

C.I.A. Is Reported Trying To Sell Interest in Airline

Southern Air Transport, a Miami-Based Charter Company, Had Done Work for the U.S. Military in Vietnam

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WASHINGTON, Aug. 28 —The Central Intelligence Agency is secretly trying to sell its controlling interest in a charter airline, Southern Air Transport, knowledgeable officials said today.

A member of the Miami-based company, which operates three Lockheed Hercules transports, said in a telephone interview that Southern Air Transport had done contract work for the United States Military Assistance Command in Vietnam. He asked not to be identified.

There is also some evidence that the charter airline performed some clandestine missions for the intelligence agency in the Caribbean area, specifically to Haiti.

The sale of the 26-year-old airline to Stanley G. Williams is currently before the Civil Aeronautics Board's administrative law judge, Milton Shapiro.

Mr. Williams, a former Navy man, joined the airline in 1949 and became its secretary-treasurer. Now, as president and direction, he is seeking 100 per cent ownership for \$5.1-million.

Nominal Sellers

The nominal sellers are a Washington businessman, Perkins McGuire, and Percival Flack Brundage, also of Washington. Mr. McGuire was an assistant Secretary of Defense and Mr. Brundage a director of the Bureau of the Budget under President Eisenhower.

After six days of secret hearings before Judge Shapiro last June, representatives of four charter airlines competitive with Southern alleged that Mr. McGuire and Mr. Brundage were merely acting for the Central Intelligence Agency. Neither man could be reached for comment this evening.

Officials familiar with the charter airline business said the four companies contesting the sale of Southern to Mr. Williams resented what they regard an unfair competition from Government interests.

They noted that Southern was awarded a choice route across the Pacific Ocean in 1966 even though its presentation was, in the words of a former C.A.B. official, "substantially different" and less well documented than those of many other airlines bidding for the route.

Air America Operation

The award to Southern was evidently made as a requirement of national security. The President of the United States has the ultimate authority to award foreign airline routes on this basis, it was noted.

It appears that the Central Intelligence Agency decided to pick up Southern Air Transport in 1960 in part as an adjunct to its operation known as Air America, which carried out numerous clandestine operations in Indochina, particularly in Laos, during the nineteen-sixties.

Southern's attorney in the case pending before the C.A.B. is James H. Bastian, who is also on the board of directors of Air America.

The 1972-73 District of Columbia telephone book lists both Air America and Southern Air Transport offices as being at 1725 K Street N.W. but a caller was told that Southern had recently closed its Washington quarters and could now be reached at the Miami International Airport.

'National Interest'

Mr. Bastian said on the telephone that he had requested secret sessions in the Southern transaction before the C.A.B. on the ground of "national interest."

But an official of the authority said that all parties at access to all of the information in the case. He indicated that the representatives of competing companies had broken oaths of secrecy in disclosing the intelligence agency's involvement.

Among the companies contesting the sale is Overseas National Airways of New York.

Asked for comment on an article in today's Wall Street Journal dealing with the Southern Transport Case, a representative of the intelligence agency said, "Nobody here feels it is appropriate to discuss it."

Mr. Williams, 52 years old, the president of Southern, was described by company associates as being out of town and unavailable for comment.

However, a man familiar with Southern operations said he was aware the 120-member charter company did fly missions to "certain areas" of Indochina from the Philippines in the past.

Federal Contracts

He added that Southern had also been given contracts by the Agency for International Development to carry relief supplies to Bangladesh last year, and in recent months to the drought-stricken inhabitants of the western Sahara region in Africa.

Southern Air Transport's connection with Air America appears to have involved money as well as personnel, judging from the C.A.B. hearings.

Air America is said to have lent Southern \$1.7-million in 1960 to buy two Douglas DC-6 aircraft from it. That was about the time Mr. McGuire and Mr. Brundage appeared in the ownership of Southern. In 1966 Air America lent \$5.7-million to Southern.

Southern has also received money from a company called Actus Technology, which is said to be owned and managed by Mr. Williams, Mr. Brundage and Mr. McGuire.

"They are all part of the C.I.A. old boys' club," a charter airlines official said.

The auditing firm for both Air America and Southern is Coopers & Lybrand, the same New York-based international accounting firm that analyzed President Nixon's purchase of his property at San Clemente, Calif.