

Inquiry to Sift Knight's Role in Water Deal

SACRAMENTO, Nov. 27 (AP) — Charges that Gov. Knight was financially involved in a decision made by the State Public Utilities Commission will be the target of more hearings by a State Senate investigating committee.

Sen. George Miller Jr. (D) Martinez, said the committee will hold at least one and perhaps two more hearings, probably in January, on the complicated case.

The charges were made yesterday under oath by Dyke Lansdale, former president of Dyke Water Co., which operates principally in Orange County.

Dyke testified a competing company, the Southern California Water Co., won a permit from the PUC to serve more than 11,000 acres in Orange County after the company had given a "free deal" for water facilities to a land development company in which Knight had an investment.

Knight, who was in Los Angeles at the time of the hearing, issued a formal statement in which he said:

"I was an inactive partner in an investment company which made a number of comparatively small investments in transactions concerning which I had no knowledge.

"At the time this investment was made I was in the process of liquidating my interest, and more than a year ago I completely severed my connection with the company concerned.

Lansdale Recital

"Neither the investment company nor I have had the slightest interest in the subdivision or the water company which serves it. Our interest was confined exclusively to the sale of land to the subdivider."

Lansdale's testimony, some of which was hacked up by photostats of legal documents, was that Knight and Morris Kawin of Los Angeles, and Los Angeles Atty. Alfred Gitelson, whom Knight appointed to the Superior Court bench last August, were copartners in the K.G. and Co.

He said the K.G. & Co. bought 800 acres of land near Long Beach and invested \$100,000 in Rossmore Development Co., a \$1,300,000 company formed to subdivide and build homes on the property.

Lansdale claimed that a representative of Rossmore told him the Southern California Water Co. had given Rossmore a "free deal" to install all water facilities at no cost to the subdivider.

"It would have cost my company \$1,500,000 to put water in there," he said.