STAFF INVESTIGATION
RELATING TO THE NOMINATION OF
G. WILLIAM MILLER
TO BE CHAIRMAN OF THE BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM

PART 4
CONTAINING ADDITIONAL MATERIAL RECEIVED
FOR THE RECORD

PRINTED FOR THE USE
OF THE
COMMITTEE ON BANKING, HOUSING,
AND URBAN AFFAIRS
UNITED STATES SENATE

JULY 24, 1978

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(II)
John D. Hawke, Esquire  
Arnold & Porter  
1229 Nineteenth Street, N. W.  
Washington, D. C.  20036  

Dear Jerry:  

This will acknowledge receipt of the Textron-Bell documents submitted to the Committee recently by your Office by letters dated June 16, June 21 and June 30, 1978. These documents will be published in the Committee's Record of the proceedings.  

While I do not wish to have access to the broader range of documents assembled pursuant to the SEC subpoena, I do feel that any document called for by the Committee subpoena dated January 31, 1978 which has not been submitted heretofore should be forwarded to the Committee for its Record.  

Sincerely,  

Charles L. Marinciaccio  
Special Counsel  

cc: Mr. Kenneth A. McLean  
Mr. Bruce F. Freed
STAFF INVESTIGATION
RELATING TO THE NOMINATION OF
G. WILLIAM MILLER

FIFTH SUBMISSION OF DOCUMENTS
RELATING TO TEXTRON, INC.

JUNE 16, 1978
(1)
LETTER TO
Charles L. Marinaccio, Special Counsel,
Senate Committee on Banking, Housing, and Urban Affairs,
FROM
John D. Hawke, Jr. of Arnold and Porter

(3)
June 16, 1978

Charles L. Marinaccio, Esquire
Special Counsel
Committee on Banking, Housing
and Urban Affairs
5300 Dirksen Office Building
Washington, D. C. 20510

Dear Lindy:

As I mentioned to you recently, in the course of the Securities and Exchange Commission's investigation of Textron, Inc., Textron has been gathering and making available to the Commission a tremendous volume of documents. The great bulk of the documents produced to date relate to Bell Helicopter Textron.

As you will recall, Ken McLean sent a letter to Textron on January 25, 1978, requesting a variety of documents relating to Bell's relationship with Air Taxi and General Khatami, and he asked that they be supplied within two or three days. The SEC's subpoenas to Textron are substantially broader in scope than the Committee request during the course of the Miller confirmation proceedings, and many weeks have been spent by Bell people, as well as by attorneys and paralegals from this firm, in searching Bell files for documents that are responsive to the SEC subpoenas. In this process, we have identified a number of documents relating to Bell's dealings in Iran that might be considered to be within the scope of the Committee's
subpoena and that may not have been discovered in the earlier file searches in response to that subpoena. Since you expressed a continuing interest in this subject, I am enclosing copies of those documents. I should point out that many of these may already be included among the documents that have previously been furnished to the Committee, and we have not undertaken to determine whether particular documents were turned over in earlier submissions. Should we identify additional documents that may be responsive to the Committee's original request during our continuing production of Bell files in response to the SEC subpoenas, we will make them available to you.

The Committee's inquiry into Bell's dealings in Iran focused narrowly on the role played by Air Taxi and General Khatami, and for this reason you did not have an opportunity to review a broader range of Bell documents relating to the Iran transaction. In order to put the Air Taxi-Khatami documents in perspective, you may be interested in taking a look at all the Bell files relating to Iran that have been assembled for the SEC. These are maintained in a document depository that has been established at our office, and I will be happy to make appropriate arrangements if you would like to have access to these files.

Best regards.

Sincerely,

John D. Hawke, Jr.

Enclosures
LETTER OF JUNE 21, 1978
FROM
JOHN M. FEDDERS OF ARNOLD AND PORTER
TO
MR. MARINACCIO

(7)
June 21, 1978

Charles L. Marinaccio, Esq.
Special Counsel
Committee on Banking, Housing
and Urban Affairs
United States Senate
5300 Dirksen Office Building
Washington, D.C. 20510

Re: Textron Inc.

Dear Mr. Marinaccio:

Yesterday, you or a member of your staff telephoned J. D. Hawke, Jr. of our office and asked for a second copy of one of the documents that was sent to you under cover of Mr. Hawke's June 16 letter. Enclosed is a copy of the document you requested, namely, a March 17, 1971 11-page inter-office memorandum of C. P. B. Horsley to F. M. Sylvester, together with a two-page attachment.

Should you have any additional requests, you may telephone Mr. Hawke or me.

Very truly yours,

John M. Fedders

Enclosure
Textron, Inc. Documents
Submitted to the Committee
by Arnold and Porter, Textron's Counsel
(9)
Memo To: Mr. F. M. Sylvester
Copy To: Messrs. J. Atkins, V. Hunt, D. Mitchell, H. Weichsel, W. Yates
Subject: Trip Report - Iran - April 5th through April 19th 1972

The initial purpose of this trip was one of low key and simply gathering facts pertinent to the existing Iranian requirement for the implementation of helicopters into the Imperial Iranian military forces structure.

Upon arrival in Teheran, a courtesy call was made to Armish MAAG (Colonel S. Duncan, responsible for MAP and FMS sales). Colonel Duncan requested that I see him immediately as the Iranian requirement had changed substantially since the visit of General Toufanian and party in Fort Worth during February of this year. I was informed at this time that the numbers of helicopters desired by GOI had increased substantially. As it stands to date, the required number is 204 attack helicopter gunships and 256 transport helicopters.

Colonel Duncan further advised that as a result of a joint meeting consisting of MAAG personnel, General Toufanian, Mr. Dehesh, General Khosrodad and General Minbashian a demonstration of the AH-1G, AH-1J and 214A would be required prior to any contract signature. The only opposition to this idea was from Mr. Dehesh who felt that the demonstration would only delay matters further and besides, they had all the information concerning performance that they needed.

Colonel Duncan then requested that performance data for the G, J and 214 at 53°C sea level and 6,000 feet. This data was provided in sufficient detail for his purposes.

The temperature of 53°C has only been recorded a few times in the last three years in the southern part of Iran where altitudes are between sea level and 3,000 feet. Not once has that temperature been reached at altitudes of 6,000 feet. The purpose of this request was only to satisfy General Khosrodad's particular interest in how these above aircraft would perform at this extreme condition.
A meeting was then held with our representative, Air Taxi; specifically, Mr. Zanganeh, Managing Director and Mr. Iranzad, Sales Manager. My purpose was to establish whether or not our representative was substantially in the picture and knew about this new development and if so, what information had they received. To my very pleasant surprise, I found that our representatives were fully informed and, in fact, Mr. Zanganeh was in continuous contact with Mr. Dehesh and had had a meeting with General Toufanian just prior to my arrival. Subsequently, Air Taxi informed us of this new development through their telex of 6 April addressed to Mr. Atkins, reference number 122/72.

Throughout my visit, Mr. Zanganeh held meetings with Mr. Dehesh nightly and with General Khatami to establish day to day developments and receive valuable input that would have bearing on this program.

Over the next few days, meetings were held with the MAAG and MIO personnel in an attempt to develop the situation to that point where a decision to demonstrate or not was made and a firm decision on type and numbers. A blow by blow description of these meetings, I think, have been sufficiently covered in my telexes.

On 15 April, a complete presentation to General Toufanian was made by General Khosrodad, General Minbashian and MAAG to prepare for General Toufanian’s audience with his Majesty on the entire program from organization through to procurement of aircraft. The result of this meeting of General Toufanian and his Majesty was that the entire concept had been approved with the exception that his Majesty requested a cost study to be completed reflecting the 214A and 205. Mr. Dehesh stated at this time that his Majesty was desirous of Agusta participation and was leaning toward Agusta supplying the 205 to satisfy their requirement for transport and BHC, Fort Worth providing a gunship for that portion of their requirement. I was also informed that the idea of the demonstration was not addressed and that a decision would probably not occur until after the visit of Corrado on May 2, 1972.

April 17, 1972 – At this time, it seemed to me that all the basic information had been submitted; however, the problem remained that the people responsible in MIO would not take the initiative to firmly recommend to his Majesty a plan of action and therefore we would be in for another long delay—six months to a year. As General Toufanian was leaving the next day, I decided to visit the headquarters of MIO and try to force the issue of the demonstration and a firm letter of intent utilizing the tactic of 1) that the AH-1G was now more expensive, 2) that if they really wanted to get serious and have a demonstration, I would have to have a letter this afternoon and 3) if not
received that there was no way possible I could commit the company to a demonstration during their required timeframe. After a two hour session with General Toufanian and Mr. Dehesh, they agreed that something must be decided immediately and General Toufanian immediately went to his Majesty for that purpose alone.

Upon arriving at the palace, General Toufanian met with General Khosrodad and General Minbashian who were there to discuss the same thing. Subsequent to the meeting with his Majesty, I was told that HIM had approved of the firm intent to purchase and demonstrate the AH-1J and 214 in country.

Am trying to establish an audience with his Majesty and Mr. Atkins in May. The reasoning is that it would be just after the visit of Corrado and would tie in with the proposed visit of President Nixon in Iran. At this audience, Mr. Atkins should be prepared to discuss basic elements in pricing of our proposed program which must include the entire training package of pilots, mechanics, factory management and logistical personnel. Additionally, he should be able to discuss what participation we are willing to negotiate with Agusta.

I have submitted a marketing plan, reference FGEG:cnt:1110 dated April 24, 1972 and a proposed draft response to General Toufanian's letter of intent.

We must maintain close coordination with Washington as it is imperative that Nixon be brought up to speed of the events that have taken place to date. Also, close contact with the military offices responsible for providing any further performance data requested by the Armist MAAG should be kept.

At some opportunity, the possibility of establishing a BHC representative in country (marketing type) to overview and coordinate the entire BHC activity who has access to the offices of MAAG and MIO through established contacts should be discussed.

Of significant note, General Khosrodad has asked the assistance of the Iranian Air Force in the way of training, personnel and facilities to help get him started in his new organization. This obviously has great bearing on our concern as to where the Iranians were going to obtain people to accomplish such a program.
I had a meeting scheduled with Maj. General McKeen regarding the cost study that was required by the AAH contract.

General McKeen brought up the matter of the Iranian production contracts which he was in the process of reviewing prior to award. General McKeen stated that the contracts included a provision for payment of dealer commissions and that he had just been advised by the procurement authority in DOD (Dave Alne) that dealer commissions would not be paid on any FMS sales to the Government of Iran. General McKeen read to me a part of the formal message and it indicated that reasonable expenses would be acceptable but dealer commissions could not be honored.

General McKeen suggested that the commission clause and the dealer's commission ($1,000 per ship) be removed from the contracts and that if I would agree to such removal he could approve the contracts for award.

I indicated to General McKeen that the commission amounts included in the contracts were in accordance with my discussions with General Toufanian and that Dave Alne was generally aware of these discussions. I also advised General McKeen that we would, of course, be required to pay our dealer in excess of the $1,000 per ship.

I suggested to General McKeen that I would accept removal of the commission clause and dealer's commission from the contracts provided he would give me a clause in case I desired to claim a reasonable cost of the sale at some later date. Frank McKenna wrote the clause in General McKeen's office and I agreed Bell would accept it.

JPA:jt

J. F. Atkins
President
27 June 1973

Memo to:       File
Subject:      Air Taxi

Frank Sylvester and I met with Mr. Zanganeh of Air Taxi on Thursday, June 21, 1973.

We previously had had several discussions regarding the commissions or compensation to which Air Taxi would be entitled on our Iranian Program. We were caught up in a situation wherein the policy of the Government of Iran was changing and both the dealer and Bell recognized this. In other words, General Toufanian had highlighted the situation and was taking the position that only reasonable expenses of a sales representative would be accepted in FMS contracts.

The parties had renegotiated the dealer agreement on at least one prior occasion and now were attempting to reach a final settlement on this matter.

We agreed as follows:

1. Air Taxi would be expected to continue to furnish services and support Bell through the life of the current helicopter program.

