

~~SECRET~~

DD/S 71-1486

21 APR 1971

MEMORANDUM FOR: Chairman, ExComAir
Chief, Special Operations Division

SUBJECT : Air America Procurement of Standard H-500
Helicopters

1. In ExComAir's earlier discussion of the requirement for two standard Hughes H-500 helicopters, the procurement price of \$90-odd thousand each was used. It is believed that everyone realized the cost would be something higher than that, but it now develops that the cost will be approximately as follows:

Cost of two helicopters with provision for required avionics	\$357,000
Air America supplied black boxes	33,000
Contingencies	10,000
Transportation by air from Culver City, California to the Far East	<u>25,000 (est.)</u>
TOTAL -	\$425,000

2. Since these figures will have to be reflected in the contracting, it is suggested that the desire of ExComAir to committ funds in this amount for the purpose envisaged be reaffirmed.

3. Since Air America is on the threshold of concluding the contract to purchase these helicopters, it is also requested that we be advised of your decision by the close of business, 22 April 1971.

(b)(3)

Alan M. Warfield ✓
Special Assistant to the
Deputy Director for Support

cc: DD/S-HB

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GROUP 1
Excluded from automatic
downgrading and
declassification

TRANSMITTAL SLIP		DATE
TO: Chairman, ExComAir		LRH JSW
ROOM NO. 7D01	BUILDING Hqs.	JKG <i>gpc</i> File
REMARKS:		
<p>Mr. Warfield's office notified by LRH - affirmative. 4/22/71</p> <p>OGC SUBJECT HBILKA-Indexed</p> <p style="text-align: right;"><i>gpc</i></p>		
FROM: SA-DD/S		
ROOM NO. 2E45	BUILDING Hqs.	EXTENSION 6462

FORM NO. 241
1 FEB 55REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

~~SECRET~~

OGC 71-0319

2 March 1971

MEMORANDUM FOR: Mr. Robert S. Wattles

Bob:

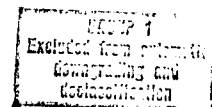
Attached is the record of action subsequent to the ExComAir meeting on the Twin Otter and the Hughes 500s. I believe this is adequate documentation for proceeding with procurement. I have reconfirmed with SOD, and its position is that there is no alternative to the Twin Otter for the purpose intended and the Hughes helicopters make the most sense for FE Division's operational purposes. Realizing the difficulties this causes the company, no specific objection was raised to these proposals at ExComAir, and I think we should proceed.



Lawrence R. Houston

Attachment

OGC:LRH:jeb
OGC chrono
✓OGC subject HBILKA

~~SECRET~~

My understanding is that the
new Twin Otter will be completely
ready at the end of July.

AWW

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM: Deputy Director for Plans

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1. ExComAir

2.

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Mr. W. Field

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10.

11.

12.

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15.

BY: [Signature]

This proposal is consistent with ExComAir's position and should proceed accordingly.

[Signature]

Mr. W. Field, this program for funding is consistent with my understanding of how we should proceed.

[Redacted]

6/1/70

(b)(3)

UNCLASSIFIED

INTERNAL ONLY

CONFIDENTIAL

SECRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

DDP

EXTENSION

NO.

DATE

4 February 1971

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1. C/SOD/AB
GG 1406 Hqs.

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SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED	CONFIDENTIAL	<input checked="" type="checkbox"/>	SECRET
OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	<i>Mr. L. A. Houston</i>	<i>3/2/71</i>	<i>HLB</i>
2	<i>General Council</i>		<i>[Signature]</i>
3	<i>Room 7001 - Hq.</i>		
4			
5			
6			
	ACTION	DIRECT REPLY	PREPARE REPLY
	APPROVAL	DISPATCH	RECOMMENDATION
	COMMENT	FILE	RETURN
	CONCURRENCE	INFORMATION	SIGNATURE
Remarks:			
<i>Returned with thanks.</i>			
OGC SUBJECT		<i>A4.</i>	(b)(1)
[Redacted]			(b)(3)
NOT INDEXED			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
<i>O/IG, 2E-24 Hq</i>			<i>2 Mar 71</i>
UNCLASSIFIED	CONFIDENTIAL	<input checked="" type="checkbox"/>	SECRET

SECRET

OGC 71-0185

DD/S 71-0406

4 FEB 1971

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Twin Otter-300 for Laos

1. As you will recall, this matter was discussed at the ExComAir meeting on 1 February 1971 and ExComAir has advised the Deputy Director for Plans that it accepted the operational requirement for this aircraft. Since Air America is unable to meet the 1 March 1971 operational date desired by the Far East Division, the Special Operations Division has now firmly concluded that it must transfer the [redacted] Twin Otter-300 to Laos for the operational requirement until such time as Air America can replace it.

