

Hughes Subpoenaed for SEC Inquiry

By Jack Anderson
and Les Whitten

Phantom billionaire Howard Hughes has an appointment with the Securities and Exchange Commission at 10 a.m. on Monday. But no one really expects him to show up.

The world's most famous recluse has been subpoenaed to answer questions from SEC attorneys about the 1968 takeover of Air West.

The SEC contends that Hughes and his associates waged a devious campaign to acquire the financially troubled airline. Hughes originally gave the impression he would pay \$22 a share for the airline, yet he closed the deal for only about \$9 a share.

An army of attorneys, meanwhile, has fought to keep Hughes from being interrogated about the deal. This epic legal battle will be decided today in San Francisco.

Even if the judge orders Hughes to appear, he is unlikely to obey. Indeed, the SEC lawyers are beginning to doubt whether he is alive and competent.

His legal battalions tried to keep him out of the litigation by claiming that corporate officers, not Hughes personally, engineered the Air West acquisition.

However, we have obtained secret grand jury documents, which show how the billionaire personally called the shots during the late 1960s from

his penthouse atop Las Vegas' Desert Inn. Here are highlights from the documents:

• In the summer of 1968, Hughes sent a handwritten memo to his deputy, Bob Maheu, outlining his plans about Air West. "I urge you say nothing to (Nevada's then-Gov. Paul) Laxalt about Air West at all. Just, I guarantee the service without saying now." Hughes insisted that the deal be held "tightly secret." If information leaked out, he feared, the stock would "snoot up on the market like a rocket and we will not be able to afford a price to satisfy the stockholders."

• Another Hughes memo, this one dated Aug. 6, 1968, dressed down Maheu for assuming too much authority. "Bob," wrote Hughes cantankerously, "what do you mean *your* insistence not to pay \$22? I am the only one who refused to pay 22 . . . Surely you don't think the offer of 21½ originated with anyone other than I."

• Several additional memos showed that Hughes was pulling the strings from his penthouse. But on Aug. 9, 1968, Maheu assured his billionaire boss that he was covering this up. "At no occasion," wrote Maheu, "have I given the impression of contacting you back and forth. As you know, I am very aware of this situation. I have, however, made reference to contacts with the senior vice president of HTCO (Hughes Tool Co.)."

• Still another associate, attorney Chester Davis, sought Hughes' advice

on what to tell the Civil Aeronautics Board. "I really would like to know," Davis wrote, "if I can expect to get additional guidance from you before I have to open my mouth." The attorney was instructed to tell the CAB that Hughes would not run Air West.

• The grand jury documents show that on July 21, 1969, Maheu asked "immediate permission" from Hughes to issue a public statement thanking then-President Richard Nixon and the CAB for approving the Air West purchase. But Davis objected, writing that he wanted Hughes' views before making any comment.

• Hughes was reluctant to go ahead with the deal. Predicting "economic depression which the nation is definitely facing," he pointed out that he might have to "liquidate substantial assets." But as solid evidence that Hughes was making the decisions, he wrote on Aug. 14, 1969: "Here is my final decision re Air West. I will contract immediately to take delivery of the airline July 1st, 1970, for the terms now agreed. . . . I am willing to take all the risks interposed by the condition demanded by the CAB."

Although these documents clearly prove that Hughes was in full control of his \$2 billion empire in 1969, SEC investigators aren't so sure he is still making the decisions today. But they are determined, before this case is closed, to find out whether the mysterious Howard Hughes still exists.

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