

Heroin traffic:
Some amazing coincidences linking the CIA, the Mafia, Air America, several members of the Brook Club, Chiang Kai-Shek, the Kuomintang, Prince Pucharra of Thailand, many banks and insurance companies — practically everyone except Richard Nixon. Wasn't he asked?
by Peter Dale Scott

Professor Samuel Eliot Morison has written how in 1903 Theodore Roosevelt, "in the face of international law and morality" secretly ordered the US Navy to support the "revolutionary" secession of Panama from Colombia. The secession, which led swiftly to the Canal Zone treaty, is described by him as a plan by "Panama businessmen, agents of the French company [which stood to gain \$40 million in compensation under the treaty] and United States army officers." He neglects to add that the "agents" of the French Panama Canal Company were New York investment bankers J. & W. Seligman and their Washington lobbyist Buneau-Varilla, who organized and financed the "revolution" out of a suite in the Waldorf-Astoria.

In some ways, the Panama exercise in "big stick" partition is an instructive precedent for the post-war US involvement in Indochina.² Legally, the picture appears to be different today; for many of the bankers' activities in preparing for revolution and war would today be outlawed, under sections 956-60 of the US Criminal Code. In theory, at least, responsibility for this kind of defense of American "interests" is now a monopoly of the CIA. But in fact, the CIA still maintains close contact with J. & W. Seligman and similar Wall Street institutions.

These contacts have been powerful; it was pressure from Wall Street which succeeded in pushing the infant CIA into its first covert operations. President Truman, who created the CIA in 1948, has since declared his unhappiness at the deflection of the CIA from its intelligence function: "I never had any thought . . . when I set up the CIA that it would be injected into peacetime cloak-and-dagger operations."³ His intentions, however, counted for less than those of Allen Dulles, then a New York corporation lawyer and President of the Council on Foreign Relations. The Administration became concerned that the Communists might shortly win the Italian elections:

Forrestal felt that a secret counteraction was vital, but his initial assessment was that the Italian operation would have to be private. The wealthy industrialists in Milan were hesitant to provide the money, fearing reprisals if the Communists won, and so that hat was passed at the Brook Club in New York. But Allen Dulles felt the problem could not be handled effectively in private hands. He urged strongly that the government establish a covert organization with unvouchered funds, the decision was made to create it under the National Security Council.⁴

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the Defense Secretary felt the operation should be private, but a private corporation lawyer determined it should be public. By this arrangement, presumably, the men in the Brook Club even got their money back out of the hat; since then the funds—unvouchered—have come from us, the public taxpayers.

Truman's lack of sympathy for the way the CIA was being "diverted" into covert operations did not result in any measures to curb the control of the CIA by Wall Street Republicans. On the contrary, as the CIA began to burgeon under Bedell Smith, all seven persons who are known to have served as Deputy Directors of the CIA



Harry S. Truman

under Smith and Truman came from New York legal and financial circles.⁵ These men used their corporate experience and connections to set up a number of dummy private enterprises, as "proprietaries" or wholly-owned fronts for the CIA, particularly for Far Eastern operations. The capital came from government sources, but profits, if any, are said to have been retained by the "companies" themselves.

Thus William Ray Peers (an Office of Secret Services hand from Burma and China, later the Army Chief of Staff's Special Assistant for Special Warfare Activities) headed up Western Enterprises, Inc., in Taiwan, a cover for the launching of Kuomintang—Nationalist Chinese—amando raids from the islands of Quemoy and Matsu

China) headed a Bangkok "trading company" called Sea Supply, Inc., which supplied arms and other supplies to the Kuomintang troops of General Li Mi in Burma,⁷ and later trained the Thai border police under Thai Interior Minister Phao Sriyanon.⁸

But by far the largest CIA proprietary in Asia was Civil Air Transport—CAT Inc.—chartered in 1950 and known since 1959 as Air America. In 1961, General Edward Lansdale wrote a memorandum to Maxwell Taylor on unconventional warfare, published as part of the Pentagon Papers, confirming Air America's link with the CIA:

CAT. Civil Air Transport (Chinese Nationalist)

CAT is a commercial airline engaged in scheduled and non-scheduled air operations throughout the Far East, with headquarters and large maintenance facilities located in Taiwan. CAT, a CIA proprietary, provides air logistical support under commercial cover to most CIA and other US Government agencies' requirements. . . . During the past ten years, it has had some notable achievements, including support of the Chinese Nationalist withdrawal from the mainland, air drop support to the French at Dien Bien Phu, complete logistical and tactical air support for the [1958] Indonesian operation, airlifts of refugees from North Vietnam, more than 200 overflights of Mainland China and Tibet, and extensive support in Laos during the current [1961] crisis.⁹

General Lansdale erred, however, in failing to distinguish between the Taiwan commercial airline CAT Co., Ltd. (alias Civil Air Transport, or CATCL), and the American operating firm CAT, Inc., the CIA proprietary which supplied CATCL with pilots and other personnel. Sixty percent of the capital and control of CATCL was Chinese Nationalist, represented by officers of the former Kin-cheng Bank in Shanghai, who allegedly fronted for T. V. Soong, the brother of Madame Chiang Kai-shek.¹⁰ Soong is one of the most important figures in this history.

CATCL had been set up by General Chennault in 1946. Chennault's partner in CAT was Whiting Willauer, a US "economic intelligence" officer who during World War II supplied the Flying Tigers as an officer of China Defense Supplies under T. V. Soong. CAT's treasurer in the 1940's was James J. Brennan, who after the war served as T. V. Soong's personal secretary in China. And the lawyer for CAT, as for the Flying Tigers, was Tommy Corcoran, who after the war was rumored to be handling T. V. Soong's multi-million dollar investments in the United States.¹¹

In the late 1940's, CAT flew military support missions for the Kuomintang against the Communists, while Chennault lobbied openly from a Washington office against the more cautious China policy of the Truman-Acheson State Department. In November, 1949, Chennault, after a similar visit by Chiang, flew to Syngman Rhee in Korea, "to give him a plan for the Korean military air force"; even though at this time it was still US official policy to deny Rhee planes, to discourage him from invading North Korea.¹² In December, 1949, *Time* later claimed, Dean Acheson told one of its correspondents that "What we must do now is shake loose from the

Chinese Nationalists"; while in January, 1949, George Kennan predicted that "by next year at this time we will have recognized the Chinese Communists."¹³

All such thoughts were frustrated by the sudden outbreak of the Korean War in June, 1950—an event still imperfectly understood, but which may have been anticipated by certain Kuomintang speculators; who, because of the war, "cleared an estimated profit of about \$30,000,000" in soybeans.¹⁴

Shortly after the outbreak of the Korean War, the CIA proprietary, CAT Inc., was chartered in Delaware. The American CAT promptly supplied planes, pilots and US airlift contracts to the Taiwan's CATCL, which in this period was the sole flag air carrier of Chiang's new Republic.¹⁵ While Tommy Corcoran continued to represent Soong, Chennault, and CATCL, the aviation law firm of Pogue and Neal handled the incorporation of CAT Inc. During this period of formation, a vice-president of the National City Bank of New York, Walter Reid Wolf, was recruited briefly as a CIA Deputy Director from 1951 to 1953; soon afterwards, two of Wolf's fellow-directors in the small Empire City Savings Bank, Samuel Sloan Walker and Arthur B. Richardson, were named to the board of CAT, Inc. At the same time, Desmond Fitzgerald entered the CIA. He was a cousin of Walker's and a close business associate of Wolf's and, like them, a member of New York's 400-member Brook Club, "perhaps clubdom's richest from the point of view of inherited wealth."¹⁶ Other Brook Club members included three directors of CAT, Inc., two directors of Pan Am, and Chiang Kai-shek's promoters Walter S. Robertson, who for six years was Eisenhower's Assistant Secretary of State for Far Eastern Affairs, and journalist Joe Alsop.

