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CS Historical Paper

No. 87

Volume IV of IV

CLANDESTINE SERVICES HISTORY

(TITLE OF PAPER)
CIVIL AIR TRANSPORT (CAT)
A PROPRIETARY AIRLINE
(PERIOD)
1946 - 1955

DO NOT DESTROY

Date published: April 1969

Copy #2 of 2 copies

Controlled by : SO Division

Date prepared : April 1967

Written by : Alfred T. Cox

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S E C R E T

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No. 87

VOLUME IV of IV

CLANDESTINE SERVICES HISTORY

CIVIL AIR TRANSPORT (CAT)

A PROPRIETARY AIRLINE

1946 - 1955

Copy No. 1 of 2: SOD

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S E C R E T

GROUP 1
Excluded from automatic
downgrading and
declassification

S E C R E T

VOLUME IV

REPORTS OF INTERVIEWS

S E C R E T

S E C R E T

Volume IV

REPORT OF INTERVIEWS

I.	INTERVIEW WITH MR. COLWELL E. BEERS	1
II.	INTERVIEW WITH MAJOR GENERAL W. RAY PEERS .	13
III.	INTERVIEWS WITH MRS. LOUISE WILLAUER . . .	25
IV.	INTERVIEWS WITH MR. THOMAS G. CORCORAN . .	35
V.	INTERVIEW WITH MAJOR GENERAL WILLIAM E. DEPUY, USA	70

S E C R E T

S E C R E T

I. INTERVIEW WITH MR. COLWELL E. BEERS

Date of Interview: 13 April 1966

Place of Interview: The Grotto Restaurant
1013 15th Street, N.W.
Washington, D.C.

Background Information

Mr. Beers transferred from the Forestry Service to CIA in August 1949. The transfer was largely a result of conversations with Mr. Frank Wisner, ADPC, whom he had met while on a two-year assignment with the Hoover Commission. His first appointment was as Executive Officer in the Policy and Planning Staff of OPC (EXO/PPP).

[Redacted]

(b)(1)
(b)(3)

[Redacted]

(b)(3)

[Redacted] prior to

(b)(1)
(b)(3)

his retirement in January 1964. He currently resides

[Redacted]

(b)(3)

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Report of Interview

The writer briefed Mr. Beers on the purpose of the historical paper on air support (CAT) and the paper on



