

Summary of MATS Policies Put Into Effect in 1961 By The Present Administration

1. In early 1961, a policy was inaugurated to eliminate low-cost bids. Prior throughout the history of the government's purchase of commercial transportation, any contracts for the complete use of the aircraft were based on the low-cost bidder and the bids were opened publicly. The present method of contracting allows the MATS by caprice or favoritism to select regardless of cost the bidder of their choosing.
2. Whereas, prior to 1961 there were probably 12 or 15 small supplemental Airlines doing work for MATS, as of July 1, 1961 MATS arbitrarily narrowed this field to 5 supplemental Airlines who promised to procure Jet equipment if the contracts were large enough.
3. These 5 contractors are as follows:
 - a. Aaxico - This company has been for a good period of time inactive, and primarily leased aircraft. At the present time they are 100% on MATS business, doing in the neighborhood of \$15,000,000 a year.
 - b. World Airways - This company did a gross volume, all of it defense business in 1959, of \$500,000. In 1963 for the first 3 months of that year they did in excess of \$21,000,000, a 60 fold increase in business.
 - c. Capital Airways, Nashville, Tenn. - This company has some commercial business but is still mostly dependent upon Military business to the extent of \$18,000,000 last year.
 - d. Trans International Airlines - This company is operating two Jet Airplanes for MATS, bought and paid for by patronage from MATS.
 - e. Overseas National Airways - This company operated for over two years under the present administration on extensive MATS contracts based on the lease of a turbin-powered aircraft from Flying Tigers, which was never produced. The company was finally dropped from MATS business for this reason, and is now no longer operating.
 - f. Another company called Zantop, formerly a private carrier for the Ford Motor Company succeeded in having it's authorization to fly changed and thus became a supplemental Airlines about two years ago. It is rumored that Zantop has a strong position because of Mr. Mc Namara's connection with Ford Motor Company.

The significant factor in the above Carriers with the exception of Zantop is that in one way or another Mr. Coates Lear, a prominent Washington Aviation Attorney until he committed suicide on October 19, 1963, has something to do with each of these carriers. For example: He was the attorney of record for both Aaxico and World Airways. He represented Capital Airways for many years as an Officer, Director and Attorney in Washington. He was a stockholder in Overseas National Airlines and represented them from time to time in Washington. He never directly represented Trans International Airlines, but his very close friend, Mr. Clayton Burwell, is the attorney of record for Trans International Airlines. Mr. Burwell was the President of the supplemental Airlines association called the Independent Airlines Association and in this position utilized the legal service of Mr. Coates Lear quite extensively. It is also significant that Mr. Lear, to further protect his string of small Airlines personally broke up the I.A.A. in August of 1961 and formed another association called NACA