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THE WHITE HOUSE
WASHINGTON

October 11, 1976

MEMORANDUM FOR:

MIKE DUVAL

FROM:

EDWARD SCHMULTS 

SUBJECT:

Your Duties Over the Past Months



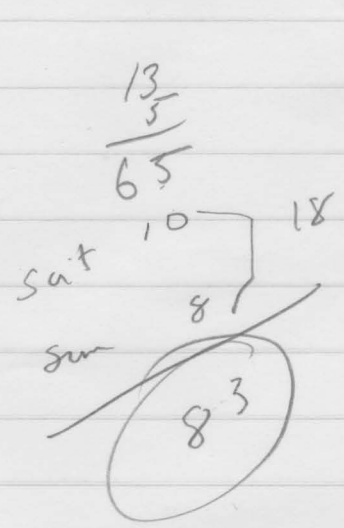
In view of the recent Evans and Novak column and today's article in The Washington Star, I think it would be useful if you provided to our office a brief memorandum outlining your duties over the last month. In particular, you should provide a breakdown of the amount of time you have spent on official duties and campaign related activities.

P.
I mentioned getting the EPB Agardas for Aug/Sent to A. any luck? M you have it...

week of

Hours of Mtgs on Debits
or Platform

Aug 2	-	EPD		7 hrs
Aug. 9	-	K.C.	Platform	—
Aug. 16	-	K.C.	Convention	—
Aug. 23	-	Unil		4 hrs
Aug. 30	-			12 hrs
Sept. 6	-			6 hrs
Sept. 13	-	Unil		10 hrs
Sept. 20	-			6 hrs
Sept. 27	-			3 hrs
Oct 4	-			(2 days in Calif)
Oct 11	-			3 hrs.



83
60
23

September 10, 1976

ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

Proposed Agenda

Monday, September 13, 1976

- | | |
|--|-------------|
| 1. Sugar Situation | Agriculture |
| 2. Report of Task Force on Services and the
Multilateral Trade Negotiations | Commerce |

Tuesday, September 14, 1976

- | | |
|---|-------|
| 1. Public Service Employment Bill | Labor |
| 2. Report of Task Force on Productivity | CEA |

Wednesday, September 15, 1976 EPB/ERC

- | | |
|--|-----------|
| 1. Assumptions for the September Troika II
Forecast | Troika II |
| 2. Clean Air Act Amendments | Gorog |
| 3. Dealers Day in Court | FEA |
| 4. Drilling Statistics on Oil and Gas
(Tentative) | FEA |

Thursday, September 16, 1976

- | | |
|--|---------|
| 1. Report of Task Forces to Improve Government
Regulation | MacAvoy |
| 2. Report of Task Force on Small Business | SBA |

∴

Friday, September 17, 1976

No Executive Committee Meeting



REVISED
August 23, 1976

ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

Proposed Agenda

Monday, August 23, 1976

No EPB Executive Committee Meeting

Tuesday, August 24, 1976 PRINCIPALS ONLY

- | | |
|--|----------|
| 1. Policy Initiatives to Deal with Structural and Induced Unemployment | Malkiel |
| 2. Tax Reform Bill | Treasury |

Wednesday, August 25, 1976 EPB/ERC

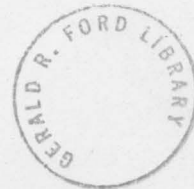
- | | |
|---|-----|
| 1. International Aviation Policy Statement | DOT |
| 2. Natural Gas Curtailments | FPC |
| 3. Post-1980 Automobile Efficiency Goals Report | DOT |
| 4. Lead Phase Down | EPA |

Thursday, August 26, 1976

No EPB Executive Committee Meeting

Friday, August 27, 1976

No EPB Executive Committee Meeting



ECONOMIC POLICY BOARD
EXECUTIVE COMMITTEE

Proposed Agenda

Monday, October 11, 1976

No Executive Committee Meeting

Tuesday, October 12, 1976

- | | |
|---|-------|
| 1. Maritime Policy | Labor |
| 2. Report of Task Force on Productivity | CEA |

Wednesday, October 13, 1976 EPB-ERC

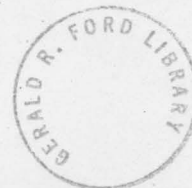
- | | |
|---|----------|
| 1. Shoe Industry Monitoring Report | CIEP |
| 2. Small Dollar Coin | Treasury |
| ✓ 3. Reduced Dependency Objectives (oil) | FEA |
| ✓ 4. Alaskan Natural Gas Legislation | FEA |
| ✓ 5. Report of Task Force on Small Business | SBA |

Thursday, October 14, 1976

No Executive Committee Meeting

Friday, October 15, 1976

No Executive Committee Meeting



✓ cancelled


THE WHITE HOUSE
WASHINGTON

October 15, 1976

MEMORANDUM FOR:

PHIL BUCHEN ✓

FROM:

MIKE DUVAL 

SUBJECT:

Claim against the CIA

Attached is a communication I received from the law firm of Sellers, Conner & Cuneo concerning a claim by the General Aircraft Corporation against the CIA.

I have no idea why this was sent to me.

I'm forwarding it to you for whatever action you deem appropriate.