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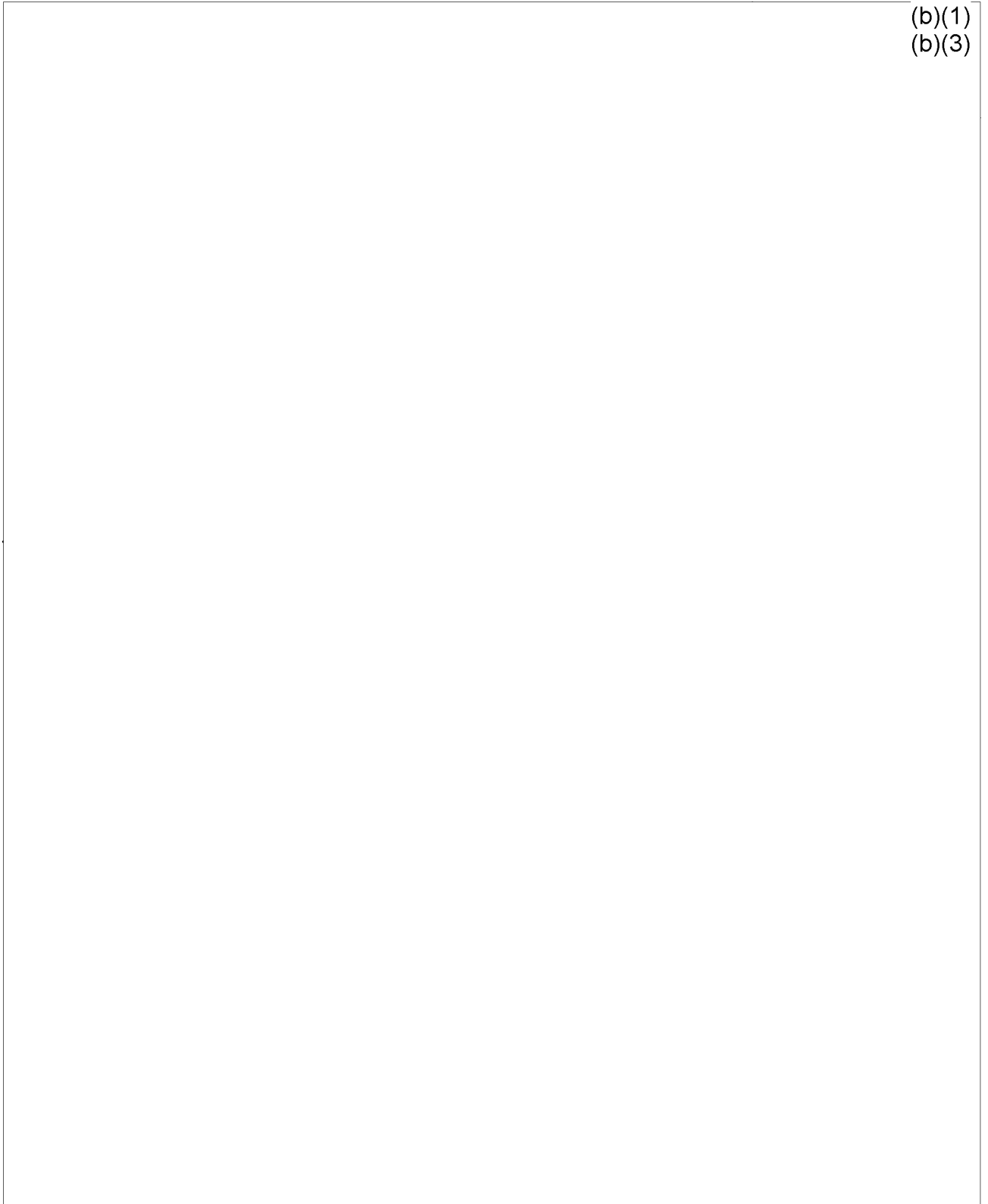
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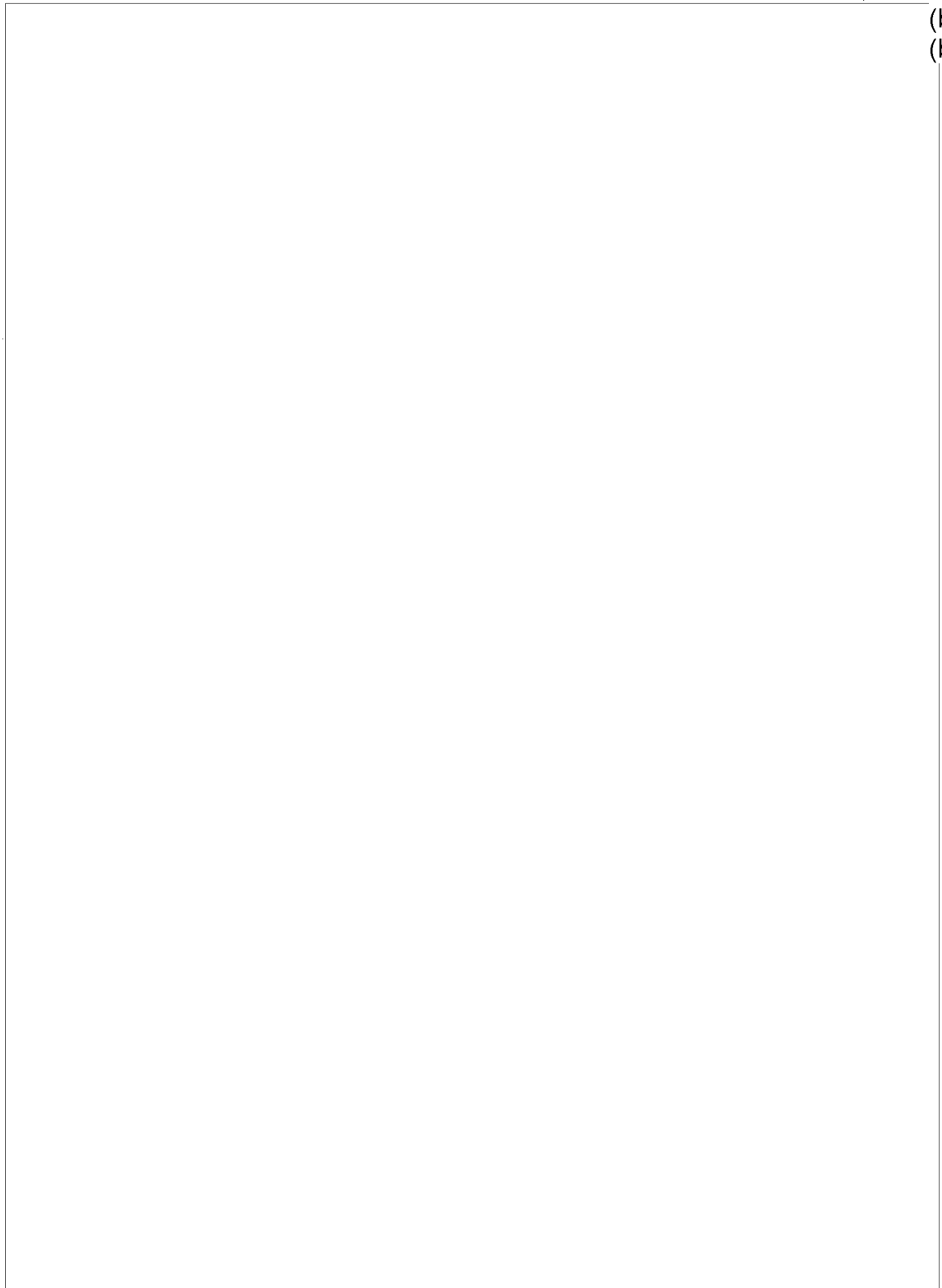
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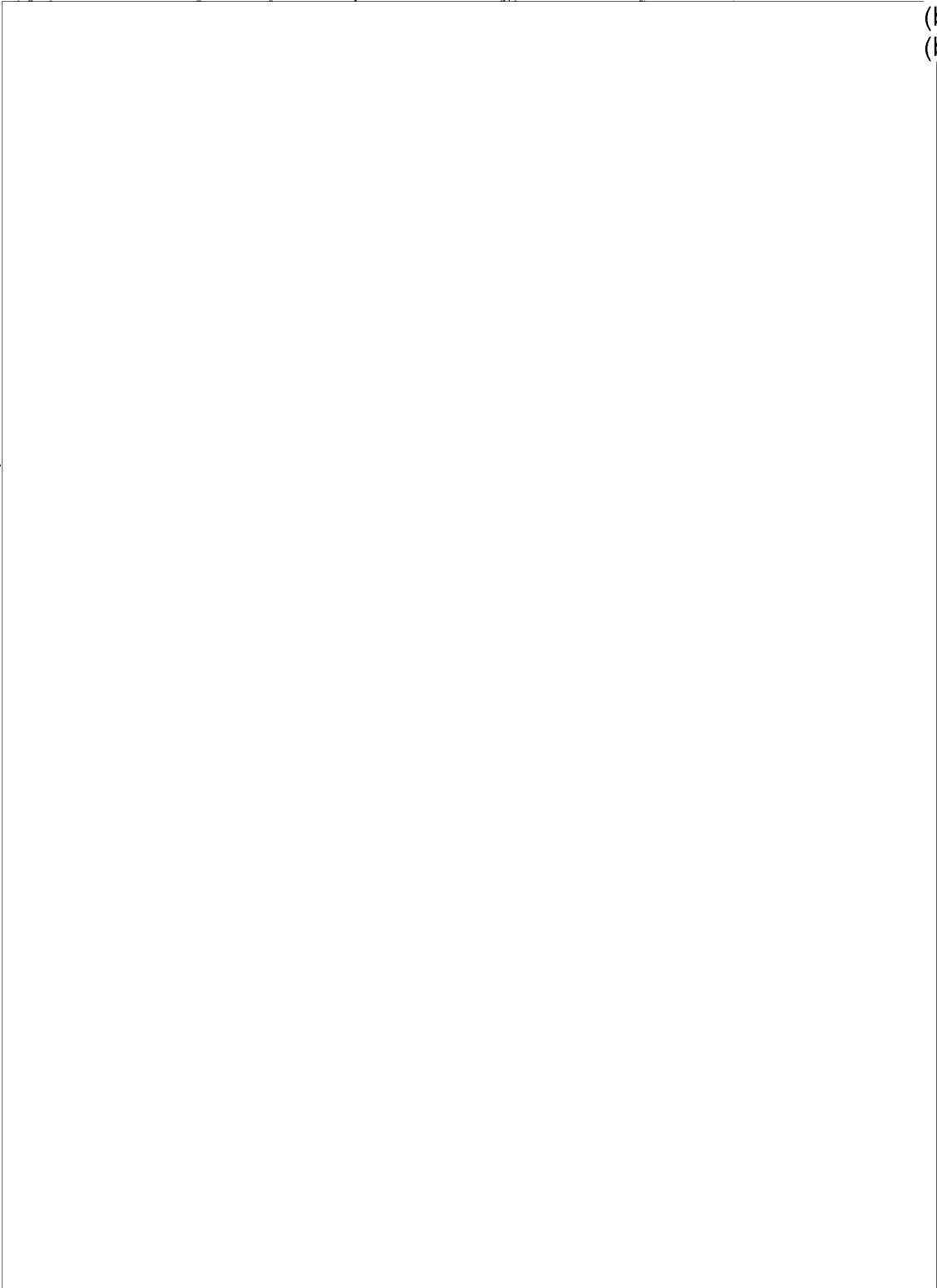
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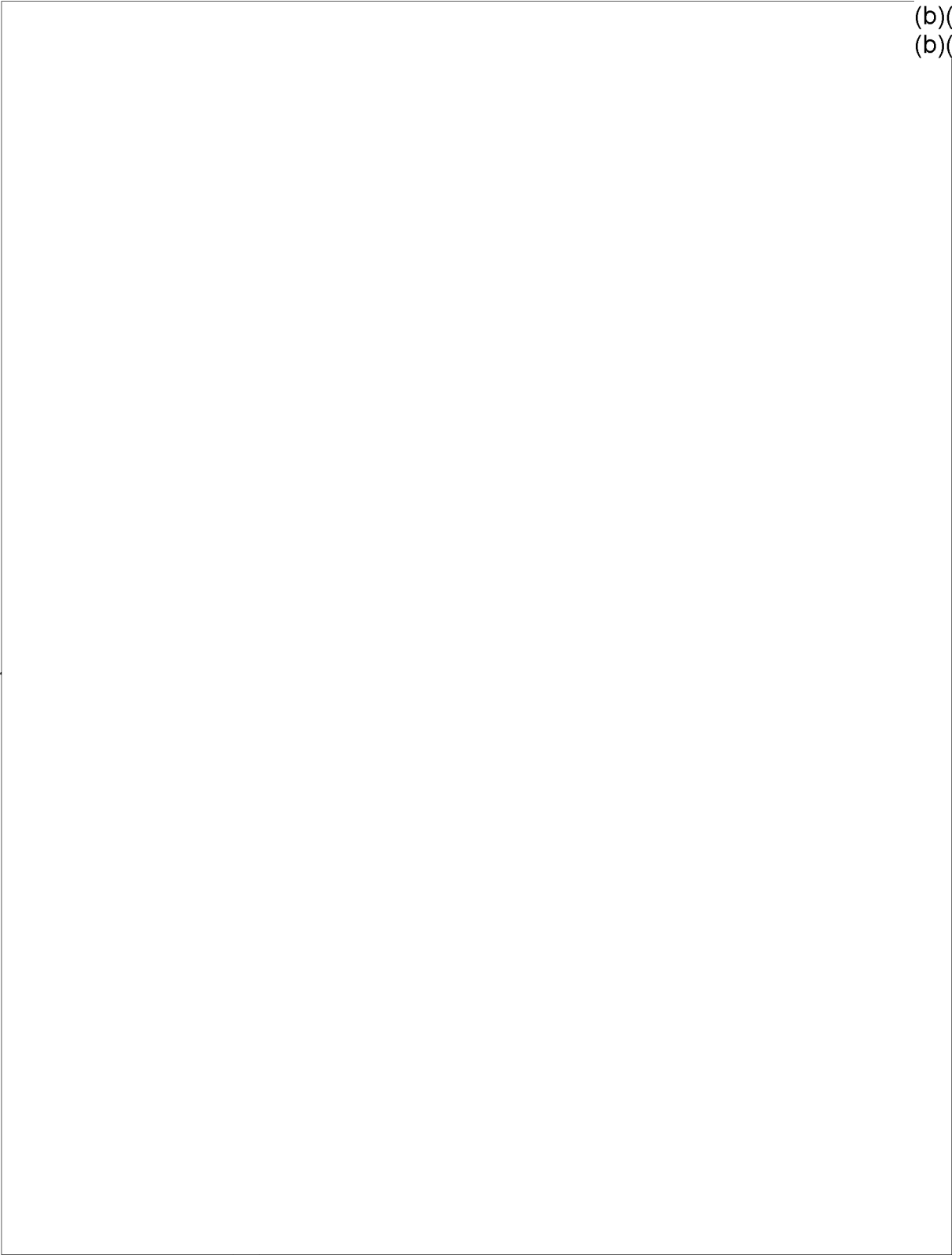
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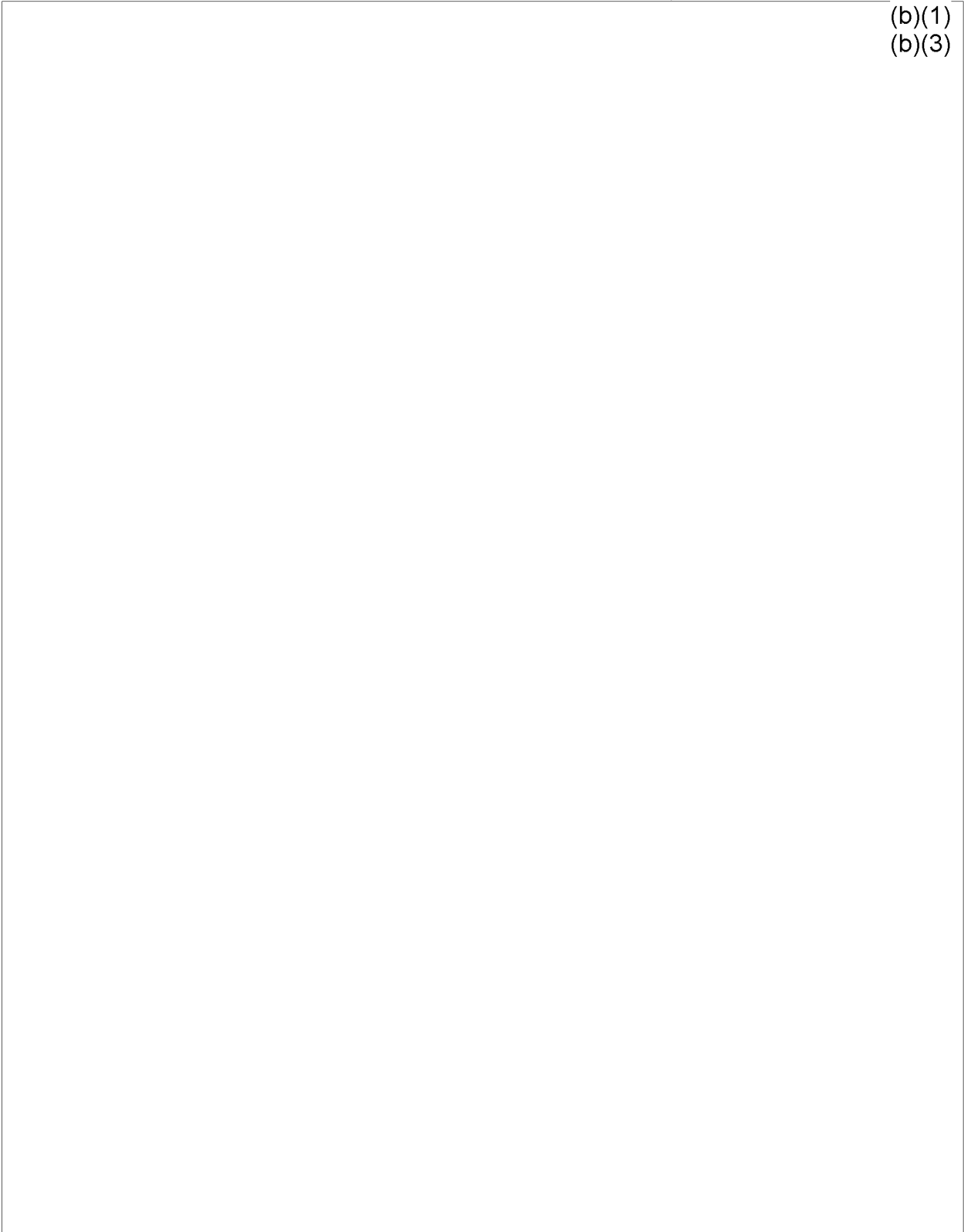
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S E C R E T



(b)(1)
(b)(3)

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The meeting with Mr. Beers was not only profitable, but most enjoyable. He said he would be very happy to be called on again when it is felt that he could be of assistance. (It occurs to the interviewer that

[REDACTED]

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(b)(3)

phase of the Vietnamese operations might be of interest.)