In this pyramid, the CIA's official control over CATCL was remote and unreliable. While it owned 100 percent of CAT, Inc., and of CAT's Asian subsidiary, the CIA only owned 40 percent of CATCL, and thus could hardly be called to account when (as frequently occurred) CAT planes flew in support of operations conforming to Taiwan and Kuomintang foreign policy, but at odds with the official foreign policy of the United States. Even the CIA's control over the Airdale/Pacific Corp., which is said to clear profits in the order of \$10 million a year, is open to question: it is possible that the proprietary relationship is as useful in supplying an "official" cover for private profit as it is in supplying a "private" cover for the CIA.¹⁷

Air America itself has a private stake in Southeast Asia's burgeoning oil economy, for it

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 [Taiwan's new Chinese-owned flag airline which since 1968 has taken over CAT's passenger services].¹⁸

Much larger has been the economic stake of the financial interests represented on the boards of Pacific Corp. and CAT Inc. over the years (such as Dillon Read, represented by William A. Read, Jr., and the Rockefellers, represented by Laurance Rockefeller's employee Harper Woodward.)

Perhaps the most obvious stake has been that of Pan Am (on whose board sit Robert Lehman of Lehman Brothers and James Sterling Rockefeller of the National City Bank). Like the National City Bank itself, and the larger Bank of America which in the early post-war period was still allied with it,¹⁹ so also Pan Am was particularly oriented towards development of a "Pacific rim community," as opposed to an "Atlantic community." It has been shown that Pan Am's staggering profits in the 1960's were built on its early monopoly of commercial air service to Thailand and Indo-China. Pan Am's Indo-China service was opened, with the assistance of the US Government "in the national interest," on May 22nd,



Walter Spencer Robertson

1953, 17 days after CAT, using planes and pilots "loaned" by the USAF, began its military airlift to Dien Bien Phu.

The inauguration of CAT's airlift to Laos in September 1959, which has continued with little interruption ever since, was likewise a godsend to Pan Am and the other big US airlines, at a time when they were suffering badly. Laos generated a need for additional military airlift which, after considerable lobbying and threats of quitting international service, was awarded by contract to the commercial carriers.²⁰ Thanks to its Pacific operations, Pan Am saw its charter revenues soar almost 300 percent in four years, and showed a profit in 1961 for the first time since 1956, even though its Atlantic service con-

the so-called China Lobby in Congress in the early 1950's was to be found the heart of the Pan Am lobby. Senator Pat McCarran of Nevada, who chaired the Congressional Inquiry into Owen Lattimore and the Institute of Pacific Relations, had first achieved fame as author of the 1938 Civil Aeronautics Act, and later as an oil lobbyist. In his heyday as a China Lobbyist, McCarran was also known as "the gamblers' senator"; and is said to have held court at the Riverside Hotel in Reno, making deals with Syndicate men to obtain casino licenses despite the law.²² Nevertheless, one cannot call lobbying a *conspiracy*, any more than one can discern anything illegal in the fact that Air America's top operating personnel were also recruited from Pan Am.²³ But when one looks beyond the Washington offices of Air America to the Asian field operations of CAT, with its 60 percent Chinese Nationalist control, the possibility of Kuomintang-criminal connections and activity demands to be explored.

The most questionable of CAT's activities was its sustained supply of arms and other supplies to Kuomintang (KMT) General Li Mi and his successors in Burma and North Thailand, between 1949 and 1961. Li Mi is probably the only major opium-dealer in the world to have been honored with the US Legion of Merit and Medal of Freedom; his 93rd Division began collecting opium from the Meos of northern Laos as early as 1946.²⁴ Faced with a public scandal after Burma complained about these foreign intruders on its soil, the US hired CAT Inc. to fly them out in 1954. Nevertheless, the bulk of the troops refused to move, and CATCL continued to supply them, possibly using some of the very

Senator Pat McCarran



According to an informed source, "the CIA saw these troops as a thorn in Mao's side and continued to supply them with arms and money," even though they had "decided to settle down and become rich by growing opium."²⁵

The decision to finance and supply the remnants of Li Mi's troops had grave consequences for the world opium and heroin traffic, and also for that part of it handled by the so-called National Crime Syndicate in the United States. The new right-wing Thai Government of Phibum Songgram, having seized power in a 1948 coup (over the issue of controlling the local Chinese),²⁶ legalized the sale of opium and established an official Thai Government Opium Monopoly, on September 17, 1949. This happened just as the Chinese Communists were expelling the last of the KMT-linked warlords who had supplied the Far East and America with opium before World War II. Shortly thereafter, prepared opium in the containers of the Thai Government Monopoly was seized in a raid in Boston, Massachusetts, an event not noted in the US press but duly reported by the US Government to the United Nations Commission on Narcotic Drugs.²⁷ Throughout the 1950's, US Government representatives continued to notice quietly that Thailand was a source for the opium and heroin imported into the United States, though this relative candor waned in the 1960's with the escalation of the war in Vietnam.²⁸ They also reported the rapid increase in both opium-trading and opium-growing in northern Thailand, where the KMT troops were established; and noted that most of this opium was exported out of Thailand for illicit traffic abroad.²⁹

Up until about 1964, however, the United States also complained officially and ostentatiously to the UN Narcotics Commission about "Yunnan opium," brand "999" morphine, and heroin from "the Chinese mainland," as part of Peking's "twenty-year plan to finance political activities and spread addiction."³⁰ In 1958, for example, the US reported the smuggling into the United States of 154 pounds of heroin "from mainland China"; and in 1960 that "the principal sources of the diacetylmorphine [heroin] seized in the United States were Hong Kong, Mexico, and communist China."³¹ But other delegates and the Commission itself would complete this misleading picture: "Yunnan opium" was opium which came from anywhere in the "fertile triangle" (the Burma-Thai-Laos-Yunnan border area). The Hong Kong authorities "were not aware of a traffic in narcotics from the mainland of China through Hong Kong"; but "quantities of narcotics reached Hong Kong via Thailand."³² The bulk of "Yunnan opium," and the "999" morphine in particular, were in fact trafficked under the protection of the KMT troops in Burma and north Thailand supplied by CAT. In 1960, the UN Commission discreetly noted the presence in the Burmese sector of the "fertile triangle" of "remnants of KMT troops who were maintaining themselves largely on the profits of the opium trade. It was reported that they received their supplies periodically by air."³³