Attachment



SELLERS, CONNER & CUNEO

ATTORNEYS AND COUNSELORS
1625 K STREET, NORTHWEST
WASHINGTON, D. C. 20006

(202) 452-7500
CABLE: SELCONCU

JOHN D. CONNER
GILBERT A. CUNEO
ROBERT L. ACKERLY
HERBERT L. FENSTER
C. STANLEY DEES
RAYMOND S. E. PUSHKAR
JAMES J. GALLAGHER
JOSEPH S. WAGER
CHARLES A. O'CONNOR, III
WILLIAM J. SPRIGGS
STEVEN L. BRIGGERMAN
HARVEY G. SHERZER
BUEL WHITE
WILLIAM H. BUTTERFIELD
ROBERT A. MANGRUM
THOMAS L. PATTEN

WILSIE H. ADAMS, JR.
JEFFREY P. ALTMAN
JOHN D. CONNER, JR.
LAWRENCE S. EBNER
D. MICHAEL FITZHUGH
ALLEN B. GREEN
E. SANDERSON HOE
JOE G. HOLLINGSWORTH
ALLAN W. MARKHAM
THOMAS A. MAURO
NEIL H. RUTTENBERG
D. JOE SMITH, JR.
KENNETH W. WEINSTEIN

September 30, 1976

CERTIFIED MAIL
RETURN RECEIPT

Mr. George Bush
Director
Central Intelligence Agency
Washington, D. C. 20505



Dear Mr. Bush:

This firm represents General Aircraft Corporation, successor in name to Helio Aircraft Corporation. General Aircraft Corporation hereinafter referred to as "GAC" or "Helio," is a manufacturer of light C/STOL aircraft, including models known as "Courier," "Stallion" and "U-5." This letter will constitute a claim made by and on behalf of General Aircraft Corporation against the United States and the Central Intelligence Agency under the Federal Tort Claims Act, 28 U.S.C. § 1365 and the Fifth Amendment to the Constitution, for a taking of private property for public use without just compensation.

This letter will also constitute a claim made by and on behalf of GAC against: (1) corporations under the control of the Central Intelligence Agency and known as "proprietarys" of the Central Intelligence Agency, including Pacific Corporation, Civil Air Transport, Air America, Seven Seas Airlines, and Air Asia; and (2) individual employees of the Central Intelligence Agency and the proprietarys in their individual capacities and as officers, directors or principal employees of the proprietarys under applicable anti-trust laws, including Sections 1 and 2 of the Sherman Act, 15 U.S.C. 1, 2 and under statutory and common law precedents covering tortious interference with business relations and unfair trade practices.

Further, this letter will also constitute notice to you of the intention of GAC to investigate and, as appropriate, act on conflicts of interest and malpractice by professional organizations who

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have and are determined to have represented the Central Intelligence Agency and its proprietaries (including their employees) while, without appropriate notice, also undertaking to represent GAC, its subsidiaries and related companies and its employees.

Claim is made in the amount of \$25 million against the parties identified above, jointly and individually, for the causes of action which have also been identified. This amount represents damages suffered by GAC. This does not, however, represent treble damages which may be assessed against the proprietaries. GAC further demands that the United States and its appropriate departments and agencies take all actions necessary in the United States and overseas to correct the actions and representations of all of those against whom this claim is made, which actions and representations compromised GAC's reputation and access to customers and markets and gave rise to the claim herein. We request prompt review, negotiation and settlement of this claim, since certain of the causes of action alleged are continuing and without settlement will continue to damage GAC.

STATEMENT OF FACTS

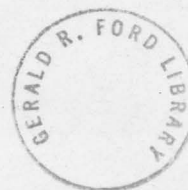
A. GAC Organization, Operation and Markets

GAC was founded as Helio Corporation in 1949. In 1950 Midwest Aircraft Corporation acquired Helio by an exchange of stock and changed its name, adopting the Helio Aircraft Corporation name. Subsequently, an aircraft manufacturing facility was established by the company in Pittsburgh, Kansas. In 1969 Helio acquired the assets of General Aircraft Corporation and adopted that corporation's name.

The principal product of the company since its organization has been control short takeoff and landing (C/STOL) aircraft. The development and manufacture of such an aircraft incorporating very advanced and proprietary technologies was the purpose of the organization of the company in 1949.

Such an aircraft was developed with considerable success by the company in the 1950's and sold in substantial numbers in the 1950's and 1960's in the general aviation market and both to the United States and foreign governments. This aircraft was known as the Helio

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Courier (U-10). Starting in the 1950's and continuing into the early 1960's, sales of the Helio Courier were made from time to time both directly and indirectly to the Central Intelligence Agency. To the company's information and belief, such aircraft were used by the Central Intelligence Agency in support of covert operations conducted in areas where communications and transportation by normal means, including small aircraft with normal takeoff and landing constraints, would have been impossible.

During the same period, personnel of the company undertook the development of comprehensive communications systems for use in primitive, remote and underdeveloped areas of the world. One such system was known as the Jungle Aviation and Radio Service (JAARS). A second system was developed and marketed through a company organized by personnel of Helio and known as National Air Communications Systems, Inc. (Naircom). In the late 1950's and early 1960's the Central Intelligence Agency, as well as the Agency for International Development of the State Department, had participated significantly with Helio and its personnel in the development of these communications systems, particularly in Latin America. Such systems were deployed successfully in Peru, Ecuador, Columbia and Panama. While it now appears that these systems and various features of them were used by the Central Intelligence Agency to carry on covert operations, the propriety of which is questioned, neither Helio nor its personnel were ever party to such operations, nor did they knowingly participate in such operations.

During this period (the mid-1950's through the early 1960's) Helio had developed substantial and profitable markets for its Courier aircraft, both in domestic general aviation and with the United States and foreign governments. In addition to sales to the Central Intelligence Agency, sales were also made to the Air Force. Furthermore, substantial and potentially lucrative overseas markets were being developed. In particular, these markets were in emerging "third world" countries where the distinctive C/STOL and safe handling features of the Helio Courier were of paramount importance and provided Helio with a considerable competitive advantage over other available aircraft. Markets for the aircraft thus were developed in Africa south of the Sahara, in the Pacific, including Micronesia, on the Indochina Peninsula and in Latin America.

These markets paralleled the potential and developing markets for the comprehensive air transport and communications systems which were being developed by Helio and its personnel.