The meeting closed with the interviewer's warm expression of appreciation on behalf of himself and the CS/HSG.

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II. INTERVIEW WITH MAJOR GENERAL W. RAY PEERS

Date of Interview: 1430 Hours
28 April 1966

Place of Interview: General Peers' Office
Room 1E962
The Pentagon Bldg.
Washington, D.C.

Background Information

General Peers had served with the OSS in World War II, first as Commanding Officer of Detachment 101 in Burma, and then, as the Japanese moved back into China, he and much of his command moved into the China Theatre, where he served as Deputy Commanding Officer of Detachment 202. He was one of the outstanding officers who served with the OSS. He remained in the service after the war,

[Redacted]

(b)(3)

after completion of the Command and General Staff Course at Fort Leavenworth.

[Redacted]

(b)(3)
(b)(1)

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S E C R E T

[REDACTED] He is currently assigned as Chief, SACSA, (Special Assistant for Counter-Insurgency and Special Activities) of the JCS, a position involving constant liaison and coordination with CIA. Previously, he had been Special Assistant to the Chief of Staff, USA, for Special Operations, which also involved a considerable relationship with the Agency.

(b)(3)

Report of Interview

I briefed General Peers on the purpose of my visit, which was to discuss with him the relationship of the airline, CAT, [REDACTED] for the purpose of developing a historical paper on the utilization of air support for clandestine operations.

(b)(1)

(b)(3)

[REDACTED]

(b)(3)

other things, he had initiated the first paramilitary training program, given at Fort Benning in the summer of 1950. (He recalled this with satisfaction, since some of the graduates of the course were later to join him on Taiwan.) In August 1950 he accompanied Colonel

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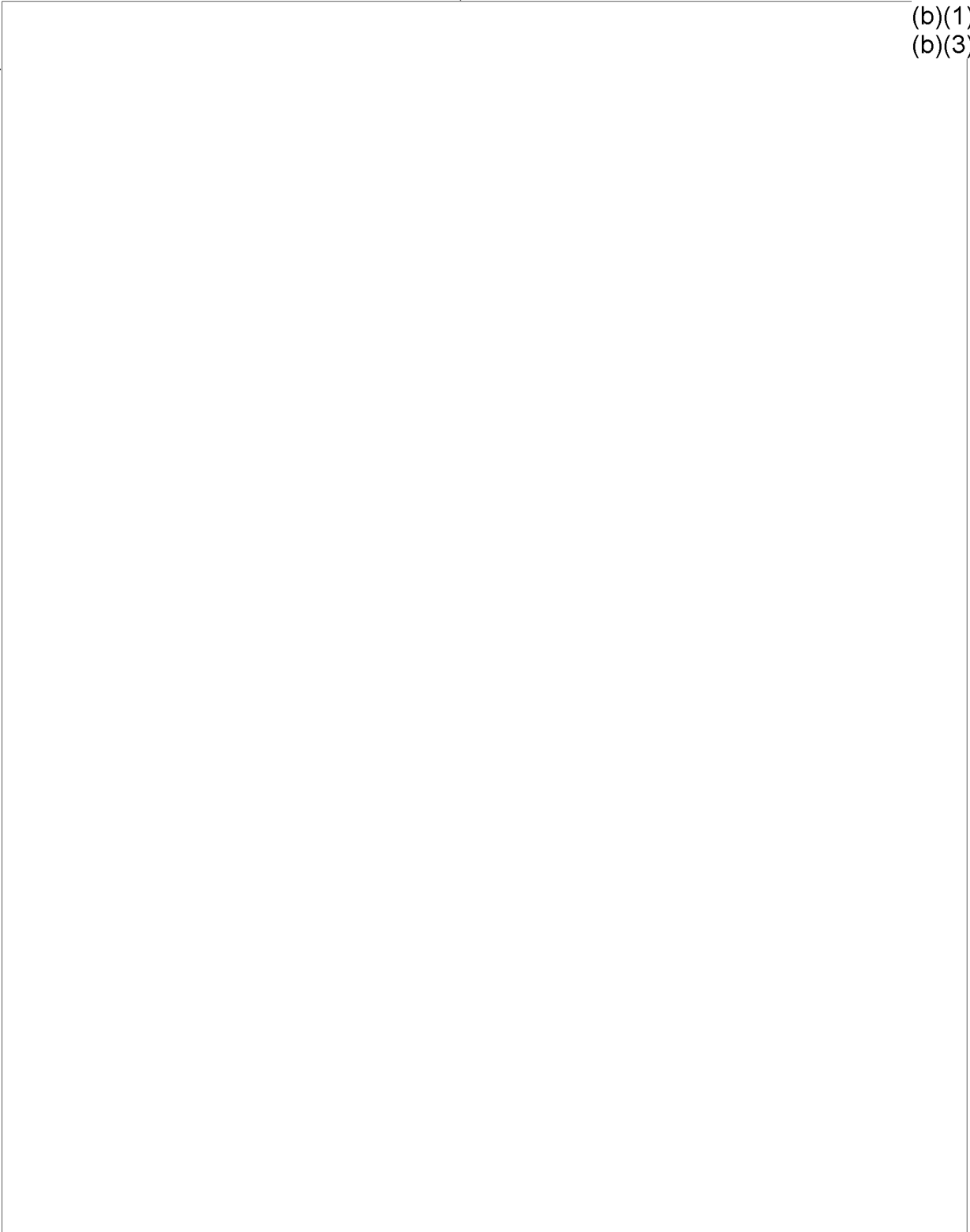
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Richard G. Stilwell, Chief FE/OPC on a tour of the Far East. I met with them in Hong Kong, at which time we discussed what could be done, policy permitting, in support of the UN effort in Korea. (The war was going badly at the time, with the Allied perimeter around Pusan steadily shrinking, but OPC had not yet been authorized to undertake large-scale activities except in Korea, itself.)

In January 1951, General Peers was asked to undertake the responsibility

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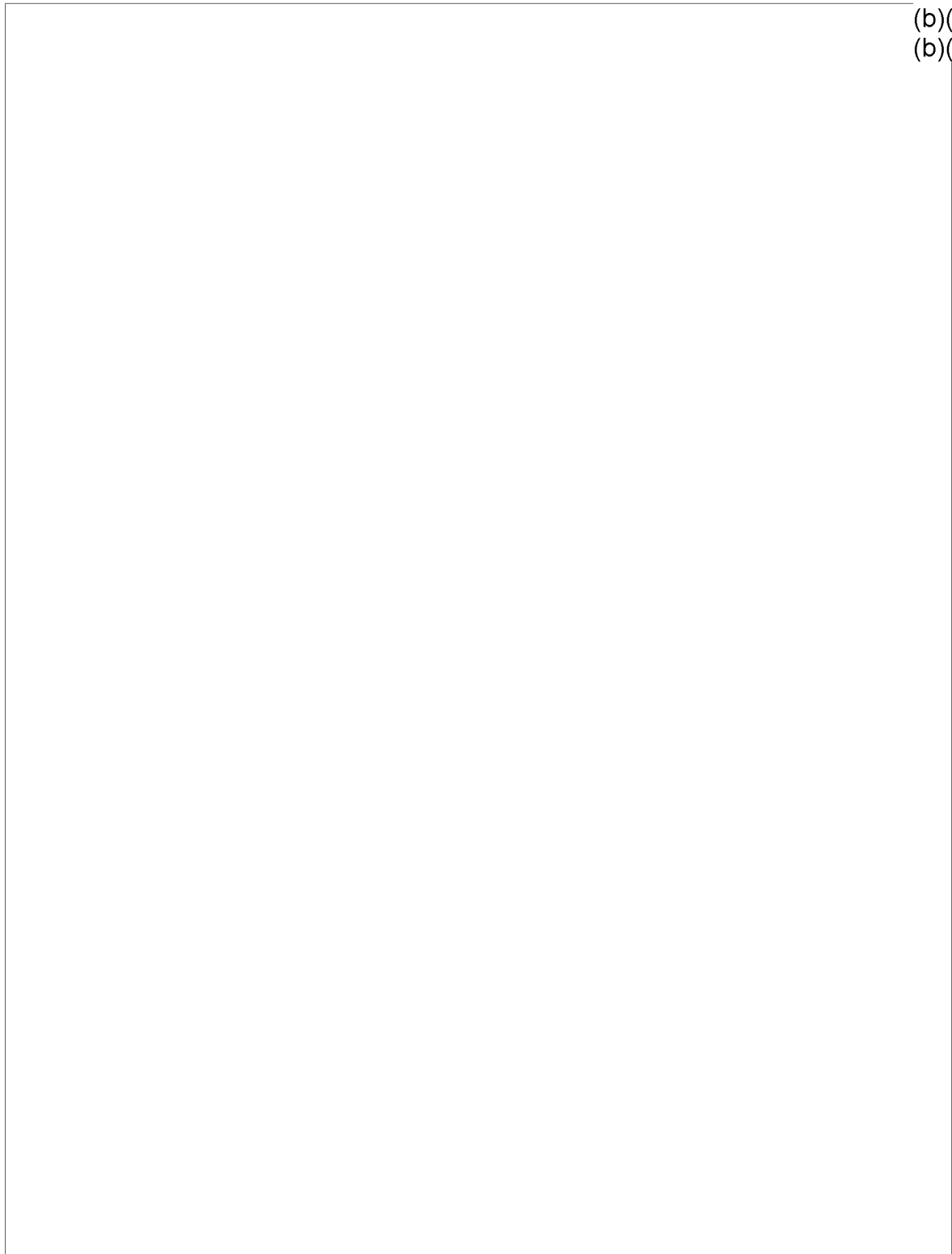
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General Peers recalled with pleasure the assistance provided by CAT, especially mentioning by name chief pilot Robert E. Rousselot, assistant chief pilot Paul Holden, and PBY pilot Don Teeters -- it was interesting to note that the Western Enterprises-CAT relationship had been so close that he remembered instantly the wives and families of those men, as well as he did the air support activity. Don Teeters had provided the airlink with their offshore island activities, always susceptible to Communist mainland artillery interdiction. Bob Rousselot had personally flown the first long-range flights to resistance groups in Szechuan -- overflights of 12 to 14 hours duration. At the time, CAT did not have the equipment for such flights, and Headquarters arranged for the charter of a Seaboard and Western DC-4. It arrived in Taipei without a suitable door for making drops, and it required a good deal of around-the-clock maintenance effort in order to make the flights during the proper moon period. This experience helped to convince Headquarters of the need to accumulate long-range equipment in the CAT inventory. Paul Holden was a veteran of many overflights

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(b)(3)

General Peers had to contend with a dichotomy in terms of the ChiNat intelligence and police services.