2. The dealer agreement would be amended to exclude any future sales to IRO or to the military services.

3. The dealer's total compensation for the helicopter sales would be $2,550,000.

4. Payment would be made on the following schedule:
   - Upon signing the agreement  $1,000,000
   - July 1, 1974                  $1,000,000
   - July 1, 1975                  $500,000

5. It was agreed that the compensation paid under this agreement is a total settlement and is subject to change only if the existing program for 439 helicopters is reduced. If the number of helicopters is reduced, the compensation payable to the dealer would be reduced by $3,000 for each helicopter taken from the program.
6. We outlined this settlement on a blank sheet of paper and we included a provision that the parties might later discuss the advisability of entering into a consulting agreement. A copy of the outline of the agreement is attached.

I outlined the settlement to Jan LeCrary and requested he write up a draft of a total settlement agreement and requested John Scott to review this agreement for final legal approval.

J. F. Atkins
President
I. Total Compensation - $2,950,000

II. Payment Schedule -

<table>
<thead>
<tr>
<th>Upon signing</th>
<th>July 1, 1974</th>
<th>July 1, 1975</th>
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<tbody>
<tr>
<td></td>
<td>$1,000,000</td>
<td>$950,000</td>
</tr>
</tbody>
</table>

III. Reduction in Compensation -

If present program of 489 helicopters is reduced, then compensation will be reduced by $3,000 per helicopter cancelled.

IV. Change in Representative Agreement -

Future sales to the military services or MIO will not be covered by revised representative agreement.

V. Consulting Agreement

The parties will discuss the advisability of entering into a consulting agreement at some later date.
Dear Mr. Sylvester,

I must apologize for the delay in answering your letter of June 16, 1972, which was due to my absence from the country.

After careful consideration and consultation, some changes have been made, which I hope will meet with your approval.

I hope you appreciate that Bell Company’s commitment to me is based on many years of diligent effort by myself and members of my staff, as documented by regular correspondence between us. This effort, I am sure you will agree, is partially responsible for your success with the Imperial Government of Iran be it direct or Government to Government.

In view of the above, I cannot agree to make my rights subject to the arbitrary decision of the U.S. Government.

As the initial Letter of Intent was signed on April 13, 1972, may I suggest that Amendment No. 1 dated April 1, 1972, be back-dated so that any misunderstanding or complications may be avoided.

Please find enclosed the revised Amendment No. 1 which I have signed accordingly. I look forward to receiving the counter signed amendment and also seeing you in Texas soon.

Best personal regards,

Yours sincerely,

AIR TAXI COMPANY

A. 229
ATTN: F. M. SYLVESTER

AA

GEN. WILLIAMSON SUPPORTS GEN. HOWZE SCRIPT ONE HUNDRED PERCENT. HAS EVEN SUGGESTED SOME ADDITIONAL EVENTS THAT CAN EASILY BE DONE WITH MINOR MODIFICATIONS. THESE EVENTS CAN BE DISCUSSED AT A LATER DATE DURING GEN. HOWZE'S PRESENCE HERE.

BB

MAKING EVERY EFFORT TO OBTAIN CONFIRMATION OF C130 ARRIVAL IN WRITING. EXPECT TO RECEIVE TOMORROW OR NEXT DAY.

CC

EVALUATION OF AIRCRAFT TO BE CONDUCTED BY COMBAT RESEARCH EVALUATION COMMAND (CREC) UNDER THE COMMAND OF MG BROOMENDAN. MEETINGS CONCERNING THE PREPARATION OF EACH EVALUATION SITE AND NECESSARY DETAILS FOR DATA COLLECTION ETC. ARE CONDUCTED TRI-WEEKLY. MEMBERS CONSIST OF REPRESENTATIVES OF CREC/MAAG/GEN., KHOSROOD/AF/RESEARCH TECHNICAL INSTITUTE/NAVY/GEN. TOUFANIAN GROUP AND MYSELF REPRESENTING BELL.

DD

ACTUAL EVALUATION TEAM WILL CONSIST OF APPROX FIVE DATA COLLECTORS, FROM THOSE GROUPS MENTIONED IN CC ABOVE. HAVE INCLUDED AT THE REQUEST OF CREC SMITTY AS BELL REP. MAKE SURE SMITTY BRINGS ALL RELATIVE DATA CONCERNING BOTH BIRDS.

EE

ARADMAC/MMT TEAM WAS EXTREMELY WELL RECEIVED. GEN. PATTON THINKS GEN. TOUFANIAN MAY DRAG HIS FEET REFERENCE FACTORY AND RELATIVE SUPPORT UNTIL TEAM COMPLETES REPORT END OF SEPTEMBER. GEN. WILLIAMSON HOPES THAT WE CAN GET TOGETHER WITH ARADMAC AS TO NOT DUPLICATE OR CONFUSE EFFORT. ACTION OBVIOUSLY STRIKER NEEDS TO MEET WITH MMT REPRESENTATIVES ASAP.

FF

DEHESH SAYS JFA SHOULD BE HERE FOR MAIN DEMO WHICH IS NOW ESTIMATED TO TAKE PLACE ON OR ABOUT AUGUST 26. THIS PROVIDES US MORE PROPOSAL/SUMMARY PREP TIME. CAN FALL BACK NOW TO ORIGINAL TIMING FOR IN-COUNTRY PROPOSALS BY MID AUGUST. DEHESH SAYS IF WE WANT TO INVITE CORRADO FINE. HOWEVER, HE DOES NOT WANT TO INVITE HIM.

WE CAN GET TOGETHER WITH ARADMAC AS TO NOT DUPLICATE OR CONFUSE
REF TO DOD FUNDS — BESIDES STATEMENT BY DEHESH THAT SUFFICIENT COMMERCIAL FUNDS ARE AVAILABLE, SHAH RELUCTANT TO COMMIT FUNDS FROM ANYWHERE THAT CONCERN THIS PROGRAM FOR FEAR OF PREJUDICING THE ISSUE. FOR THIS REASON UACL DID NOT RECEIVE CONTRACT. DEHESH FULLY AWARE AND APPRECIATIVE OF THE FACT THAT WE MADE HIM AWARE OF ADDITIONAL FUNDS.

RELATIONSHIP OF GEN. TOUFANIAN AND GEN. KHOSRODAD EXTREMELY STRAINED. GEN.' KHOSRODAD BOWING OUT OF PICTURE AND STATING HE IS TO BE THE OPERATOR AND NOT RESPONSIBLE FOR THE PURCHASE OR EVALUATION OF EQUIPMENT THUS THE APPOINTMENT OF NEW EVALUATION TEAM.

AIR FORCE IS STILL IN THE PICTURE BUT AT THIS TIME ONLY AS AN OBSERVER AND TO SUPPLY SUPPORT FOR DEMO.

CREC CONFIRMS THAT THEY WILL NOT REQUIRE ANY FORMAL AIRCRAFT BRIEFINGS.

AIR TAXI HAS SIGNED AND DISPATCHED AMENDMENT TO MFRA BUT WITH CHANGES.

A) AMENDMENT IS TO BE DATED APRIL 1, 1972.

B) ZANGANEH DOES NOT AGREE WITH PARAS REFERENCING FMS CASES AND HAS WRITTEN A SUGGESTED ADDITIONAL PARA ON THAT SUBJECT. I HAVE NOT HAD AN OPPORTUNITY TO DISCUSS THIS PARA IN DETAIL WITH ZANGANEH BUT WILL DO SO TOMORROW AND WILL REPORT OUTCOME. A BRIEF REVIEW OF ADDITIONAL PARA IN MY ESTIMATION IS TOTALLY UNACCEPTABLE AND HAVE ADVISED KHALIL OF THAT FACT.

SIGNED AMENDMENT AND COVERING LETTER WAS MAILED JULY 13, 1972. ESTIMATE YOU TO RECEIVE APPROX JULY 20 OR 21.

HORSLEY DEPARTS FOR LEBANON WEDNESDAY MORNING.

CORRADO NOT IN TOWN AND IS NOT EXPECTED.

DEHESH AND GEN. TOUFANIAN OFF TO FRANCE TUESDAY AND THURSDAY RESPECTIVELY. MISSION AS OF YET NOT KNOWN BUT WILL FIND OUT AND TELEX.

BEST REGARDS. GALLAGHER
SUPPORTS WAA/SCRIPT ONE MINIMUM PERCENT. HAS EVEN
SUGGESTED SOME ADDITIONAL EVENTS THAT CAN EASILY BE DONE WITH
MINOR MODIFICATIONS. THESE EVENTS CAN BE DISCUSSED AT A LATER
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RESEARCH TECHNICAL INSTITUTE/AVIATION GROUP AND MYSELF REPRESENTING
AA.

DD ACTUAL EVALUATION TEAM WILL CONSIST OF APPROXIMATELY FIVE DATA COLLECTORS,
FROM THOSE GROUPS MENTIONED IN CC HAVE INCLUDED AT THE
REQUEST OF CREC SMITHY AS SMITHY REP. MAKE SURE SMITHY BRINGS
ALL RELATIVE DATA CONCERNING BOTH BIRDS.

EE ARADMAC/MIT TEAM WAS EXTREMELY WELL RECEIVED. GOBLIN THINKS
SMITHY SUGGESTION OF FEET REFERENCE AND RELATIVE SUPPORT
UNTIL TEAM COMPLETES REPORT END OF SEPTEMBER. HOPE THAT
WE CAN GET TOGETHER WITH ARADMAC AS TO NOT DUPLICATE OR CONFUSE
EFFORT. ACTION OBVIOUSLY STRIKER NEEDS TO MEET WITH MTT REPRESENTATIVES ASAP.

BELL HCPT FTV GENV 37002024

Mr. Doherty

AFFR SAYS JVA SHOULD BE HERE FOR MAIN DEMO WHICH IS NOW
ESTIMATED TO TAKE PLACE ON OR ABOUT AUGUST 26. THIS PROVIDES
US MORE PROPOSAL/SUMMARY PREP TIME. CAN FALL BACK NOW TO
ORIGINAL TIMING FOR IN-COUNTRY PROPOSALS BY MID AUGUST.

Mr. Doherty says if we want to invite JVA fine. However
he does not want to invite him.
A STANCE BY THAT SUFFICIENT AL TR. FUNICS ARE AVAILABLE, RELUCTANT TO COMMIT FUNDS FROM ANYWHERE THAT CONCERN THIS PROGRAMM FOR FEAR OF PROCESsing THE ISSUE. FOR THIS REASON UACL DID NOT RECEIVE CONTRACTS FULLY AWARE AND APPRECIATIVE OF THE FACT THAT WE MADE HIM AWARE OF ADDITIONAL FUNDS.

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IS STILL IN THE PICTURE BUT AT THIS TIME ONLY AS AN OBSERVER AND TO SUPPLY SUPPORT FOR DEMO.

CHKC CONFIRMS THAT THEY WILL NOT REQUIRE ANY FORMAL AIRCRAFT BRIEFINGS.

SHAWER HAS SIGNED AND DISPATCHED AMENDMENT TO MTRA BUT WITH CHANGES:

A) AMENDMENT IS TO BE DATED APRIL 1 1972.
B) MR Z DOES NOT AGREE WITH PARAS REFERENCING FMS CASES AND HAS WRITTEN A SUGGESTED ADDITIONAL PARA ON THAT SUBJECT.
I HAVE NOT HAD AN OPPORTUNITY TO DISCUSS THIS PARA IN DETAIL WITH MR Z BUT WILL DO SO TOMORROW AND WILL REPORT OUTCOME.
A BRIEF REVIEW OF ADDITIONAL PARA IN MY ESTIMATION IS TOTALLY UNACCEPTABLE AND HAVE ADVISED KHALIL OF THAT FACT

SIGNED AMENDMENT AND COVERING LETTER WAS MAILED JULY 13 1972. ESTIMATE YOU TO RECEIVE APPROX JULY 20 OR 21.

HORSLEY DEPARTS FOR LEBANON WEDNESDAY MORNING.

MM NOT IN TOWN AND IS NOT EXPECTED.

AIR AND SUNDAY OFF TO FRANCE TUESDAY AND THURS RESPECTIVELY.
MISSION AS OF YET NOT KNOWN BUT WILL FIND OUT AND TELLEX.

