

MEMORANDUM

REC'D WAS AUG 3 1963

TO : MGDR  
FROM : President  
SUBJECT : Additional Helio Courier Aircraft

DATE: July 27, 1963

REF. No. P-63-287

I refer to our telephone conversation on my 24 July during which we briefly discussed our declining Helio inventory decimated by a regrettably high accident rate in recent times. While I am reluctant to admit the inevitability of a high accident rate in Laos, I must face the practical prospect that that is likely to be true, and our ability to meet our customers' important needs is affected accordingly. We are barely able to keep our heads above water now and one effect is that each damage repair or 1,000 hour or annual inspection of a Helio (which has to be done in Tainan) has to be handled on a "crash" priority basis. While such matters should be handled with a good priority, it is upsetting to other schedules. Any further losses or outages of Helio equipment may very well get us into a position where it will be said that we cannot meet demands placed upon us by our important customers and afford opportunity for competition to move against us, even though they might employ different type and less effective machinery. You stated during referenced phone conversation that Helios were not presently available in the market, there being relatively few used ones in the market and Helio Aircraft having recently obtained a military order which had the production line absorbed for the reasonable future.

In this circumstance then, I have a suggestion to make, and it is that we use the serial numbers and "name plates" of Helios B-833 and B-859, neither of which is accessible to use at the moment, for recovery of accident remains for repair, and construct two new Helios around this nucleus. VPTS and I conclude that we would have relatively little trouble in doing this and that our book costs probably would be less than the purchase price of a new Helio. And, a major portion of this book cost would represent our own labor and shop capability which in this manner would be converted into cash savings which would be comparable to revenue earned in any other manner. We would have to take from stock or buy a number of items such as engines, propellers, wheels, brakes, landing gears, accessories, radio, rudder pedals, control columns, wing spar extrusions, wing attach fittings, wing carry throughs, et cetera. Common instruments might come from stock without having to be replaced. We can easily fabricate steel tubing and sheet metal structures such as the fuselage, empennage, wings, control surfaces, cowlings, engine mounts, seats and miscellaneous items. In fact, we regularly do this in the repair of accident damaged Helios. You have seen photographs depicting the extent of damage of a number of our Helios which have been successfully repaired. We already have the jig for the most complicated structure, that is, the steel tube forward fuselage component. We have jigs for the monocoque sheet metal aft fuselage and for surfaces such as flaps, ailerons and empennage components.

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Probably we would have to construct a jig of some sort for the wings if we were to start manufacture from scratch, as it would be important that we achieve proper alignment and air flow characteristics. We estimate that we might come up with a flyable aircraft quicker than we could by waiting for factory production. We estimate that our load at Tainan will start to fall off about six weeks from now and that we could start in earnest at that point. Manufacture might take sixty days, possibly a bit less. A good deal of preparation work could be done in the interim before the shop sheet metal crews can get at the job.

We realize this is an unusual undertaking, but believe we would be in a defensible position using the serial numbers of our own aircraft. I think we would have to go to Col. Lai and tell him what we plan to do so he will have no question in registry and certification of the manufactured aircraft after we have invested our time, money and effort. May I have your views on the proposal? If you are in favor of going ahead, then we will prepare the necessary ARs if you consider them necessary. The matter could be handled on the basis of repairing B-833 and B-859 and treated as expense if you wish. This would, of course, have tax advantages and would better suit the posture we would assume of repairing existing aircraft rather than manufacturing new aircraft.

*Hugh L. Grundy*  
Hugh L. Grundy

cc: File (2)

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