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8 January 1976

TO: Mr. Velte
FROM: Mr. Carter
RE: Status of E-Systems--Air America Settlement Matter

This will supplement my memo to you on the above subject on December 17, 1975.

You will recall that preparatory to my meeting with Mr. Crowley of E-Systems on 4 November 1975, I had sent to Mr. Crowley a telex on October 23, 1975 setting forth the premises and figures as the bases for our discussion. That telex stated as a result of the computations therein a computed net due to Air America in the amount of \$83,305.71. Apropos to our discussions with Mr. Crowley, we had made concessions as a result of which we reached agreement with him that such computed net to Air America would have been adjusted to \$30,831.

As a result of telephone conversations with Mr. Ken Smith in late December 1975, I agreed to meet with Mr. Mike Herman of E-Systems to listen to his explanation of Mr. Smith's attempt to present certain figures to me in that telephone conversation which did not come through to me clearly. At Mr. Jim Bolding's telephone request on Monday January 5, 1976, Mr. Bolding and Mr. Herman visited our offices January 7 and 8, 1976. At the outset, they identified their desire to in fact discuss each of the items we had previously discussed with Mr. Crowley. After discussions on the afternoon of January 7th we met again with Messrs. Bolding and Herman this morning January 8th and a final position stated by me on behalf of Air America was: I referred to conclusions reached between me and Mr. Crowley in early November 1975 and added an amount of \$7,000 in E-Systems favor without any express identification of any particular item in controversy to which such amount could be related; therefore, a new offer was tendered to E-Systems which would further adjust the above noted computed net due to Air America to a revised amount of \$23,831. My advice to Mr. Bolding was that I had nothing else to offer and insofar as I am concerned if such offer is not acceptable to E-Systems then I would suggest that arbitration may be the only route left. Notwithstanding the nature and measure of E-Systems arguments, our offer constitutes a reduction by an amount of \$60,000 from the figure set forth in my said telex of October 23, 1975 which telex reflects the figures advised to the corporation by its Treasurer, Mr. Herd, as being what he considers E-Systems owes Air America. I advised Mr. Bolding that if such offer were not acceptable then he should consider that E-Systems had no firm offer from Air America and we would revert to the \$83,000 figure. At Mr. Bolding's request I agreed to wait until Wednesday January 14, 1976 for a firm response which we anticipate receiving upon a take it or leave it basis.

A second matter discussed with Mr. Bolding during his presence at this time was the commercial accounts receivable retained by Air America. In that regard, Mr. Bolding queried that, if E-Systems were to agree to the above offer of Air America, would we accept from E-Systems towards settlement of the \$23,831 assignment of Accounts Receivable owed to Air Asia in the amount of \$21,378, being receivables from such entities as Air Cambodge, Khmer Airlines, Tri-9 Airlines, PT Airfast SVC. I declined his suggestion inasmuch as those four debtors now owe Air America a collective

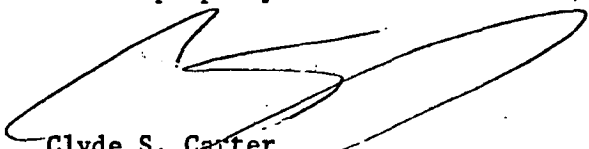
APPROVED FOR
RELEASE DATE:
05-May-2009

RE: Status of E-Systems--Air
America Settlement Matter

-2-

January 8, 1976

amount of over \$240,000, the collection of any part of which may be substantially improbable. I advised Mr. Bolding that we, in turn, had planned to address E-Systems with regard to the acquisition by E-Systems from Air America of the entire Accounts Receivable retained by Air America, as well as the ADI property which we hope to obtain Trustee Deed/Title to, and I invited E-Systems to consider such and give us a response. I noted to Mr. Bolding your desires and our insistence that any consideration with respect to such Receivables, regardless how handled, be distinct and apart from settlement of the matters in contention between the parties deriving from the sale of Air Asia to E-Systems. It is my understanding that E-Systems will also, probably through Mr. Bolding, respond to us by next Wednesday on this Accounts Receivable and ADI property matter.



Clyde S. Carter

cc: VP-T
VP-L