

C.I.A. Airline Linked to Role in Caribbean and Congo

By DAVID BINDER

Special to The New York Times

WASHINGTON, Aug. 31—Southern Air Transport, the charter airline owned by and operated largely for the Central Intelligence Agency, appears to have performed extensive paramilitary missions in the Congo and the Caribbean in addition to Indochina aviation officials said today.

An informant familiar with some of Southern's operations over the last two decades said that the small charter operation had "two parts" after mid-1960. One involved ordinary commercial runs, transporting cattle and chickens around the Caribbean, and the other was committed mainly to military cargo missions, he said.

Another informant close to Southern's operations said "Wherever the action was, we were there." He spoke of operations in the Congo in 1961 during the turmoil resulting from the secession of Katanga Province and of troubles in Venezuela and Bolivia after Fidel Castro's takeover in Cuba. In those days Southern was flying DC-6 transports.

The C.I.A.'s connection with Southern apparently began in August, 1960, when two former Government officials bought controlling interest in the airline for a reported \$260,000. They were Edwin Parkin McGuire and Percival Flack Brundage.

Mr. McGuire, 58 years old, was Assistant Secretary for Defense for international security affairs from 1954 to

1956, and Mr. Brundage, 81, was Deputy Director of the Bureau of the Budget at the same time.

Charter airline industry sources say both men acted for the C.I.A. in the 1960 deal.

Transaction Pending

Now the two are named in documents filed with the Civil Aeronautics Board as sellers of a \$5.1-million controlling interest of the Miami-based airline to Stanley G. Williams, 52, the company president and director. The transaction is pending before the board, which held six days of secret hearings on the deal in June.

An airline man who worked for Southern said the C.I.A. was divesting itself of its control of the charter airline "because Uncle Sam is scaling down involvement in Southeast Asia." He remarked that Air America, another airline owned by the C.I.A. and operated throughout the nineteen-sixties in Laos and elsewhere in Indochina on behalf of the agency, was also sharply reducing its activity.

"Air America is cutting back to the bone," he said.

For a time, he went on, Southern Air Transport's Asian operations were growing rapidly and it maintained bases at Tainan, Taiwan, and at Okoda, Japan. These were closed down last year, he said. Another charter airline that dropped out of the Asian military transport business was said to be Airlift International.

Around Miami International Airport, where Southern has

its "Atlantic headquarters," the charter airline's pilots are "known for their discretion, their good pay and their long flying hours—up to 16 hours for flight," a charter official said. A Miami-based pilot said, "Everybody knows Southern was doing spook stuff."

It appears that Southern kept its commercial operations strictly separated from its missions on behalf of the C.I.A.

"If someone else is my boss, I'd like to know," a Southern employe said by telephone from Miami. "I don't know who I am working for except Southern Air Transport. At this point, I feel we may have a problem about ownership."

Stanley G. Williams, the president and would-be purchaser of Southern, was reached this afternoon at the office of his Washington lawyer, James H. Bastian.

Mr. Williams, who owns a one-third interest in the airline, said that Southern's activities were "entirely commercial" at this stage, and that it was operating three Lockheed Hercules transport planes.

Asked about Southern's past, he said:

"In view of proceedings before the Civil Aeronautics Board, it is not appropriate to comment. It really do not have any other comments for you."

However, Mr. Williams did specify that one of Southern's new commercial projects involved transporting oil exploitation equipment for Texaco to the Sub-Saharan region of Africa, starting this autumn.

Southern is planning to establish rest and recreation facilities for its Africa personnel at Las Palmas in the Canary Islands and to fly out of Mauritania, using DC-6 transport craft again.

The transaction before the C.A.B. has attracted wide and critical interest among competitors in the airline charter field because of suspicions that Southern's C.I.A. connection gave and still gives it unfair advantages in route assignment and Government contracts.

Choice airline seats overseas are in short supply this autumn, before the C.A.B. some of them for a duration of more than five years, according to industry officials. This has made the Southern case even more controversial, they said.

A spokesman for Overseas National Airlines, one of the competitors, said today that his concern was opposing the Southern transaction "because it is owned by the C.I.A. and has been unfair competition."

"We all want the trans-Pacific route," he said, referring to a route certificate awarded Southern in 1966 by the C.A.B.

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

By DAVID BINDER

Special to The New York Times

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 Federal Aeronautics Board's administrative law judge, Milton Shapiro.

Mr. Williams, a former Navy man, joined the airline in 1966 and became its secretary-treasurer. Now, 28, president and director, he is seeking 100 percent ownership for \$3.1 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 Federal 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 in an attempt to replace a failed 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, appearing before the C.A.B. is James H. Bantier, 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 call was told that Southern had recently closed its Washington quarters and could now be reached at the Miami International Airport.

National Interest

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

But an official of the case, who said that all parties had access to all of the information in the case, indicated that the representatives of competing companies had broken vows 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 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 1966 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 Atlantis Technology, which is said to be owned and managed by Mr. Williams, Mr. Brundage and Mr. McGuire.

Of all parties on the C.A.B. bid board, 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.