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Mao Jen-fang and one of his immediate staff, Pan Chi-wu, were of course, by reason of Mao's inheritance of Tai Lee's position and of Mr. Johnson's prior associations with SACO, very much in the picture. General Chiang Kai-min, subordinate to the heir-apparent, Chiang Ching-kuo, was also very much involved. General Peers felt strongly that

[REDACTED]

with a vested (b)(1)
(b)(3)

interest in Chiang Kai-min, had deliberately lied to him on a number of occasions and had negated some of his efforts. At this late date, the naming of individuals involved would not be helpful.

[REDACTED]

(b)(1)
(b)(3)

Cox asked whether consideration had been given to the cultivation of General Chiang Ching-kuo, the heir-apparent, through the close relationship between Madame Chiang and Mrs. C.J. Rosbert, wife of the director of operations of CAT. Both women were White Russians, and the General and Madame Chiang were frequent guests at the Rosbert home. General Peers replied that the

S E C R E T

S E C R E T

subject had not come up prior to his departure, and Cox later recalled that Mr. Rosbert's clearance had been considerably delayed because of his wife's nationality.

General Peers recalled many of the people who had joined him in implementing the project -- it can truthfully be said that the backbone was supplied by veterans of OSS Det. 101 and 202 service. Because of our close association in China in 1945, [redacted]

[redacted]

Cox could recall almost every one tha(b)(1)
(b)(3)

General Peers mentioned. [redacted]

[redacted]

(b)(1)
(b)(3)

Chennault and Cox worked with him in locating training, billeting, and logistical sites to be available for the people being processed at Headquarters for dispatch to the field. Both General Chennault and Cox were relatively active at that time in getting the project rolling, but as soon as General Peers and Colonel Delaney arrived in the field, they properly took over, and we continued to assist as required.

General Peers noted with regret that his chief air officer, Mr. [redacted] and CAT chief pilot Robert Rousselot were not always compatible. Both were strong-minded, aggressive and, on occasion, perhaps hardheaded.

(b)(3)

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He had to choose between them, and since Rousselot was not only advising and directing the overflights, but also participating in the toughest flights, the general had to side with Rousselot. (A similar situation had developed in Japan, with the same result.)

The accomplishments , despite the great (b)(1) (b)(3) handicap of its late start, were considerable. Valuable support had been given for the holding of the offshore islands. Seaborne commando raids and the maintenance of contact with internal resistance groups had kept the ChiComs uneasy, and had probably forced them to maintain troops in many areas which otherwise might have been released for duty in Korea. (A major objective of the project.)

(b)(1)
(b)(3)

The contributions of CAT to these accomplishments were the air-hauling of material and personnel (mainly

S E C R E T

from Japan and Okinawa), the PBY support on the off-shore islands, aerial delivery of personnel and supplies to resistance groups, and leaflet drops. In addition, there was the personal assistance given, mainly by General Chennault, in relationships with the ChiNat Government.

General Peers and the interviewer agreed that time had been the greatest single limiting factor on the achievements of the project -- the late start, the assembling of the American staff (selection and recruitment, clearance, training, processing, etc.), and then the selection and training of the ChiNat personnel. In addition, there was a lack of adequate intelligence on the resistance on the mainland. It was regrettable that the project had not been initiated at the time of the meeting in Hong Kong, in August 1950, when the deteriorating situation in Korea would certainly have justified such an activity. A capability would then have been in being at the time the ChiComs crossed the Yalu.

During our conversation, the interviewer had mentioned

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(b)(3)

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[REDACTED]

General Peers advised that (b)(1)
(b)(3)

General Yarborough was due in his office in a few minutes for a meeting at 1530 hours. He left word with his secretary to have the general come in as soon as he arrived. General Yarborough arrived just before the end of my meeting with General Peers, and a few minutes were spent in philosophizing anent Army-CIA relationships. It occurred to the interviewer that it might be useful for a few senior Agency officers to meet informally with officers such as Peers and Yarborough, and to discuss mutual relationships. They recognize the problem areas and do their best to understand the Agency side. The interviewer told General Yarborough that, in preparing a paper on Agency activities in the PM field for the period of 1956 to 1962, he would like to meet with him

[REDACTED]

(b)(1)
(b)(3)

General Yarborough said he would be glad to do so, and he expressed to General Peers his personal satisfaction at the way a mutual understanding had advanced

[REDACTED]

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(b)(3)

had spent approximately 50 percent of his time at Fort Bragg from mid-1961

[REDACTED]

(b)(1)
(b)(3)

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The interviewer would like to record that his discussion with General Peers did not touch upon any current CIA activities, since they would not be pertinent to the historical paper under preparation, nor be proper in view of the interviewer's current status as a retiree, without a "need to know."

It should be noted that of (b)(1)
(b)(3)
great magnitude and complexity, and should be the subject of a separate historical paper. There are still a number of officers available who could assist in the preparation of such a paper, and certainly General Peers would be glad to help in any way.

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III. INTERVIEW WITH MRS. LOUISE WILLAUER

Date of Interview: 7 September 1966

Place of Interview: Willauer Apartment
929 Park Avenue
New York, New York

Background:

Mrs. Willauer is the widow of the late Ambassador Whiting Willauer. She has lived for extensive periods in the Far East, where the late Ambassador was associated with General Chennault in the formation and operation of Civil Air Transport (CAT). She has lived for a considerable period of time in Central America, when the Ambassador was accredited to Honduras and then to Costa Rica. She is presently serving with the International Rescue Committee (IRC).

Report of Interview:

Prior to his death Ambassador Willauer had decided that he would leave his personal papers to Princeton University; these papers covered his activities in the Far East during and after World War II and his service as an ambassador in Central America. About two years ago Mrs. Willauer requested that the papers left by the Ambassador be screened by the Agency in order to ensure that there would be no security compromise involved in

25

S E C R E T

S E C R E T

turning over any of the papers to the university. At that time the writer, representing the Agency, reviewed all of the papers Mrs. Willauer made available as being considered for turning over to the university. Only two or three documents were felt to be somewhat sensitive, and, after consultation with Mr. Lawrence Houston, General Counsel of the Agency, Mrs. Willauer very willingly excluded these papers from consideration for turn-over to Princeton.

At the suggestion of her lawyer, Mrs. Willauer requested that Princeton University furnish her with an inventory and evaluation in terms of dollars and cents of any documents already in their possession that might have been turned over to them by the late Ambassador prior to his death. She has recently returned from a short tour in Saigon on behalf of the International Rescue Committee (IRC) and received a letter from Princeton indicating that a number of documents and tapes prepared by the late Ambassador on the history of CAT were in their possession. She had not been aware that the tapes had been made, or that Princeton already had as many documents as they indicated in their letter.

Mrs. Willauer wrote to me to indicate that she felt that the writer ought to know to what extent documents

S E C R E T

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had already been furnished to Princeton, and that he might be interested in going through these documents and tapes, particularly since he was involved in writing the history of CAT. The writer made a couple of phone calls to Mrs. Willauer and arranged to meet with her on Wednesday, 7 September.

Mrs. Willauer and Cox had lunch together at her apartment. She showed him the letter from Princeton which indicated all of the documents that had been turned over, with an evaluation of each document, and also indicated that four tapes had been prepared for them by the late Ambassador. (The reason for Mrs. Willauer's request for inventory was, of course, for income tax purposes and for settlement of the estate.)

The writer advised Mrs. Willauer that he would be very much interested in going through these documents and listening to the tapes, and she indicated that she would write a letter of authorization to the librarian of Princeton University that would permit his access to their records.

Since then Cox has written to the librarian indicating his interest in the matter, and suggesting that he would like to call at the library and go through the documents and listen to the tapes.

Mrs. Willauer and Cox talked about her activities with the IRC. After the death of the Ambassador, Mrs. Willauer had found herself at loose ends, and had

S E C R E T

S E C R E T

told Cox that she would like to find something that could keep her usefully occupied. She felt that with her long experience overseas in both the Far East and Central America, she might have something to offer, although she did not know in which direction to look. Following a talk with Mr. [redacted] of the CA Staff, (b)(3) it was arranged to introduce Mrs. Willauer to the senior members of the IRC. They were very much interested in her capabilities, and she has been employed with them ever since (the writer believes on a dollar a year basis). From independent sources Cox has learned that Mrs. Willauer is very highly regarded by the IRC and, in the words of one of their senior officers, she is known as "the miracle worker."

Mrs. Willauer had just returned from a four to six weeks stay in Saigon, where she had been assisting the permanent IRC representative there on IRC matters. He is rather swamped with work, and the IRC hopes to be able to give him an assistant on a permanent basis in Saigon, and to establish a representative in Danang.

Mrs. Willauer had recorded her impressions of her stay in Saigon, in a series of letters to her family, and Cox has been provided with copies of all of these letters. They in turn have been passed on to Mr. [redacted] (b)(3)

S E C R E T

S E C R E T

another old friend of the Willauers, with the suggestion that some of the comments made by Mrs. Willauer and her observations on refugee matters in Vietnam might be of interest to the [REDACTED]

[REDACTED] Although not a youngster, Mrs. Willauer is a very active woman, and was able to travel into a number of the rural areas of Vietnam. Her letters are most interesting. (b)(3)

Prior to visiting with Mrs. Willauer the writer had discussed refugee matters with several Agency officers who had recently returned from Vietnam, and who were interested in some of the matters of IRC concern, such as orphanages, schools, etc. They had mentioned to me several areas that they hoped the IRC might look into and find worthy of support. These comments were passed on to Mrs. Willauer, who was aware of a couple of the activities, but promised to look into the others. The writer also told her that a listing was being prepared, which would be forwarded to her, of other ideas that might be culled from people who had been on the scene.

On the same day as the interview, a letter was received from the Medical Supply Corps Detachment assigned to the Military Assistance Group in Thailand. The writer, a major, urged that Mrs. Willauer come to

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S E C R E T

Thailand and promised that she would be taken up into the northeast areas of the country where there is an acute refugee problem, particularly with regard to the people in Laos crossing the Mekong into Thailand.