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Restrictions on air field use in the United States appeared to limit commercial application of Helio's aircraft products and technology. As a result, very substantial stress during the 1950's and 1960's was placed on overseas sales, particularly to underdeveloped nations and on military sales to the Department of Defense. By the early 1960's it had become apparent that a new generation of C/STOL aircraft, combining greater payload and increased engine power (including the use of turboprop engines), would be required. In response to this developing need, Helio undertook a program which led to the development and production of a new advanced C/STOL aircraft which became known as the "Stallion." This aircraft was developed at very substantial expense to Helio upon the determination that its established world markets, as well as its potential sales to United States Government agencies, particularly the Department of Defense, would return the investment with profit.

In the early 1960's, Helio and its personnel devoted to comprehensive communications systems undertook intensive sales efforts in Africa and the Far East. These markets for Helio were real and viable, since the Helio products, including both the aircraft and communications systems, were unique and served significant needs in remote areas of underdeveloped countries. Moreover, Helio had established access to foreign government agencies and private investors who would have an interest in the purchase of Helio products. Thus, in the years 1960 through 1962, Helio undertook an intensive effort to sell its systems and aircraft in East Africa and the Congo. Negotiations between the company and African Government representatives were advanced to the point where substantial sales seemed assured. Negotiations regarding these sales were then suddenly cut off and Helio personnel were at the same time declared persona non grata and the opportunities were irrevocably lost. In 1961 Helio undertook an intensive sales effort in the Philippines. This effort was implemented through Naircom. The effort seemingly received the support of the United States Embassy in Manila and the attached AID personnel. Again, this effort advanced to the point where the adoption of Helio's proposal was favorably recommended within the Philippine Government. However, the Helio proposal was once more suddenly rejected without explanation and the Helio representatives were warned by United States Government representatives not to continue negotiations or reenter the country.

A similar pattern of facts, in each case resulting in Helio's personnel being excluded from the country, was repeated in Thailand, Vietnam, Laos, Nepal, Cambodia and Micronesia. Ultimately, Helio,

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its personnel, representatives and employed outside sales representatives were systematically excluded from all potential markets in underdeveloped and developing nations around the world.

With the development of its "Stallion" aircraft, Helio sought to enter into the defense market, in which it had successfully engaged with its earlier "Courier" aircraft. Proposals in this connection were made from time to time, both to the Air Force and the Navy, but in each case the company was excluded or virtually excluded from the market, usually without adequate evaluation of its product but upon representations by Department of Defense personnel that they had received and reviewed evaluation information on the Helio products from other sources.

The exclusion from its logical and historical markets has required Helio to contract very substantially its operations in toto and to discontinue its aircraft manufacturing operations entirely. Such exclusion has, in sum, nearly destroyed the company's aircraft operations.

As is normal for companies manufacturing aircraft, Helio did carry on for many years a significant aircraft parts manufacturing function in support of its aircraft in the field. Again, in the 1960's this operation diminished significantly and inexplicably. Furthermore, Helio received many complaints concerning the quality and reliability of its parts equipments which could not be substantiated by quality assurance testing and reliability controls. This combination of circumstances, together with the disintegration of its markets for new aircraft, has resulted in a complete closing of all of Helio's aircraft operations.

B. Interference by the Central Intelligence Agency, Its Proprietaries and Personnel in Helio Overseas Business Activities

As has been alleged above, in the 1960's Helio was systematically excluded from all of its foreign markets. While a conscientious effort was made by Helio to determine the reasons for the failures of such markets, such a determination could never be adequately made. The recent investigations of CIA activities and those of CIA proprietaries now discloses that Helio's exclusion from these world markets



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resulted directly and intentionally from the activities of the CIA, its proprietaries and personnel. It is now apparent that this exclusion resulted from a combination of the use of Helio's name and products by the CIA and its proprietaries with the conduct by the CIA in that connection of illegal, immoral and frequently violent actions against the foreign governments, their officials and citizens.

In the late 1950's and early 1960's, Helio had, in addition to selling aircraft to the CIA, provided, from time to time, irregular assistance to CIA personnel, transporting them to various locations when doing so did not inconvenience Helio's marketing and maintenance operations. Such assistance was in no case provided covertly, nor were Helio personnel ever engaged in or aware of covert operations of the CIA, its proprietaries or personnel.

In 1961 Helio had virtually completed a substantial sale to the Congo Government through negotiations, many of which were carried on directly with the Congo's then Government leader, Moise Tshombe. During this sales activity, Helio personnel had from time to time provided transportation to CIA representatives who apparently were attached to consular offices. In such instances, the transportation was provided to CIA personnel as "strangers" and no connection between the CIA personnel and the company was ever established by Helio.

Nevertheless, it now appears that agents of the CIA obtained by forgery, misrepresentation, and other devices, credentials indicating that they were sales employees of Helio, knowing well that such was not the case. These agents of the CIA used the "cover" of such misrepresentations to establish competing selling activities. More importantly, however, such "cover" was used by these agents to carry on illegal and immoral activities which ultimately resulted in the death of Government officials in the Congo and the fall of the existing Government. These activities, conducted in the name of Helio, came to the attention of the Congo Government and its officials through their own intelligence and immediately resulted in the exclusion of Helio and its legitimate employees from any further operations.

Similar activities were conducted by the CIA, its proprietaries and personnel, under cover of the company's name in Thailand, and in other countries on the Indochina Peninsula. There, agents employed directly by the CIA or its proprietaries, representing themselves as Helio employees, carried on activities frequently using Helio aircraft,

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which involved the smuggling of illegal drugs, the murder of indige-
nous people and clandestine operations against existing governments
or gorilla movements. Such activities, when identified by the rele-
vant governments, resulted in the immediate and permanent exclusion
of Helio's legitimate personnel from those countries.

