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OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE  
WASHINGTON, DC 20511

JUL 28 2010

The Honorable Ike Skelton  
Chairman  
Committee on Armed Services  
House of Representatives  
Washington, D.C. 20515

The Honorable Howard P. "Buck" McKeon  
Ranking Member  
Committee on Armed Services  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman and Ranking Member McKeon:

We are providing an update to our initial response to congressional direction in the National Defense Authorization Act for Fiscal Year 2010, Conference Report to Accompany H.R. 2647 (Report No. 111-288), Public Law 111-84, Section 1057, which directs the Director of National Intelligence to submit to Congress a report "on the advisability of providing Federal retirement benefits to United States citizens for the service of such citizens prior to 1977 as employees of Air America or an associated company during a period when Air America or the associated company was owned or controlled by the United States Government and operated or managed by the Central Intelligence Agency."

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Compiling a comprehensive history of Air America and associated companies, reaching out to information sources within and outside these companies, gathering or reconstructing information (oral and written) on previous investigations and administrative and legal actions, making a determination of the equities involved in this matter, including possible legislative recommendations, and conducting necessary coordinations, represents a very significant investment of time and resources. The phases of this effort will entail development of a detailed project plan, primary research and analysis, initial findings, and development and coordination of a draft report. Depending

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The ODNI is committed to comply with this reporting requirement and will continue to provide you with quarterly progress reports.

If you have any questions, please contact me on [REDACTED]

Sincerely,

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Kathleen Turner  
Director of Legislative Affairs

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WASHINGTON, DC 20511

JUL 28 2010

The Honorable Carl Levin  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, D.C. 20510

The Honorable John McCain  
Ranking Member  
Committee on Armed Services  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman and Ranking Member McCain:

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Kathleen Turner  
Director of Legislative Affairs

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The Honorable Norman Dicks  
Chairman  
Subcommittee on Defense  
Committee on Appropriations  
House of Representatives  
Washington, D.C. 20515

The Honorable C.W. "Bill" Young  
Ranking Member  
Subcommittee on Defense  
Committee on Appropriations  
House of Representatives  
Washington, D.C. 20515

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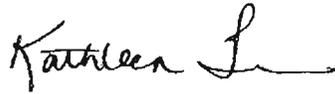
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The Honorable Daniel K. Inouye  
Chairman  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

The Honorable Thad Cochran  
Ranking Member  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate  
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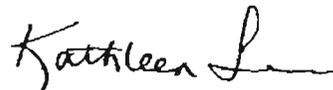
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The Honorable Silvestre Reyes  
Chairman  
Permanent Select Committee  
on Intelligence  
House of Representatives  
Washington, D.C. 20515

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The Honorable Peter Hoekstra  
Ranking Member  
Permanent Select Committee  
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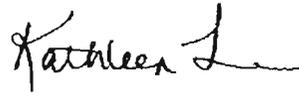
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The Honorable Dianne Feinstein  
Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

The Honorable Christopher S. Bond  
Vice Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Madam Chairman and Vice Chairman Bond:

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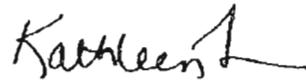
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Due to the substantial number of necessary documents that were identified, the Office of the Director of National Intelligence (ODNI) has not been able to develop a full understanding of the records and facts necessary for a comprehensive response. Accordingly, the ODNI is not yet in a position to report on many of the requested elements or to make recommendations regarding the advisability of legislative action to treat Air America employment as Federal services for the purposes of Federal retirement benefits. Because of the scope of this project, we cannot reliably predict when it will be completed. We will, however, provide Congress 90-day progress reports regarding our efforts.

The entity which became Air America began in 1950 when the Central Intelligence Agency (CIA) determined that an air transport capability to conduct covert operations in Asia in support of United States policy objectives was needed. In August 1950, the Agency purchased the assets of Civil Air Transport (CAT), an airline that had been started in China after World War II, as a proprietary entity. CAT flew commercial routes throughout Asia, acting in every way as a privately owned commercial airline. At the same time, under the corporate guise of CAT Incorporated, it provided airplanes and crews for intelligence operations. In 1959, CAT Incorporated became Air America Incorporated and was then after known as Air America. Air America's operational activities with the CIA concluded on 5 May 1975. Air America was a proprietary of the CIA and of no other United States Government element.

CAT operations, post-CIA acquisition, were conducted in China, Korea, and French Indonesia. Air America operations were then conducted in Laos, Thailand, and Vietnam through

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As a purely legal matter, the question of whether former Air America employees are entitled to payment of federal retirement benefits has been litigated in the courts and is well settled. The courts have concluded that Air America employees are not entitled to payment of future benefits. See *Watts v. OPM*, 814 F.2d 1576 (Fed. Cir.), cert. denied, 484 U.S. 913 (1987); *Bevans v. OPM*, 900 F.2d 1558 (Fed. Cir. 1990). However, the policy question of whether it is nonetheless advisable to provide Federal retirement benefits to Air America employees requires further review.