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

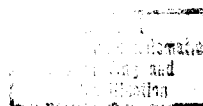
2. Air America has determined that a new Twin Otter-300 with a utility cabin and such other special features as may be required can be delivered in July 1971. Failure to acquire this aircraft would mean that the next delivery position would be in September 1971 and that the cost at that time will be \$45,000 above the price of the presently available aircraft.

3. Accordingly, Mr. Doole has been authorized to make a \$10,000 deposit on the July delivery. This will reserve this aircraft for Air America. The risk in not taking this action at this time is that there are two other interested buyers: (1) Air Madagascar; and (2) an unnamed oil company. The risks in taking this action are negligible since the aircraft would be readily salable after taking delivery; or it would almost unquestionably be welcomed by Vientiane Station as a routine augmentation to the Air America fleet; or it might even be possible to recover the \$10,000 deposit.

Signed Alan M. Warfield

Alan M. Warfield
Special Assistant to the
Deputy Director for Support

cc: C/SOD

Chmn, ExComAir
DD/S-HBOGC SUBJECT
HBILKA

TRANSMITTAL SLIP		DATE
		4 FEB 1971
TO:		
Chairman, ExComAir		
ROOM NO.	BUILDING	
7D01	Hqs.	
REMARKS:		
OGC Subject : HB/ILKA		
FROM:		
SA-DD/S		
ROOM NO.	BUILDING	EXTENSION
2E45	Hqs.	6462

FORM NO. 241
1 FEB 55REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

SECRET

OGC Subject: HB/ILKA

DD/S 71-0361

1 FEB 1971

MEMORANDUM FOR: Director, Domestic Contact Service

SUBJECT : Air America Recruiting

REFERENCE : Memo to D/DCS fm Chief, SFO dtd 20 Jan. 71,
same subj. (SF-053-71)

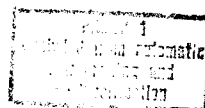
1. Referent memorandum was passed to this office by General Counsel.
2. Air America advises that none of the names mentioned in the reference is known to it. Air America does not recruit through employment agencies. No invoice has been received from the Stanford International Personnel Agency. D. C. Ellis, who reportedly signed a certification of delivery, is unknown to Air America.
3. The position taken by the Chief, San Francisco Office in paragraph 4 of the reference is entirely correct and we would encourage maintaining it.

SIGNED Alan M. Warfield

Alan M. Warfield
Special Assistant to the
Deputy Director for Support

cc: 

(b)(3)



TRANSMITTAL SLIP

DATE

1 ● **B 1971**

TO:

Mr.

OGC

(b)(3)

ROOM NO.

7D01

BUILDING

Hqs .

REMARKS:

FROM:

SA-DD/S

ROOM NO.

2E45

BUILDING

Hqs .

EXTENSION

6462

FORM NO . 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

SECRET

OGC 71-0151

29 January 1971

filed

MEMORANDUM FOR THE RECORD

SUBJECT : Air America Recruiting

REFERENCE: DCS Memorandum SF 053-71, dtd. 20 January 1971

1. On 29 January 1971 I talked with Mr. [redacted] C/DCS San Francisco Office [redacted] to advise him that Air America had no information with regard to any of the problems included in his memorandum referred to above. I told Mr. [redacted] we felt there were three options opened to him:

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

a. He could contact Mr. Button of the Santa Clara District Attorney's office and advise him that their headquarters had contacted Air America and Air America had no knowledge of the alleged relationship.

b. He could suggest to Mr. Button that written inquiries could be sent to Mr. George Doole.

c. Mr. Lawrence Houston, General Counsel, was going to be on the west coast on 4 February and, if Mr. [redacted] thought it warranted a face-to-face meeting, Mr. Houston was willing to come to San Francisco.