In 1962 Helio was approached by a representative of a pro-
prietary of the CIA who instructed Helio to turn over to the proprie-
tary its worldwide selling operations. Helio refused and the subject
was not thereafter raised by the Agency or its proprietary. In fact,
Helio was assured that the proprietary lacked the authority to conduct
such activities in Helio's name or in its own name. Nevertheless, it
now appears that the CIA and its proprietaries, at that time and
thereafter, undertook both to carry on activities in Helio's name
and without Helio's knowledge, in all cases suppressing such facts
and otherwise misrepresenting to Helio that such conduct was not
taking place, and furthermore to compete with Helio by undertaking
to market, through fraudulent and illegal means, competing products,
identifying such marketing with the Government of the United States.
It appears, moreover, that such activities were carried on both to
advance the clandestine operations of the CIA and to provide means
independent of the United States Government for financing such opera-
tions and to garner a profit for the individuals involved.

The aforesaid operations of the CIA, its proprietaries and
their employees and agents included fraudulent traffic in the main-
tenance of Helio aircraft owned and operated by the CIA and its pro-
prietaries, the illegal manufacture and sale of equipments bearing
the Helio name, and the marketing of competing products by CIA pro-
prietaries, using as agents for such marketing uniformed officers
of the United States Armed Services. Such activities by the CIA and
its proprietaries actually included the establishment of an operation
which illegally manufactured and marketed parts for Helio aircraft
of inferior quality. Such activities also included the clandestine
but worldwide marketing of competing aircraft, using as selling agents
therefor personnel of the United States Air Force and a concerted
campaign carried on with foreign governments and the United States
Department of Defense to malign, misrepresent, and otherwise denigrate
the worth and quality of Helio products. Upon information and belief,
it was the purpose of such activities by the CIA and its proprietaries
both to provide means for clandestine operations by CIA agents and to
provide independent sources of revenue for CIA operations and for the
individuals connected with those operations, without the necessity
for recourse to the United States Government. Such activities,

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undertaken as early as the early 1960's, were carried on clandestinely by the CIA, its proprietaries and personnel and at all times the CIA, its proprietaries and personnel denied to Helio the existence of such operations.

C. Use of Central Intelligence
Agency Personnel and Agents
to Cover Alleged Illegal
Operations

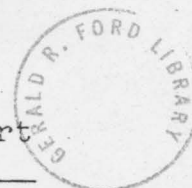
In the late 1950's, when Helio began sales to the CIA of "Courier" aircraft, the CIA then insisted that Helio employ counsel cleared by the Agency to know of and pass upon such sales. Helio employed such counsel, upon the direct advice of the Agency. Such counsel continued to advise Helio throughout the 1960's and early 1970's, until the connection of such counsel to the CIA was discovered. 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. 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.

In the early 1960's, when Helio began to encounter significant marketing problems in its overseas markets, all as aforesaid, Helio approached personnel of the CIA, including those responsible for aircraft purchase and operations and the Agency's Chief Counsel, both to complain and voice concern. On all such occasions, Helio was told that the Agency was conducting no illegal activities, nor any activities which would involve Helio, its name or products, and which would cause Helio any of the difficulties of which it complained. The Agency at all times denied any of the activities which have been recited above, notwithstanding the fact that the persons who made such denials were themselves personally engaged in such activities and directly responsible for them.

CLAIM

A. Claim Under The Federal Tort
Claims Act

This is a claim by General Aircraft Corporation under the Federal Tort Claims Act, 28 U.S.C. § 1346, et seq, against the Central Intelligence Agency, its agents and assigns for their wrongful interference in the prospective business of the company. Pursuant to



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28 U.S.C. § 1365, General Aircraft Corporation hereby notifies the Central Intelligence Agency of this claim in the sum certain amount of \$25 million, by reason of such tortious interference in the company's prospective business during the period set forth in the above Statement of Facts. 28 C.F.R. § 14.1 et seq. Notice is also hereby given that the facts alleged have been secreted, sequestered and intentionally withheld by the Agency, its agents and assigns, from the knowledge of General Aircraft Corporation and its employees from the dates when such activities are alleged to have occurred and until the time of and conclusion of proceedings before the United States Congress in or about June, 1976.

The undersigned is authorized to present this claim under 28 C.F.R. § 14.3(e) on behalf of General Aircraft Corporation.

Acts Of Interference

In support of its claim under the FTCA for tortious interference with the prospective business of Helio Aircraft Corporation, claimant would show the following:

1. The Naircom Corporation was unable to establish a market for its services in the Philippines in 1961, wholly as a result of the Agency's interference with Naircom's efforts to establish a market in that area, as more fully set forth above.
2. Helio Aircraft Corporation was unable to obtain award of United States Government military contracts for the purchase of its aircraft due to the widespread and wrongful disparagement of Helio aircraft by the Agency. Such disparagement of Helio's product in particular resulted in the loss of otherwise competitive procurements from the Air Force and Navy, as more fully set forth above.
3. Helio Aircraft Corporation suffered extensive interference in the worldwide marketing of its aircraft as a consequence of the active sponsorship of a Helio competitor, as more fully set forth above.

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4. The Agency's use and appropriation of Helio's corporate name and identity as a worldwide "cover" caused Helio Aircraft Corporation to suffer substantial stigmatizing and loss of sales in otherwise favorable markets. This stigmatizing and attendant loss of reputation and sales ultimately impaired Helio's marketing of its aircraft, as more fully set forth above.

Tortious Interference

Helio Aircraft maintains that its right to pursue business without unjustified interference is a recognized property right protected under the FTCA and breached by the United States in this instance when the Central Intelligence Agency and/or its proprietaries induced third persons not to enter into business relations with Helio Aircraft Corporation. It is firmly established that the Government is not exempted as a wrongful interferer in a corporation's business.