BEST REGARDS GALLAGHER

37002025
This Amendment Number 1 to the Manufacturer's Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Air Taxi Company of Mehrabad Airport, Tehran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer's Foreign Representative Agreement made between Bell and the Representative on the 15th day of June '970. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 1 shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products. The program anticipated consists of:

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
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<tbody>
<tr>
<td>100</td>
<td>Model 206A/OH-58A</td>
</tr>
<tr>
<td>50</td>
<td>Model 205A/UH-1</td>
</tr>
<tr>
<td>200</td>
<td>Model 209/AH-1J</td>
</tr>
<tr>
<td>200</td>
<td>Model 214</td>
</tr>
</tbody>
</table>

Related spare parts, accessories, equipment, tooling, services, training, or data
A. Bell will pay to the Representative a commission of 2.5% of the value of any contract executed between Bell and the Imperial Iranian Government for the delivery of the Listed Products.

B. Subject to the approval of the U.S. Government, Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the purchase and delivery of helicopters resulting from a contract between the U.S. Government and the Imperial Iranian Government.

C. In the event that the Imperial Iranian Government elects to procure products, other than helicopters, through the U.S. Government, Bell shall incur no obligation to pay any commissions to the Representative.

D. Commissions shall become payable to the Representative upon delivery of the Listed Products and receipt by Bell of payment thereof. In the event Bell obtains advance payments from the Imperial Iranian Government for the Listed Products contracted for between Bell and the Imperial Iranian Government, Bell shall pay to the Representative as advance commissions, 2.5% of those advance payments received. Upon receipt of final
payments from the Imperial Iranian Government, Bell shall liquidate the advance commissions paid to the Representative at the time of payment of the final commission.

E. This Amendment shall become effective on the date hereof and shall continue until terminated in accordance with Item 6, Term and Termination, of the basic Manufacturer's Foreign Representative Agreement, dated 15 June 1970.

F. All provisions of the basic Manufacturer's Representative Agreement, dated 15 June 1970, not specifically amended herein, remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year set forth below:

By A.H. Zanganeh

(Title) Managing Director

Witness

Date:

Witness

Date:

GENY 37002029
B2. In the event that the U.S. Government refuses to approve the representative’s commission, Bell agrees to pay a commission/consultant fee of 1% (one percent) to Air Taxi Co. or Mr. A. H. Garnach, Chairman and Managing Director of Air Taxi Co. (major shareholder), in recognition of his long standing efforts and contributions.

GENV 37002030
CREC MEETING TODAY FINALIZED:

1) GENERAL ORDERS FOR BROOME OMANDAN SIGNATURE AND GEN. MINBAISHAN'S APPROVAL ESTABLISHING THOSE REQUIREMENTS NECESSARY AND COMMANDER'S RESPONSIBLE FOR THE PROPER EXECUTION OF THE EVALUATION AND DEMO. THIS INCLUDES PREP OF SITES - RANGES - P AND L - SECURITY, ETC.

2) AN EVALUATION CHECK LIST TO RECORD PERFORMANCE DATA AT EACH EVALUATION SITE ALSO FOR APPROVAL OF BROOME OMANDAN TOMORROW.

REFERENCE MFRA AMENDMENT FOR AIR TAXI. HAVE DISCUSSED WITH JOE AND HE OBVIOUSLY CONCERNED ABOUT BEING LEFT IN THE COLD IF IN CASE U.S. TO IRAN NEGOTIATIONS RESULT IN UNFAVORABLE POSITION REGARDING REMUNERATIONS, HAVE STATED HIS NEW PARA ABSOLUTELY UNACCEPTABLE. HOWEVER JOE WISHES TO FURTHER DISCUSS THE MATTER WHEN FMS/JFA PRESENT AND CONTRACT VALUE KNOWN.

IT IS RUMORED THAT DEHESH AND TOUFANIAN WILL STOP TO SEE CORRADO ON RETURN TRIP - REASON FOR VISIT FRANCE IS RUMORED TO BE MISSILES. THEIR DURATION OF TRIP TEN DAYS.

PLEASE SEND MAX ALLOWABLE SMALL LITHOS OF ALL MODELS. THIS IS TO BE USED FOR RECRUITING PROGRAM

AIR TAXI IN NEED OF TEN EACH LATEST ALL BROCHURES AND ROTORWAYS.

MEET WITH GEN. KHATAMI'S CHIEF OPS TOMORROW TO DISCUSS TRANSPORTATION CONFIRMATION SCHEDULE.

DEHESH GIVEN ME AUTHORITY IN WRITING TO COORDINATE WITH DEPTS INVOLVED ALL ACTIVITIES FOR PREPARATION OF EVALUATION AND DEMO AND RELATED SUPPORT REQUIREMENTS.

GENV 37002020

GALLAGHER
ATTN MR F SYLVESTER

DIRECT MEETING TODAY FINALIZED - (1) GENERAL ORDERS FOR BROOMDAN SIGNATURE AND AWAR F APPROVAL ESTABLISHING THOSE REQUIREMENTS NECESSARY AND COMMANDERS RESPONSIBLE FOR THE PROPER EXECUTION OF THE EVALUATION AND DEMO. THIS INCLUDES PREP OF SITES - RANGES - P AND L - SECURITY ETC. (2) AN EVALUATION CHECK LIST TO RECORD PERFORMANCE DATA AT EACH EVALUATION SITE ALSO FOR APPROVAL OF BROOMDAN TOMORROW.

REFERENCE MFRA AMENDMENT FOR SNAPPER. HAVE DISCUSSED WITH JOE AND HE OBVIOUSLY CONCERNED ABOUT BEING LEFT IN THE COLD IF IN CASE U.S. TO SINGEL NEGOTIATIONS RESULT IN UNFAVOURABLE POSITION REGARDING REMUNERATION, HAVE STATED HIS VIEW THAT PARA ABSOLUTELY UNACCEPTABLE. HOWEVER JOE WISHES TO FURTHER DISCUSS THE MATTER WHEN FMS/JFA PRESENT AND CONTRACT VALUE KNOWN.

IT IS RUMOURED THAT ATVSE AND SUSY WILL STOP TO SEE CIIO IN RETURN TRIP - REASON FOR VISIT FRANCE IS RUMOURED TO BE MISSLES. THEIR DURATION OF TRIP TEN DAYS.

PLEASE SEND MAX ALLOWABLE SMALL LITHOS OF ALL MODELS. THIS IS TO BE USED FOR REC RECRUITING PROGRAM.

SHAPPAY IN NEED OF TEN EACH LATEST ALL BROCHURES AND ROTORS.

MEET WITH SALLIE CHIEF OPS TOMORROW TO DISCUSS TRANSPORTATION CONFIRMATION SCHEDULE.

MR. LEHAN

ADDED GIVEN ME AUTHORITY IN WRITING TO COORDINATE WITH DEPTS INVOLVED ALL ACTIVITIES FOR PREPARATION OF EVALUATION AND DEMO AND RELATED SUPPORT REQUIREMENTS.

BEST REGARDS GALLAGHER

GENV 37002021
JULY 30, 1972

TO THE \,

INFORMATION

THEORETICAL \,

THESE ARE:

HTTP: J. O. MILLER, RUGGER

REFERENCE: THE CORRECT LATTER OF JULY 16, 1972, FOR COMMISSION

TO THE \,

THE AGREEMENT TO THE INCLUSION IN PARAGRAPH IV, AS PREPARED, THE WORDS
TO THE DELETION FROM PARAGRAPH II, OF THE WORDS "THE DATE HEREOF"
AND TO THE SUBSTITUTION OF "APRIL 1, 1972" FOR THEM.

WE CANNOT AGREE TO THE INCLUSION OF PARAGRAPH IV, BECAUSE WE
CANNOT FIND OURSELVES TO THE PAYMENT OF COMMISSIONS THAT WE
ARE UNABLE TO RECOVER AS AN ELEMENT OF COST TO BE ALLOWED IN THE
ESTABLISHMENT OF THE CONTRACT PRICE BETWEEN BELL AND THE U.S.
GOVERNMENT.

HOWEVER, FOR THE FOLLOWING REASONS, WE HAVE CAUSE TO BELIEVE THAT THE
U.S. GOVERNMENT WOULD APPROVE THE COMMISSION PAYMENT, AND SUCH
HAS BEEN OUR EXPERIENCE.

1) U.S. PROCUREMENT REGULATIONS RECOGNIZE AND ALLOW

CONTRACTORS TO RECOVER COSTS FOR COMMISSION PAYMENTS.

THEY DO REQUIRE DOCUMENTATION OF A NEUTRAL REPRESENTATIVE'S
PARTICIPATION IN THE DEAL.
29

2) THE ATTORNEY GENERAL URGED THE LEGISLATURE TO MAKE
AN APPROPRIATION TO PROVIDE THE NECESSARY FUNDING, IN OUR
OPINION, FOR THE DISABLED VETERAN IN QUESTION IN THE PROCUREMENT ORDER
WITH WHICH THE CONTRACT WAS AMENDED.

PLEASE GIVE US THIS WEEK AT YOUR EARLIEST CONVENIENCE, HAVE
THE RFP CORRECTED IN ACCORDANCE WITH THE CORRECTIONS, AND USE
YOUR BEST EFFORTS TO GET IT SIGNED. THIS REPRESENTS OUR BEST
POSITION, AND WE BELIEVE IT IS IN THE BEST INTERESTS OF ALL CONCERNED
TO COMPLY WITH THE SPECIFICATIONS AT THE EARLIEST PRACTICABLE DATE AND THAT
TIME IS, INDEED, OF THE ESSENCE.

SYMMETRICAL FELLOWSHIP

GENY 37002094
ATTENTION: J. GALLACHER, ROOM 1117

REFERENCE: ZANGANEH LETTER OF JULY 13 SUBJECT COMPENSATION AGREEMENT

WE AGREE TO THE INSERTION IN PARAGRAPH A AS PROPOSED. WE AGREE TO THE DELETION FROM PARAGRAPH E. OF THE WORDS "THE DATE HEREOF" AND TO THE SUBSTITUTION OF "APRIL 1, 1972" FOR THEM.

WE CANNOT AGREE TO THE INSERTION OF PARAGRAPH B.2, BECAUSE WE CANNOT BIND OURSELVES TO THE PAYMENT OF COMMISSIONS THAT WE ARE UNABLE TO RECOVER AS AN ELEMENT OF COST TO BE ALLOWED IN THE ESTABLISHMENT OF THE CONTRACT PRICE BETWEEN BELL AND THE US GOVERNMENT.

HOWEVER, FOR THE FOLLOWING REASONS, WE HAVE CAUSE TO BELIEVE THAT THE US GOVERNMENT WOULD APPROVE THE COMMISSION PAYMENT, AND
(1) PROCUREMENT REGULATIONS RECOGNIZE AND ALLOW CONTRACTORS TO RECOVER COSTS FOR COMMISSION PAYMENT. THEY DO REQUIRE DOCUMENTATION OF A BONAFIDE REPRESENTATIVE'S PARTICIPATION IN THE SALE.

(2) AIR TAXI IS A KNOWN AND REPUTABLE ORGANIZATION - HAS MEETS ALL US GOVERNMENT PROCUREMENT CRITERIA FOR A MANUFACTURER'S REPRESENTATIVE.

PLEASE MEET WITH ZANGANEH AT YOUR EARLIEST CONVENIENCE. HAVE AMENDMENT NO. 1 REWRITTEN PURSUANT TO THE FOREGOING, AND USE YOUR BEST EFFORTS TO GET IT SIGNED. THIS REPRESENTS OUR BEST POSITION, AND WE BELIEVE IT IS IN THE BEST INTERESTS OF ALL CONCERNED TO COMPLETE THE EXECUTION AT THE EARLIEST PRACTICABLE DATE AND THAT TIME IS, INDEED, OF THE ESSENCE.

F. SYLVESTER
HILLCRAFT

CORRECTION:

(2) REARS

(2) AIR TAXI IS A KNOWN AND REPUTABLE ORGANIZATION - HAS REPRESENTED BELL FOR A NUMBER OF YEARS AND, IN YXX OUR OPINION, MEETS ALL US GOVERNMENT PROCUREMENT CRITERIA FOR A MANUFACTURER'S REPRESENTATIVE.

OK
THE REST LOOKS OK ???

TKS

2300INTHOCON TN.....  37002013
07/21/72 0023EST 007.0
ATTN: F. M. SYLVESTER

AA

HAD MEETING WITH AMBASSADOR AT AIR TAXI'S PLACE ON HIS WAY TO VISIT SHAH. HE SUPPORTS US ONE HUNDRED PERCENT AND SOLICITS HIS ASSISTANCE DURING DEMO.