Why did CAT planes continue until 1961 to support the suppliers of heroin which was flooding, via Thailand and Hong Kong, into the United States? One reason was indeed military, to use the KMT troops and raids "as a



Madame Chiang Kai-shek

thorn in Mao's side," especially during the CIA/CAT-supported operation in Tibet from 1956-60, for which the CIA agent Tony Poe (later stationed in the Laotian opium center of Ban Houei Sai) trained Tibetan guerrillas in the mountains of Colorado.³⁴

But a second reason was political: to maintain contact with the elaborate fabric of Chinese secret societies or "Triads" throughout Southeast Asia. The profits and relationships of the opium trade, in other words, would help to preserve the pre-war Nationalist influence among the Chinese middle class of these countries, and thus challenge their allegiance to the new Chinese People's Republic. This question of Chinese allegiance was particularly acute in the early 1950's in Malaya, where the farming of the opium franchise among Chinese "Triads" had been resorted to by the British authorities since at least the 1870's.³⁵ Organized opium traffic, in other words, had become a well-established accommodation and control mechanism; and after World War II the opium was supplied by the "fertile triangle."³⁶

Although the British by and large resisted Triad-KMT offers to mobilize against the Chinese insurgency in Malaya, they also found it difficult to crack down on the opium and gambling activities of the Wa Kei secret society, "without disrupting the fabric" of the Wa Kei and leaving a vacuum for the Communists to fill.³⁷ Meanwhile the wealthy Chinese owners of tin-mines in the more exposed countryside found it expedient to subsidize a Wa Kei-Triad private army "with strong KMT

guerrillas. This Kinta Valley Home Guard is given credit for restoring security to the Malayan tin industry by 1954.³⁸

In Thailand, also, the farming of the opium franchise has been used by the government for over a century as a means of controlling the local Chinese population; and the enormous profits from the opium traffic have been a traditional source of corruption inside the Siamese Government.³⁹ In the 1950's, the Thai police Interior Minister General, after an initial phase of anti-Chinese administration, "showed every willingness to co-operate with Kuomintang Chinese in the campaign against Communism."⁴⁰ At the same time, his police, and in particular his border police, collaborated with Li Mi's KMT troops in Burma by officially "confiscating" their contraband opium in return for a reward to KMT "informers." (As early as 1950, a US Government representative noted cynical reports that it was profitable for the opium-trader to be seized and to share the reward with police).⁴¹

It seems indisputable that some elements in the KMT used opium as a means to organize and finance KMT links with and control over the important Chinese communities of Southeast Asia. This is not surprising: the KMT had relied on the Triads and gangs involved in the opium traffic as early as 1927, when Chiang Kai-shek, encouraged by foreign bankers, used the "Green Gang" of Tu Yueh-sheng to break the Communist insurrection in Shanghai.⁴²

After the remnants of the Shanghai "Green" and "Red Gangs" had relocated in Hong Kong, one finds increasing references in UN Reports to the narcotics trafficking of Triad societies in Hong Kong and indeed throughout the world. In 1963, for example, the US representative to the UN Narcotics Commission "observed that the problem of the Triad organizations (Chinese groups involved in the illicit traffic in the Far East and Europe) appeared to be significant in recent trafficking developments." Other delegates, confirming that "many heroin traffickers . . . had Triad backgrounds," noted the activities of Hong Kong Triad representatives in Germany, Spain, and Switzerland.⁴³

This world-wide network of Chinese secret societies in the opium traffic extended both before and after World War II to the Hip Sings, one of the Chinese tongs in the United States, and also to the Bing Kong and other American tongs. In the 1930's, the national president of the Hip Sings, Yee On Li, was convicted for a Mafia-linked narcotics operation involving the wife of Lucky Luciano's partner, Thomas Pennachio; Yee was also involved with "Hip Sing dope dealers in Chicago, San Francisco, Pittsburgh, New York, Cleveland, Dallas, and other important cities."⁴⁴ In January, 1959, a new generation of Hip Sing officials, including San Francisco president George W. Yee, were again indicted for narcotics smuggling. A US Government report on the indictments noted that the tong's activities possibly paralleled "the operations of the Triad societies in Hong Kong."⁴⁵

It has been claimed that profits from narcotics smuggling in the United States have been channeled into Chiang Kai-shek's lobby in the US Congress, thus helping to keep open the opium supply lines through Laos and

China Lobby, wrote that

There is . . . considerable evidence that a number of [Nationalist] Chinese officials engaged in the illegal smuggling of narcotics into the United States with the full knowledge and connivance of the Nationalist Chinese Government. The evidence indicates that several prominent Americans have participated in and profited from these transactions. It indicates further that the narcotics business has been an important factor in the activities and permutations of the China Lobby.⁴⁶

Professor Koen expressed the hope that his charges would lead to a fuller legal investigation; they led, instead, after a denial from Narcotics Commissioner Anslinger, to his book's being suppressed by the publisher. But Anslinger's denial, recently published, does not touch upon Mr. Koen's charge about the China Lobby:

I can give you an unqualified statement that this is manufactured out of the whole cloth: that there is no scintilla of evidence that any Chinese officials have engaged in illegal smuggling of narcotics into the United States *with the full knowledge and connivance of the Chinese Nationalist Government.*⁴⁷

And, without the italicized qualification, Mr. Anslinger's refutation is hard to believe. For Chiang's Consul General to San Francisco at the time of the Hip Sing arrests in the late 1930's, Huang Chao-chin, himself "narrowly escaped conviction . . . on charges of smuggling narcotics in the US."⁴⁸ Since 1952, Huang has been a member of the KMT Central Committee, and today he is Chairman of the First Commercial Bank of Taiwan.

The KMT's stake in the CAT airlift to its troops in the "fertile triangle" became obvious in 1961, when Fang Chih, a member of the KMT Central Supervisory Committee and Secretary-General of the Free China Relief Agency (FCRA), admitted responsibility for an unlisted CAT plane that had just been shot down over Thailand by the Burmese Air Force.⁴⁹ The Asian Peoples' Anti-Communist League (APACL), of which the FCRA at the same address was a member agency, was itself an organization through which the KMT maintained overt contact with right-wing political and financial interests in Europe and America, as well as with overseas Chinese communities.