Helio Aircraft Corporation submits that in the face of the Agency's historical interference with the business of Helio, the Agency's conduct meets the requisites of the tort of interference with prospective business and, further, this action is not exempted from liability under § 2680 of Title 28 of the FTCA, which provides, in part:

(a) Any claim arising out of assault, battery, false imprisonment, false arrest, malicious prosecution, abuse of process, libel, slander, misrepresentation, deceit, or interference with contract rights [is exempt from liability under the FTCA] (emphasis supplied).

Established case law recognizes that governmental disparagement of a company's name, similar to the acts of the Central Intelligence Agency in this instance, creates a cause of action not exempted from the "interference with contract rights" exception of § 2680.

Helio Aircraft Corporation contends that the Central Intelligence Agency's historical interference in its marketing of Helio aircraft and the Agency's worldwide disparagement of its name and reputation were tantamount to a "sanction" against Helio Aircraft

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Corporation for Helio's failure to acquiesce to the Central Intelligence Agency and/or its proprietaries' demands that Helio serve as a "front" for Agency intelligence activities. The final product of this sanction was the substantial impairment of Helio's assets and its ability to maintain a viable business entity. The acts of the Central Intelligence Agency taken against Helio Aircraft Corporation have had a substantial adverse impact upon Helio's business relations with other private and governmental parties.

The breadth of the scope of the Agency's interference with the prospective business of Helio, as described above, was wide and geographically dispersed. Against this factual posture that Helio possessed a right to compete for business without interference from the government or its proprietaries, Helio will show:

- (1) Existence of a valid business relationship or expectancy of the same prior to Agency interference;
- (2) Knowledge of this relationship or expectancy on the part of the Central Intelligence Agency or its proprietaries;
- (3) An intentional interference by the Central Intelligence Agency, in both prospective foreign and domestic procurements, inducing or causing a breach or termination of the relationship or its expectancy; and
- (4) Attendant damage to Helio Aircraft Corporation whose relationship or expectancy has been substantially disrupted.

Situs Of Interference

Helio Aircraft Corporation submits that, aside from substantial domestic interference with United States Government procurement contracts, in the case of disparagement of Helio's foreign reputation and interference and prospective foreign business, in each instance the situs of the tortious interference was the central office of the Central Intelligence Agency. While Helio Aircraft Corporation submits that the Agency's acts of interference originated from the Agency's acts of interference originated from the Agency's central office, Helio does not characterize such acts of interference as

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"discretionary action" exempt from liability under § 2680 of Title 28 of the FTCA. Instead, it is the belief of Helio Aircraft Corporation that the acts of tortious interference by the Central Intelligence Agency were committed at the operational or proprietary level.

Moreover, Helio Aircraft Corporation, in submitting this claim under the FTCA, submits that its action under the Act did not accrue until the full extent of damages resulting from the Agency's tortious interference were discernible and not until it was aware of the tortious acts, the injury and the casual relationship. In this regard, Helio Aircraft Corporation was not fully aware, nor had any reason to be aware, of the extent of the Agency's tortious acts and attendant damage to its fiscal integrity, until advised of the same through hearings and reports of recent date of the United States Congress concerning the activities of the Central Intelligence Agency.

B. Fifth Amendment Taking

The Fifth Amendment to the Constitution prevents a federal agency from taking a person's private property for public use without just compensation. Included within the definition of persons under this provision of the Fifth Amendment are corporations.

General Aircraft Corporation contends that the Central Intelligence Agency during the time set forth in the above Statement of Facts brought about a taking of its corporate property by a continuing process of physical events. In support of its claim under the Fifth Amendment, Helio will establish that the loss suffered as a consequence of the Agency's acts in this instance are both compensable "property" under the Fifth Amendment and, secondly, that the Agency's acts constitute a compensable "taking" under the Fifth Amendment. More particularly, the acts of the Central Intelligence Agency constituting a taking of Helio Aircraft's property under the Fifth Amendment include the following:

1. Depriving Helio Aircraft Corporation of prospective business opportunities, as more fully set forth above.
2. Appropriation and use of Helio Aircraft's corporate name throughout the world by the Central Intelligence Agency as a "cover," as more fully set forth above.

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3. Appropriation and use of Helio Aircraft's proprietary and confidential data, drawings, and trade secrets in the manufacturing of Helio airplanes and aircraft parts at an agency facility, as more fully set forth above.



Where the government chooses to bring about a taking by a continuing process of physical events, such as the continuous and cumulative past facts of the Central Intelligence Agency against Helio Aircraft Corporation, Helio Aircraft was not required to resort piecemeal or premature litigation to ascertain the just compensation of its appropriate property. Helio Aircraft Corporation was not under an obligation to bring a taking action under the six-year Statute of Limitations of § 2041(a) of Title 28 of the United States Code until it knew that the corporation's name had been substantially diminished as a result of the Agency conduct.

Helio's Corporate Name

The name of a corporation has been recognized traditionally as an invaluable asset of a company as a property right. Helio Aircraft Corporation will establish that its company name was well established and assumed the attribute of property prior to the adverse disparagement and appropriation of its name by the Central Intelligence Agency. It is that consolidated good will, reputation and public identification which are entitled to protection from confusion by the operation of the CIA and those under its control.

It is firmly established that a claim constitutes a compensable property right under the Fifth Amendment if that claim is a legally protected interest. As law and equity have historically protected the corporate name, it follows that the corporate name and attendant identity of Helio Aircraft Corporation is a compensable property right under the Fifth Amendment.