GAVE HIM GENERAL OVERVIEW OF PROGRAM WHICH IS ONE OF THE TOPICS TO BE DISCUSSED WITH SHAH.

SAYS SIK A DAY LATE AND A DOLLAR SHORT.

BB

REF YOUR JSG 152 SUBJECT MFRA AGREEMENT. AIR TAXI UNDERSTANDS CONTENTS THOROUGHLY. HOWEVER, HAS ONE FEAR THAT IS HOLDING UP SIGNATURE. IF IN CASE OF FMS A STATEMENT IS INCLUDED PREVENTING COMMISSIONS PAYABLE, AIR TAXI WANTS SOME FALL BACK POSITION.

ALL HIS FRIENDS ARE OUT OF TOWN, PARTICULARLY DEHESH WHOM HE WANTS TO TALK WITH AND RECEIVE CONFIRMATION THAT IN THE CASE OF FMS NO STATEMENT AS ABOVE WILL BE INCORPORATED. FOLLOWING THIS CONFIRMATION AIR TAXI WILL SIGN IMMEDIATELY. 37002104

IF CONFIRMATION NOT FORTHCOMING, AIR TAXI WANTS ASSURANCE FROM JFA THAT HE CAN NEGOTIATE SOME CONSULTANCY FEE.
Possibly incorporating a para stating air taxi has right to negotiate for a consultancy fee should the case of an FMS purchase commission not allowable.

I have explained our position over and over regardless of whose confirmation he gets our best position is that ref your msg 152. Therefore, to wait for his friends return (approx. 3 Aug.) has really no bearing on signature of the document.

Have written memo for record and sent you copy.

Best regards.

Gallagher
I HAVE EXPLAINED MY POSITION OVER AND OVER REGARDLESS OF
WHOSE CONFIRMATION WE GET OUR BEST POSITION IS THAT REF YOUR
MESSAGE. THEREFORE, THE BEST POSSIBLE ACTION WOULD BE TO
WAIT FOR HIS FRIEND RETURN (OF COURSE) AND THEN REALLY HEAR
BEARING ON SIGNATURE OF THE DOCUMENT.

HAVE WRITTEN MEMO FOR RECORD AND SENT YOU COPY.

BEST REGARDS JACK

GENV 37002286

We agree to the insertion in Paragraph A as proposed. However, we agree to the deletion from Paragraph B with respect to the words "the date hereof" and the substitution of April 1, 1972, for them.

However, we cannot agree to the insertion of Paragraph B.2. Obviously, as you can well understand, Bell Helicopter Company cannot bind themselves to the payment of commissions that are unable to be recovered as an element of cost to be allowed in the establishment of the contract price between Bell and the U.S. Government.

I am sure as an astute business man as yourself, you would not bind Air Taxi under a similar set of circumstances. However, for the following reasons, we have cause to believe that the U.S. Government would approve the commission payment and such has been our experience.

(1) U.S. procurement regulations recognize and allow contractors to recover costs for commission payment. They require documentation of a bona fide representative's participation in the sale.

(2) Air Taxi is a known and reputable organization and has represented Bell for a number of years and in our opinion meets all U.S. Government procurement criteria for a manufacturer's representative.

This represents our best position, and we believe it is to the best interests of all concerned that to complete the execution of the subject compensation agreement, rewritten pursuant to the foregoing at your earliest opportunity.

You are well aware that time is of the essence and regardless of Mr. Cohen's assurance that a statement of commission payable be included or not in a transaction between the U.S. Government directly with the Iranian Government, U.S. representatives must ensure that this position is always your immediate attention to this matter is deeply appreciated.

John T. Gallagher Jr.,
Regional Marketing Manager.
ATTN: MR. SYLVESTER

HE HAD MEETING WITH AMBASSADOR AT PLACE ON HIS WAY TO VISIT JAPAN. HE SUPPORTS US ONE HUNDRED PERCENT AND SOLICITS HIS ASSISTANCE DURING DEMO.

GAVE HIM GENERAL OVERVIEW OF PROGRAM WHICH IS ONE OF THE TOPICS TO BE DISCUSSED WITH JAPAN.

SAYS HE'S A DAY LATE AND A DOLLAR SHORT.

BB REF YOUR MSG 152 SUBJECT MFRA AGREEMENT. SEE UNDERSTANDS CONTENTS THROUGHFULLY THOROUGHLY. HOWEVER, HAS ONE FEAR THAT IS HOLDING UP SIGNATURE. IF IN CASE OF FMS A STATEMENT IS INCLUDED PREVENTING COMMISSIONS PAYABLE, SEE WANTS SOME FALL BACK POSITION.

ALL HIS FRIENDS ARE OUT OF TOWN PARTICULARLY SOME WHOM HE WANTS TO TALK WITH AND RECEIVE CONFIRMATION THAT IN THE CASE OF FMS NO STATEMENT AS ABOVE WILL BE INCORPORATED. FOLLOWING THIS CONFIRMATION SEE WILL SIGN IMMEDIATELY.

IF CONFIRMATION NOT FORTHCOMING SEE WANTS ASSURANCE FROM JFA THAT HE CAN NEGOTIATE SOME CONSULTANCY FEE. POSSIBLY INCORPORATING A PARA STATING SHASHI HAS RIGHT TO NEGOTIATE WITH BASIS FOR A CONSULTANCY FEE SHOULD IN THE CASE OF AN FMS PURCHASE COMMISSION ARE NOT ALLOWABLE.
I have explained our position over and over regardless of whose confirmation he gets our best position is that ref your msg152 therefore, to wait for his friends return (approx 3 Aug) has really no bearing on signature of the document.

Have written memo for record and sent you copy.

Best regards Jack

2575 A Taxi TN
In the event of a government-to-government sale against which we would argue a commission to Mr. T. as an element of cost, we would have to submit a copy of the agreement showing the relationship of Mr. T. as our representative.

If that document showed - in the manner you have suggested - that he had guaranteed payment of a commission at a rate lower than the 2 1/2%, then you may be certain that they would decide on a percentage not to exceed that lower rate.

This, for obvious reasons, could not be stated in our recent exchange of letters and telecommunications on this subject.

Frank M. Sylvester
ATTN: F. H. SYLVESTER

REFERENCE YOUR MESSAGE OF 6TH AGREEMENT.

A) REGRET UNABLE TO AUTHORIZE LOCAL SIGNATURE. BASIS OF DECISION BASED PURELY ON CONDITION OF PLACE OF SIGNATURE AND POTENTIAL EXPOSURE AS TO "DOING BUSINESS IN IRAN." ACCORDINGLY WILL MAIL TODAY TO JRE FOR YOUR ATTENTION FULLY SIGNED AGREEMENT CONFORMING TO TERMS AND CONDITIONS CITED BELL MESSAGE NO. 76 OF 7TH. JFA HAS SUGGESTED THAT UPON RECEIPT YOU RETAIN ABSOLUTE CUSTODY PENDING REPRESENTATIVE'S SIGNATURE. FURTHER HE SUGGESTS THAT REPRESENTATIVE ACCEPT THE FACT THAT AN AGREEMENT NOW EXISTS AND THAT THE SIGNED COPY BEING FORWARDED FOR HIS SIGNATURE IS MERELY AN ACT OF FORMALIZING THAT AGREEMENT. ACCORDINGLY HE SHOULD BE FREE TO COMMIT RESOURCES AS REQUIRED AROUND THE NOW IN BEING AGREEMENT.

B) ETHYL NOT CONTEMPLATED BY SIDE AGREEMENT. NOTWITHSTANDING SIDE AGREEMENT COVERS COMPLETE MEDIUM FISH LINE HAVE PURPOSELY EXCLUDED MARLIN FROM AGREEMENT. TRUST SUBJECT WILL NOT BE RAISED BY JRE.

3-3-72

TELEX 2303 IRTRGN TN
INTERNATIONAL HOTEL
TEHERAN, IRAN

ATTN: F. H. SYLVESTER

REFERENCE YOUR MESSAGE OF 6TH AGREEMENT.

A) REGRET UNABLE TO AUTHORIZE LOCAL SIGNATURE. BASIS OF DECISION BASED PURELY ON CONDITION OF PLACE OF SIGNATURE AND POTENTIAL EXPOSURE AS TO "DOING BUSINESS IN IRAN." ACCORDINGLY WILL MAIL TODAY TO JRE FOR YOUR ATTENTION FULLY SIGNED AGREEMENT CONFORMING TO TERMS AND CONDITIONS CITED BELL MESSAGE NO. 76 OF 7TH. JFA HAS SUGGESTED THAT UPON RECEIPT YOU RETAIN ABSOLUTE CUSTODY PENDING REPRESENTATIVE'S SIGNATURE. FURTHER HE SUGGESTS THAT REPRESENTATIVE ACCEPT THE FACT THAT AN AGREEMENT NOW EXISTS AND THAT THE SIGNED COPY BEING FORWARDED FOR HIS SIGNATURE IS MERELY AN ACT OF FORMALIZING THAT AGREEMENT. ACCORDINGLY HE SHOULD BE FREE TO COMMIT RESOURCES AS REQUIRED AROUND THE NOW IN BEING AGREEMENT.

B) ETHYL NOT CONTEMPLATED BY SIDE AGREEMENT. NOTWITHSTANDING SIDE AGREEMENT COVERS COMPLETE MEDIUM FISH LINE HAVE PURPOSELY EXCLUDED MARLIN FROM AGREEMENT. TRUST SUBJECT WILL NOT BE RAISED BY JRE.

3-3-72
ATTN: F. M. SYLVESTER

REFERENCE MESSAGE 292/72 ITEM FF. PLAN RE AMENDMENT NO. 1 ACCEPTABLE. ACCORDINGLY DISREGARD PRE-SIGNED AMENDMENTS MAILED AUGUST 9.

REFERENCE MESSAGE 294/72 ITEM AA. STUDY IN PROCESS. ANTICIPATE INITIAL RESULTS AVAILABLE AUGUST 10. IF POSSIBLE WILL TELEX COMPLETE OTHERWISE WILL ADVISE SIGNIFICANT PORTION.

NEW SUBJECT FOR ZANGANEH. REFERENCE FIN REQUEST FOR QUOTE MISCELLANEOUS SPARE PARTS FOR INITIAL INVENTORY. PROPOSAL MAILED, HOWEVER BECAUSE OF BULK DELIVERY MAY BE LATER THAN ESTABLISHED DEADLINE 10 AUGUST. ACCORDINGLY RECOMMEND YOU ADVISE SUSY AND SUGGEST THAT THE PROPOSED PRICES AND DELIVERY SCHEDULE MAY BE SUCH THAT IT IS TO YOUR BEST INTERESTS TO DEFER AWARDING OF CONTRACT PENDING RECEIPT BASS PROPOSAL.

MITCHELL BELL CRAFT END CD

2575 A TAXI TN, , , , , T

GENV 37002095

10/8/72
TELEX IRGN 01 09/2505.25
FORT WORTH 758229 TEXAS USA PSE
MOM PLZ
OUT VIA FFN 0526 GMTDFDFDM
BELL HCPTR FTW
2575 4 TAXI TN
BELL HELICOPTER CO FTW 758229
AUG. 9/72
REF. 292/72

A IN MEL MITCHEL, INTL MKTING - ADVISE CONCERNED

AA UNDERSIGNED PROCEEDING SANANDAJ THIS DATE. EXPECT RETURN TEHRAN
FROM AHAKAZ OR BUSHIRE DEPENDING ON TEST PERFORMANCE THEN REJOIN
TEAM AT ISFAHAN.

BB TRAVEL PLANS JFA CRR HHH LOOK AKAY.

CC DYNELCUTRON REP FRINCKS (?) HERE WITH PROPOSAL TO FURNISH
COMPANY LEVEL MAINTENANCE TEAMS FOR DEPLOYMENT TO FIELD UNITS.

DD INTENSIFIED EFFORTS TO GET IHI ON PRODUCTION BASIS CAUSE FOR
MUCH CONCERN AND CONSENSUS IS THAT IT CANNOT SUCCEED THEREFORE
OPINION IS THAT FUNCTION SHOULD BE LIMITED TO MAJOR OVERHAUL
ONLY.