(b)(3)

2. Mr. [redacted] felt the first alternative of replying to Mr. Button's inquiry was sufficient at this time and, in the event the address of Mr. George Doole was requested, Mr. [redacted] was prepared to furnish it. I indicated that should he so desire any further assistance, please contact this office.

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

[redacted signature box]

Assistant General Counsel

(b)(3)

cc: DCS
Mr. George Doole

SECRET

GROUP 1
Excluded from automatic
downgrading and
declassification

OGC:JKG:sin

Distribution:

Original - HB/ILKA subj file ✓

1 - JKG signer

1 - Chrono

TRANSMITTAL SLIP

DATE 27 Jan 1971

TO:

Mr. Doole

ROOM NO.

BUILDING

REMARKS:

I would appreciate your comments on the attached report and feel a reply should be sent back to the Santa Clara District Attorney's office via the DCS office.



(b)(3)

FROM:

Assistant General Counsel

ROOM NO.

BUILDING

EXTENSION

CGC 71-0126

ROUTING AND RECORD SLIP

OGC Subj: HB/ILKA

SUBJECT: (Optional)

Air America Recruiting

(b)(3)

FROM: [Redacted]
DCS/Operational Support Staff
900 Key Building

EXTENSION
2268

NO. [Redacted]
DATE
25 January 1971

(b)(3)

TO: (Officer designation, room number, and building)

DATE

RECEIVED FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Office of Legislative Counsel
ATTN: [Redacted]
[Redacted] Hqs.

1/26/71

We forward this report for your information and action. Since the District Attorney may very well address further questions to our San Francisco Office, we would appreciate being kept advised of any action you may take and guidance to pass on to our field office.

(b)(3)

CGC

Attached: SF-053-71

89C71-0126

SF-053-71

Director, Domestic Contact Service
 APTN : Operational Support Staff

20 January 1971

Chief, San Francisco Office

Air America Recruiting

1. On 18 Jan 71, [redacted] was telephonically contacted by Mr. Robert H. Burton, who identified himself as an Investigator for the District Attorney's Office, County of Santa Clara. Burton wished to discuss the allegation of a possible embezzlement of \$44,000 in connection with a personnel agency's recruiting of pilots for Air America. [redacted] made an appointment with Burton for the following day. (b)(3)

2. [redacted] called on Burton at the Santa Clara County District Attorney's Office, 234 E. Gish Rd., San Jose, California on the morning of 19 Jan 71 and exchanged credentials with him. From the ensuing discussion, the following information was deemed pertinent. Burton was approached by a Mr. Keith B. Bennett, the owner of Stanford International Personnel Agency of San Jose, a business accredited and licensed by the state of California. Bennett's complaint concerned a "no return" on his investment in this agency and difficulty in obtaining records from a Mrs. Virginia June Ash whom he had hired as manager for this agency. Under pressure, she had provided some fragmentary records in which she indicated she had contact with a Frank Gonzalez, who allegedly identified himself as a CIA member both to Ash and Bennett. According to Burton's investigation, Gonzalez was operating out of the La Cantina Bar located at 493 W. San Carlos St. in San Jose, in conjunction with Ash of the Stanford International Personnel Agency. The arrangement was set up to interview and process individuals with fixed wing and helicopter ratings for hiring by Air America. Burton had in his possession hand-written records with names and account numbers obtained from Ash, indicating a \$4,000 fee per employment due to Stanford International Personnel Agency (from Air America) as a result of the hiring of pilots through this employment operation. The total sum of these combined fees amounts to \$44,000. According to Burton's investigation, Gonzalez had expressed dissatisfaction with Ash and her agency in the way the application process was handled. There was apparently considerable activity in the interviewing process and they had in fact handled applicants. Burton also had in his possession several registered (b)(3)

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 SERIALIZED

JAN 21 1971
 FBI - SAN JOSE
 RECEIVED AND
 INDEXED

SF-053-71
20 January 1971

air mail signed certifications of delivery of resumes forwarded to the address of Air America, 815 Connecticut Avenue, N.W., Washington, D.C., and signed by one D.C. Ellis. Another aspect of Button's investigation reveals that Gonzalez related to a former employee of the Stanford agency, Marilyn Pinkham, that due to Ash's mishandling and mismanagement of this matter, no fees would be paid by Air America.