Taking

By using the corporate name of Helio Aircraft Corporation as a putative proprietary "cover" throughout the world, Helio Aircraft Corporation assumed an identity and consequent stigma tantamount to that of the Agency's own aviation proprietaries. Helio Aircraft in many international communities was therefore associated on many occasions with questionable activities of the Central Intelligence Agency and/or its aviation proprietaries, ultimately adversely

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affecting Helio's worldwide reputation and ability to effectively market its unique C/STOL aircraft. Before the Agency's appropriation and misuse of Helio's corporate name, the company possessed a valuable asset in the form of a viable and respected reputation as a manufacturer of a unique aircraft. Following the use by the Agency of Helio's name as an ostensible aviation proprietary, that same asset was substantially diminished. In this posture, Helio Aircraft contends that its property in the form of the company's name, reputation and good will was taken by the Central Intelligence Agency for public use. The total destruction of all value of Helio's corporate name and reputation was attributable solely to the Central Intelligence Agency's appropriation of that name for its own advantage.

In summary, Helio Aircraft will establish:

- (1) that its corporate name, reputation and good will are compensable property interests under the Fifth Amendment and that this property had assumed a definitive value prior to the Central Intelligence Agency's appropriation of Helio Aircraft's corporate name; and
- (2) that by using Helio's name, the Central Intelligence Agency effected a "taking" under the Fifth Amendment.

Appropriation of Helio Aircraft's Trade Secrets

Helio Aircraft Corporation has reason to believe that the Central Intelligence Agency, through its proprietaries, appropriated and used to its own advantage, trade secrets and other proprietary data of Helio Aircraft Corporation in the manufacture of Helio airplanes and Helio aircraft parts at the Agency's facility, as more fully set forth in the above Statement of Facts. This appropriation by the proprietaries of Helio Aircraft's trade secrets and proprietary and confidential data constitutes a wrongful taking of property under the Fifth Amendment, for which compensation must be made either by the proprietaries, the Central Intelligence Agency, or the United States.

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Helio's Trade Secrets As "Property"

A trade secret is generally defined as any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. A trade secret qualifies as property and, as a property right, the trade secret is protected against its appropriation or use without consent of the owner. That this principle extends to prohibit wrongful appropriation by the government of "technical data" is not novel.

As a species of property, the trade secrets and confidential data appropriated by the Agency and its proprietaries are subject to the compensation requirements of the Fifth Amendment. It is clear that trade secret and confidential data are "property" under the meaning of the Fifth Amendment.

In summary, Helio Aircraft Corporation will show that:

- (1) Helio Aircraft Corporation has maintained proprietary data, drawings and information pertaining to the process of manufacturing Helio aircraft and parts;
- (2) This data was secret and not of public knowledge or of general knowledge in the trade or business; and
- (3) This data was appropriated by the Agency and its proprietaries to its own benefit and that this appropriation constituted a "taking" under the Fifth Amendment.

Violation of the Federal Anti-Trust
Laws by CIA Proprietary Companies,
Their Officials and Agents, Individually
and in Combination

Proprietaries are business entities, wholly owned by the Central Intelligence Agency, which either actually do business as private firms, or appear to do business under commercial guise. The proprietaries possess commercial business characteristics, including requisite licenses, notwithstanding the fact that they are under the complete control of the Agency. The CIA proprietary

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complex, in order to expand its own economic power, has destroyed Helio's ability to compete in markets which Helio itself played an essential role in creating and has seriously jeopardized the continuing viability of General Aircraft Corporation.

With respect to Helio's antitrust claims, at least three types of product markets can be identified. Each was affected by acts of proprietaries and their co-conspirators:

1. Sale of C/STOL aircraft in foreign and domestic markets;
2. Sale of transport and communication systems using C/STOL aircraft (e.g., JAARS, Naircom);
3. Sale of C/STOL aircraft research and design.

The above listed products are sold for domestic military applications and in international geographical markets, primarily in Asia, Africa and South America, which require systems and equipment based on the utilization of C/STOL aircraft. Helio has actively engaged in marketing its products in all of the geographical markets referred to.

Trade and Commerce

The CIA air proprietary complex has also been intimately involved in these domestic and international markets. Indeed, it has dominated the air transport industry for these areas. The activities complained of here, therefore, have had an obvious and substantial effect on commerce with foreign nations and on domestic interstate commerce. Like other normal corporations, the proprietary companies are domestically incorporated, are subject to the same review as any corporate entity within their respective jurisdictions, file applicable state and federal tax returns, and obtain necessary licenses to conduct businesses. In addition, the air proprietaries compete directly with privately owned corporations such as General Aircraft. These companies, held together under the umbrella of the Pacific Corporation, a Delaware (?) corporation, have invested substantially abroad and in United States banks, and have dealt and continue to deal in common stocks, debentures and commercial paper of various types. In the past twelve years the sale of stocks, for example, has resulted in publicly disclosed profits in excess of \$500,000 accruing to the CIA.

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During the period in question, the proprietaries bought and sold substantial amounts of aircraft, carried domestic passengers to and from foreign locations, and maintained an extensive maintenance operation in Taiwan, among other areas, which required parts and personnel from the domestic markets. It operated like any other normal business. It used its profits for corporate and company purposes, routinely dealt with the IRS, established normal business relationships with affiliated and associated companies.

Unquestionably, CIA proprietary activities substantially affected United States domestic commerce and commerce with foreign nations. In particular, there can be no doubt that the CIA activities complained of here had a significant impact on commerce in the products and in the geographical markets in which Helio participated.

Violations Alleged

Conspiracy to Violate Sherman 1 and Sherman 2

From at least as early as 1955 until 1975, the CIA, through its officials, together with other United States Government officials, officials of its operating and non-operating proprietary corporations, and officials of other corporations, engaged in activities to restrain trade in the domestic and international markets for C/STOL products and services in violation of Section 1 of the Sherman Act and conspired to monopolize those markets and, in fact, did monopolize the markets for those products in violation of Section 2 of the Sherman Act.

