

Vinnell, Its Viet Work Past, Tries Saudi

Rebound



The headquarters of the Vinnell Corporation last week in Alhambra, Calif. The New York Times/David Strick



Cover of a Vinnell magazine showing involvement in Asia

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ALHAMBRA, Calif., Feb. 23 — "Interesting, impressive, challenging are the words that best describe the Vinnell projects in Vietnam."

So heralded the Vinnell Corporation's magazine in the spring of 1969, referring to construction and "technical services" projects that have generated \$200-million in Defense Department contracts for the company since 1957. But now the 44-year-old closely held contracting concern has embarked on another interesting project that is not so eager to discuss a \$77-million contract to train Saudi Arabian troops to protect oil fields and per-

haps ultimately engage in tactical warfare.

Since disclosure of the contract (which was set up through the Defense Department) on Feb. 9, Vinnell has become the center of a controversy on whether American firms should train foreign military forces.

Threatening Calls

The contract has also sparked speculation that Vinnell has ties to the Central Intelligence Agency. However, the company denies it. Vinnell, despite its intense activity in Viet Nam, has not previously been the object of protests because it took a low profile and because it's a privately held company in contrast to such concerns as Dow

Chemical, information on its activities was much less readily available to antiwar activists.

A spokesman for John F. Hammill, Vinnell's president, said the 47-year-old executive had to change his phone number because of threatening calls he had received. Mr. Hammill now declines to be interviewed.

Founded in 1931 "with two dump trucks" and incorporated in 1945, Vinnell saw its growth for years paralleling the development of the Los Angeles freeway system. Now Vinnell is in the midst of an attempted corporate reorganization after having lost money in four of the last five years.

Indeed, the Saudi contract

has arrived at a time of considerable difficulty for the company.

These trying days are a far cry from Vinnell's period of brisk activity in the foreign sphere, particularly in Asia. Its first overseas job was moving material from Guam and a number of other South Pacific islands to aid Chiang Kai-shek in his attempt to defeat Mao Tse-tung in 1946, said William Hilger, Vinnell's corporate secretary, in a telephone interview. He has been with the company 33 years.

Office in Shanghai

Vinnell opened its first Asian office in Shanghai in 1946. Then it built air strips in Okinawa, Taiwan, Thailand, South Vietnam and Pa-

kistan. Vinnell also taught workmen how to run heavy duty machines in Ceylon and Iran.

The company had a force of 1,000 men operating and maintaining an air force facility at Dharabm, Saudi Arabia, for five years until the Saudi Government terminated the agreement a few years ago.

Vinnelli got its first Vietnam contract for airfield construction in 1957. In 1958 it built four Nike-Hercules bases on Taiwan in less than 50 days. The following year the company was nominated for an award by the American Society of Civil Engineers for work on Atlas and Thor

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launching facilities at Vandenberg Air Force Base in California.

By the mid-1960's Vinnell had operations in Vietnam and employed 5,000 people there. According to corporate reports, by December, 1972, the company had "repaired in excess of 85,000 tactical vehicles, 29,000 units of engineering construction equipment and 4,000 vessels; rebuilt over 112,000 components including more than 12,000 engines; handled over 15 million tons of stevedoring warehousing, and retreaded over 250,000 tires."

Vinnell also noted that it had built 33 power plants, from Danang in the north to the Mekong delta in the south, had installed and operated 11 power barges, utilizing tankers from World War II, and had constructed more than 1,500 miles of primary and secondary power distribution systems.

Since then, however, time and the vagaries of the contracting business have taken their toll.

Last month Vinnell filed a reorganization plan with the California Department of Corporations whereby voting control would be sold for about \$500,000.

This doesn't sound like a great deal, industry observers say, considering that Vinnell has been listed by Engineering News Record, a trade publication, as one of the nation's 400 top contractors in each of the last 10 years. It achieved its highest rank of 34th in 1966 as a result of being awarded \$152.3-million in contracts that year. In 1973, the latest year for which figures are available, Vinnell ranked 138th with awards of \$66.3-million.

The company's founder, Albert S. Vinnell, died in 1969. The heavy construction work that was the keynote of the company's early successes, including freeways, dams, bridges and the Los Angeles Dodgers' stadium, has declined markedly since then. According to papers on file with the Department of Corporations, Vinnell currently "has a serious working capital problem."