3. Button has requested, if at all possible, a written statement on the basic realities of this situation, if in fact it was a bona fide Air America recruitment program with any CIA involvement and if any monies were involved. His sole interest in this matter is from a District Attorney's Office point of view as surfaced by Bennett's complaint. He stated very emphatically that he has no wish to be concerned or involved in any CIA matters other than that information which would permit him to resolve his questions and close his investigation.

4. We informed Button briefly of the DCS mission and indicated that although the above discussed problem area was out of our area of responsibility, we would forward the information to our headquarters for proper handling and would advise him shortly of any findings. We also acknowledged Air America as a commercial charter air carrier that served Agency needs as well as those of other commercial customers. We would appreciate your comments and response in this matter at your earliest convenience in order that we may advise Button and allow him to expedite his investigation and case closure and avoid any undue discussion or allegations concerning the Agency.

(b)(3)

(b)(3)

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71-43311

OGC Subj: HB/ILKA

DD/S 71-0180

OGC 71-0152

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Air America

1. This memorandum recommends a course of action for your consideration.

2. At the [redacted] Conference in March 1970, it was concluded that it would probably be advisable to seek a judgement on Air America as a national asset as was done in 1955 with the Operations Coordinating Board of the National Security Council. Accordingly, the attached paper is submitted.

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

3. It is recommended that you sign the attached memorandum transmitting the paper to Dr. Kissinger.

John W. Coffey
Deputy Director
for Support

Att.

Proposed memorandum for
Dr. Kissinger w/att.

cc: DDCI w/att.

[redacted] 22 Oct. 70)

(b)(3)

Rewritten: [redacted] (16 Nov. 70)

Retyped: [redacted] (15 Jan. 71)

Distribution:

Orig. - Addressee w/att.

1 - Signers Copy w/att.

1 - ER w/att.

✓ 1 - OGC w/att.

1 - DD/S Subject (HBILKA) w/att. & background

1 - [redacted]

(b)(3)

1 - DD/S Chrono

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71-433

JAN 1971

MEMORANDUM FOR: Dr. Henry A. Kissinger
Assistant to the President for National
Security Affairs

SUBJECT : Air America and Associated Companies

1. During my recent visit to the Far East, I had an opportunity to see some of the activities of Air America and was most impressed with its outstanding performance as well as the vast logistical support burden it carries.

2. It occurred to me that it might be useful for you to review briefly the history and current status of this project. Accordingly, the attached summary paper is forwarded for your information and referral to the 40 Committee if you deem it appropriate.

Richard Helms

Richard Helms
Director

Attachment

[redacted] (16 Nov 70)
Rewritten: [redacted] (1 Dec 70)
Rewritten: [redacted] (11 Dec 70)
Retyped: [redacted] (15 Jan. 71)

Distribution:

- Orig. & 1 - Addressee
- 1 - DDCI w/att.
- 1 - ER w/att.
- 1 - Signers Copy w/att.
- 1 - OGC w/att.
- 1 - DD/S Subject (HBILKA) w/att & background
- 1 - DD/S Chrono
- 1 - [redacted] w/att.

(b)(3)

(b)(3)

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Reappraisal of Air America and Associated Companies As
A National Asset

1. Acquisition

Civil Air Transport (CAT) was organized shortly after World War II as a domestic air carrier on the mainland of China. Its equipment consisted of surplus U.S. Government aircraft and machine tools used in the area during the War. Its flying personnel were nearly all former U.S. pilots and many of them had served with General Claire Chennault's Flying Tigers. The Kuomintang Chinese Government provided the "rights to fly." CAT was heavily engaged in support of the Chinese National Relief and Rehabilitation Administration (CNRRA) activities and later in the evacuation of Chinese loyalists before the oncoming Communist forces.

CAT was acquired by CIA in 1950, largely to deny to the Chinese Communists the aircraft and inventory of parts which had been evacuated from the mainland to Taiwan. The Department of State concurred in the acquisition, but in light of its policy against government competition with private U.S. business interests, expressed the view that CIA should divest itself of CAT as soon as possible.