Mrs. Willauer discussed with Cox the advisability of making such a trip, and he told her that he thought it would be a very good thing, and that he was sure that the major would arrange for her to go upcountry to get an on-the-spot view of the actual problems. The writer also told her that the commanding general of MAG in Thailand, General Richard G. Stilwell, was an old friend of his and also of the Willauers, [REDACTED]

(b)(3)

He had visited the Far East several times and became a close friend of the Willauers. The writer told her that he was sure that the General and Mrs. Stilwell would be very glad to see her if she visited Bangkok, and that he was sure that her visit would be an effective one.

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ADDENDUM

INTERVIEW WITH MRS. LOUISE WILLAUER

Date of Interview: 23 November 1966
Place of Interview: Mrs. Willauer's Residence
 929 Park Avenue
 New York, New York

Report of Interview

At Mrs. Willauer's invitation, the writer met with her for lunch at her apartment on Wednesday, 23 November 1966. She had just returned a few days earlier from her most recent trip to the Far East and Southeast Asia for the International Rescue Committee (IRC). She was still tired, and had not yet begun to prepare her report on the trip for the IRC. Also, she was departing the same afternoon to spend the Thanksgiving holiday with her relatives in Massachusetts.

Mrs. Willauer described her trip, with the main points of interest having been her visits to Hong Kong, Thailand, and South Vietnam.

While in Thailand, Mrs. Willauer met on a few occasions with Major General Richard G. Stilwell, Commanding General of USMAG in Thailand, and his family. She had become well acquainted with General Stilwell while

31

S E C R E T

S E C R E T

(b)(3)

With the assistance and at the request of the U.S. Army Medical Supply Corps Detachment in Thailand, Mrs. Willauer was taken on an extended field trip, mainly concentrated in the northeastern areas of Thailand contiguous to the Laos border. She visited all of the major installations and some of the minor ones.

From Thailand she moved to Saigon, but did not spend as many days there as she had anticipated, as apparently the newly-arrived IRC Senior Representative in Saigon did not appreciate too much having her come into his bailiwick. She accomplished the major purposes of her visit on behalf of the IRC, and then flew back to the States. The writer then recounted to her the visit he had made to Princeton University Library to review the papers which the late Ambassador Whiting Willauer had left to the library. She had not as yet had any real opportunity to read the various letters, copies of which Cox had forwarded to her, but she was very much interested in his general resume of the contents of the papers that had been turned over to the library thus far.

The writer advised her that, in his judgment, the most valuable portions of the papers were those which

S E C R E T

S E C R E T

dealt with the activities of the China Defense Supplies Corporation (CDS) during World War II, and which had been fully annotated on tape by the late ambassador. Cox also gave her a general rundown of the other phases of the papers, which were: the establishment of Civil Air Transport (CAT) and its operation until 1949; a very limited coverage of the remaining years that Willauer had spent with CAT; and then some of his experiences while serving as Ambassador to Honduras and Costa Rica, and in the State Department in Washington.

She was also interested in the writer's remarks on the exchanges of personal correspondence and said that, to the best of her knowledge, all these letters had really been family and folksy letters sent to her brother-in-law for him to circulate among the family. She indicated that she had a number of personal letters between her late husband and herself and she hopes to find time before too long to review those papers.

The writer told her that since, in his opinion, the papers dealing with CDS were perhaps the most valuable and most documented part of the collection, it might be possible that Mr. Thomas G. Corcoran and his brother David, who were also closely associated with CDS, might be interested in contributing to the collection. Knowing

S E C R E T

S E C R E T

that the current relationship between Mr. Thomas G. Corcoran and Mrs. Willauer was not too cordial, the writer told her that he had not wanted to speak to Corcoran on the subject until he had discussed it with her. She told Cox that she had no objections at all, and hoped that they would prove to be cooperative.

In view of her very recent return from abroad and the fact that she was more or less hurrying to get off for the holiday, Cox thanked her for a very pleasant luncheon and cordial conversation, and then made his departure.

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IV. INTERVIEW WITH MR. THOMAS G. CORCORANDate and Place
of Interviews:

27 July 1966
University Club
1135 16th Street
Washington, D.C.

2 August 1966
University Club and
Mr. Corcoran's office
1511 K Street, N.W.
Washington, D.C.

9 August 1966
University Club

16 August 1966
University Club and
Mr. Corcoran's office

Background Information

For full background, the reader is referred to Who's Who in America. Mr. Corcoran was brought to Washington early in the thirties by President Roosevelt, and he became very well known as "Tommy the Cork," one of the so-called braintrusts in the New Deal. He continued with the Government throughout President Roosevelt's regime, being particularly active in Asiatic affairs. At the end of the war, he left Government service and formed his own law firm, which today is known as Corcoran, Foley, Youngman and Rowe. He was one of the original backers in the formation of the airline organized by

S E C R E T

S E C R E T

General Chennault and Mr. Whiting Willauer in 1946 after the war. The exact extent of his financial interests in the airline is not known to me, but it is believed that he, or at least he and his law partners, principally Mr. William Youngman, held substantial interest, if not control. He is well known in Washington and is on a first name basis with most of the more prominent persons, ranging from the President on down. He has always evidenced a considerable interest in the Agency, both with regard to personnel and to Agency operations.

Report of Interviews

The writer would like to state, prior to reporting on the interviews, that he is fully aware of Mr. Corcoran's political astuteness; his interest in the Agency; that, during the period in which the purchase of the airline by the Agency was negotiated and during the CATC/CNAC litigation, there was occasional friction between the Agency and Mr. Corcoran and his associates; and that Mr. Corcoran is not fully trusted by some people in the Agency. The writer was fully aware that Mr. Corcoran would probably make an occasional attempt to develop any information he might have about current Agency activities. Fortunately, the writer had not had any

S E C R E T

S E C R E T

direct contact with Agency activities for more than two years, and, therefore, was in a position to deny any knowledge as to current operations.

The interviews with Mr. Corcoran resulted from a chance street encounter with him while the writer was returning from lunch. After chatting a moment, Mr. Corcoran invited Cox to join him for lunch at the University Club the following day.

On that day, Wednesday, 27 July, Cox met Corcoran as agreed at 1330 hours at the University Club. Mr. Corcoran apologized by saying that he had gotten his schedule mixed up and that he also had a luncheon engagement with a judge, but suggested that he and Cox sit and chat until the judge arrived. They were able to talk for 20 to 25 minutes before the judge appeared.

The writer explained to Mr. Corcoran that he had been asked to undertake writing up the history of CAT as seen from the field, extending from his arrival there in late 1949 to the end of 1955. Cox said he was writing this history entirely in the context of what the field did; only to the extent of what the field knew of activities at Headquarters would there be coverage of those activities. Cox had not made any contact with the CAT office in Washington, but he had had access to

S E C R E T

S E C R E T

a number of Agency records that he had never seen or been aware of previously. Mr. Corcoran indicated that he was quite pleased to learn that such a history was being written, as he felt that General Chennault and Mr. Willauer had been quite unfairly criticized by officers of the Agency in the past. Saying that this applied particularly to criticism of Mr. Willauer, Corcoran specifically named Mr. [redacted] as one who (b)(3) had made written allegations as to Willauer's integrity. He indicated that he would be glad to assist in any way that he could, and felt sure that he had documents that might help in writing the paper.

The writer inquired casually as to the well-being of Mrs. Chennault. (Ever since General Chennault's death, Mr. Corcoran has felt an obligation to watch over Mrs. Chennault's affairs, and they have maintained a continuing and close relationship.) He said that Mrs. Chennault was out on the west coast, and was leaving the next day for a tour of Southeast Asia, including Indonesia; he inferred that her trip, in part at least, was on behalf of the Agency. The two daughters were in college, one of them in Louisiana. Cox inquired as to whether this might raise some problems with regard to the miscegenation laws of Louisiana.

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At this point the judge arrived, and Mr. Corcoran indicated he and Cox would talk more about that at their next meeting. Due to the arrival of the judge, the talk shifted to general affairs, with no mention of any connection that the writer might have had with the Agency. In parting, Mr. Corcoran asked Cox to meet him for lunch again on the following Tuesday.

The writer next met with Mr. Corcoran at the University Club on 2 August 1966. At least the first half of the conversation dealt with personalities and is included in this report only in that these persons are all involved in CAT and CATI to a certain extent; at some future date, there is still a possibility the Agency might be drawn into certain difficulties with them.

Mr. Corcoran said that the relationship between Mrs. Willauer and himself had reached an absolute impasse, and that they were no longer talking with each other. (Cox had talked with Mrs. Willauer a few months before, and it was evident that she felt that Mr. Corcoran did not handle Mr. Willauer's estate properly, and that additional funds should be coming to the estate. She was always quite bitter over the fact that the document representing the bill of sale by which the Agency

S E C R E T

S E C R E T

purchased CAT provided for rights of first refusal to Mr. Willauer and to Mr. James J. Brennan, but that no provision had been made for her to succeed to Mr. Willauer's rights. She had retained her own lawyer some time prior to Mr. Willauer's death; at Mrs. Willauer's request, the writer met him briefly at the funeral services. At the time, Mrs. Willauer was concerned as to the security implications of explaining some of the ramifications of the legal dealings between Corcoran's interest and the Agency, and indicated that if she had any questions she would get in touch with Cox.)

The writer queried Mr. Corcoran as to the current status of the rights of first refusal. Corcoran stated that he had been trying to get Mr. Brennan to sign off on the rights, but that Mr. Brennan was sulking on the west coast, and apparently not yet willing to cooperate by signing off. (In the judgment of the interviewer, Mr. Corcoran and Mr. Brennan do not really believe that they will ever be able to activate the rights of first refusal, but since it costs nothing, they will probably drag their heels somewhat in closing out the matter completely.) Mr. Corcoran then stated that he had done his best to convince Mr. Willauer, during negotiations for the sale of the airline, that he should hold out for

S E C R E T

S E C R E T

the rights of option, but that Mr. Willauer, anxious to get negotiations completed, had on his own agreed to accepting rights of first refusal rather than the option.

(NOTE: The General Counsel advises that Brennan and Willauer originally had an option exercisable between 1952 and 1955 but this was renegotiated into a first refusal in 1951, Corcoran participating.)

Mr. Corcoran then went on to state that, on a number of occasions, Mr. Willauer's flamboyancy and tempestuousness had caused unnecessary problems, and had led to resultant criticism from some Agency officials. He stated that, although Mr. Brennan had certain faults, which they both knew, he felt that Mr. Brennan operated with better judgment than Mr. Willauer.

