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HR70-14

25 MAR 1975

NOTE FOR: Mr. Blake

SUBJECT : Vietnam Operations  
Vietnam Follow-on Services  
ICCS Payments

1. Vietnam Operations: Refs A, B, and C speak to AAM not being able to meet all additional requirements being levied by the customers during the current military situation. The problem was identified in the cables as lack of adequate UH-1H parts support and the deteriorating personnel situation. Paul Velte feels, however, that solving the parts problem would do no good since the aircrews are not available to fly any additional aircraft and there are no maintenance crews available to do the work.

a. Flight crews: Flight crews are all flying their 120 hours/month maximum. It would take a minimum of six weeks to rehire and requalify ex-AAM aircrews. It is unlikely that any would be interested in a 3 1/2-month job at that level of personal risk.

b. Maintenance Personnel: Six Filipino helicopter mechanics have just resigned to accept three-year contracts with Arizona Helicopters. Others are on a waiting list to be hired as soon as Arizona Helicopters can accommodate them.

We have received a request from [ ] for information on total capabilities for a one (or two) time massive evacuation airlift using all available AAM resources. Paul Velte is having a study done.

2. Vietnam Follow-on Services: Ref D is a draft of a cable from Habib and Deputy AID Administrator Murphy to Ambassador Graham Martin. The cable was sent as drafted on 24 March 1975. Messrs. [ ] Ted Shackley and John McMahon (in your absence) concurred. State and AID have accepted a sole-source, plaster payment contract with Air Vietnam with a subcontract with CASI. AID, CONGEN, and SAAFO will reimburse from the AID plaster trust fund. All other customers will have to buy plasters with

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U. S. dollars to reimburse for services. It is understood that flights on behalf of the Agency will be crewed only by CASI personnel. Air Vietnam officials, accompanied by the Saigon CASI representative, have already approached AAM with an offer to purchase equipment.

3. ICCS Payments: Refs E and F discuss the ICCS picture. On 17 March 1975 ICCS paid \$639,217 to AAM reducing total invoiced receivables of \$1,178,486 at 17 March. The ICCS accountability at 17 March, breaks down as follows:

ICCS Accounts Receivable	\$1,178,486
LESS: Collections from ICCS for UH-1H parts for which U. S. Army billings have not been received	<u>1,146,228</u>
TOTAL Negative Cash Flow attributable to ICCS	<u>\$ 32,258</u>

There is an additional amount of approximately \$375,000 for unbilled UH-1H parts included in the \$1,178,486 receivable. In short, the ICCS contract currently is not causing a cash flow problem and is actually improving cash flow at this time.

O-AA-DD/A

Atts

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