EE LONG DISCUSSION MONDAY BETWEEN BABS AND SCHOOL INDICATE DECISION
ALREADY TAKEN OUR FAVOR AND TEST PROGRAM PURPOSE TO PROVIDE
JUSTIFICATION.

FF MERA AMENDMENT NO 1 EXECUTED BY JOE AIRMAILED TODAY. EXECUTION
AT YOUR END AND RETURN AIRMAIL IS URGENT REPEAT URGENT.
PLEASE CONFIRM RECEIPT AND ACCEPTANCE THIS PLAN BY RETURN TELEX
SYLVESTER

2575 4 TAXI TN

GENV 37002096
REFERENCE YOUR MESSAGE OF 8TH AGREEMENT.

AA) REGRET UNABLE TO AUTHORIZED LOCAL SIGNATURE. BASIS OF DECISION BASED PURELY ON CONDITION OF PLACE OF SIGNATURE AND POTENTIAL EXPOSURE AS TO "DOING BUSINESS IN IRAN." ACCORDINGLY WILL MAIL TODAY TO JOE FOR YOUR ATTENTION FULLY SIGNED AGREEMENT CONFORMING TO TERMS AND CONDITIONS CITED BELL MESSAGE NO. 76 OF 7TH. JFA HAS SUGGESTED THAT UPON RECEIPT YOU RETAIN ABSOLUTE CUSTODY PENDING REPRESENTATIVE'S SIGNATURE. FURTHER SUGGESTS THAT REPRESENTATIVE ACCEPT THE FACT THAT AN AGREEMENT NOW EXISTS AND THAT THE SIGNED COPY BEING FORWARDED FOR HIS SIGNATURE IS MERELY AN ACT OF FORMALIZING THAT AGREEMENT. ACCORDINGLY HE SHOULD BE FREE TO COMMIT RESOURCES AS CIRCUMSTANCES AROUND THE NOW IN BEING AGREEMENT.

M) ETHER NOT CONTEMPLATED BY SIDE AGREEMENT. NOTWITHSTANDING SIDE AGREEMENT COVERS COMPLETE MEDIUM FISH LINE HAVE PURPOSELY EXCLUDED MARLIN FROM AGREEMENT. TRUST SUBJECT WILL NOT BE RAISED BY JOE.
TELEX 750929 FT. WORTH TEXAS
ATT. B. MITCHELL FOR JFA: CRR,

AA. NEED AUTHORITY EXECUTE COMPENSATION AGREEMENT HERE SO JOE
CAN COMMIT RESOURCES IMMEDIATELY. THIS WOULD THEN
BE EXCHANGED FOR ORIGINAL EXECUTED IN FT. WORTH WHICH WILL BE
MAILED IMMEDIATELY ALSO EXECUTED HERE BY JOE. CALL ME
IF PROBLEMS OTHERWISE TELEX CONFIRMATIONS BEARING IN MIND I
DEPART TEHRAN FOR SAMANDAJ WEDNESDAY 0700 HRS.

BB. UNDERSTAND FROM TELECON THAT WORKSPLIT WITH GRACE
COVERS COMPLETE MEDIUM FISH LINE. CONFIRM THIS ALSO
INCLUDES ETHEL IN NUMBERS OUTLINED YOUR TELEX THIS DATE ON
SUBJECT OF COMPENSATION.

SYLESTEER.

φ

BELL HOPPER FTW

3300 INTTRCN TN

+.....

0002.4

RCA 08 0619 015602

GA

5

GENV 37002098
Manufacturer's Foreign Representative Agreement  
- Amendment No. 1 -

This Amendment Number 1 to the Manufacturer's Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Air Taxi Company of Mehrabad Airport Tehran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer's Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 1 shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products. The program anticipated consists of:

- 100 Model 206A/CH-58A
- 50 Model 205A/UH-1
- 200 Model 209/AH-1J
- 200 Model 214

Related spare parts, accessories, equipment, tooling, services, or data
In the event that the Imperial Iranian Government elects to procure any Bell products (defined as aircraft only) through the U.S. Government, the payment of a commission of 2.5% by Bell to the Representative shall be subject to the approval of the U.S. Government.

In the event that the Imperial Iranian Government elects to procure the Listed Products (excluding helicopters) through the U.S. Government, Bell shall incur no obligation to pay any commissions to the Representative.

Commissions shall become payable to the Representative upon delivery of the Listed Products and receipt by Bell of payment thereof. In the event Bell obtains advance payments from the Imperial Iranian Government for the Listed Products contracted for

GENY 37002017
between Bell and the Imperial Iranian Government, Bell shall pay to the Representative an advance commissions, 2.5% of those advance payments received. Upon receipt of final payments from the Imperial Iranian Government, Bell shall liquidate the advance commissions paid to the Representative at the time of payment of the final commission.

E. This Amendment shall become effective on the date hereof and shall continue until terminated in accordance with Item 6, Term and Termination, of the Basic Manufacturer's Foreign Representative Agreement, dated 15 June 1970.

F. All provisions of the basic Manufacturer's Representative Agreement, dated 15 June 1970, not specifically amended herein, remain unchanged.
IN WITNESS WHEREOF, the parties hereto have caused this
instrument to be duly executed as of the day and year
hereinafter below:

__________________________________________  ___________________________

By ________________________________________  By __________________________

(Title) ____________________________________  (Title) ______________________

Witness ____________________________________  Witness ______________________

Date: ____________________  Date: ____________________

GENV 37002019
This Amendment Number 1 to the Manufacturer's Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Mr. Taxi (Company of Mehrabad Airport, Tehran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer's Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 1 shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products. The program anticipated consists of:

100 Model 206A/ OH-58A
50 Model 205A/UH-1
200 Model 209/AH-11
200 Model 214

Related spare parts, accessories, equipment, tooling, services, training, or data
A. Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the delivery of the listed products.

B1. Subject to the approval of the U.S. Government, Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the purchase and delivery of helicopters resulting from a contract between the U.S. Government and the Imperial Iranian Government.

B2. [Signature]

C. In the event that the Imperial Iranian Government elects to procure products, other than helicopters, through the U.S. Government, Bell shall incur no obligation to pay any commissions to the Representative.

D. Commissions shall become payable to the Representative upon delivery of the listed products and receipt by Bell of payment thereof. In the event Bell obtains advance payments from the Imperial Iranian Government for the listed products contracted for between Bell and the Imperial Iranian Government, Bell shall pay to the Representative as advance commissions, 2.5% of those advance payments received. Upon receipt of final
B2. In the event that the U.S. Government refuses
to approve the representative commission, Bell
agrees to pay a commission/consultant fee
of 1% (one percent) to Air Taxi Co. or Mr.
A.H. Jameson, Chairman and Managing Director
of Air Taxi Co. (major shareholder), in recogni-
tion of his long standing efforts and contributions.

[Signature]

GEN 37002037
E. This Amendment shall become effective on the date hereof and
shall continue until terminated in accordance with Item 6,
Term and Termination, of the basic Manufacturer's Foreign
Representative Agreement, dated 15 June 1970.

F. All provisions of the basic Manufacturer's Representative Agree-
ment, dated 15 June 1970, not specifically amended herein,
remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be
duly executed as of the day and year set forth below:

By H. Zanganeh

(Title) Managing director

Witness

Date:
MANUFACTURER'S FOREIGN REPRESENTATIVE AGREEMENT

AMENDMENT NO. 1

This Amendment Number 1 to the Manufacturer's Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Air Taxi Company of Mehrabad Airport, Tehran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer's Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 1 shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products. The program anticipated consists of:

151  Model 206A/OH-58A
83   Model 205A/UH-1
244  Model 209/AH-1J
211  Model 214

Related spare parts, accessories, equipment, tooling, services, training or data
MANUFACTURER’S FOREIGN REPRESENTATIVE AGREEMENT

AMENDMENT NO. 2

This Amendment Number 2 to the Manufacturer’s Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron Inc. (Hereinafter called Bell), and Air Taxi Company of Mehrabad Airport, Teheran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer’s Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970.

WHEREAS, Bell and the Representative have heretofore entered into Amendment No. 1, effective on 1 April 1972 to the above referenced Manufacturer’s Foreign Representative Agreement between the parties, and

WHEREAS, the scope of the products and services contemplated for delivery of Bell products to the Imperial Iranian Government at the time of the execution of Amendment No. 1 is expected to be modified, and is now anticipated to consist of:

| Model 209/AH-1J |
| Model 214 |

Related spare parts, accessories, equipment, tooling, services, training or data
WHEREAS, the nature of the support, services and assistance required of the Representative is therefore of a lesser magnitude.

NOW, THEREFORE, the parties do mutually agree as follows:

I. Paragraph B of Amendment No. 1 to the Representative Agreement is amended to read as follows:

"B. Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the purchase and delivery of helicopters resulting from a contract between the U.S. Government and the Imperial Iranian Government, provided, however, the total commissions payable to the Representative pursuant to this Amendment shall not exceed

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed, effective as of the 10th day of October, 1972.

BELL HELICOPTER COMPANY
Division of Textron Inc.

AIR TAXI COMPANY OF MEHRABAD
AIRPORT, TEHERAN, IRAN

By __________________________
Title ________________________
Witness ______________________
Date _________________________
A. Bell will pay to the Representative a commission of 2.5% of the value of any contract executed between Bell and the Imperial Iranian Government for the delivery of any or all of the Listed Products.

B. Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the purchase and delivery of helicopters resulting from a contract between the U.S. Government and the Imperial Iranian Government.

C. In the event that the Imperial Iranian Government elects to procure products, other than helicopters, through the U.S. Government, Bell shall incur no obligation to pay any commissions to the Representative.

D. Commissions shall become payable to the Representative upon delivery of the Listed Products and receipt by Bell of payment thereof. In the event Bell obtains advance payments from the Imperial Iranian Government for the Listed Products contracted for between Bell and the Imperial Iranian Government, Bell shall pay to the Representative as advance commissions, 2.5% of those advance payments received. Upon receipt of final
payments from the Imperial Iranian Government, Bell shall liquidate the advance commissions paid to the Representative at the time of payment of the final commission.

E. This Amendment shall become effective on 1 April 1972 and shall continue until terminated in accordance with Item 6, Term and Termination, of the basic Manufacturer's Foreign Representative Agreement, dated 15 June 1970.

F. All provisions of the basic Manufacturer's Representative Agreement, dated 15 June 1970, not specifically amended here-in, remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year set forth below:

BELL HELICOPTER COMPANY
Division of Textron Inc.

By: C. R. Rudning
(Title) Vice Pres - Program Management
Witness: Doe E. Mitchell
Date:

BELL HELICOPTER COMPANY

By: A.H. Zanganeh
(Title) Chairman & Managing Director
Witness: Khalil Iranzad
Date:

G L N V 37002073
This Amendment Number 1 to the Manufacturer’s Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Air Taxi Company of Mehrabad Airport, Tehran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer’s Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 1 shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products. The program anticipated consists of:

- Model 206A/OH-58A
- Model 205A/UH-1
- Model 209/AH-1J
- Model 214

Related spare parts, accessories, equipment, tooling, services, training or data
A. Bell will pay to the Representative a commission of 2.5% of the value of any contract executed between Bell and the Imperial Iranian Government for the delivery of any or all of the Listed Products.

B. Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the purchase and delivery of helicopters resulting from a contract between the U.S. Government and the Imperial Iranian Government.

C. In the event that the Imperial Iranian Government elects to procure products, other than helicopters, through the U.S. Government, Bell shall incur no obligation to pay any commissions to the Representative.

D. Commissions shall become payable to the Representative upon delivery of the Listed Products and receipt by Bell of payment thereof. In the event Bell obtains advance payments from the Imperial Iranian Government for the Listed Products contracted for between Bell and the Imperial Iranian Government, Bell shall pay to the Representative as advance commissions, 2.5% of those advance payments received. Upon receipt of final

GENV 37002032
payments from the Imperial Iranian Government, Bell shall liquidate the advance commissions paid to the Representative at the time of payment of the final commission.

E. This Amendment shall become effective on 1 April 1972 and shall continue until terminated in accordance with Item 6, Term and Termination, of the basic Manufacturer's Foreign Representative Agreement, dated 15 June 1970.