The Chairman of the APACL's secret liaison group in America (in effect the heart of the American China Lobby) was in 1959 Charles Edison, yet another right-wing member of the Brook Club.⁵⁰ The APACL also wrote of its collaboration with psychological-warfare experts in the Department of Defense, and with the John Birch Society. The unpublicized visit to Laos of Fang Chih, in the weeks immediately preceding the phony Laos "invasion" of 1959, suggests that the narcotics traffic, as well as Pathet Lao activity, may have been a reason why CAT's planes inaugurated their flights in that year into the opium-growing Meo areas of Sam Neua province. This, in turn, would explain the extraordinary rumors reported in the *Christian Science Monitor*, that the Laotian Air Force's "opium runs are made with CIA 'protection.'"⁵¹

1959 had less to do with North Vietnam and the non-existent "invasion" of Laos, reported by Brook Club member Joe Alsop, than with opium? The US Government itself, commenting on the nearby rebellion of the same year in the Shan states of Burma, called it "an instance of a rebellion precipitated by the opium traffic."⁵² The KMT-sponsored Shan rebellion followed a crack-down in the summer of 1959 by the Burmese Government, after Pai Che-jen and some 2,000 KMT troops had been driven from Sanskyin Mountain in Yunnan into Burma in 1958.⁵³

By March, 1959, according to Bernard Fall, "Some of the Nationalist guerrillas operating in the Shan states of neighboring Burma had crossed into Laotian territory and were being supplied by an airlift of 'unknown planes'."⁵⁴ Their old opium routes were being threatened to the south as well. In July, 1959, the Thai Government, in response to years of US Government pressure, ended its opium monopoly and announced it would clamp down on the narcotics traffic.⁵⁵ Shortly after this prohibition, heroin, in the place of the bulkier opium, "came to be regarded as the major problem" in Thailand.⁵⁶ By September, 1959, CAT had commenced charter airlift in Laos at the expense of the American taxpayer.

Meanwhile, in May and June of 1959, Fang Chih of the Asian Peoples' Anti-Communist League (APACL) visited KMT camps in Laos, Burma, and Thailand, as he did again in 1960. On August 18, 1959, five days before the arrival of the two CAT planes in Vientiane, and 12 days before the alleged "invasion," Ku Cheng-kang, who was President of the FCRA as well as of the Taiwan APACL, received in Taiwan the mysterious but influential Colonel Oudone Sananikone, a member of what was then the ruling Laotian family and nephew of the Laotian Premier Phoui Sananikone.⁵⁷ On August 26th, 1959, in Washington, Oudone's father, Ngon Sananikone, signed the US-Laos emergency aid agreement which would pay to charter the CAT planes, eight days after their arrival. This was only a few hours after Eisenhower had left for Europe on the same day, not having had time to study the aid request, for Ngon had only submitted it on August 25. On August 27, Col. Oudone Sananikone attended the founding in Taiwan of a Sino-Laotian friendship society, whose trustees included Ku Cheng-kang and Fang Chih.⁵⁸

Oudone Sananikone headed a "Laotian" paramilitary airline, Vaha Akhat, which in those days serviced the opium-growing areas north of the Plaine des Jarres with Chinese Nationalist planes and personnel (CAT had not yet begun its operations to the Meos in this region, which offered such profitable opportunities for smuggling as a sideline for enterprising pilots.)⁵⁹ Colonel Oudone Sananikone also figured prominently in the secret three-way talks between officers of Laos, South Vietnam, and Taiwan, which preceded the Laotian coup and resulting crisis of April 19th, 1964, a coup which was reported two days in advance by Taiwan Radio.⁶⁰

Another major figure in the 1959 and 1964 Laotian plots was General Ouane Rathikoune, who flew with Joe Alsop to Sam Neua and showed him the staged evidence of the 1959 "invasion." General Ouane is said to have admitted in a recent interview that he was "the real boss" of opium operations in Laos.⁶¹

What is extraordinary, and quite possibly criminal under US law, is not the involvement in narcotics of the KMT, nor that of the Taiwan airline CATCL which it controls, but of Americans exercising the authority of the CIA.

The CIA as an agency, it is true, cannot be identified with the narcotics trade any more than can the whole of the Kuomintang. In 1955, for example, while the CIA was running its airlift to the opium trade in Thailand, General Lansdale in Vietnam used CIA funds to smash a pro-French organization, which controlled the dope and gambling activities of Saigon and its Chinese suburb, much as the Triads operated in Malaya.⁶² In 1971, Air America planes are reported to have taken part in the growing US crackdown on the narcotics traffic.

But while General Lansdale was cracking down on narcotics in Vietnam, William H. Bird, the CAT representative in Bangkok, is said to have co-ordinated CAT air-drops to Li Mi's troops in the "fertile triangle." In 1960, after CAT began flying in Laos through "the great Laos fraud," his private engineering firm began the construction of short airstrips in Meo territory which were soon used for the collection of Laos opium, some of it destined to be manufactured into heroin in Marseilles, and forwarded to the National Crime Syndicate in the United States.⁶³ Soon Bird and Son had its own airline of 50 planes flying US contract airlift to the opium-growing tribesmen, and rumors soon arose that

Walter D. Smith



these planes, like Air America's in the same area, were not infrequently used for smuggling.⁶⁴

Willis Bird, William Bird's brother or cousin in Bangkok, headed the Bangkok office of a "trading company" called Sea Supply, Inc. As I noted earlier, Sea Supply first supplied arms to the KMT troops of General Li Mi, and later trained Phao Sriyanon's Thai border police who were also implicated in KMT opium-smuggling activities. Like William, Willis Bird also branched into the construction business on his own. In 1959, as Vice-President of the "Universal Construction Company," Bird was said by a Congressional committee investigating corruption in Laos to have bribed an ICA aid official in Vientiane.⁶⁵ In 1962, when President Kennedy was struggling to bring the CIA hawks in Thailand under control, his brother the Attorney General belatedly returned an indictment against Willis Bird, who has never returned to this country to stand trial.⁶⁶

What particularly concerns us is of course not the personal venality of a US construction official or of pilots dabbling in opium on the side, so much as the sustained support by CIA proprietaries of narcotics-smuggling activities which affected the continental United States. It is not at all clear that this policy had official sanction: Eisenhower seems to have been unaware of the airlift operations of Air America and Bird and Son in Laos, which were apparently only authorized by an elaborate conspiracy of deceit. By all accounts, the Kennedy Administration was exerting pressure to remove the "estimated 4,000 Chinese Nationalists" who "were reportedly operating in western Laos in 1961," having been "flown from Taiwan into bases in northern Thailand."⁶⁷ Even the Johnson Administration announced in February 1964 that it would withdraw Air America from Laos: this announcement came to naught after the organizer of CAT's American replacement, John Davidson of Seaboard World Services, was "accidentally" killed in a dubious and controversial explosion of a CAT plane.⁶⁸