Because of the proprietary relationship with Air America, the ODNI asked that the CIA to assess what information it possessed that would facilitate completing this reporting requirement. The CIA has recently reported back that it holds 318 boxes of personnel records containing varied information on approximately 2,429 individuals. However, CIA noted that because of the unique nature of the relationship with Air America, the CIA has never had any reason to keep comprehensive records of individuals' compensation. Accordingly, while CIA has some records on some Air America individuals, the information is incomplete.

We assess the effort to review these documents will take a significant investment of time and resources. The ODNI is committed to comply with this reporting requirement relying both on CIA documents, but also other documents that may be available.

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The Honorable Silvestre Reyes  
Chairman  
Permanent Select Committee  
on Intelligence  
House of Representatives  
Washington, DC 20515

APR 29 2018

The Honorable Peter Hoekstra  
Ranking Member  
Permanent Select Committee  
on Intelligence  
House of Representatives  
Washington, DC 20515

Dear Mr. Chairman and Ranking Member Hoekstra:

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Because of the proprietary relationship with Air America, the ODNI asked that the CIA to assess what information it possessed that would facilitate completing this reporting requirement. The CIA has recently reported back that it holds 318 boxes of personnel records containing varied information on approximately 2,429 individuals. However, CIA noted that because of the unique nature of the relationship with Air America, the CIA has never had any reason to keep comprehensive records of individuals' compensation. Accordingly, while CIA has some records on some Air America individuals, the information is incomplete.

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The Honorable Thad Cochran  
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Washington, DC 20515

Dear Mr. Chairman and Ranking Member McKeon:

We are providing an interim response to congressional direction in the National Defense Authorization Act for Fiscal Year 2010, Conference Report to Accompany H.R. 2647 (Report No. 111-288), P.L. 111-84, Section 1057, which directs the Director of National Intelligence to submit to Congress a report "on the advisability of providing Federal retirement benefits to United States citizens for the service of such citizens prior to 1977 as employees of Air America or an associated company during a period when Air America or the associated company was owned or controlled by the United States Government and operated or managed by the Central Intelligence Agency."

Due to the substantial number of necessary documents that were identified, the Office of the Director of National Intelligence (ODNI) has not been able to develop a full understanding of the records and facts necessary for a comprehensive response. Accordingly, the ODNI is not yet in a position to report on many of the requested elements or to make recommendations regarding the advisability of legislative action to treat Air America employment as Federal services for the purposes of Federal retirement benefits. Because of the scope of this project, we cannot reliably predict when it will be completed. We will, however, provide Congress 90-day progress reports regarding our efforts.

The entity which became Air America began in 1950 when the Central Intelligence Agency (CIA) determined that an air transport capability to conduct covert operations in Asia in support of United States policy objectives was needed. In August 1950, the Agency purchased the assets of Civil Air Transport (CAT), an airline that had been started in China after World War II, as a proprietary entity. CAT flew commercial routes throughout Asia, acting in every way as a privately owned commercial airline. At the same time, under the corporate guise of CAT Incorporated, it provided airplanes and crews for intelligence operations. In 1959, CAT Incorporated became Air America Incorporated and was then after known as Air America. Air America's operational activities with the CIA concluded on 5 May 1975. Air America was a proprietary of the CIA and of no other United States Government element.

CAT operations, post-CIA acquisition, were conducted in China, Korea, and French Indonesia. Air America operations were then conducted in Laos, Thailand, and Vietnam through

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the evacuation of Saigon. The nature of these missions included search and rescue, airlifts of troops and supplies, evacuation assistance, and the support to the defense of US tactical sites and guided air strikes throughout the 1950s, 1960s, and into the 1970s.

As a purely legal matter, the question of whether former Air America employees are entitled to payment of federal retirement benefits has been litigated in the courts and is well settled. The courts have concluded that Air America employees are not entitled to payment of future benefits. See *Watts v. OPM*, 814 F.2d 1576 (Fed. Cir.), cert. denied, 484 U.S. 913 (1987); *Berens v. OPM*, 900 F.2d 1558 (Fed. Cir. 1990). However, the policy question of whether it is nonetheless advisable to provide Federal retirement benefits to Air America employees requires further review.

Because of the proprietary relationship with Air America, the ODNI asked that the CIA to assess what information it possessed that would facilitate completing this reporting requirement. The CIA has recently reported back that it holds 318 boxes of personnel records containing varied information on approximately 2,429 individuals. However, CIA noted that because of the unique nature of the relationship with Air America, the CIA has never had any reason to keep comprehensive records of individuals' compensation. Accordingly, while CIA has some records on some Air America individuals, the information is incomplete.

We assess the effort to review these documents will take a significant investment of time and resources. The ODNI is committed to comply with this reporting requirement relying both on CIA documents, but also other documents that may be available.

If you have any questions, please contact me on [REDACTED]

Sincerely,



Kathleen Turner  
Director of Legislative Affairs

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OFFICE OF THE DIRECTOR OF NATIONAL INTELLIGENCE  
WASHINGTON, DC 20511

The Honorable Carl Levin  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

APR 29 2010

The Honorable John McCain  
Ranking Member  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

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