Mr. Corcoran then threw up a trial balloon, which Cox had been expecting, saying he had heard reports that the Agency was seriously considering selling the airline, and he asked whether Cox knew anything about that. The writer told him that he had not been in touch with CAT affairs for some years, and that he was not really aware of any such report. Mr. Corcoran then intimated that his information had come from Mr. A.L. Burridge, a former CAT employee who left CAT in the early fifties and whom Mr. Corcoran had established as regional

S E C R E T

S E C R E T

manager for the Sterling Drug Company, headquartered in Tokyo. On a recent trip to the States, Burrige had passed through Taipei, and apparently had picked up the rumor there from some of his old CAT and Chinese friends whom he had met. Mr. Corcoran also observed that he had learned the same thing from Captain Robert E. Rousselot, who had been a CAT officer up until the early sixties and then had been employed by the Continental Air Services, a subsidiary of Continental Airways. Continental Air Services is doing its utmost to establish itself in the Far East and Southeast Asia areas, and has strong financial backing from the parent organization. Mr. Rousselot recently resigned from Continental Air Services and is currently reported to be associated with TWA in New York. The writer told Corcoran that he was aware that Continental Air Services was doing its best to expand, that it had a considerable volume of business in Southeast Asia and might very well continue expanding to the north, which might create difficulties for CAT.

Mr. Corcoran then returned to the possible miscegenation problem involved with the Chennault children. He stated that he strongly recommended to the general, when the latter retired, that he establish his residence in California, which does not have such laws and where

S E C R E T

S E C R E T

Mrs. Chennault had relatives. The general was adamant on returning to Monroe, Louisiana. While the general was alive, there was no problem, of course, because of his tremendous reputation. However, Mr. Corcoran had contacted all of the leading political figures in Louisiana, and he stated that everything was going most smoothly, and that he did not anticipate any difficulties for the Chennault family.

Mr. Corcoran then went on to tell of some of the difficulties encountered in handling General Chennault's will and his estate. For some unaccountable reason, although excellent legal advice was readily available to the general, he had prepared his own will, which practically amounted to a holographic one. The writer asked whether there had been any problems involved with the children by General Chennault's first wife. Mr. Corcoran said, "Yes, there had been." Apparently the children, knowing that CAT was a major airline and that the general had held the most senior position in the airline for years, were quite disappointed that the estate was not much larger than it turned out to be. Corcoran said that, strangely enough, the most difficulty had come from the two children who had actually worked for CAT out in the Far East. One was David Chennault, an assistant

S E C R E T

S E C R E T

security officer who spent about a year with the company; the other was Mrs. Albert (Peggy) R. Lee, who worked for a number of years as an administrative assistant and in the supply department. It has to be assumed that both these children were aware of the Government interest in the airline, and it is not inconceivable that they might press further on some kind of claim.

Mr. Corcoran then shifted to a discussion of various Agency personnel, with whom the writer presumes he had been in contact. He said he often felt that if the Agency had not taken a standoffish attitude, but had treated him more frankly and openly in their negotiations, a lot of friction could have been avoided. He expressed a very high regard for Mr. Lawrence Houston, the General Counsel, whom he has known for many years. He asked if the writer had been aware that Mr. Lyman Kirkpatrick, former senior Agency official, had been in town recently. Cox said that he had not been aware of that. Mr. Corcoran remarked that Mr. Kirkpatrick appeared to be doing very well at Brown University and that, although he had been living in Mr. Corcoran's house, he was now in the process of building his own home, which seemed to indicate that Kirkpatrick was quite happy and planned to remain in Providence for

S E C R E T

S E C R E T

some time. Mr. Corcoran remarked that Mr. Kirkpatrick had been very active in discussions with student groups, particularly on current issues. The writer asked him whether Mr. Kirkpatrick was following more or less governmental policies, specifically with regard to the Vietnam situation. Mr. Corcoran replied, "Oh, yes, very much so, indeed, and very ably." Mr. Corcoran also indicated that Mr. Robert Amory, formerly the DDI, was now associated with him, and that there were one or two other Agency officials with whom he would like to form a similar association, should they desire to resign from the Agency. It was obvious that there are other Agency officials for whom Mr. Corcoran does not hold the same regard.

Cox then turned the conversation to the subject of the sale of CAT and stated that, to the best of his knowledge, the agreed purchase price had been \$1,750,000, adjusted by various advances that had been made to CAT in order to keep them going until the negotiations were completed. Mr. Corcoran replied that this was substantially correct, to the best of his recollection, and suggested that they move on to his office where there were a couple of documents which he would like Cox to see.

S E C R E T

S E C R E T

They then went to Mr. Corcoran's office at 1511 K Street. The first document shown to Cox by Mr. Corcoran was a paper prepared by Mr. Willauer, in which he makes several arguments justifying the claim of the old management that the agreed sale price was much too low in comparison with the actual value of the airline. Among the arguments put forth, Mr. Willour pointed out that the \$1,250,000 for the purchase of the 20 percent interest of Pan American in CNAC, which had to be put up in a hurry in order to ensure that the purchase of CNAC/CNATC was consummated prior to British recognition of Communist China, indicated that the 80 percent interest of the Chinese Government was worth approximately \$5,000,000; and that CNAC was completely immobilized, in the hands of the Communists, and not a going concern. At the same time, CAT was a going concern, was strongly anti-Communist, was controlled by Americans -- hence, the figure of \$1,750,000 was much too low. The paper goes on to compare the assets of the three companies, with particular reference to the maintenance facilities, and gives other additional arguments. Apparently the paper was prepared in the hope that the sale could be renegotiated.

S E C R E T

S E C R E T

Cox then inquired as to the actual sales figures that were involved in the purchase of CNAC and CATC from the Chinese Nationalist Government. Mr. Corcoran advised that he was certain that he had the "records" that appeared in the case, and that these records included the actual sales agreement. The secretary located a file copy of the document entitled, "In the Privy Council-Civil Air Transport, Inc. vs. Central Air Transport Corporation-Record on Appeal." Mr. Corcoran quickly located an accepted sworn statement as to the actual sales agreement, and offered to lend the document for as long as the writer might desire to assist him in preparing his paper. Cox thanked him very much and, as Corcoran obviously had telephone calls piling up and people waiting to see him, Cox excused himself with an agreement to meet for lunch again on Tuesday of the following week.

(The writer notified the Office of the General Counsel that he had the particular document in his possession and would be glad to make it available to them, if they felt that they did not have full documentation. Apparently they did have full documentation since the document was not called for.)

S E C R E T

S E C R E T

The writer again met Mr. Corcoran at the University Club on 9 August 1966. He told Mr. Corcoran that he had been going through the file copy of the CATC appeals and was preparing a list of questions which he would like to ask him at their next meeting. The writer also told him that he found part of the document heavy going because the lawyer's language is not the ordinary language of the layman, and because reference is made to a number of relevant cases of which he knew little or nothing. Cox asked whether, in this particular case, if it had not had all its unusual political ramifications with regard to American and Communist participation and the effects of the Chinese Communist entry into the Korean War, could not CATC have readily put forward a case which would as easily have been decided in their behalf as it was finally decided in behalf of CATI. The writer also pointed out that the Hong Kong courts, being right under the gun adjacent to the Chinese border, probably had more at stake in not offending the Chinese Communists than did the Privy Council in London, which was thousands of miles away and much more subject to American pressures. Mr. Corcoran agreed that, if it had not been for the political ramifications, the decision could certainly have gone either way. Then he stated that any time you find

S E C R E T

S E C R E T

that a judge is using a lot of big words and going on at great length, there is probably a "nigger in the woodpile," and the chances are that there has been political maneuvering going on behind the scenes which has affected the decision of the court.

Mr. Corcoran again brought up the activities of Mr. Six of Continental Airways in establishing the subsidiary Continental Air Services, which was trying to establish itself in the Far Eastern Area. The writer told Mr. Corcoran that he had been contacted by phone a few days earlier by Captain Eric Schilling, who had once been a CAT pilot and had resigned. After flying with Swiss Air for a while, he had gone to work for Captain Rousselot in Continental Air Services. He told Cox that the reason Captain Rousselot left was that he found it almost impossible to get quick action and decisions from the company office, based in California, and that despite his responsibilities as regional director he could not make an expenditure of more than \$100 without referring it back to California. Operating under prevailing conditions in Southeast Asia, Captain Rousselot (who the writer knows very well, and who is a very strong-minded and determined person) finally decided that he could not put up with these restrictions,

S E C R E T

S E C R E T

and he resigned.

He was replaced by Captain Robert ("Dutch") Brongersma, also a former CAT pilot. The company now has rather extensive commitments for operating between Bangkok, Saigon and Laos, and is apparently gaining a firm foothold. Captain Schilling had resigned to return to the States, and is looking for employment. He did not volunteer any information as to the reasons for his resignation.

Cox then queried Mr. Corcoran as to whether CATI had been able to dispose of all the assets that they had acquired. He said that he had not been following the situation too closely, but that he thought there was very little left, and that Mr. Brennan on the west coast was handling whatever there might be. He also stated that Mr. A.R. Lee, who had left CAT to establish a company on the west coast for the purpose of handling the CATI assets, was no longer with the company.

Mr. Corcoran then returned again to the subject of the \$1,250,000 that had been paid to Pan American in order to obtain clear title in the sale of CNAC to CATI. He remarked on the fact that, although Pan American is always waving the U.S. flag, they had not shown any patriotism whatsoever in handling of the

S E C R E T

S E C R E T

matter. He also said he was certain that, in addition to the money paid for the sale of the assets, Pan American had walked away with a considerable amount of cash which was on hand in CNAC at the time of the defection.

Mr. Corcoran was quite bitter on this point and remarked that, whereas he and his associates had really gone out on a limb in order to deny the airline to the Chinese Communists, Pan American had more or less held up the transaction and had greatly profited on their deal.

Since both Mr. Corcoran and the writer had other engagements, they separated at this time, agreeing to meet on the following Tuesday.

Cox met again with Mr. Corcoran on 16 August 1966 at the University Club. He opened the conversation by recounting what had happened in Hong Kong at the time of the Privy Council's favorable decision on appeal. CAT had been notified late at night, and Mr. Brennan, Mr. C.J. Rosbert, operations manager of CAT, and Cox met at Brennan's apartment. It was agreed that Mr. Brennan would remain there at the telephone while Rosbert and Cox went out to the airfield. There they crouched in a ditch, and at about 0300 hours the British police, carrying bamboo shields and wearing helmets, swept in swiftly; in a matter of ten minutes the whole thing was

S E C R E T

S E C R E T

over. The Chicoms were literally caught with their pants down -- almost all of them asleep -- and there was no resistance.