How could the objectives of a US president be at odds with those of a CIA proprietary? The obvious stake of KMT interests in CATCL is a partial explanation, to which one can perhaps add the stake of private American interests as well. For it is a striking fact that the law firm of Tommy Corcoran, the Washington lawyer for CATCL and T. V. Soong, has had its own links to the interlocking worlds of the China Lobby and of organized crime. His partner, W. S. Youngman, joined the board of US Life and other domestic insurance companies, controlled by C. V. Starr (OSS, China) with the help of Philippine and other Asian capital. Youngman's fellow-directors of Starr's companies have included John S. Woodbridge of Pan Am, Francis F. Randolph of J. & W. Seligman, W. Palmer Dixon of Loeb Rhoades, Charles Edison of the post-war China Lobby, and Alfred B. Jones of the Nationalist Chinese Government's registered lobby, the Universal Trading Corporation. The McClellan Committee heard that in 1950 US Life (with Edison a director) and a much smaller company (Union Casualty of New York) were allotted a major Teamsters insurance contract, after a lower bid from a larger and safer company had been rejected. Hoffa was accused by a fellow-trustee, testifying under oath before another committee, of intervening on behalf of US Life, whose agents were

business associates Paul and Joan Corcoran.⁶⁹

The National City Bank itself had once leased its racetrack in Havana (and also, through a subsidiary, the Hotel Nationale de Cuba's casino) to Meyer Lansky of the Organized Crime Syndicate.⁷⁰ In 1950, Citibank's largest shareholder, Transamerica Corporation, was represented through James F. Cavagnaro, in the shadowy "World Commerce Corporation" organized by several OSS veterans. In 1950, the World Commerce Corporation was involved in dubious soybean operations⁷¹ while its subsidiary, Commerce International (China), sponsored the unauthorized Pawley-Cooke military assistance mission to Taiwan,⁷² and the illegal smuggling of airplanes from California to the government of Chiang Kai-shek.⁷³ Satiris "Sonny" Fassoulis, accused of passing bribes as the vice-president of Commerce International (China), was under indictment ten years later when he surfaced in the Syndicate-linked Guterman scandals.⁷⁴

A director of Air America through the years has been Robert Guestier Goelet of the City Investing Co., where his fellow-directors through the years have included Joseph Binns of the aforementioned US Life (Binns was involved in Bahamas and other land speculations with Meyer Lansky's business associate Lou Chesler),⁷⁵ and John W. Houser (an intelligence veteran from the Pacific who negotiated the lease of the Havana Hilton hotel casino to Cuban associates of the Syndicate).⁷⁶

We find the same network linking CIA proprietaries, war lobbies, and organized crime, when we turn our attention from CAT to the other identified supporter of activities. Sea Supply Inc. Sea Supply Inc. was organized in Miami, Florida, where its counsel, Paul L. E. Helliwell, doubled after 1951 as the counsel for C. V. Starr insurance interests, and also as His Thai Majesty's Consul in Miami. It would be hard to say whether Helliwell (the former OSS Chief of Special Intelligence in China) was more active in representing US or Thai government interests: in 1955 and 1956, for example, the Thai Consulate in Miami (operating out of Helliwell's office as secretary for the American Bankers' Insurance Company of Florida) passed over \$30,000 to its registered foreign lobbyist in Washington, Tommy Corcoran's law partner James Rowe. Inasmuch as Corcoran and Rowe were two of the closest personal advisers to Lyndon Baines Johnson, then the rapidly rising Senate Majority Leader, Helliwell's lobbying activities for the opium-dealing Government of Phibun and Phao Sriyanon may well have had a more powerful impact on US policy than his legal activities for the CIA.

Miami, of course, has been frequently identified as "a point where many of the more important United States and Canadian and even the French [narcotics] traffickers congregate."⁷⁷ American Bankers' Insurance, the company from whose office Helliwell doubled as Thai Consul General and counsel for Sea Supply, Inc., appears to have maintained its own marginal links with the institutions servicing the world of organized crime and narcotics.⁷⁸ The most striking interlock is that of its director, Jack L. King, who in 1964 was also a director of the Miami National Bank. The Miami National Bank was identified in 1969 as having served between 1963 and 1967 as a conduit through which "hot" Syndicate money was ex-

ported by Meyer Lansky's couriers, and laundered through the interlocking Exchange and Investment Bank in Geneva.⁷⁹ Lou Poller, King's fellow-director of the Miami National Bank and a director also of the Swiss Exchange and Investment Bank, was investigated by the McClellan committee about his use of Teamster capital to acquire the Miami National Bank, and subsequently indicted for perjury.⁸⁰

It is said that rich Thai and other Asian capitalists, as well as wealthy Syndicate gangsters such as "Trigger Mike" Coppola, have invested heavily in Florida's post-war land boom, through companies such as the General Development Corporation of Meyer Lansky's business associate Lou Chesler.⁸¹ Such business associations might help explain why, for example, Prince Puchatra of Thailand became the only royal representative at the 1966 opening of Caesar's Palace in Las Vegas, a hotel-casino said to be controlled by Jimmy Hoffa.⁸² The same associations, if they were exposed, might cast light on the unexplained 1968 business trip to Hong Kong and Southeast Asia of Santo Trafficante, an old Lansky associate named in narcotics investigations.⁸³ Trafficante had been preceded in 1965 by John Pullman, Meyer Lansky's courier to the Miami National Bank. In April, 1965, Pullman visited "the Peninsula Hotel in Hong Kong, where the syndicate had casinos and obtained much of its narcotics."⁸⁴

The apparent involvement of CIA proprietaries with foreign narcotics operations is paralleled by their apparent interlock with the domestic institutions involved with organized crime. The need to understand such involvements more fully may well become more urgent in the future, as the Indochina war is "Vietnamized" and handed over increasingly to CIA proprietaries such as Air America. For the thrust of this admittedly sketchy inquiry has been to suggest that, with the maturation of both capitalism and third-world nationalism, and with the outlawing of private war operations like those financed by the Seligman in 1903, wealthy US interests (using the secret authorities delegated to the CIA) have resorted systematically to organized outlaws to pursue their operations.

It is true that the embarrassing links between Air America and CATCL have been diminished in the last five years. But the opium-based economy of Laos is still being protected by a coalition of opium-growing CIA mercenaries, Air America planes, and Thai troops.⁸⁵ The recent crackdown on Turkish opium production handled by Corsicans in France can, of course, only increase the importance of heroin deriving from (and refined in) the "fertile triangle," which is already estimated to supply possibly 25 percent of American heroin consumption.⁸⁶

Official US doubletalk about the domestic heroin problem, and the reluctance since about 1963 to recognize the "fertile triangle" as a source for it, is only one further symptom that the public sanctions of law and the constitution have yielded ground to private interests and the secret sanctions provided by the CIA. More specifically, the use of illegal narcotics networks to fight communism, resorted to by capitalists in Shanghai in 1927 and in Southeast Asia in the 1950's, seems without our knowledge to have been sanctioned inside the United States.