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2. Recognition as an Agency Air Support Asset

The Korean War, events in French Indochina, and the continuing threat to the off-shore islands prevented any serious consideration of divestiture for the next five years. CAT had bases, aircraft, cleared American pilots, skilled maintenance personnel, and a Chinese Nationalist Government well disposed to CAT being used as a special purpose airline in support of U.S. interests in the Far East. With such an asset available and owned and controlled by the Agency, it was used extensively for those operations where official U.S. Government involvement could not be openly acknowledged. Recognition of CAT as a necessary air support adjunct to our intelligence operations in the Far East came closely on the heels of its acquisition for denial purposes.

3. Operations Coordinating Board Action in 1955

In the fall of 1955, the Agency examined its need for CAT in the Far East. Revenue producing activities were thin, Agency requirements were sketchy, and an annual subsidy of about \$1,850,000 seemed indicated for some years to come. The Director brought this to the attention of the Operations Coordinating Board seeking its judgement on whether the assets involved were of sufficient value to the national defense and security as to justify the continued expenditure of such an amount. On 4 November 1955,

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- 3 -

Elmer B. Staats, Executive Officer, OCB, distributed a Supplement to the Minutes of the OCB Meeting of 2 November 1955 which said in part: "The Members of the Board agreed that CAT was useful to the national defense and security, particularly in view of its emergency airlift capacity and that it should be maintained." (See Tab A)

4. Organizational Changes and Corporate Development

A series of organizational changes and changes in names were made between 1950 and 1960 leading to the present structure of:

The holding company - The Pacific Corporation

The American operating company - Air America, Inc.

The Chinese service company - Air Asia Co., Ltd.

The Chinese certificated air carrier - CATCL

Each of these companies was structured to provide a capability for flexible operations in support of clandestine operations should the need arise. As it turned out, the greatest need developed in Southeast Asia for contract flying by Air America.

In FY-58, management was able to turn the business around to the extent that no subsidy was required and no subsidy has been paid since then. As of 31 December 1969, the Agency's equity in the project amounted to \$27.7 million, of which \$13.1 million is paid-in capital and the balance of

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- 4 -

\$14.6 million is retained earnings. These earnings have accumulated over the years and derive from a variety of commercial operations. U.S. Government control over the use and disposition of corporate assets is maintained through an Executive Committee of the Board of Directors, covertly augmented by senior CIA representatives, an audit by a well known public auditor, and monthly profit and loss and balance sheets submitted to the Agency. In the company fiscal year ending 31 March 1969, Flying Services for CIA accounted for \$21.4 million of revenue; Flying and Other Services for Other U.S. Government Agencies totaled \$26.7 million; and maintenance for the USAF amounted to \$7.8 million. Over the past ten years, CIA ranks third in volume as a U.S. Government customer. The company's pricing on these Government contracts has been competitive with other commercial companies so there has been no element of subsidy in the contracts with CIA or other agencies, although the company has made a normal or somewhat less than normal profit in accordance with normal commercial practice required to maintain the corporate cover. All U.S. Government contracting with Air America and Air Asia is audited by the Defense Contract Audit Agency and contracts are negotiated on the basis of allowable audited costs.

Retained earnings have been used to add to and modernize the fleet. Tab B shows the aircraft operated by the project in 1960 and the aircraft

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- 5 -

available today. The maintenance facilities at Tainan have been improved and modernized throughout the years. It is recognized as one of the best equipped and most competent aircraft maintenance facilities in the Far East. The USAF has been and is a major customer and utilizes Air Asia for repair and maintenance of several types of jet fighters. Personnel reached a peak of 11,104 in 1967. Since then, personnel have been reduced to just over 9,000. Tab C shows the personnel strength year by year since 1960 which, in turn, shows the growth of the project in response to requirements of the U.S. Government.

5. Operational Use and Requirements

Aside from its basic aviation capability, the prime service of the project to the U.S. Government is its quick and effective response to emergency requirements with maximum security. As examples:

- a. When the Korean War started, the company offered its services to the U.S. Air Force, which at first saw no requirement. As the fighting increased, the Air Force reversed itself and made an urgent request to the company, which thereupon built up its flying hours from 400 to 4,000 per month in two months. It also expanded its maintenance facility rapidly for Air Force needs.

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- 6 -

b.

[Redacted]

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

c. In 1954 it responded on an urgent basis to a requirement for air support for U.S. Government covert assistance to the Armas government in Guatemala by supplying trained crews and technicians.

d.