F. All provisions of the basic Manufacturer's Representative Agreement, dated 15 June 1970, not specifically amended here-in, remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year set forth below:

_________________________________________  _______________________________________
By ______________________________________  By _______________________________________
(Title) ___________________________________  (Title) ________________________________
Witness ___________________________________  Witness _________________________________
Date ______________________________________  Date _________________________________
MEMO TO: Messrs. E. J. Ducayet, J. F. Atkins, H. Weichsel Jr., F. M. Sylvester

SUBJECT: REPORT - IRAN VISIT
30 JUNE - 4 JULY 1971

I talked to the following during my stay:

1. V. H. Hunt (London)
2. Mr. A. H. Zanganen (Managing Director, Air Taxi)
3. Ambassador MacArthur
4. Major Gen. H. A. Twitchell (Chief MAAG)
5. Brig. Gen. G. B. Patton (Chief Army Section, MAAG)
8. Gen. F. Hinbashian (CinC, Ground Forces)
9. Mr. H. Dahesh (Assistant Chief, Purchase and Procurement) (under Gen. Tonfanian)

In all calls except those to Twitchell and Jablonsky I was accompanied by Messrs. Horsley and Gallagher.

We did not see Lt. Gen. Tonfanian, Chief of Purchase and Procurement, who was absent from Iran during my visit. I am certain, however, that Dahesh will carry my words to Tonfanian.

I made every effort to see the Shah. The Ambassador declined to assist in my getting an appointment, on the grounds that the Embassy arranged only for government officials to do so. I only half believe this.

The Ambassador was cordial enough and knowledgeable of the helicopter situation. He will, I believe, respond favorably to Bell requests for help, but he is not likely on his own initiative to push Bell products or services. He did not invite me to his 3 July reception in honor of U.S. Independence Day. I don't know whether this was slight, oversight, or a reluctance to give any indication of support to a U.S. firm. In any case, it didn't help any that I was not there.

Gen. Twitchell, whom I saw twice, seemed initially suspicious but did soon become cordial. I have never considered him much of a field soldier and therefore not one to perceive the enormous applications of the helicopter.
to the Iranian military situation. On the other hand he has a very understand-standable concern over the ability of the Iranian Army to absorb what they have already bought, particularly in view of the badly tangled situations in deliveries, training, tech publications, parts supply and the other elements of logistic support. He pleads the Army to test what it has already bought, especially the 205 with and without button-on weapons.

I believe I allayed Twitchell's suspicions that Bell wanted to cram more equipment down the Army's throat. He apparently still has the Swindell-Cook report under revision. It will undoubtedly say 'go slow', and will probably recommend FMS purchase of future requirements - later. On the other hand we got a look (from Patton) at the chart the report will presumably include as recommended organization. As best we could reconstruct it from memory, it is attached. Unit size, we were told, is deliberately omitted because the Iranians are sensitive as to size because it affects rank, and the American report wanted to avoid argument on that score. However, it may be safely assumed that the long horizontal line of blocks represent company-size units, and if these organizations are to be fleshed out with men and equipment a sizeable buy of command, race, troop carrier, armed and cargo helicopters must eventuate. This chart alone is enough to convince me that the Iranian military market, in the long term, is very much worth a considerable investment of Bell effort.

In both Twitchell and Patton I believe I implanted pretty firmly the idea that converting the 205 to a gunship was a poor move. The prospect of AH-1G purchase, however, is also poor, and in view of the hot-high performance of that ship I think we should not push it. We should, on the other hand, determine the most propitious moment (from the Bell and Iranian points of view) to commence delivery of AH-1Js, and at the proper time make the proper approach to the U. S. government for FMS sale. I would guess at this stage that a mid-1972 approach for 1974 deliveries would be about right. We should, equally and again at the propitious time, attempt sales of troop carrier and reconnaissance aircraft.

Patton is an impressive soldier, and apparently a most satisfactory head of the Army Section, Armish, in the opinion of Gen. Minbashian.

My call on Jab Jablonsky was unproductive. He is completely out of the military picture, deeply immersed in his own job.

The distribution of Iranian Army garrisons is important and indicative of where the government considers the danger to lie. Note first (on the map) the mountainous areas, which are very rough and extensive, and served by few roads, each of which passes through numerous easily blocked defiles. The Imperial Guard Division, which with the Gendarmerie undoubtedly has an internal security mission, is at Tehran. The northeast and east borders with
the USSR, Afghanistan and Pakistan are very lightly held; should the Russians attack, the strategy would be to trade space (lots of it) for time. The main strength of the Army is deployed to resist Soviet attack through the Caucasus, the shortest route to Tehran, and more particularly against Iraq. Even the armored divisions are garrisoned in the very rough, bare Zagros mountains. Their large complement of tanks and armored personnel carriers will, unless they move out of the mountains offensively into Iraq, find maneuver in the terrain very difficult and subject to easy interdiction. The moral is plain: a substantial portion of the infantry of those divisions should be airmobile.

I made a long (one hour, 15 minutes) prepared talk, with slides illustrating tactics, to what purported to be the Command and Staff College. Actually, the audience of about 35 seemed to be mostly generals, and included the operations officers of all the corps and divisions, whom Gen. Kimbeshian had assembled to lecture (he told me) on their sins of omission as respects training. Kimbeshian nodded vigorously throughout my spiel and then rose to give it a very vigorous endorsement. I think this was all to the good, since I plugged hard for the use of helicopters in mountainous terrain, and gave examples of how it might be done. Copies of the talk have been requested and will be despatched through HAG.

Gen. Khatami was visited chiefly as a means of getting to see the Shah, but he refused the bait, no doubt on the grounds that he wanted nothing to do with the logistic mess now afflicting the army’s aviation.

To MacArthur, Twitchell, Patton, Khatami and Doshol I made explicit as possible this theme: Bell has profited from its association with Agusta, and Agusta makes a good helicopter; Bell considers Agusta a valuable licensee; Bell understands, however, that there have been delays in Agusta ship deliveries, and that they have moved towards training, technical publications and spare parts; Bell considers that its own reputation is partly at stake even though Agusta be the contractor; and that because of these facts Bell wishes to make clear its willingness to help, not by supplanting Agusta, but supplementing its efforts if and as requested by the Iranian government and HAG.

I did not see the “Factory” because only Tohfanian is allowed to grant permission and he wasn’t here. Tohfanian, however, showed Horsley through it in April; Horsley describes it as a new well-appointed building with crates of machinery around the walls but nothing installed. I saw the outside: it is an impressive complex of buildings whose open doors indicated some sort of preparatory activity within. It was supposed to be in operation by May, but the date has been extended to September. Still uncertain is its function, although Corrado reportedly talked to the Iranians about co-production of the 205 there - which we judge would be in violation of the license agreement. It is reasonable to expect that measures have been taken to set machine tools in place, but the factory has not yet been removed from white elephant status.
the USSR, Afghanistan and Pakistan are very lightly held; should the Russians attack the strategy would be to trade space (lots of it) for time. The main strength of the Army is deployed to resist Soviet attack through the Caucasus, the shortest route to Tehran, and more particularly against Iraq. Even the armored divisions are garrisoned in the very rough, bare Zagros mountains. Their large complement of tanks and armored personnel carriers will, unless they move out of the mountains offensively into Iraq, find maneuver in the terrain very difficult and subject to easy interdiction. The moral is plain; a substantial portion of the infantry of those divisions should be airmobile.

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Dahesh is an exceptionally bright, direct and lucid young man. After duly noting my mission as I carefully explained it, he said that he had tried to see Ducayet in Paris specifically to inform him as follows.

Start Dahesh: The Shah started considering purchase of helos in 1966-67, but with oil revenue then only a third of what it is today, credit was necessary. Of Bell, Sud and Agusta, only Agusta offered it. That was the time when Bell should have made maximum effort, but with credit the nod went to Agusta.

Corrado is the world's greatest salesman, but Dahesh is very dissatisfied with the present state of affairs. There is a regular 60-day cycle in Iranian-Agusta relationship, from friendship to severe animosity and return. While it is true that Agusta has not sufficiently helped the Iranians, the latter must bear a major share of the blame for current difficulties.

Iran is a one-man state, and all members of the government have for the present the strict duty of going along with Agusta. However, Agusta is spread so thin that it cannot possibly give Iran the help it requires. Bell, on the contrary, is an "impeccable" (sic) company which has ample talent of the sort Iran direly needs. There is no doubt that Bell would be the best partner, but Bell cannot succeed as long as the current attitude of benevolence towards Agusta persists. It is, however, true that patience is already wearing thin. But Bell will enter Iran not through its own merit but through default by Agusta.

The present logistics situation is very faulty. The system should have been set up before the first helo delivery. We now see such ridiculous things as fifth echelon support within the company at Isfahan - where Dahesh recently went, with a party, and found no 205's operational of 15 present.

It is not certain whether Corrado is too proud or too greedy to ask Bell for assistance - probably too proud. But despite difficulties Dahesh must try to make the Agusta support program a success. Bell, however, may be assured that its capabilities, at the appropriate time, will be made clear to HIM, by Tonfanian as well as Dahesh.

The Swindell-Cook report is being converted from its original form at HAGG, but Dahesh made notes when Swindell and Cook briefed him, and their recommendations as originally made will reach HIM via Dahesh - including the recommendation on Cobra.

The factory is being set up as a manufacturing facility - presumably for the 109, since Agusta could not legally make the 205 here. But of what will the helicopters be made? There is no material. There is an Italian manager present but no skilled workmen. Moreover, the 109 will find no market in Iran - not suitable for military, and it is illegal to operate a helo privately in this country.
For the time being, Bell's approach should be low key. Nothing will happen until the supply of benevolence wears out - but it will, certainly, and then the Iranians will turn to Bell. End Dahesh.

On Sunday morning Zanganeh continued efforts with the Minister of Courts to get me in to see the Shah, but was referred to Gen. Khatemi, Zanganeh's very good friend. Khatemi told Zanganeh that he saw the Shah Saturday afternoon, told him I was in the country and had called on him, and then gave the Shah my "theme", as per paragraph marked U. The Shah said that he understood fully, appreciated the Bell offer of cooperation and would keep it fully in mind. I feel that this wasn't as good as seeing his nibs in person, but it should be reasonably effective, nonetheless, eventually.

Altogether, what with Sylvester's, Kulik's, Horsley's, Gallagher's and my efforts we can be assured that the higher echelons of the Iranian government know that somebody besides Corrado Agusta has helicopters for sale, and will make a college try at supporting them.

On Sunday morning Zanganeh got a call from the Minister of Water and Power saying he was buying three A3205's and wanted Air Taxi to undertake their maintenance. Zanganeh refused, saying that he would be glad to undertake the task if the 205's were bought from and supported by Bell. He said Agusta could not and would not support the ships. But the Minister said sorry, he had to buy from Agusta, so Air Taxi won't maintain them.

Zanganeh said the LBR two ship purchase would also go to Agusta. Agusta will presumably ask Bell to furnish the fire fighting kit. I am not entirely pessimistic on this matter: while acknowledging the continuing power of the royal benevolence, the Shah might find a two-ship Bell buy attractive as a prod for his skiing companion.

I draw special attention of Bell management to the work of young Messrs. Horsley and Gallagher. They are both highly intelligent and highly presentable representatives of this company, entirely capable of managing its sales interest in Iran or elsewhere.

CONCLUSIONS

1. The Iranian market over the next seven years is potentially a large one, involving purchase of upwards of 400 additional helicopters and the support of an even larger fleet. The 400 will almost certainly include armed helicopters.

2. Bell's short term prospects are poor, its longer term good to excellent. Most sales, however, are likely to be FMS.
3. Unless my understanding of Cobra performance is badly out of line, I would not sell the AH-1G to Iran. The most frequent operational conditions are hot and high. Bell should decide promptly on what to propose: the AH-1J or the AH-1G with up-rated dynamics.

4. Bell’s prospects can be much enhanced by continuing to evidence an active interest in the market. For the next year and a half I’d recommend periodic visits even in absence of sales. Visits may be limited to Air Taxi, KAAG, and the Purchase and Procurement office.

5. Bell may be asked to assist Iranians in organization of service support and even in setting up and managing the factory. Top flight Bell personnel should be assigned, in this eventuality. Mediocre personnel will not be able to do the job – which will be very difficult. Living conditions in Tehran are not at all bad.

6. There is a real possibility that Bell may, ultimately, be approached by the Iranians on co-production of the 205 and/or 206 at the factory. On the surface, it may be a good idea, and serve to introduce those aircraft to neighboring nations.

