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8 March 1976

MEMORANDUM FOR: Director of Central Intelligence

FROM : John F. Blake  
Deputy Director for Administration

SUBJECT : Dissolution of Air America and The  
Pacific Corporation

1. With the recent completion of the sale of all major remaining Air America assets, it is felt that the appropriate time has come to file for the formal legal dissolution of Air America and The Pacific Corporation with the State of Delaware. The Pacific Corporation is the parent company and owns 100% of the shares of Air America. These shares are held in the names of three individuals, two of whom are corporate officers of both The Pacific Corporation and Air America, and the third is a retired President of Air America who currently serves on the Board of Directors. It is the consensus that Air America should file for dissolution first and this filing is currently scheduled to take place on 1 April 1976 with The Pacific Corporation filing scheduled to follow on 15 April 1976.

2. Once the filings for dissolution have taken place, the return of excess corporate funds to the United States Treasury can commence. These funds will be handled in several increments and the first step in this process will be to move as much excess cash as possible up from Air America to The Pacific Corporation. Once this has been accomplished, The Pacific Corporation will make arrangements to have a cashier's check prepared payable to the United States Treasury which will then be turned over to them to complete one entire transaction. This procedure has previously been used, the last occurrence being on 24 April 1975 in the amount of \$8.5 million dollars.

3. At present it is estimated that the initial return to the Treasury should be in the neighborhood of \$15 million and should take place around 25 April 1976. The exact value of this first return will depend somewhat on the amount of cash that can

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be moved up from Air America. It is currently estimated that Air America should be in a position to initially provide approximately [redacted] but this amount could vary depending upon the success that the company has in collecting on its two major outstanding accounts receivable, i.e., the approximate [redacted] million due from USAID for work done in South Vietnam and the approximate [redacted] due from the U.S. Air Force for aircraft and personnel indemnification claims. Active negotiations are on-going both with USAID and the U.S. Air Force to settle these accounts. Subsequent returns will be made to the U.S. Treasury as soon as additional amounts of excess cash can be identified and this process will continue until all such funds have been returned.

4. Throughout the entire liquidation process every precaution will be taken to assure that adequate cash reserves are maintained by both Air America and The Pacific Corporation to allow them to properly phase out their remaining activities. As a result, prior to any actual transfer of funds to the U.S. Treasury, detailed reviews will be made of all known and anticipated cash requirements to assure that excess funds do exist and that their being turned over to the U.S. Treasury will not result in either company being put in the position of not having adequate cash to carry out its liquidation process.

5. The above course of action has been a matter of previous discussion both with the Office of Management and Budget (OMB) and with our Oversight Committees. At the time the \$15 million is withdrawn from The Pacific Corporation, I will ask [redacted] to notify OMB and, further, will ask [redacted] to notify the Oversight Committees.

[redacted]  
[redacted] John F. Blake

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