department to present the redrawn charges to the grand jury.

While the language of the indictment was not known, its general purpose was to supplant one voted last Dec. 31 and subsequently dismissed by a judge as having been faultily executed.

Mr. Hughes and a group of his employes and associates were all named as co-conspirators in the earlier indictment. The indictment turned down

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today was offered to the same grand jury.

Farther Evidence Hinted

United States Attorney V. DeVoe Heaton would not say whether further consideration would be given again tomorrow, when time for such consideration expires.

A spokesman for the Department of Justice said in a telephone interview from Washington that the department would make no comment until the matter was resolved. The spokesman hinted that further evidence would be presented to the grand jury tomorrow.

It was not known who were listed as potential defendants on the indictment the jury rejected today. Last year's list, in addition to Mr. Hughes, included Robert A. Maheu, once manager of the Hughes properties in Nevada, now estranged from Mr. Hughes; Chester C. Davis, chief counsel of the Summa Corporation, the Hughes holding company, and David B. Charnay, a film producer and long-time friend of Mr. Hughes.

Accused of Conspiracy

The earlier indictment had charged the five with having conspired to beat down the price of Air West airline stock before Mr. Hughes bought the company, and with having coerced reluctant directors of the airline to agree to the sale.

The earlier indictment came after an investigation by the staff of the Securities and Exchange Commission into the Air West purchase, and resulted from complaints by stockholders who felt they had been cheated.

Directors Balk, Then Relent

In the fall of 1968 Mr. Hughes offered \$22 a share for Air West, which would have meant a price of \$90-million. The stockholders voted to accept, but the directors balked. On Dec. 31, when the stock had fallen sharply over several days, the directors agreed to the sale.

Stockholders eventually received \$8 a share, with Mr. Hughes paying \$41-million, not \$89-million, for the airline.

The reindictment process has been awaited by those who have watched the relations between Mr. Hughes and the Nixon Administration.

Mr. Hughes's relationship with Mr. Nixon goes back more than two decades and involves election contributions of hundreds of thousands of dollars, loans to the President's brother, F. Donald Nixon, and the controversial transmittal of \$100,000 in \$100 bills from the Hughes coffers to the possession of Charles G. Rebozo, the President's friend.

The \$100,000, which Mr. Rebozo said he had returned in the exact bills that were given to him, has been the object of investigation by the Internal Revenue Service, the Senate Watergate committee and the House Judiciary Committee.

Dispute on Reindictment

There have been informal allegations that the money was used to upgrade the Nixon property at Key Biscayne, Fla., to buy jewelry for Mrs. Nixon and to cover other personal expenses. Mr. Rebozo denied all of these allegations.

Over the last week, it has become known in Washington that the Justice Department and Mr. Heaton were at loggerheads over the reindictment of Mr. Hughes. Last week in-

formed sources there said Mr. Heaton had been removed from handling the case, which was turned over to a member of his staff, Dean Vernon.

Today, while the grand jury met with Mr. Vernon, Mr. Heaton was in his office working on other matters.

The Justice Department and Mr. Heaton's office here have refused to contribute information for news articles about the controversy.

The Air West matter was left in Mr. Heaton's hands from last Jan. 30, when the first indictment was dismissed by a Federal judge in Reno, until fairly recently.

Meets With Peters

Mr. Heaton was called to Washington about a month ago, sources said, and talked there with Henry L. Peterson, chief of the criminal division of the Department of Justice.

It appears that their conference was about the indictment that Mr. Heaton proposed to present. Sources said that it was somewhat like the first one and that Mr. Hughes was still a proposed defendant. But they said that other language had been changed to avoid the pitfalls of the first indictment, which also had been drawn with Justice Department help.

A week or so after the meeting with Mr. Petersen, Mr. Heaton was notified that Mr. Petersen had recommended that Mr. Hughes be left out of the new indictment.

About 10 days ago Mr.

Heaton was told that Lawrence Silberman, Deputy Attorney General, had followed the Petersen recommendation and had ordered that Mr. Hughes not be reindicted.

Maheu Status Unknown

It also appears, from the fact that a new indictment was offered and rejected by the grand jury today, that the Justice Department wanted at least some of the earlier defendants reindicted.

It was not known if Mr. Maheu's name was on the new list. Mr. Maheu recently won a Federal defamation suit tried in Los Angeles, at which Mr. Hughes's lawyers failed to persuade a jury that Mr. Hughes spoke only the truth in January, 1972, when he said he had dismissed Mr. Maheu as his Nevada manager because "he stole me blind."