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Clandestine Airline in Laos Has Adventure-Hued Flavor of CIA

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WASHINGTON—As the American-supported clandestine army went on the attack in Laos again, pilots of a flamboyant airline called Air America took to the skies once again to move its troops, provide its supplies and evacuate its wounded.

Air America is a flight charter company that, like the clandestine army, is widely considered to be the servant of the United States Central Intelligence Agency.

With its assorted fleet of 167 aircraft, Air America performs diverse missions across East

Asia from Korea to Indonesia. It is believed to be a major link for the CIA's extensive activities throughout Asia.

Air America parachutes MEO tribesmen and other secret agents behind North Vietnamese lines in Laos, trains mechanics for the aviation division of the national police in Thailand, hauls American aid cargo for the Agency for International Development in South Vietnam, ferries United States Air Force men from Okinawa to Japan and South Korea, and dispatches intelligence flights

from Taiwan along the coast of Communist China.

THE COMPANY ALSO transports helicopters from France and Italy for assembly in Southeast Asia, flies prospectors looking for copper and geologists searching for oil in Indonesia, and provides pilots for commercial airlines such as Air Vietnam and Thai Airways and for China Airlines, which is on Taiwan.

Air America's civilian facade permits the United States to do things that would otherwise be impossible or, at least politically

embarrassing. The 1962 Geneva accords, for instance prohibit foreign military aircraft in Laos but they say nothing about civilian planes. The facade also averts public attention in countries such as Japan that are sensitive to the American military presence.

Then too, intelligence services the world over have always used business as a cover. Air America gives the CIA and other government agencies controlled and secure transport. On the economic side, commercial work enables the company to keep its large fleet busy when part might be idle.

THE OUTFIT EXUDES an air of oriental adventure out of Milton Caniff's comic strip "Terry and the Pirates." It has the flamboyance of the late Lt. Gen. Claire L. Chennault's wartime Flying Tigers, from which it is descended. Working for Air America demands the resourceful skill of the busy pilots who who have explored the unknown reaches of Northern Canada, the South American highlands and Africa.

Those who have seen Air America's pilots on the job in Asia say they have a sense of dedication and duty. They take more than routine risks and some have gone down in Asian jungles, not to be seen again.

Most of the company's aircraft like those of regular airlines, carry its name, though some are unmarked. The fleet includes long-haul jets, the C46 and C47 propeller craft that were the workhorses of World War II. A variety of helicopters and the latest in single-engine and twin-engine utility planes. Air America also borrows Air France planes.

THE LINE'S headquarters in Washington looks much like the offices of other medium-size businesses—conservatively dressed executives, miniskirted secretaries, bits of Asian art on the walls, a reddish-orange carpet to lend a touch of cheer.

The chief executive of Air America is George A. Doole Jr., a low-key 60-year-old business-

man who holds a master's degree from the school of business administration at Harvard. Before joining Air America in 1953 he was the chief pilot for Pan American and pioneered

transatlantic air routes before World War II.

In Asia the general manager is Hugh L. Grundy, 55, who is described by acquaintances as a quiet, shy man. He too is an alumnus of Pan American, having been an engineer with the line before the war and then having served in China. His headquarters is in Taipei, Taiwan.

THE CIA EVIDENTLY has at least two channels into Air America—one through the holding company atop the corporate structure of Air America and its affiliates, the other through charter arrangements under the guide of contracts with AID. Gleanings from those contracts, which have been made available to the New York Times, show the extent of the operations.

The CIA declines to comment on this subject, and AID officials refuse to discuss intelligence operations.

THE PACIFIC corporation owns 100 per cent of Air America, which is also a Delaware corporation founded in 1960. The line owns 125 aircraft and leases 42 more. It employs about 4,700 people, some 400 of them pilots, and has bases in Okinawa, Taiwan, South Vietnam, Thailand and Laos.

Air America, in turn owns 99 per cent of Air Asia, which was set up on Taiwan in 1955. Air Asia claims the finest aircraft maintenance and repair facility in Asia, Taiwan.

In addition, the Pacific Corp. owns 40 per cent of Civil Air Transport, incorporated under Chinese Nationalist law on Taiwan. It was founded in 1946 by Chennault, the United States air commander in China during World War II who died in 1958, and was manned by many of the pilots who had flown with the Flying Tigers against Japan during the war.

Civil Air Transport, known as CAT which originally functioned as a regular airline as well as carrying out clandestine mis-

sions, is also generally believed to have been financed and operated by the CIA in recent years. Air America took over CAT in 1960.

WHEN THE CHINESE nationalists wanted to establish a Chinese-run airline, CAT had to get out of the passenger business. Most of its other operations have since been absorbed by Air America but it still flies some special missions.

There is also a separate operating division of Air America known as Pacific Engineering. Its functions are obscure.

"We're all one family," Doole said. "You can't tell one from the other. We tie them together with contracts and don't even keep separate books except for tax purposes."

A glance at the boards of directors of the companies bears out the point. Most of the boards, which are made up of reputable businessmen, overlap.

Samuel A. Walker, chairman of the Pacific Corp. is a managing partner of Joseph Walker & Sons, a New York banking house. He is also a director of Air America.

The chairman of Air America and Air Asia is Adm. Felix B. Stump, who was commander-in-chief of United States forces in the Pacific from 1953 to 1959. Doole holds the titles of president of the Pacific Corp. and chief executive of Air America and Air Asia.

ROBERT G. GOELET, William A. Read and Arthur B. Richardson are directors of all three companies. Goelet has extensive holdings in New York real estate. Read is a retired member of the investment house of Dillon, Read & Co., and Richardson was formerly president of Chesebrough-Pond's.

Air America's greatest assets are its pilots, mostly Americans but including some Chinese and Thais.

"We hire the same pilots that Pan American and United hire," Doole said, "except that ours are a bit more experienced."

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