7. My actions in Iran may offend Corrado, but only because what I said to Khatemi and, indirectly, the Shah, may be inaccurately reported to Corrado. What I actually said is as reported in the paragraph marked #, which was not intended to submarine Agusta but rather to establish Bell’s integrity and willingness (if asked) to help make the helicopter program in Iran a success. Dahan will not report to Agusta on my visit, but Tonfanian might tell Agusta what I told Dahan.

8. Air Taxi I consider a good representative.

9. Special attention - red carpet and blue plate - should be given Gen. Khosrodad on his visit to Bell, which should be arranged soon. He is reputed to be able and enthusiastic.

10. Gen. Butch Williamson will take much more interest in the operational readiness of Iranian forces than has Twitchell. He will support acquisition of helicopters to the limit of funds available and the ability of the Iranians to accept them. I consider his assignment a break for Bell.
Mr. Frank Sylvester  
Bell Helicopter Company  
P. O. Box 482  
Fort Worth, Texas 76101  
U. S. A.  

Dear Mr. Sylvester,  

Following my yesterday's letter Ref. No. 1045/73, I have learned that your long cable reached here upsetting authorities because of not accepting the "Armed Services Procurement" condition. They are looking forward to have a meeting with you in Tehran as well as receiving a proposal for I.H.I. contract with BHC. Needless to repeat the importance of the above-said two subjects.  

Looking forward to hearing from you favorably soon,  

Yours very truly,  
AIR TAXI COMPANY  

[Signature]

A. H. ZadGARSH  
Managing Director
Mr. Frank Sylvester  
Bell Helicopter Company  
P. O. Box 482  
Fort Worth, Texas 76101  
U.S.A.  

Dear Mr. Sylvester,  

With reference to our telexes Nos. 357/73, 358/73, 364 and 360 and my telephone conversation with Mr. J. Atkins and also the telephone conversation of Mr. Iranzad with you today, I would like to draw your attention to the following:  

I am pleased to learn that you have full control of the situation and problems concerning the Training and Logistic Contracts. In the course of several recent important meetings that I had with authorities, I was told that BHC should agree with the "Armed Services Procurement" conditions. In addition to the Training and Logistic Support Contracts, the possibility of your taking over the I.H.I. was also discussed which is of great importance for your present and future in Iran. It is the opinion of our friends who believe that you should come up with a solution of these problems rather than cancellation of the said program which may effect other sales and activities.  

You recommended us to keep low profile, but during my recent meeting, Gen. Toufani mentioned your name and activities and I was surprised to find his attitude was considerably changed and seemed much better than what I expected to be.  

In conclusion, once again I reiterate the importance of your presence in Tehran to meet Gen. Toufani.  

Looking forward to hearing from you as soon as possible, I remain, with best regards,  

Yours very truly,  

[Signature]  
Managing Director
FOLLOWING TELEPHONE CONVERSATION,
YOUR LONG CABLE REACHED HERE UPSETTING AUTHORITIES.
THEY LOOK FORWARD TO HAVE MEETING WITH YOU HERE
SOONEST AND RECEIVING YOUR PROPOSAL FOR OVERTAKING
I.H.I.
WE EMPHASIZE THE IMPORTANCE OF THESE SUBJECTS.

REGARDS
ZANGANEH
Memo To: Mr. F. M. Sylvester
Copies To: Messrs. V. H. Hunt, R. S. Kenworthy, R. L. Ramsey, W. J. Yates
Subject: Trip Report - Iran - 6-8-71 through 7-10-71

The following report will be covered by subject rather than chronologically for the purpose of continuity.

212 PROCUREMENT

Mr. Dehesh, Assistant Chief of Purchase and Procurement under General Toufanian received instructions originating from His Imperial Majesty (H.I.M.) to postpone further negotiations for the procurement of six (6) Model 212 helicopters. The official reason given was the present lack of funds. The 212s were initially desired for VIP missions during the Iranian 2500th Anniversary Celebrations this October; then to be handed over to the Imperial Iranian Navy.

His Imperial Majesty received his first Model 212 and conducted his inaugural flight on 20 June 1971. This particular flight is covered by separate memo to Mr. F. Sylvester. His second 212 is expected in-country early August.

The Navy five-year plan as defined by Colonel Vafi, Commander of Imperial Iranian Navy Aviation, includes twenty (20) 212s, twenty (20) AH-1Js and twelve (12) SH3Ds. The plan has been approved by General Khatami, Commander-in-Chief of the IIAF and awaits final approval from H.I.M.

The general feeling in Iran at the present time is that H.I.M. is aggrieved with the whole helicopter program, which could possibly effect approval of any large expansion plans.

Colonels Cook and Scindell departed from Iran the first week of June and as of 10 July their report still had not been submitted to the Iranians. The report was undergoing constant modifications to eliminate specific recommendations for immediate further procurement. The Iranians were expecting to place great emphasis on this report.

In particular, the portion of the report concerning the gunship has been watered down compared to the 205 as a possible interim solution for a gunship emphasizing the 205's greater all-around mission capability.
COCK/SWINDELL REPORT & MUST CURBS -(continued)

Presentation of the AH-1G proposal to H.I.M. awaits the final Cock/Swindell report.

During his visit, General Mowsa was able to make the point clear that to arm the 205 would greatly restrict the 205 overall mission flexibility and that if in fact the Iranians do have a specific gunship mission that a gunship is the solution, not an armed 205.

H.I.M. had requested studies on both what was called an AH208 and the planned AHRSC as gunships. The HAQ report did not recommend either of these aircraft for gunship utilisation.

HAQ are in process of securing the Australian AH-1G vs. AH-1H gunship evaluation. Colonel Scara, 62 Armish MAG and Major General Broxwood, Iranian Central Army Staff visited Germany to witness TOW missile firings.

LOGISTICAL SUPPORT

As further evidence of H.I.M.'s disturbance with the overall helicopter program, he has requested MAG assistance in setting up a logistical support program for all helicopters in-country, and also to conduct a study of the Iranian helicopter factory.

It was claimed that 90% of spares were now delivered but the Iranians were conducting investigations as to what that truly composed of, as they felt that this would not last them the 1000 hours flying time as contracted for. Many of the spares and tools at Isfahan Base were in the process of being moved to the helicopter factory in Tehran.

The Iranians have yet to receive any spare parts for operation of the sixteen (16) CI-47s which commenced delivery 6 July 1971. Whilst a large spares contract is called for, only a $1000 is provided for engine parts per aircraft.

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TRAINING

No further pilot training will be conducted at Agusta. The Iranians have contracted Iranian Helicopter Company for 500 hours ground school and 60 hours basic flying for the Models 47 and 205. Five (5) 205As have already been transferred from Isfahan Base to Golmargha Field, Tehran to conduct the training. Iranian Helicopters are 45% Bristol owned and 51% Iranian owned. They anticipate further contract for 205 training in the near future. A 5.2 million dollar FMS contract is still pending for 205 training in the States.

In addition to training commitments, Iranian Helicopters operate in the Persian Gulf for offshore oil supply. Iranian Helicopters is the Agusta agent for commercial sales. Gen. Khoteiri is a "director" of Iranian Helicopters.
To: F. M. Sylvester
From: J. EC

23 July 1971

FIRE SUPERVISION

The 205 LCT proposal has been submitted and is now up for review by the Purchasing and Procurement Office. Mr. Dehest maintains that there is no budget for these aircraft at the present time but could in time either go through via EU assistance or RSA; though Mr. Dehest feels this purchase will be negotiated through our licensee if go-ahead is given.

COMMERCIAL

The Ministry of Power and Mines have a requirement for two (2) 205s for aerial surveillance and control of high voltage transmission lines. This procurement again will be conducted through our licensee.

The Red Line & Sun (Red Cross equivalent) has a five-year plan for ten (10) helicopters to carry out Red Cross work in outlying villages and provinces. It was recommended that a combination of litter-equipped 205s and 206s be utilized plus a feasible study to advise them of the best operational procedures to satisfy their specific mission.

The SA330 Fuchs was demonstrated to the Tehran Fire Department and they were very impressed; but with their budgetary limitations plus obvious practical advantages, a 205A will be procured instead.

The Tehran Police Department have two (2) 205As on order and can be expected to procure a further four (4) over the next three years.

GENERAL NOTE VISIT

The visit of General Houze was well received and is covered in a separate report directed to Mr. Ducayot, copy to Mr. Sylvester.

GENERAL HOUZE VISIT

In early June, the General left for the United States for six months' aviation training. He will take up the post of Commander-in-Chief of Army Aviation and Special ForcesUnits on his return. Before he departed, he submitted a request to H.I.H. complaining of the state of the helicopter program. The 205As were averaging less than 20 hours flying time per month and the 206As less than 10. The IIAF average close to 50 hours per month with their KI-3s.

The General is a dynamic individual and a close friend of H.I.H. He is determined to build the IIAF to a force of 500 helicopters plus by 1976. If he falters, the Air Force will probably take over the whole helicopter program.
CAPTAIN BOLTON

Captain Bolton is now busy selling Hughes products to the Iranians having been appointed their agent for Iran at the Paris Air Show. Mr. Bekesh maintained that they would not be procuring any spare parts or aircraft from him and that this had been made abundantly clear to Bolton.

In conclusion, the market remains in a fluid state, calling for a constant and close surveillance. Our representative, Air Taxi Company, has been requested to provide a weekly status report. Close contact will be maintained with the U. S. Army as they continue to play an ever increasing role.

The market continues to reveal increasing long term sales potential, both in civil government and military. Proposals will be submitted for civil government requirements emphasizing fast delivery and complete logistical support. Efforts to obtain attractive financing are in progress.
IRAN = EAR-RAN NOT EYE-RAN

Advanced Twin Cities

11N = Entic欣赏er

1145 = LBR

Groundwater

Chief Grant
Min Ag
Tell the story to the people. People - ethnic groups.

Key people:
- Arabi
- Mullahs
- Tomb drivers
- Tomb owners
- Aide
- Kutani

Tell them to:
- Small - unorganized ops.

Pix - T. H. K. - Fai

Pre-war conditions - from April 23rd to March 5th.

Supply, support.

J2-J33 - middle.

500,000.
Program

A Development Plan

Feb. 41 - March 73

1. Sponsor support

2. Subsequent collaboration
   with

3. Finally, culminating
   in their decision to procure

202 La 37002127

30-977 O - 78 - 6
Training for Air Mobility personnel

Required

Two or three hardware requirements
Best match the 3 to 10 to train

1534 to 1978 by

-7016 and

Technicians by 1978

to US Army

We now hold contract for first year to train

50 pilots

and

500 technicians

Pilots going to be sent over to

Technical to the Infaham

First year Teach them at TK

Then transferred to Infaham

which is to be the

11AA troop crews
The estate of B. H. to commence on April 1st.

Because the mortgage of the land and
property is still in the possession
of the court, it follows that unless
the estate has been sold for about
the entire

This involves the commitment
of some 800 families
in the 1974 and 1975 tax
years, at which time we will commence
and turnover to the

To sell the estate of B. H. we have
formed a company named

Under the

...
and a joint appeal
DC's enjoining The British
in the plant the workers
in the Union

V. Roy on 20:

2-5
C. Location

A in Mr. Buckley plans and discusses

This for advanced materials and

The proposal to be presented early in

essential, consisting of a compiling

material

Maintenance manual

The initial Halt: met of

37002131
D. C.

First... of the various improvements...

Furthermore... in the... process...

This... to the annual... rate of...

The... in the... several... rate of...

these... will be employed...

Halfway... around... with it...

As available... for... and... production... in... Colombia... in... the...
Money

Most accounts on the size of
aircraft
seem to think that the comprehensive
expressions of the T3 carrier
failures and disastrous results.
Our expectations will be
critically judged.

Banking

Just as one would expect the
preliminary reports to have
taken longer than expected,
and to have been
published, let me know what
money is needed and what
to look for (in other words,
the next step).
Bill

1. A successful training and log program depends on:

a. Meeting training objectives and standards

b. Providing effective support for supply chain management

c. Controlling the costs of personnel, facilities, and equipment.
Said, A. H., I'll give you - and build on
proportion plus additional on
- Tell me on 1/2 C. & C. & C. is what
respond to opportunities and customer needs
4. C. & C. & C.