1. Samuel Eliot Morison, *The Oxford History of the American People* (New York: O.U.P., 1965), pp. 825-26. Pointing to the subsequent impact on all Latin America, Morison concludes that "The United States is paying dear today for Roosevelt's impetuosity in 1903."
2. For example the "nation-building" activities in Vietnam of the immigrant European liberal Joseph Buttinger can be compared to those of the French liberal Buneau-Varilla, "who had first caught the attention of the Seligmans through his activities in the Dreyfus case."
3. *Washington Post*, Dec. 22, 1963; quoted in Roger Hillsman, *To Move a Nation* (Garden City, N.Y.: Doubleday, 1967), p. 63.
4. David Wise and Thomas B. Ross, *The Espionage Establishment* (New York: Random House, 1967), p. 166.
5. Frank G. Wisner (OSS) came to the government in 1948 from the Wall Street legal firm of Carter, Ledyard and Milburn, which represented various Rockefeller, Whitney, and Standard Oil interests. As Director of the "Office of Policy Co-ordination," which became the CIA's Plans Division on Jan. 4, 1951, Wisner was in charge of the CIA's covert operations.
William Harding Jackson (Republican), Smith's Deputy Director in 1950-51, had been with Carter, Ledyard and Milburn from 1934 to 1947, and was now an investment partner of John Hay Whitney on the board of Bankers' Trust.
Allen Welsh Duiles (OSS, Republican), a war-time director of J. Henry Schroder Banking Corporation and long-time partner of Sullivan and Cromwell (linked with various Rockefeller and Schroder interests), succeeded Jackson as Deputy Director in August 1951.
Murray McConnell, President of the Manufacturers Capital Corporation on Wall Street, was the CIA's Deputy Director for Administration in 1950 and 1951.
Walter Reid Wolf (Republican), a Vice-President of the National City Bank of New York and of its investment affiliate City Bank Farmers Trust, was a CIA Deputy Director (presumably McConnell's successor) from 1951 to 1953.
Robert Amory, Jr., son of a New York manufacturer who was a co-director of at least three Boston firms with directors of United Fruit, came to the CIA as Deputy Director for Intelligence from the Harvard Law School in 1952 (according to *Who's Who*).
Loftus E. Becker, of the Wall Street law firm Cahill, Gordon, Reindel and Ohl (representing the investment firms of Dillon Read and Stone and Webster) went on leave to the CIA in April 1951 and was named Deputy Director "for Intelligence" (according to the Martindale-Hubbard Law Directory, 1965, p. 4707) for a year beginning January 21, 1952.
All of these seven men except Becker were also listed in the select *New York Social Register*, and thus were members not only of New York's financial-legal elite but of its hereditary upper class. The known links between the CIA and Civil Air Transport-Air America date from this period, when New York finance enjoyed a monopoly over the CIA's top civilian appointments.
6. David Wise and Thomas B. Ross, *The Invisible Government* (New York: Bantam, 1965), pp. 115-16; *New Republic*, April 12, 1969, p. 8.
7. Wise and Ross, *Invisible Government*, p. 140.
8. *New York Times*, 20 September 1957, p. 7.
9. *The Pentagon Papers* (New York: Bantam, 1971), p. 137.
10. Arnold Dibble, "The Nine Lives of Cat—II," *Saturday Evening Post*, 18 May 1968, p. 50. *New York Times*, 11 November 1949, p. 14; 5 April 1970, p. 22; *Free China Review*, November 1963, p. 31. In 1949 the Kincheng Bank ostensibly severed its connections with CAT, in the vain hope of continuing to operate on the mainland. But Wang Wen-san, then Manager of the Kincheng Bank, is still Chairman of CATCL's Board, on which the KMT-Chinese Nationalists have three of the five seats. Air America pilots still circulate the rumor that "Madam Chiang owns the
11. John R. Beal, *Marshall in China* (New York: Doubleday, 1970), p. 00.
12. US Congress, House, Committee on Un-American Activities, *International Communism: Consultation with Major-General Claire Lee Chennault*, 85th Cong., 2nd Sess., 23 April 1958, pp. 9-10; US Department of State, *US Policy in the Korean Crisis* (Washington: G.P.O., 1950), pp. 21-22.
13. *Time*, 15 October 1951, p. 23.
14. *New York Times*, 6 July 1951, p. 9; cf. June 9, 1951, p. 6; I. E. Stone, *The Hidden History of the Korean War* (New York: Monthly Review Press, 1969), p. xi. *The New York Times* wrote that "the soybean is expected to come under any Congressional inquiry of the China Lobby"; but no such inquiry ever took place. It may be relevant that Joe McCarthy himself took part in the profitable soybean speculations, on the advice of a Pepsi-Cola lobbyist.
15. The build up of US military airlift inside Korea was flown by CATCL, which soon boasted assets of some \$5.5 million, and income in the order of from \$6 to \$12 million a year (*Colliers*, 11 August 1951, p. 35).
16. Cleveland Amory, *Who Killed Society?* (New York: Pocket Books, 1960), p. 202.
17. One indication of this mutual advantage between political and economic concerns is the later convergence in the board of one enterprise (Cuno Engineering) of former CIA Director Beidel Smith, of his deputy director Murray McConnell, and of McConnell's successor Walter Reid Wolf who was involved in setting up CAT Inc.
18. *New York Times*, 5 April 1970, pp. 1, 22. Air America pilots, like Lockheed's U-2 pilots, are mostly recruited from the USAF, and are said to have the same rights of return into the USAF at the end of their "civilian" tour.
19. Transamerica Corp., the Giannini holding corporation, was in the late 1940's the largest stockholder in both banks, owning about 9 percent of Citibank, and 22 percent of the Bank of America.
20. *New York Times*, 8 April 1960, p. 62; US Congress, House, Committee on Armed Services, Special Subcommittee on National Airlift, *Hearings*, 86th Cong., 2nd Sess. (Washington: G.P.O., 1960), pp. 4616-50, 4730-34. The President of Pan Am testified that his company would have to release 300 pilots during the next six months "if traffic—other than normal civil traffic—doesn't become available." It has been noted that the Congressional compromise between the Pentagon and the commercial airlines contained "no recommendation about what to do if the combination of more strategic airlift and continuing guarantees to the (airlines) industry produced too much airlift in nonwar situations" (Frederick C. Thayer, *Air Transport Policy and National Security*, Chapel Hill, N.C.: University of North Carolina Press, 1965, p. 225). Thanks to the Laotian airlift and war, that problem was not faced.
21. Angus McDonald and Al McCoy, "Pan Am Makes the Going Great," *Scanlan's* (April 1970), p. 53. In 1961 Pan Am's Atlantic competitor, TWA, lost \$38 million. In 1962 Pan Am's total air cargo load rose 500 percent, thanks in part to the airlift in that year of US troops to Thailand.
22. Ed Reid, *The Grim Reapers* (Chicago: Henry Regnery, 1969), p. 219; Wallace Turner, *Gamblers' Money: The New Force in American Life* (Cambridge, Mass.: Houghton Mifflin, 1965), pp. 10, 274.
23. George A. Dole, Chief Executive Officer of Air America, Amos Hiatt, Treasurer, and Hugh Grundy, President of Air Asia, all were recruited from Pan Am and its foreign subsidiaries; just as William Pawley had worked for Pan Am's China subsidiary CIAC before setting up the *Plympton* in 1941. One also notes that the "American Pilots for Laos" who volunteered in response to the 1959 Laos "invasion" were recruited by Clifford L. Spoor, a "major in the Air Force Reserve and civilian employee at Fort Huachuca, Arizona" (*New York Times*, 27 September 1959, p. 16).

Pan Am has a contract at Fort Huachuca to conduct highly secret "electronics weapons" research for the USAF.