A Row of Losses

In the 10 months ended last Oct. 31 Vinnell had a loss of \$366,094 following losses of \$1.7-million in 1973, of \$992,859 in 1972, of \$1.3-million in 1971 and of \$779,169 in 1970. The company showed a pre-tax profit of \$65,323 for 1969, but this was only after an extraordinary credit of \$1.6-million from insurance proceeds it received it received after the death of Mr. Vinnell.

Under the proposed recapitalization, 351,300 shares of new stock are to be issued, and there is to be a 1-for-3 reverse stock split, which will reduce ownership by the nonprofit Charter Oak Foundation, operator of a psychiatric hospital, from 85 per cent to 28 per cent. The foundation was given the stock Dec. 31 by the Vinnell Foundation, which had been created by Mr. Vinnell.

One of the proposed investors is Ghassan I. Shaker of Beirut, Lebanon, described as president of the Banque de Libana et d'Outre-Mer. His investment in the \$500,000 worth of new stock would be \$125,000.

Additional Stock

Pauline Vinnell, the founder's widow, also plans to invest \$1-million in new preferred stock, without voting rights, under the proposed recapitalization. And a new issue of preferred stock would be exchanged with the Bank of America for \$1.6-million of the more than \$10-million of Vinnell debt held by the bank, according to papers at the Department of Corporations.

The documents say the company is also planning to sell remaining assets in a mining subsidiary to obtain about \$1-million that is needed in addition to proceeds of the stock sale.

Vinnell's backlog of uncompleted contracts was about \$36-million on Oct. 31.

The Saudi Arabian contract will add at least \$64-million to that figure plus 13-million more if certain future awards are received. Vinnell, with the aid of a former Army colonel, James D. Holland, who lost an eye in Vietnam, will provide 1,000 Special Forces veterans to train King Faisal's 26,000-man Royal Palace Guard.

Divisions Abolished

The documents on file also note that Vinnell's share of losses on nearly completed joint venture work on the Grand Coulee hydroelectric project totals about 5.8-million.

In recent years, the company has discontinued six of its areas of activity: the building division, highway division, the Vinnell Steel Corporation, a Mexican construction subsidiary, an Arizona street paving operation and a Philippines construction unit.

"Al Vinnell did everything himself," commented a man who has been close to the company for more than 10 years. "He didn't delegate and he didn't develop a good cadre of middle-level management, so the company has suffered in the last five years. It has always

been under-capitalized."

Mr. Vinnell's company started as primarily a dirt-moving enterprise. He won his first highway job in 1935, a \$27,000 contract from the State of California to build an entrance road at Camarillo Hospital. This led to a series of freeway jobs, which culminated in a \$9.6-million 1960 contract to link the Golden State Freeway to the Pasadena Freeway.

Dam Projects Won

The company got a number of large dam-building contracts in the nineteen-sixties in California and Washington, including a \$112-million joint venture in 1969 for the third phase of the Grand Coulee Dam. However, Vinnell's project manager "didn't have the capability to run such a large project and he is no longer with the firm," said one of Vinnell's lawyers.

Perhaps Vinnell's most successful domestic venture was the construction of Dodger Stadium. This was done by Vinnell Constructors, a subsidiary partly owned by H. Jack Yount, who managed the project. The \$24-million job was personally negotiated by Mr. Yount with the Dodgers' owner, Walter O'Malley.

Mr. Hammill, who became the Vinnell Corporation's chief executive in December, had had considerable experience in its "technical services" work in Vietnam, its

most profitable line in recent years.

Vinnell now employs 2,500 persons, including about 50 at its three-acre headquarters in Alhambra. Its outside directors include an insurance executive and a retired vice president of the Bank of America.

Conflicting Stories

Some of Vinnell's activities in Southeast Asia seem somewhat murky. A spokesman at the Indochina Research Center in Washington, D.C., said there were reports that Vinnell personnel had done interpreting in interviews with Vietcong prisoners, but the company denied this.

The United States Government sued Vinnell in 1969, claiming \$348,619 damages for loss of "military supplies and foodstuffs" when the barge Mastodon I sank Dec. 29, 1966, in Vietnamese waters. The Government contended that Vinnell's work in towing the barge was "less than adequate." Ultimately the suit was settled for \$12,500, to be paid by the Army.

Vinnell is quite concerned about its new image as America's version of the French Foreign Legion. The company has always prided itself on getting along well with citizens of the foreign countries where it works. An article in the company magazine in the early nineteen-sixties proudly told of an orphanage the company had built in South Korea.