The facts disclose that the members of this conspiracy engaged in activities designed to foreclose Helio from further participation in the domestic markets for its products, namely, for United States Government contracts, among others. Although Helio successfully developed these military markets during the decade 1959 through 1969, late in the 1960's it was confronted with unexplained sales resistance from government procurement officials. Helio aircraft had been evaluated extensively by military procurement agencies during the 1950's and 1960's. It now appears that such resistance was the direct and proximate result of activities of CIA proprietary companies, their employees and agents, which activities included the "planting" of false and misleading information with military agencies and the active promotion of competing aircraft.

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The CIA, through its agents and co-conspirators, engaged in acts to foreclose Helio from further participating in the international markets for its products, namely, individual foreign markets in Asia, Africa and South America, among others. Misrepresentations and misuse of Helio's name by CIA operatives caused total losses of sales in Thailand, the Philippines and Nepal, among other places. Helio was foreclosed from participating in competition for the Thai Government's procurement of turbine-powered STOL aircraft in 1972 and again in 1975 because of the CIA stigma attached to its name. The CIA and its proprietaries, acting through other United States Government officials, encouraged the foreign governments to reject Helio aircraft and refuse to deal with its personnel.

In furtherance of their conspiracy to foreclose Helio from its own markets, the CIA and its co-conspirators also engaged in a series of predatory practices and unfair methods of competition and disparaged Helio's personnel and its products to its severe detriment. The CIA and its proprietaries operated manufacturing facilities and built essentially complete Helio air frames without a license from Helio, so as to support clandestine air transport and communications networks throughout Southeast Asia, and so as to earn revenues which could be sequestered from government and public knowledge. Many of the components so manufactured failed in service. As a result, many deficiency and failure reports accumulated in FAA records concerning the Helio Courier. These manufacturing operations not only unfairly and defectively copied Helio's design but used poor manufacturing techniques and inferior raw materials to produce inferior products of shabby workmanship. As a direct result of these Helio performance reports, the military establishment in Southeast Asia and elsewhere refused to purchase Helio products and spread false information concerning their structural design throughout the industry. The source of this deceptive, improper and misinformative activity was the proprietary established by the CIA. Numerous other false and derogatory reports, maintenance and operating abuses originating in the proprietary complex not only tarnished the reputation of Helio products, but also the competency and integrity of its management.

As previously stated, abuse of Helio's name and good will during covert Agency activities in foreign markets further contributed to the inexplicable sales resistance and rejection by foreign officials of Helio's products. Even now, Helio's attempts to cleanse itself of the stigma of CIA association have been fruitless. As

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late as 1975, twelve years after the initial acts of the CIA and its proprietaries, foreign government representatives refuse to deal with General Aircraft, since the company is still associated with clandestine activities, including the murder of public officials.

In engaging in the acts described above, the Agency, through its officials and in combination with its co-conspirators, acted maliciously for their own economic gain, and with the intent of driving Helio from the markets which Helio had successfully developed. The effect of these violations has been to foreclose, monopolize, unreasonably restrain and lessen competition in the defined markets in violation of Sections 1 and 2 of the Sherman Act.

The facts demonstrate that the CIA, its proprietary organizations, and other co-conspirators conspired to restrain trade unreasonably in foreign and domestic commerce in violation of Section 1 by, among other things:

1. engaging in a boycott of Helio's products;
2. allocating territorial markets for C/STOL-related products and services;
3. disparaging Helio's officers and goods;
4. employing methods of doing business which are patently unfair; and
5. in general, trying to drive Helio out of business, or at the very least, out of the markets in which Helio has a right to compete.

Thus, one can reasonably conclude from the totality of facts that the individuals and proprietary companies involved were engaged in a pattern of activities which, even under the rule of reason standard, amounts to an unreasonable restraint of trade in the defined markets. The conspirators employed tactics which prevented the development of free and open competition in those markets. Indeed, the facts demonstrate that unless Helio was willing to turn its marketing activities over to the CIA and its proprietaries, that is, unless it was willing to join the conspiracy, it could not effectively compete in these markets.

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Not all restraints of trade, however, require a detailed rule of reason analysis. The CIA and its co-conspirators have engaged in at least two per se violations of Section 1. The facts are replete with examples which demonstrate a conspiracy originating from actions of the CIA and its co-conspirators whereby potential government and private customers were successfully persuaded not to deal with Helio. These same facts demonstrate that the CIA, its proprietary organizations, and other co-conspirators conspired to monopolize and did, in fact, monopolize at least the international markets for Helio's products in violation of Section 2 of the Sherman Act. As a direct result of the conspirators' activities, Helio was unable to market its products in the foreign and domestic markets in which they either previously had been successful or had the potential of becoming successful.

Attempts to Monopolize and Monopolization by the CIA,
Its Proprietaries and Their Employees and Agents

Beginning at least as early as 1961 and ending in 1975, the CIA, through its proprietaries and their officials and agents attempted individually to monopolize the markets -- both domestic and international -- for STOL products and services and, in fact, did monopolize these markets in violation of Section 2 of the Sherman Act.

The CIA and its proprietaries had created an air transport complex of immense size with operations throughout the world. This complex included one of the largest air transport operators in the world.

The CIA and its proprietaries have exercised the power inherent in this complex by eliminating Helio as a competitive factor in markets which the proprietaries dominated and, to some extent, in domestic military markets and in other markets.

The CIA and its proprietaries abused their substantial economic power and their unique position to the severe detriment of General Aircraft. They did so maliciously for their own economic gain and with a specific intent to drive Helio from markets in which it had a right to compete. They illegally sponsored and sold competing aircraft; repeatedly issued misleading reports concerning the capability of such aircraft; and engaged in widespread discrediting of Helio's products and its management.