Rosbert and Cox remained at the airport until dawn in the event that the ChiComs might try to organize a counter attack. They then proceeded to the office of the Commissioner of Police, Mr. MacIntosh, and congratulated him on the efficient manner in which the operation had been conducted. Mr. MacIntosh appreciated the congratulations, but urged very strongly that CATI make every effort to move the assets from the Colony as quickly as possible. As long as they remained there, they presented a constant temptation for Communist operations.

Mr. Corcoran responded by saying that from there on they encountered some of their major problems. The original planning had been that the aircraft would be put in flyable condition by JAMCO, an aircraft maintenance and engineering company owned by the Jardine-Matthieson Company, and then flown to CAT Engineering and Maintenance Base at Tainan on Taiwan. This would have been the most inexpensive and rapid way of removing the assets. However, the British insisted that the whole reasoning behind the favorable decision by the

S E C R E T

S E C R E T

Privy Council had been based on the fact that a legitimate sale had been made, and that moving the planes to Taiwan would destroy the base for that decision.

Mr. Corcoran went on to say that he felt that Sir John Kessick, one of the managing directors of Jardine-Matthieson, was determined to force CATI to sell all the assets to him. He would then have them put into flyable condition by JAMCO, and would presumably dispose of the assets by sale to any customer that came along.

Mr. Corcoran was sure that this would have involved sale of a considerable amount of the assets to the Chinese Communists, whereas the whole purpose of the long extended litigation had been to deny the planes to the Communists.

The writer told him that he had seen a considerable amount of correspondence between CATI, the Agency, and the Department of Defense with regard to the aircraft being moved out by the U.S. Navy. Mr. Corcoran replied that an aircraft carrier from the Naval Base at Sangley Point, P.I., had picked up some of the aircraft, but that the removal of the assets had to be done mainly by contracting with private organizations. He mentioned particularly Luzon Stevedoring, a Philippine Corporation, which dispatched a number of seagoing barges to Hong Kong

S E C R E T

S E C R E T

and picked up a large number of aircraft.

Mr. Corcoran stated that this insistence by the British that they not put the planes in flyable condition and remove them to Taiwan had taken all of the profit out of the operation. Assets such as the Bailey's Shipyard had turned out very favorably and had helped to avoid a disastrous loss. He said that he was not aware of what the final figures were, but that he had not received any financial return, himself.

He then went on to state that whereas General Donovan and representatives of his firm had been paid handsomely by the Chinese Government for their efforts, it had been necessary for CATI to employ a Hong Kong law firm, Wilkinson and Grist, to represent them in the Hong Kong courts; in addition it had to employ the services of Sir Walter Monckton and Sir Hartley Shalcross to represent CATI in Hong Kong and before the Privy Council, and lawyers of their caliber are very expensive.

The writer then asked Mr. Corcoran whether he had ever met Sir Percy Chen, a prominent barrister in Hong Kong who represented practically all of the major Communist interests in the Colony, and whether he had any idea as to the type of salary he received for his

S E C R E T

S E C R E T

services. Mr. Corcoran responded that he, of course, had heard of Sir Percy Chen, but that he had no idea as to what form of remuneration he might have received. He felt confident that it would be commensurate with that paid for the services of any British barrister. Cox remarked that Sir Percy was a perfect example of a capitalistic Communist who liked to live like a capitalist by getting paid by the Communists.

The writer then queried Mr. Corcoran as to the payment to Governor K.C. Wu of the Province of Taiwan of \$500,000 from the cash assets recovered in California. This was to be balanced against the \$1,250,000 which Mr. T.V. Soong had been able to persuade the Nationalist Government to provide in December 1949, in order to ensure that the sale went through before the British recognition of the Chinese Communists. Mr. Corcoran responded that he honestly did not know how it had come about, but that General Chennault and Mr. Willauer had apparently made the decision.

The writer then told Mr. Corcoran that this payment had raised all kinds of difficulty for CAT management. The Nationalist Government, on becoming aware of the payment, was highly indignant that the money had been paid to the Provincial Governor, rather

S E C R E T

S E C R E T

than to the Nationalist Government, which had provided the money. Cox had heard that General Chennault had cleared this payment with the Nationalist Government, and that it was intended to stabilize the Taiwan currency. However, the Nationalist Government became highly indignant, and for a considerable period relations between the General and the Generalissimo were quite strained. Although every effort was made to establish the fact that CAT and CATI were two entirely separate entities, this was never accepted by the Nationalists, and the fact that General Chennault and Mr. Willauer were active in both was used by the Chinese Nationalists as providing proof that there was really no difference between the two organizations. As this had happened at a time when CAT was applying for a renewal of the franchise, and when a foreign investment law was being considered, great difficulties had been created for CAT. Mr. Corcoran replied by repeating that he was not really aware of the payment until after it had been made, and then rather bitterly remarked that Mr. Willauer, after making the payment, had walked off leaving CAT and CATI management faced with the problem, while Mr. Willauer went on to become an Ambassador.

The writer then queried Mr. Corcoran as to his

S E C R E T

S E C R E T

estimate of Mr. Willauer's physical and mental condition at the time of his departure from the airlines. Mr. Corcoran replied that Mr. Willauer was not too well physically -- he was troubled by attacks of thrombosis, with blood clots forming in his legs, which required him to remain in bed for considerable periods. Also, he appeared to be extremely fatigued mentally, and perhaps was a little unstable at the time.

Cox queried Mr. Corcoran as to how he had been able to arrange for Mr. Willauer to be appointed an ambassador -- that the writer had always considered that Mr. Willauer, because of his associations, was a Democrat, but that he had been appointed by the Eisenhower administration. Mr. Corcoran laughed and remarked that that was quite an operation, and took quite a bit of doing.

Cox then remarked that one of the problems encountered in CAT was that over a period of years it had been necessary to clue in various government and non-government people as to the true ownership of the airlines, and that this presented considerable problems. He pointed out that, in getting American registry of the planes in December 1949, it had been necessary to brief the chairman of the CAB. Normally, because of

S E C R E T

S E C R E T

the poor condition of the aircraft U.S. certification at that time would not have been possible. However, by briefing the chairman, it was possible to get the necessary U.S. certifications. At a later point, the chairman had left government service and accepted a position as president of Northwestern Airlines, a competitor of CAT in the Far East area. The writer noted that, to the best of his knowledge up to the time he left CAT, the aforementioned president of Western Airlines had not registered any protest against a U.S. Government-owned airline competing with a private American-owned airline; but that, as more and more people became aware of the true ownership, there would be more and more chances of protest being raised publicly. Mr. Corcoran responded by stating that that was only too true, but he did not know how it could be avoided except by using the utmost discretion in considering people to be briefed, and perhaps taking an occasional loss if it were considered that the risk of later disclosure was too great. He also remarked that, as nearly as he could judge, it was almost common knowledge throughout the aviation industry that there was a considerable U.S. Government interest in CAT, to which the writer had to agree.

S E C R E T

S E C R E T

Cox then queried Mr. Corcoran as to whether or not he was in frequent touch with Mr. Paul Helliwell, whom Cox was anxious to contact in connection with this and another historical paper on which he was working.

Mr. [] had been a consultant to OPC in (b)(3) the early days of its establishment, and had participated in the initial discussions with Corcoran and General Chennault on the use of CAT by the Agency. He had established []

(b)(1)
(b)(3)

[] For a number of reasons, therefore, Cox felt that a meeting with him could produce valuable information applicable to a number of historical papers. Mr. Corcoran and Mr. [] have (b)(3) been associated for many years. Mr. Corcoran replied that he saw Mr. [] practically every time that (b)(3) he came to Washington (Mr. [] is located in (b)(3) Miami). He did not know when he would next see him but said he would be glad to pass word to him that Cox was anxious to get in touch with him. He said that, if possible, and if he were aware of when [] was (b)(3) coming, he would notify Cox in advance.

59

S E C R E T

S E C R E T

He suggested that Cox return to his office with him, and that he would call Mr. [] Miami (b)(3) office to determine what his future plans were with regard to visiting Washington in the near future. The call was made and it was ascertained that Mr. [] (b)(3) was on vacation in Norway, and was not expected back until early in September. Mr. Corcoran requested that Mr. [] be notified to contact Mr. Corcoran's (b)(3) office when he arrived in New York.

Mr. Corcoran stated that he was somewhat worried about Mr. [] condition. He stated that he was (b)(3) suffering from emphysema, and that he also had been encountering difficulties with some insurance firms whom he was representing.

The writer thanked Mr. Corcoran very much and agreed to meet again, but without setting any definite date.

As future meetings are held with Mr. Corcoran, they will be recorded and appended to this document.

Comments of Interviewer

As is obvious from the Record of Interview, Mr. Corcoran likes to swing back and forth from one subject to another, rarely giving the person to whom he is talking the opportunity to pursue any particular

S E C R E T

S E C R E T

point as vigorously as might be desirable. Also, at times, his memory appears to be a convenient one. He remembers some events, personalities, and figures with instant clarity, while on others he tends to be vague. This appears to be true particularly with regard to CATI assets and figures.

Despite the foregoing, the writer has a feeling of confidence that Mr. Corcoran will, within reasonable bounds, continue to be frank and forthcoming in future meetings. He recognizes that the writer had a very close relationship with General Chennault and Mr. Willauer from 1949 until their deaths, and that if a history of CAT from 1949 to 1955, as seen from the field, is being written, that Cox is knowledgeable and would give fair and sympathetic attention to the actions taken and problems facing the General and Mr. Willauer.

Although Mr. Corcoran has indicated his pleasure that a history is being prepared which might clear away some of the criticisms of the General and Mr. Willauer in the past, the writer is sure that he recognizes that he, too, is involved to a certain extent -- a recognition which does much to ensure his cooperation. He realizes that the record of conversations will be gone over by knowledgeable Headquarters

S E C R E T

S E C R E T

senior officers, such as Mr. Houston, and that obvious and even obscure discrepancies will be duly noted.

The conversations thus far have been interesting and informative, and although it would be unwise to stretch them out too long, the writer feels that there is still some productive ground to be covered.

S E C R E T

S E C R E T

ADDENDUM

INTERVIEW WITH MR. THOMAS G. CORCORAN

Date of Interview: 2 December 1966
Place of Interview: Mr. Corcoran's Office
1511 K Street, N.W.
Washington, D.C.

Report of Interview

The writer met with Mr. Corcoran in his office at 1000 hours on 2 December 1966. Initially, Cox told him of his visit to the Princeton University Library to review the contents of the various documents, tapes, and pictures that had been turned over by the late Ambassador Willauer to the library, and gave him general impressions as to the content of the collection.