24. J. T. McAlister, *Vietnam: The Origins of a Revolution* (New York: Knopf, 1969), p. 228; cited in David Feingold, "Opium and Politics in Laos," in Nina Adams and Al McCoy (eds.) *Laos: War and Revolution* (New York: Harper, 1970), p. 335.

25. George Thayer, *The War Business* (New York: Simon and Schuster, 1969), p. 158, emphasis added. Even the US Government *Area Book for Thailand* (Washington: G.P.O., 1968), records of the KMT troops that "Their principal income allegedly comes from serving as armed escort for the opium caravans moving southward" (to Bangkok) (p. 454).

26. G. William Skinner, *Chinese Society in Thailand: an Analytical History* (Ithaca, N.Y.: Cornell U.P., 1957), p. 289.

27. UN Document E/CN.7/213 (communicated by the US Representative), 17 November 1950, p. 9.

28. E.g., statement of Harry J. Anslinger, then US Commissioner of Narcotics, before the Senate Committee on the Judiciary, *Illicit Narcotics Traffic, Hearings, 84th Cong., 2nd Sess.* (Washington: Government Printing Office, 1955), p. 13; U.N. Document E/CN.7/394, 29 April 1960, p. 2.

29. US Congress, Senate, Committee on the Judiciary, *Narcotic Control Act of 1956, Hearing, 84th Cong., 2nd Sess., 4 May 1956*, p. 34. Before the Tenth (1955) session of the UN Narcotics Commission, the US representative noted that from 200 to 400 tons of opium were imported annually south into Thailand across the Burma-Laos border, of which only 100 tons were consumed in Thailand itself (UN Document E/CN.7/303/Rev. 1, p. 34).

30. UN Commission on Narcotics Drugs, *Report of the Ninth Session* (1954), E/CN.7/283, p. 22.

31. UN Commission on Narcotic Drugs, *Report of the Thirteenth Session* (1958), E/CN.7/354, p. 26, cf. p. 22; *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 19, cf. p. 18.

32. UN Commission on Narcotic Drugs, *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 18.

33. UN Commission on Narcotic Drugs, *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 15.

34. *San Francisco Chronicle*, 4 September 1970, p. 1. *Free China and Asia*, a journal published by the KMT agency responsible for chartering the CAT flights, gave details of Yunnan military operations and wrote of "plans to rise up in coordination with the efforts of the Tibetans against the Communist rule, particularly those in Yunnan and Sikang" (*Free China and Asia*, June 1959, p. 21; cf. January 1959, p. 10).

35. Wilfred Blythe, *Impact of Chinese Secret Societies in Malaya* (London: Oxford U.P., 1969), pp. 190, 250.

36. Cf. (e.g.) UN, Committee on Narcotic Drugs, *Report of the Seventeenth Session*, E/CN.7/432, p. 15.

37. Blythe, pp. 449, 441.

38. Blythe, pp. 441-42.

39. William Skinner, *Chinese Society in Thailand, An Analytical History* (Ithaca, N.Y.: Cornell U.P., 1957), pp. 120-21.

40. Skinner, p. 337.

41. UN Document E/CN.7/210, 3 November 1950, p. 3.

42. H. R. Isaacs, *The Tragedy of the Chinese Revolution* (Stanford, Cal.: Stanford U.P., 1951), pp. 81, 142-46; Y. C. Wang, *Journal of Asia Studies*, May 1967, p. 437; Blythe, pp. 28-29, 21.

43. UN, Commission on Narcotic Drugs, *Report of the Eighteenth Session*, E/CN.7/455, p. 10.

44. Will Oursler and L. D. Smith, *Narcotics: America's Peril* (Garden City, N.Y.: Doubleday, 1952), p. 87.

45. E/CN.7/394, 29 April 1960, p. 8.

46. Ross Y. Koen, *The China Lobby in American Politics* (New York: Macmillan, 1960), p. 10.

47. Joseph Keady, *The China Lobby from Woodrow Wilson to Dwight D. Eisenhower* (New York: Basic Books, 1969), p. 140, emphasis added.

48. Michael Straight, "Corruption and Chinese Katchab," *New Republic*, 8 October 1954, p. 12.

49. *New York Times*, 6 February 1961, p. 9; *Singapore Straits-*

Times, 20 February, 1961, p. 1.

50. APACL—*Its Growth and Outlook* (Taipei: APACL, 1960).

51. *Christian Science Monitor*, 16 June 1970, p. 8; cf. 29 May 1970, p. 14: "Clearly the CIA is cognisant of, if not party to, the extensive movement of opium out of Laos. One charter pilot told me that 'friendly' opium shipments get special CIA clearance and monitoring on their flights southward out of the country. The same source alleged two or three flights without this 'protection' crashed under mysterious circumstances."

52. US Note of 29 April 1960 to UN Commission on Narcotic Drugs, E/CN.7/394, p. 2.

53. E/CN.7/394, p. 1; *Free China and Asia*, January 1959, p. 10.

54. Bernard Fall, *Anatomy of a Crisis* (Garden City, New York: Doubleday, 1969), p. 99.

55. The Thai police favoritism shown the KMT during 1952-1954 had been disavowed in 1956; and Prime Minister Phibun stated at a public press conference, "The Kuomintang causes too much trouble: they trade in opium and cause Thailand to be blamed in the United Nations" (Skinner, p. 343). The next year Phao was ousted from power by the present military rulers of Thailand, amid reports that Phao, "a sort of local Beria... ran the gold exchange and opium trade" (*New York Times*, 6 November 1957, p. 34).

56. UN Commission on Narcotic Drugs: *Report of the Seventeenth Session* (1962), E/CN.7/432, p. 11.

57. APACL, *Free China and Asia* (October, 1959), p. 14.

58. *Free China and Asia*, October 1959, p. 31.

59. In fact Vcha Akhat was little more than a front for the Nationalist Chinese airlines from which it chartered six planes and pilots. On 19 February 1961, four days after the CAT/FCRA

plane was shot down by the Burmese, a Vcha Akhat C-47 leased from a Taiwan company was shot down over Laos; four of the six personnel aboard were said to be Nationalist Chinese officers. (*Bangkok Post*, 22 February 1961, p. 1; *Singapore Straits Times*, 22 February 1961, p. 3). The same year Taiwan's second airline, Foshing, reported a decrease in its air fleet from three C-47's to two. Foshing Airlines was headed by Moon Chin, a former Assistant Operating Manager of Pan Am's China subsidiary, CNAC, under William Pawley.

60. *Bangkok Post*, 18 April 1964.

61. *San Francisco Chronicle*, 16 August 1971, p. 12.

62. It is striking that in 1961, when the CIA inaugurated covert air operations from Saigon against North Vietnam, it spurned the available planes and facilities of CAT at Saigon's Tan Son Nhut airport and set up a new, unrelated "proprietary," "Aviation Investors, Inc.," d/b/a/ Vietnam Air Transport. Vietnam Air Transport is said to have hired Nguyen Cao Ky, then fired him after learning that he used his "Operation Haylift" flights as a cover for opium-smuggling from Laos to Saigon.