[Redacted]

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

e. Again, in 1954, twelve crews, comprising 24 pilots, were supplied on unusually short notice for air supply operations for the French in Dien Bien Phu. In this operation, the planes were making low-level drops directly over the French encampment, which was ringed by North Vietnamese antiaircraft guns. Only one plane was shot down and its crew was lost.

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- 7 -

f. When the Agency was directed to undertake support of elements in Indonesia opposed to Sukarno's collaboration with the Communists, the company rapidly built up and supplied an effective, if small, combat air force. One plane was shot down and its pilot imprisoned by the Indonesians for several years.

g.

[Redacted]

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

h. On the initiation of U.S. military intervention in South Vietnam, CINCPAC sent the company an urgent requirement for airlift, and a number of C-46's were dispatched to Saigon immediately. Airlift in that area built up rapidly thereafter, with Air America playing a large role.

i.

[Redacted]

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- 8 -

j. As Agency support for resistance to the North Vietnamese in Laos grew, it had an urgent need for airlift, both for heavy and light planes. For the heavy, military C-123s were bailed to the company and they have been flying large quantities of supplies and military equipment from Thailand into Laos. For the light, there is a mixture of such planes as Helio Couriers, Porters, Caribous, and Bell and Sikorsky helicopters to fly supplies and personnel into the primitive airstrips upcountry in Laos. Statistics for 1969 showed the magnitude of the Laos operation. 230 pilots in Vientiane and Udorn flew 46 fixed-wing and 37 rotary-wing aircraft, making 109,000 fixed-wing landings and 157,000 helicopter landings. 739,000 passengers and 130,000 tons of cargo were transported. From 1 January 1970 to 30 June 1970, Air America lost nine crew members and nine passengers. There were 67 incidents of aircraft being hit by hostile fire, four of which resulted in loss of life or serious personal injury. Five aircraft were totally destroyed. Other accidents are inevitable in operations into unpaved clearings in the forest or on mountain tops without any of the navigational aids. The use of Air America in this operation arose out of the Geneva Convention, which prohibited military equipment from flying into Laos. At first the Department of State was concerned that Air

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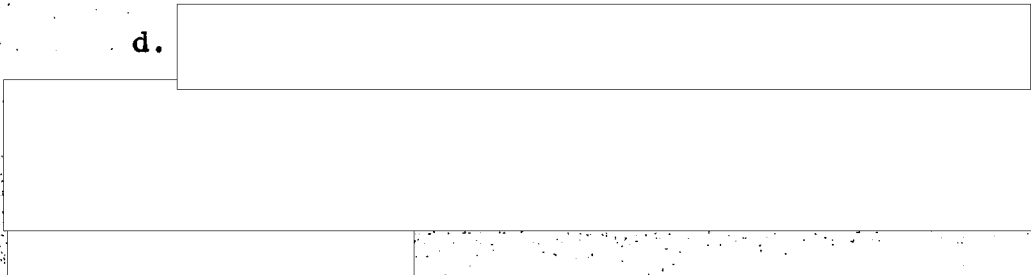
America was too badly exposed in its relationship to the Agency to be used for this purpose, but after a careful study of the corporate set up and the backstopping, it came to the conclusion that the documentation and the backstopping would stand up under inquiry and approved the use of the company.

Other important contributions by Air America to U. S. Government

objectives include:

- a. The training of Chinese, Okinawans, Filipinos, Vietnamese, Thais, Laotians, and others in the shop skills required for automotive and aircraft maintenance.
- b. Teaching and training the Thai police in helicopter operations and maintenance.
- c. Undertaking many housekeeping tasks for the U.S. missions in Southeast Asian countries, e.g., Tactical Air Navigation (TACAN) maintenance and operation; staffing and operation of fire fighting brigades; petroleum, oil, and lubricants (POL) servicing; weather watch service; automotive maintenance and repair; engineering services; and a community school at Udorn.

d.



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

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- 10 -

e. 

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

In summary, the project provides the technical competence, cleared personnel, and the equipment and facilities to implement those programs and plans involving air support that the U.S. Government wishes to undertake on a commercial contract basis, which is, however, completely subject to Government control.

6. Air America's Public Image

As a result of the extensive Air America operations in Southeast Asia, there is a great deal of speculation in the press on the relationship of the company to CIA. That the corporate cover has been maintained is probably best attested by the following excerpt from NEWSWEEK of 6 April 1970:

"Although in practical terms it is an operating arm of the CIA, Air America is owned by a private aviation investment concern called Pacific Corporation."