The writer particularly told him that he considered that the best coverage was that given to the establishment and operations of the China Defense Supplies (CDS) Corporation, and that, between the documents and the rather lengthy taped annotations made by Willauer, it seemed that there had been established a good basis for a rather exhaustive study of that entire operation. The writer told him that he was well aware, and that the papers themselves fully showed, that Mr. Corcoran and his brother, David, had been quite active in that oper-

63

S E C R E T

S E C R E T

ation; Cox wondered whether or not David as a Princeton alumnus, and Mr. Corcoran, because of his interest in the matter, might be willing to give consideration to adding additional documents to the material already supplied.

Corcoran indicated that he would be very happy to discuss this with his brother, David, who, since he had been the first president of the CDS, would probably have in his own personal files a considerable amount of additional documentation.

The writer then discussed the other aspects covered by the collection -- the early days of CAT, CAT from 1949 until Willauer left in 1953, and then Willauer's experiences as ambassador to Honduras and Costa Rica and in the Department of State.

The writer advised Corcoran that he had been to see Mrs. Willauer just before Thanksgiving, that she had voiced no objection at all to his discussing the above with Corcoran, and had expressed the hope that he and David might be able to increase the quality of the collection. Unfortunately, this led Corcoran to divert the conversation at considerable length to his problems with the Willauers. (He indicated that, in addition to the deterioration of the relationship between Mrs. Willauer

S E C R E T

S E C R E T

and himself, he had had a number of problems in handling affairs for Whiting Willauer, Jr. [Skip], although the personal relationship between Skip and himself was still quite close.)

The writer gave him every opportunity to bring the subject around to the status of Mr. Brennan, and to Corcoran's ideas as to what he might feel the Agency responsibilities were with regard to the first refusal rights which Brennan holds. It was not until almost noon that he was able to introduce this subject in a general way; since Corcoran had one of his partners, Mr. Foley, and another gentleman waiting to go to lunch with him, only a short time was spent on the subject. He did state that he felt the quickest and easiest way out for the Agency was to purchase the west coast installation presently being managed by Brennan, and which was developed as a result of the successful conclusion of the CATI litigation. The writer told him that he had been away from the CAT picture for a long time, but that offhand he could not really see how CAT had any real need for the acquisition of the installation. Corcoran indicated that that was not the point. The point was to try to clear up, once and for all, the whole question of the first refusal rights and that, if

S E C R E T

S E C R E T

the Agency would purchase the installation, he felt that he could guarantee that Brennan would sign off on all and any rights that he might feel he now possesses.

Corcoran indicated his awareness and concern over the recent publicity being given to CAT and to its successor companies (Air America etc.), and to the growing rumor that the Agency was about to divest itself of the airline. The writer told him that he did not know just what the Agency intentions were, and agreed that it was unfortunate that so much newspaper publicity was being given to the interlocking companies and their relationship with the Agency.

Corcoran expressed some touchiness (with which the writer would have to agree) that there seemed to be little attention given to the fact that CAT, as such, had been the product of a lot of hard work and imagination and dedication on the part of Chennault and Willauer. The meeting closed with Corcoran indicating in vague terms that "after the first of the year, by God, I am going to start doing something." It seemed to have some connotation of a possible threat of action against the Agency, but that can only be surmised.

S E C R E T

S E C R E T

ADDENDUM

INTERVIEW WITH MR. THOMAS G. CORCORAN

Date of Interview: 20 January 1967
Place of Interview: Mr. Corcoran's Office
Investment Building
Washington, D.C.

Report of Interview

The writer had a short meeting with Mr. Corcoran on 20 January 1967. Also attending the meeting was Mr. James J. Brennan, who had handled CATI matters in Hong Kong. His presence was particularly fortunate, as he was able either to confirm or to correct some of the writer's recollections of the events that took place during the period from November 1949 to late 1952 when litigation over the CNAC and CATC assets was in progress.

Brennan confirmed that two U.S. aircraft carriers had come to Hong Kong; the first, specifically for the purpose of picking up the CATC assets, and later the second to pick up the CNAC assets after the Hong Kong court had decided to uphold the CATI appeal. He also confirmed that, at the insistence of the British, those assets which had not been removed by the aircraft carrier were placed on seagoing barges and towed to the U.S. Naval Base at Sangley Point in the Philippine

67

S E C R E T

S E C R E T

Islands. From there, most of these assets, particularly the C-47's and C-46's, were shipped back to the States by commercial sea transport.

Both Corcoran and Brennan stated again that the high costs involved in having to ship these assets by sea to the States, and to have them rehabilitated and pay American costs, had taken most of the profit out of the entire transaction. In particular, they blame the British for not permitting them to have the assets removed to Taiwan, where they could have been rehabilitated by CAT much more economically.

The writer pointed out that if the assets had been taken to Taipei, there would have been a considerable risk that the Chinese Nationalist Government might have taken them over as payment for their debts, that it was felt that this would have nullified the judicial base on which the Privy Council decision to uphold their appeal had been made, and that any ChiNat takeover of the aircraft might have developed into a competing airline with CAT; both men were noncommittal on this subject.

The writer queried Corcoran as to the ultimate result of the negotiations with Taylor, who had been bringing suit against him and others in Taiwan, claiming

S E C R E T

S E C R E T

that he had not received his share of the proceeds from the sale of CAT. Corcoran stated that Taylor had always been extremely difficult to deal with but that, to the best of his recollection, Willauer had finally been able to arrange an agreement with Taylor, and the suit had never been brought into court.

The writer told Corcoran of the interest a young history instructor at Princeton had in doing a detailed study of CAT. Cox said he was planning to meet with the instructor and hoped to steer him toward doing a history of the China Defense Supplies Corporation (CDS) which is very well covered in the Willauer papers at the Princeton Library. Cox asked Mr. Corcoran whether he and his brother, David, who was the first president of CDS, would be willing to assist with anything they might have available to help prepare such a history. It was also pointed out that any attempt at a detailed study of the history of CAT would seriously endanger a lot of other things. Corcoran indicated that he and his brother would be glad to assist in any history of CDS.

S E C R E T

S E C R E T

V. INTERVIEW WITH MAJOR GENERAL WILLIAM E. DEPUY, USA

Date of Interview: 1500 Hours, 31 August 1967

Place of Interview: Office of the Special
Assistant for Counter
Insurgency and Special
Activities,
Room 1E956, The Pengagon

Background Information

General DePuy served in the European Theater with the 90th Division during World War II and remained in the military service at the end of the war.

(b)(3)

[REDACTED] General

(b)(3)

DePuy has on two occasions been assigned to duties which required a considerable amount of liaison and contact with Agency representatives. In 1962, he was closely involved in negotiations between the US Army and the Agency on Operation SWITCHBACK, which involved the turning over of considerable Agency-developed assets to the Army; later he served on the staff of General

S E C R E T

S E C R E T

Harkins and General Westmoreland. In his present position in the JCS as Special Assistant for Counter Insurgency and Special Activities (SACSA), he is in almost daily contact with various offices of the Agency.

Report of Interview

Cox outlined to General DePuy the purpose of his visit and the nature of the historical papers on which he had been working. General DePuy remarked that his memory of the events of the early 1950's, [redacted]

[redacted] were rather hazy in view (b)(3)
of the many different assignments which he had had since that time. He expressed, however, considerable interest in the history of CAT airlines since he had been very much involved with it [redacted]

[redacted] We then discussed briefly some of the (b)(3)
projects which had been carried out under CAT cover,

[redacted] (b)(1)
(b)(3)
General DePuy stated that he had been well aware of the administrative problems of the airline, but that, in general, these had been handled personally by Stilwell,

[redacted]
[redacted] He stated he had had little to do (b)(3)
with the extensive CATI litigations and negotiations

S E C R E T

with regard to the acquisition of CNAC and CATC, but agreed that, in the long run, it would have been very much preferable for the Agency to have undertaken responsibility for this at the outset.

Cox stated to General DePuy that one of the main purposes of the visit was to seek his views and recollections of the relationships between the operating area divisions and senior staff elements. DePuy stated that the reliance of the area divisions on functional staff elements was practically nonexistent, and, as he put it, "they were occasionally thrown a bone to keep them quiet and happy." He was aware that there was little love lost between the functional staffs and the operating divisions, a situation which existed almost from the date of the activation of OPC. He also stated that he did have a close relationship with budget and administrative staff elements, since they controlled funds and personnel, and that, without their concurrence, the operating divisions could not operate.

DePuy remarked that, in his opinion, the whole concept of the senior staffs illustrated poor management principles. They were not in the line of command which ran directly from ADPC (and later DDP) to the area divisions. The area divisions often duplicated the

S E C R E T

S E C R E T

senior staffs by having small staff elements internally, such as the [redacted] staffs of the division, but these (b)(3) were small and were not too heavily relied upon by the division chief. He remarked that he felt that the division of the CAT project into two separate responsibilities, the administrative side under DD/S and the operational side under ADPC and later DD/P, had not been a particularly happy one. He seemed to feel that the earlier arrangement of a Commercial Division under the DD/P might have worked more smoothly. He was well aware of the bitter controversies between the Agency and the Corcoran group, [redacted]

(b)(3)

Cox queried General DePuy as to whether [redacted]

[redacted] had been helpful in his later (b)(3) military assignments, such as that which involved Operation SWITCHBACK. [redacted] (b)(3)

S E C R E T

S E C R E T

[REDACTED] he was very much convinced that (b)(3) the Army would fall flat on its face if it attempted to adhere to strict peacetime military administrative procedures in taking over the Agency assets, and that his major efforts and, he felt, accomplishments had been in convincing the JCS and the Department of the Army that flexible procedures similar to those of the Agency had to be adopted. Cox did not dwell on the subject very long as he was not personally familiar with SWITCHBACK or the General's current activities at SACSA. DePuy indicated that the bulk of his liaison with the Agency was with C/FE and other area division chiefs. Cox had a general impression that he was aware that there was a certain amount of unhappiness within the Agency at the implementation of the SWITCHBACK turnover, particularly as it affected close personal relationships developed by Agency field officers with local and provincial leaders.

The General remarked that he strongly felt that the tours of duty of military officers at senior levels (above Battalion Commanders) should be lengthened instead of reduced and, further, that the same might be applicable to the Agency.

74

S E C R E T

S E C R E T

Cox thanked the General for the courtesy of the interview with him. General DePuy expressed regret that he could not remember more clearly the events of some 15 to 17 years ago, but said he felt our discussion had revived old memories, and that he would be glad to meet Cox again after he had had a little time to further refresh his memory. The meeting closed on this note.

After apparently giving further thought [redacted]

[redacted] General DePuy
wrote to Cox to express some of the conclusions he had reached based on his past experiences. His views may well merit consideration today and in the future.

(b)(3)

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