

Aircraft Firm Says CIA Used It as Cover

10/8/76
By Thomas O'Toole
Washington Post Staff Writer

A maker of small aircraft that can take off and land on tennis courts has charged the Central Intelligence Agency with illegally using its name as a cover to conduct covert operations and assassinations overseas.

General Aircraft Corp. of Bedford, Mass., made this charge and others in a \$25 million claim for damages it filed yesterday with the CIA.

The company claimed the CIA used its name without its knowledge to cover up overseas activities of CIA personnel and agents.

These activities and their resulting notoriety, which attached to General

Aircraft, made it impossible for the firm to sell its airplanes to the countries where the CIA operated, the company charged.

The CIA declined to comment on the company's charges.

In the 1960s, General Aircraft said, its sales agents were about to close the sale of a large number of its planes to the Congo after face-to-face talks with then Congolese Premier Moise Tshombe. At the same time, General Aircraft charged, the CIA had agents in the Congo posing with forged documents as sales agents for Helio Aircraft, a General Aircraft subsidiary.

"Such cover was used by these

agents to carry on illegal and immoral activities which resulted in the death of government officials in the Congo and the fall of the existing government," General Aircraft charged in a 22-page claim delivered yesterday to CIA Director George Bush. "These activities came to the attention of the Congo government and immediately resulted in the expulsion of Helio and its legitimate employees from any further operations."

General Aircraft said the Helio name also served as cover for CIA agents in Thailand, Vietnam, Laos and Cambodia whose activities "involved the smuggling of illegal drugs, the

See AIRCRAFT, A21, Col. 4

AIRCRAFT, From A1

murder of indigenous people and clandestine operations against existing governments or guerrilla movements."

"Such activities, when identified by the relevant governments," General Aircraft claimed, "resulted in the immediate and permanent exclusion of Helio's legitimate personnel from those countries."

The firm said that Helio was approached in 1962 by a CIA-operated airline wanting Helio to turn over its worldwide selling operations to the CIA airline. Helio refused, the claim said, but the CIA and five airlines owned by the CIA went ahead and carried on activities "in Helio's name and without Helio's knowledge."

General Aircraft's Helio subsidiary has been making STOL (short takeoff and landing) planes for more than 20 years. It makes two basic models, the Courier and the Stallion. The Courier is smaller and is powered by a single twin-bladed propeller. The Stallion is driven by a large turboprop engine.

Both planes fly on a single high wing patented by Helio that allows the plane to fly as slow as 30 miles an hour without stalling. This means that the plane can land and take off from the tiniest places. Pilots in Vietnam have said they literally stopped the Courier in the air by pointing it into the wind.

One of the first customers for the Courier was the CIA, which first bought a plane from Helio in 1954. The purchasing agent was the Air Force, which said it has bought 130 Courier airplanes for the CIA. For itself the Air Force bought 23 Stallions, which it armed with cannon and machine guns and used in combat in Vietnam.

When the CIA began buying the Courier, it "insisted" that Helio hire a law firm "cleared by the agency" to work out the legal aspects of the sales, General Aircraft said, adding that Helio agreed to this arrangement, which it now says it regrets.

"At all times while advising Helio, such counsel was either employed by or in direct communication with the CIA and at such times owed primary allegiance to the CIA," General Aircraft charged. "Such relationships created a conflict of interest, which was manifested by advice to Helio erroneous in fact and law, and known to be so by such counsel."

The General Aircraft claim does not identify the law firm in question, but sources said it was Baker & McKenzie. General Aircraft Chairman Robert B. Kinmach confirmed that Baker & McKenzie was General Aircraft's law firm for at least 10 years.

A former vice president of Helio said a Baker & McKenzie lawyer gave advice to him in Lima while he tried to sell the Courier to Peru. The ex-vice president said he rented office space in Washington from Baker & McKenzie, which has law offices in most of the world's major cities.

General Aircraft also charged that the CIA built copies of the Courier at a factory the CIA had in Taiwan and sold the copies to earn money for its covert operations. General Aircraft charged that this factory made spare parts for Courier planes without any license to do so from Helio or General.

"The CIA and its proprietaries operated manufacturing facilities and built essentially complete Helio air frames to support clandestine air

transport networks throughout South-east Asia to earn revenues which could be sequestered from government and public knowledge," General Aircraft alleged.

The firm also charged that many parts and planes made by the CIA on Taiwan were defective, causing the company further harm. The firm said deficiency and failure reports built up in Federal Aviation Administration records, "spreading false information about their structural design throughout the industry."

General Aircraft last week sold its plant at Pittsburg, Kan., where it built Courier and Stallion aircraft. It said it is near bankruptcy mainly because CIA interference cost it sales in Laos, Vietnam, Cambodia, Thailand, Peru, Nepal, the Philippines, Micronesia and in Africa south of the Sahara.

W Post
10/8/76