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The CIA and its proprietaries "embraced" each new opportunity open to Helio by acting to exclude Helio from domestic, Asian and African markets and to prevent Helio from taking advantage of new domestic and foreign opportunities as they opened. Consequently, its activities fall directly within the terms of Section 2 of the Act.

The acts complained of herein demonstrate a consistent pattern of willful violation of Sections 1 and 2 of the Sherman Act. Taken together and in perspective, it is obvious that the actions of the CIA and its proprietaries establish a conspiracy to violate, and clear violations of the law. The proprietary companies and all individuals are subject to the sanctions of the Sherman Act. General Aircraft Corporation herein claims its damages and the punitive treble damages prescribed by the Act.

CONCLUSION

General Aircraft Corporation has herein stated a claim in the amount of \$25 million and for violation of the Sherman Act, \$75 million, based on actions of the CIA, its proprietaries and their employees and agents. The facts alleged will demonstrate that the Agency, its proprietaries and individuals acted willfully and knowingly to misuse the company's name, misrepresent the company, and otherwise appropriate the company's assets and good will to their own benefit for purposes of carrying on acts illegal under United States and foreign laws and to garner revenues for the individual profit of those involved and to avoid the laws of the United States. The facts alleged will show that the aircraft operations of Helio were effectively destroyed by the acts of the CIA, its proprietaries, their employees and agents, which were so manifestly illegal and corrupt that when such acts were represented as those of Helio, Helio was thereby effectively precluded from selling and marketing operations everywhere in the world.

Similarly, the facts as alleged above will show that the CIA, its proprietaries and their employees and agents, by plan and design, maligned and discredited Helio's products in the United States and elsewhere in the world and actively engaged in the selling of competing products. All such acts were carried on for the purpose of garnering revenues illegally for the individuals and organizations involved.

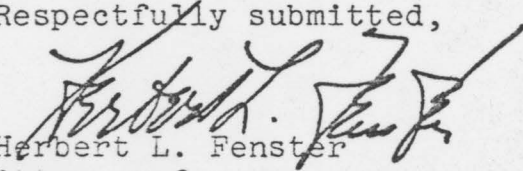
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For all of these acts, General Aircraft Corporation claims damages as stated and further demands that the CIA, the State Department, and all other departments and personnel of the United States having the power and authority to do so, immediately assume responsibility for the acts complained of, announcing thereby that General Aircraft and its personnel were in no way involved in nor responsible for such acts.

General Aircraft Corporation, through its counsel, requests the opportunity to meet with you and to present further facts and evidence in support of this claim. It is pointed out in this connection that the facts alleged consist substantially of covert acts by the Agency, its proprietaries and their employees and agents. As such, a substantial portion of the evidence of such acts lies wholly in the hands of the CIA. General Aircraft Corporation requests and demands that such facts and evidence be disclosed reasonably and promptly for purposes of settlement of this claim and without regard to allegations of privilege which might be made in matters of general public disclosure.

It is requested that this claim be promptly reviewed and that voluntary disclosure of information and documents in connection therewith be made without imposing upon the company the requirement for disclosure through litigation.

Respectfully submitted,


Herbert L. Fenster
Attorney for
General Aircraft Corporation

HLF/gt

cc: Mr. Michael Duvall
Special Assistant to the President
The White House
Washington, D. C.


Mr. George Bush
Director
Central Intelligence Agency
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Respectfully submitted,


Harold J. Benster
Attorney for
General Aircraft Corporation

HLB/gt

cc: Mr. Michael Davall
Special Assistant to the President
The White House
Washington, D. C.

August -
Philip Buchan

THE WHITE HOUSE
WASHINGTON

October 20, 1976

MEMORANDUM FOR MIKE DUVAL
FROM AGNES WALDRON *aw*
SUBJECT UNEMPLOYMENT FIGURES IN GEORGIA

The attached list compares apples and oranges. The figures for Georgia are not seasonally adjusted but the U.S. figures are adjusted. I have written in red the correct unadjusted figures for Georgia and the U.S.

Verdict: No cigar.

Review
Phil —

*good idea but
numbers don't
check out. Mike*



THE WHITE HOUSE
WASHINGTON

TO: *Agnus Waldron*

FROM: MIKE DUVAL

For your information _____

Comments:

*Agnus - please
confirm. I'd
like to give these
to the P.*

Thos. White



THE WHITE HOUSE

WASHINGTON

October 15, 1976

MEMORANDUM FOR:

BILL SEIDMAN

MIKE DUVAL ✓

FROM:

PHILIP BUCHEN P.

Attached is a chart made out by Frank C. P. McGlinn concerning the rate of unemployment in the state of Georgia compared to the national figures. It shows that at the start of the Carter term as Governor the unemployment rate for the state was substantially below the national rate, but that by the end of his term it was substantially above the national rate.

The source of these figures appears to be the Monthly Review published by the Research Department of the Federal Reserve of Atlanta.

The President may be able to make some use of these figures.

Attachment

Monthly Review
 Published by the Research Department
 Federal Reserve of Atlanta.

Unemployment Rates.

Governor Carter JAN 13, 1971

JAN 13 1975

		<u>Georgia</u>	<u>Unadjusted</u>	<u>National</u>	<u>Unadjusted</u>
DEC	1970	4.2 %	4.0	6.1 %	5.6
DEC	1971	3.8 %	-3.6	6.0 %	5.5
DEC	1972	3.7 %	3.6	5.1 %	4.7
DEC	1973	4.5 %	4.1	4.9 %	4.5
DEC	1974	8.6 %	-7.0	7.2 %	6.7
		-4.5 %		1.1 %	
DEC					
MAY	1975	9.4 %	7.9	8.9 %	7.6
MAY	1976	6.9 %		7.3 %	