63. Stanley Karnow once named a "debonaire, pencil-moustached Corsican by the name of Bonaventure Francisci" as one of the top opium-runners in Laos ("The Opium Must Go Through," *Life*, 30 August 1963, p. 12). The Francisci family has been linked to the Spirito-Venturi arm of the Corsican mafia in Marseilles, which in turn reaches to America through Syndicate associate Vincent Corroni of Montreal (US Congress, Senate, Committee on Government Operations, *Organized Crime and Illicit Traffic in Narcotics, Hearings, 88th Cong., 2nd Sess.*, Washington, G.P.O., 1964, pp. 956, 961; cited hereafter as *Narcotics Hearings*.) This Corsican traffic dates back at least to the 1950's, according to Martin Pera, a senior Narcotics Bureau official: "When French Indochina existed, there were quantities of opium that were shipped to the labs... around Marseilles, France, to the Corsican underworld there, and then transhipped to the United States" (US Congress, Senate, Select Committee on Improper Activities in the Labor or Management Field, *Hearings, 85th Cong., 2nd Sess.* (Washington: G.P.O., 1959), p. 12225 (cited hereafter as *McClellan Hearings*)).

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64. In 1965 Bird's air fleet was sold to Continental Air Services, a newly created subsidiary of Continental Air Lines headed by Robert Rousselot, a CAT and Air America veteran. The sale price was said to have been over \$1 million (*Wall Street Journal*, 23 August 1965, p. 20; Continental Airlines, *Annual Report*, 1965, p. 13; *New York Times*, 27 August 1964, p. 6).
65. US Congress, House, Committee on Government Operations, *US Aid Operations in Laos*, House Report No. 546, 86th Cong., 1st Sess. (Washington: Government Printing Office, p. 1959), p. 2; *Hearings*, p. 327; *New York Times*, 24 March 1959, p. 19.
66. *New York Times*, 2 February 1962, p. 8.
67. Stanley Karnow, *Washington Post*, 16 March 1970, A10. Theodore Sorenson records that "Chiang was . . . vexed with Kennedy . . . over our quiet pressure for the removal of his foraging force from Burma" (*Kennedy*, New York: Harper, 1965, p. 661.) The KMT lobbied publicly for these troops to be given the job of stopping communism as a "volunteer force" in Laos (*Free China and Asia*, December 1960, pp. 5-6); and were supported in the USA by elements in the Pentagon and American Security Council (including Admiral Felix Stump, Air America's Board Chairman). Western Laos was the area of the celebrated "opium battle" of July 1967, between 800 KMT troops and the forces of the opium-smuggling Laotian general Ouane Rathi-koune, who also figures prominently in the Laotian invasion fraud of September 1959; *San Francisco Chronicle*, 16 August 1971, p. 12; Feingold, in Adams and McCoy, *Conflict in Laos*, p. 323; Frank Browning and Banning Garrett, "The New Opium War," *Ramparts*, May 1971, p. 34.
68. *New York Times*, 19 March 1964, p. 4; *Bangkok Post*, 20 March 1964; *New York Times*, 27 August 1964, p. 6; *South China Morning Post*, 22 June 1964, p. 1; *Saturday Review*, 11 May 1968, p. 44.
69. *McClellan Hearings*, pp. 15262-72.
70. Hank Messick, *Lansky* (New York: G. P. Putnam's, 1971), p. 89. In 1968 Citibank refused to produce a \$200,000 certificate of deposit which had been subpoenaed in an investigation of stock fraud. (*New York Times*, 1 December 1969, p. 42).
71. *New York Times*, 13 May 1950, p. 34.
72. Pawley, on the advice of President Roosevelt and Toramy Corcoran, set up the Flying Tigers under a secret presidential executive order, exempting him from the neutrality provisions of the US code (Anna Chan Chennault, *Chennault and the Flying Tigers*, New York, P. S. Eriksson, 1963, pp. 76-83). In 1949 Pawley petitioned the State Department to secure similar authorization for the Commerce International (China) mission, but was turned down (US Congress, Senate, Committee on Judiciary, *Communist Threat to the United States through the Caribbean, Hearings*, 86th Cong., 2nd Sess., testimony of William D. Pawley, 2 September 1960, p. 729). Admiral Charles Cooke, later a member of the American Security Council, proceeded anyway.
73. *Washington Post*, 9 September 1951, A1, AS; reprinted in Congressional Record, Senate, 10 September 1951, p. 11066-67; *Reporter*, 29 April 1952, pp. 10-11; Koen, p. 50.
74. T. A. Wise, "The World of Alexander Guterma," *Fortune*, December 1959, p. 160. Also figuring in the Guterma scandals were Matthew Fox, a former registered lobbyist for Indonesia with possible CIA connections (Chester Cooper, *The Lost Crusade*, New York, Dodd Mead, 1970, p. 52), and William Brann, a former intelligence agent. Guterma himself came from Shanghai and the Philippines, and used Philippine capital to launch himself into Florida land development.
75. Through Chesler's Seven Arts Productions, Ltd.; of Messick, *Lansky*, p. 228; Ed Reid, *The Grim Reapers*, p. 107.
76. Messick, *Lansky*, p. 211.
77. *McClellan Hearings*, p. 12246.
78. The company's president was an officer for the realty investment interests of Lindsey Hopkins, Jr., himself an officer of CIA proprietaries in Miami (e.g. Zenith Enterprises and Melmar, Inc. in the 1960's). As a director of Sperry Corp. and its subsidiaries, Hopkins had been linked to William Pawley's establishment of the Flying Tigers in 1941 (through a Sperry subsidiary, Intercontinent Corp.). Through the Carl G. Fisher Corporation, Hopkins inherited a fortune in Miami Beach hotels, and took part in the post-war land boom in the Bahamas. One of his business associates, the former singer Morton Downey, was also involved in a Las Vegas casino.
79. *New York Times*, 1 December 1969, p. 42.
80. *New York Times*, 14 August 1959, p. 11; Messick, *Lansky*, p. 268. Allan Dorfman, whose friendship with Hoffa helped win the Teamsters' insurance contract for US Life in 1950, has recently been indicted for accepting kickbacks on Teamster loan to the Neisco Corp. (*San Francisco Chronicle*, 15 July 1971, p. 5). Neisco's Chairman G. A. Horvath was Board Chairman and principal owner of the Miami National Bank in 1964.
81. The Thai King's general counsel in New York from 1945 to 1950, Carl O. Hoffmann of OSS, is today Board Chairman of the First Florida Resource Corp.
82. Reid, *Grim Reapers*, pp. 225-26.
83. Reid, *Grim Reapers*, p. 296.
84. Messick, *Lansky*, p. 241.
85. In March 1970, for example, Air America flew in several hundred Thai troops to defend the CIA's Meo outpost at Camp Utopia (*New York Times*, 5 April 1970, p. 24) (*Flight International*, 10 April 1970).
86. Bill Boardwell, "Hoffmann: The Hunter of Supply," *Life*, 6 public, 24 and 31 July 1971, p. 24. "Smoking down the Turkish opium route . . . is likely to do no more than drive the industry further east."

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