7. Summary

Air America's extensive operations in Southeast Asia as an air support contractor to various United States Government agencies provide services which are not available from any other sources. These activities have been

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- 11 -

growing in importance in recent years and are currently considered indispensable.

There is no reason to forecast a change in this situation, but it is conceivable that one could result from a dramatic adjustment in Southeast Asia.

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TAB
A

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TAB A

C-O-P-Y

November 4, 1955

MEMORANDUM FOR THE RECORD

SUBJECT: Supplement to the Minutes of the OCB Meeting of November 2, 1955

At the luncheon meeting of the OCB on November 2, there was discussion of the scope and nature and the cost of the operations of CAT in the Far East and of its potentialities. The members of the Board agreed that CAT was useful to the national defense and security, particularly in view of its emergency air lift capacity, and that it should be maintained. With reference to the recommendation made by the Board on May 5, 1954, that arrangements should be made to permit the segregated intensive use of 12 CAT C-46 planes in Southeast Asia, the Board agreed that this specific recommendation had lapsed and was no longer in effect. This agreement was based upon the understanding that CAT was now and would remain able, on short notice, to make available substantial air lift capacity in Southeast Asia.

Elmer B. Staats
Executive Officer

Distribution:

Mr. Hoover
Mr. Dulles
Mr. Robertson
OCB Files

C-O-P-Y

OCB:EO:EBStaats:ns

EO-89 Copy ___ of ___

SECRET

TAB
B

SECRET

TAB B

AIR AMERICA AIRCRAFT

	<u>1960</u>	<u>1970</u>
DC-6	1	5
C-46	18	15
DC-4	3	7
C-47	4	9
PBY	2	
Piper Apache	1	2
Helio Courier	1	16
Bell Helicopter	1	
L-100 (Commercial version of C-130)		3
B-727 (Boeing)		2
C-123K		10
DHC-4 (C-7A) (Caribou)		8
DO-28 (Dornier)		2
VTB (Volpar conversion of C-45)		14
10-2 (Beech)		8
C-45		7
PC-6 (Porter)		26
204B (Bell helicopter)		10
205 (Bell helicopter)		3
UH-34 (Bailed military helicopter)		<u>28</u>
	<u>31</u>	<u>175</u>

TAB
C

SECRET

TAB C

AIR AMERICA AND AIR ASIA TOTAL PERSONNEL

December 31, 1960	2, 838
" 1961	3, 395
" 1962	4, 241
" 1963	4, 627
" 1964	4, 875
" 1965	6, 969
" 1966	9, 657
" 1967	11, 104
" 1968	10, 447
" 1969	9, 481
November 30, 1970	8, 905

CF 71-0074

OGC Subj: HB/ILKA

AIR AMERICA INC.

Field Executive Office
Box 20010, APO San Francisco CA 96239
c/o 824th Hq. Sq.

Ref.No. FC-71-010

7 January 1971

Contracting Officer
United States Agency for International Development
Washington, D. C.

Subject: Contract AID-439-713 for FY71

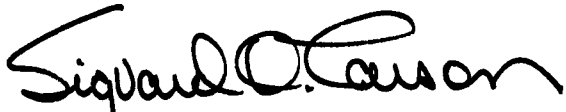
Reference: FC-70-258 dated 2 November 1970

Dear Sir:

Our referenced FC-70-258 relating to airstrip maintenance resulted from the inability to reach agreement on this subject during the negotiation of the FY71 contract. Since our recent discussions have led to understandings between the parties as to the responsibility for airstrip maintenance, the Contractor hereby withdraws its referenced FC-70-258 dated 2 November 1970. The Contractor is hopeful that the recent understandings on airstrip maintenance will be implemented in the very near future.

Sincerely,

AIR AMERICA, INC.



Var M. Green
Vice President

cc: Mr. Walter Gross
U.S. Government Representative
Taipei, Taiwan

TRANSMITTAL SLIP		DATE
TO:		14 Jan 71
ROOM NO.	BUILDING	
7D 07	Hqs	
REMARKS:		
FROM:		
SODLAB/ARSL2		
ROOM NO.	BUILDING	EXTENSION
6G1403	Hqs	6862

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)