3. Sales to A. P. Nancy, Grand.
  Chief, 4th.

5. Estimate of items and M. E.
  Military Support + Time line.
Provide functional groups
with resources, service to the
appearance of timely and
cost-effective delivery of products
and services without
compromising quality and
customer confidence.

This builds the capacity of
everyone in this room.

P. Mini packages - available
around world.
Memo To: Mr. E.J. Ducayet
Subject: Agusta-Iran Program

This memorandum is written to record the background and general results of my discussions with Corrado in Tehran on November 13 and 14.

Background.
Iran decided to make a substantial purchase of helicopters during the 1965-1967 period. Bell was very involved with the Vietnam situation and did not make a major effort to obtain this business. In addition, Prince Victor Emanuel and Corrado had direct connections with the Shah. The Government of Italy offered favorable financing and perhaps major commissions were involved. The initial purchase of Bells was 100 LOH's and 50 Hueys. Agusta also sold 6 Sikorsky SH-3D's and 16 Boeing CH-47's. Mr. Dehesh has stated that the Iranian procurements from Agusta totaled more than $140,000,000.

Agusta Program Performance.
Agusta has consistently failed to meet its commitments to Iran. This includes its delivery commitments, logistics support requirements and various general commitments. Corrado has direct contact with the Palace and does not give proper attention to his relations with the procurement office and other areas of the Iranian Government. It is my judgment that Agusta does not have the program knowledge or the depth of personnel to handle such a large program. I believe that the manufacturing of the Sikorsky and Boeing helicopters have caused big problems for Agusta's thin organization. Gen. Howze's memorandum of July 6 should be carefully reviewed, and is certainly a fine summary of the situation.

At the present time it seems to be the feeling of Gen. Williamson and Gen. Toufanian and Mr. Dehesh that the program is not in deep trouble. This is probably because the Iranians have had a hard time in making effective use of the equipment delivered. There is also the possibility that the improved situation results from improved Agusta performance, program timing, improved Iranian operations, or perhaps the pressure brought on by the Shah and/or Bell through interest in the program.
Relations with the Shah.

Prince Emanuel primarily, and Corrado secondarily, have established a very strong relationship with the Shah. I believe that the Shah now understands that he needs American technology and American know-how to properly develop his helicopter program, and it is for this reason that the Shah sent the word that Bell was welcome in Iran. However, the Shah feels that Agusta came to Iran when Bell had little interest, that Corrado invested and is a partner in Iranian helicopter industries, that Corrado is now sharing in the losses of the IHI, and that for these reasons and the friendship, the Shah does not want to break off relations with Agusta. In my mind we must find a way to include Agusta in the program in order to have a chance of consummating the transaction.

Bell Marketing.

We have conducted a strong marketing effort in Iran since early 1971. At Management's direction, the Marketing Department has attempted to refrain from interfering in the established Agusta program. We have made every attempt to interest the Iranians in the Cobra and also have sought out their interest in additional Hueys or LOH's. The Iranians now indicate a firm requirement for 30 Cobras, probably twin engine, and 100 to 300 additional UH-1H's. General Khoosravd, who is now in the U.S. for training, will play an important part in determining the final requirements. It is publicly stated that His Majesty has not decided between straight procurement as against co-production program. However, I feel that they are strongly leaning towards co-production and the Government has obtained co-production proposals from both Agusta and Bell. It is my estimate that there is a possibility of developing a $100,000,000 helicopter program over the next five years.

Agusta License Rights.

Agusta have made many claims regarding their rights under the various license agreements to both the Government of Iran and to Bell. Corrado showed me a page from his co-production proposal in which he stated that the license agreement for the Model 205 must be obtained direct from Bell. This same page of the proposal indicated Agusta's estimate of a license fee of $300,000 and royalties per ship of $10,000.
In discussions with Corrado he indicated that Agusta had rights in 3 specific areas:

1. Amendment 2 to the Model 205 license agreement was issued for the purpose of standardizing the royalty rate on spares between the Model 205 and the 212. This amendment did not pertain to sales rights, but I had a long phone conversation with Corrado in which he claimed that this amendment gave him the exclusive right to sell the Model 205 in Iran. In discussions in Iran he claimed that during the 212 negotiation, and particularly during the negotiation of the spares royalties, it had been agreed to change the Model 205 license territory to the same territory as negotiated for the Model 212. He indicated that Domenico had 'overlooked this fact in signing Amendment 2 to the Model 205 license. This of course was not correct and was an improper statement on the part of Corrado."

2. Corrado also claimed and had informed General Toufanion that the Model 212 license gave him an exclusive right to sell Model 205 parts which are common to the Model 212. This claim on the basis of the Model 212 license is of course not correct. The Model 212 license is an exclusive right to sell helicopters and spare parts for the Model 212 helicopter. It does not in any way pertain to parts which may be common to the Model 205.

3. Corrado bases his manufacturing rights in Iran on the paragraph pertaining to subcontracting in the Model 205 license agreement and perhaps this is his best claim. This paragraph in the Model 205 license agreement reads as follows:

   "C. Agusta is further granted the right, within the sales area as defined in Articles III.A and III.B below, to enter into contracts with other manufacturers located in said area for the manufacture of components or spare parts for Agusta of the Bell Helicopter Model 205. To assure that such manufacturers are properly qualified to produce the critical components or parts required for use on the type of aircraft hereunder licensed, such agreements shall not be entered into by Agusta until and unless each such agreement shall have been approved in writing by Bell. It is understood, however, that such approval shall not be unreasonably withheld."

"I generally feel that Corrado recognizes that he has no right to co-produce the Model 205 in Iran. I believe he argues the above points in an attempt to improve his position from a negotiating standpoint."
Mr. Ducayet

11-22-71

Your Questions Regarding Agusta's Claims.

1. "Statements supposedly made by Agusta indicate that Agusta would have the right to license the 205 by January 1, 1972, and Bell could not manufacture, sell or license in Iran without Agusta permission."

I cannot definitely answer this question. It is certain that the Government of Iran and Corrado have discussed Agusta’s rights in Iran. It is equally certain that Bell Marketing probably outlined Agusta’s rights as they are set forth in the license agreements. I was asked many questions regarding Agusta rights and answered these questions as straightforward as possible. I showed Dehesh the paragraph in the Model 205 license agreement on subcontracting. I was asked the question as to whether Agusta had any established right to future Bell models. I think I established complete credibility as regards the license relationship between Agusta and Bell.

2. "Figures (budgetary or estimated) included in Agusta proposal on license fees and royalties with no permission or quoted figures from Bell."

Corrado himself showed me a page from his proposal which quoted license fees and royalty rates. It did point out that these rates were an Agusta forecast. However, when I quoted rates to the Iranian Government I had problems because of the previous estimates put forth by Agusta.

3. "Attempts to obtain a letter of intent to buy from Iranian factory and thus force Bell to license."

General Toufanian advised me that consideration had been given evidently at Corrado’s suggestion to send Dehesh and Corrado to the States for the purpose of negotiating a license agreement with Bell.

4. "Bell parts being made in Iranian factory - no permission."

I toured the IHI factory. They are making a few ground support items for overhaul purposes. I saw no evidence of Bell parts being produced in the IHI factory.

5. "Agusta-Sikorsky sales efforts on Black Hawk."

I directly queried Corrado on whether or not they had offered the Black Hawk in Iran. He claimed that he had no interest
whichever in the Black Hawk, that he had had no license dis-
cussions with Sikorsky, and that he didn’t even have a brochure
on the Black Hawk. However, after I indicated that we had
picked up information in Washington that a Sikorsky team
sponsored by Agusta had made proposals in Iran, he said “Well,
perhaps Prince Emanuel may have done so.” Prince Emanuel
came in later and when queried by Corrado denied such state-
ments. After Corrado had seen the Shah he stated that he
had asked the Shah if Prince Emanuel had advanced the Black
Hawks and of course the Shah’s answer was no. I believe that
Agusta at least brought the Black Hawk to His Majesty’s atten-
tion. I know that His Majesty requested a comparison of the
AH-1J, AH-1G, Black Hawk and Cheyenne from Toufanian. I
understand that His Majesty turned down the Black Hawk, and
perhaps Gen. Williamson played part in this decision.

Iran Helicopter Industries.
We were furnished a copy of the agreement between the Govern-
ment of Iran and Agusta under which these facilities were
constructed. At the present time the Government owns 70% and
Corrado 30%, with Corrado having the option to increase
his ownership to 49%. We are not sure of the capitalization,
but we believe it to be approximately $5,000,000. Corrado
has the right to appoint the Managing Director, subject only
to ratification of the Board of Directors. We believe that
the Board of Directors consists of General Toufanian, engineer
Toufanian, Dehesh, Prince Emanuel and Corrado. The factory
consists of a manufacturing building of approximately 100,000
feet. It is a modern building, has processing tanks installed,
equipment being installed, a separate room to house transmission
and gear box testing, etc. It is a fine facility, certainly
capable of handling the overhaul program and probably capable
of handling assembly work on a co-production program at a low
rate of production. Corrado has named a general manager who
is a Spaniard and I understand was previously responsible for the
manufacture of bicycles. The Iranian Government is insist-
ing that he be replaced. At the present time, other than com-
pletion of installation of equipment, there is no work going
on in the main factory building. There is also a 30,000 feet
flight hangar which would certainly be adequate for any program.

Discussions with Corrado.
I met with Corrado on four separate occasions: Saturday after-
noon, Saturday night, Sunday afternoon, and then Sunday night
at General Toufanian’s house.
The initial discussions were aimed at developing a general relationship between Agusta and Bell. Corrado and I both took the approach that it would be desirable to work out mutual understanding whereby we could go forward and fight the competition against fighting each other.

We then got into specific discussions regarding the Iranian program. I asked Corrado why he was having such difficulties in Iran with his logistics support program in view of the fact that there were approximately only 100 ships involved. He of course avoided giving direct answers on any program problems which I raised. Through these discussions it was obvious to me that Corrado was very worried about the Iranian program, and probably understood better than Bell that the Iranians wanted Bell technology and know-how and Bell's presence in the country. In talking about the specific 100 ship UH-1H co-production program, I stated that Bell was not interested in granting license or participating in the program unless Bell had control of the program. This was the basic theme that I attempted to develop through the Saturday conversations. Corrado on the other hand took the position that Bell should grant a license agreement and the production and program should be Agusta's responsibility. Late Saturday night Corrado finally made the suggestion that he would agree to a program under which he had control of the program but 25% of the production came to Bell. We finally closed the conversation on that basis and agreed to talk again on Sunday.

On Sunday morning I decided to talk to Mr. Dehesh and ask his advice on how to proceed with Agusta. I was attempting to determine if the Government of Iran was prepared to take any action against Agusta. My discussions with Dehesh convinced me that the Shah was committed to Agusta and desired a cooperative program between Agusta and Bell. Dehesh left me to have discussions with Toufanian and as a result Toufanian called Corrado and arranged for Corrado to meet with him at his home at 5 P.M. and I was to join the discussions at 6 P.M. In the meantime, Agusta and Bell were to attempt to work out their problems.

I returned to the Hilton and completely informed Corrado of my discussions with Dehesh and told him that I had refused to talk to General Toufanian at this time. We repeated our position and after much discussion I made the suggestion to Corrado that Bell would be program manager and that 50% of the Bell designed parts would be manufactured in Italy and the balance in the States. Corrado stated that this offer was not acceptable, and much discussion followed.
Corrado then stated that he would accept 50/50 program share if Bell was willing to assume its part of the high commissions that would have to be paid on this program. He indicated that these commissions amounted to 10% to 20% of the program price. I told Corrado that we had a bona fide agent to whom we expected to pay a reasonable commission if the contract developed, but that we certainly would not be a party to an agreement such as he was suggesting. I emphasized that Bell did not operate on such a basis. He then fell back and stated that the program split should be on a 75/25 basis and he would take care of all commitments. Scafidi at this point injected himself into the conversation and suggested the advantages of reaching an agreement. He suggested that maybe the split should be 70/30 or 60/40 but he felt that we should have a common front to the Iran Government. Corrado spoke harshly to Scafidi and this conversation terminated. I then suggested that we needed to reach an agreement as to our approach to General Toufanian. Corrado suggested that we tell Gen. Toufanian that we had not reached agreement, that we were making progress towards an agreement, and that we would have further discussions in Fort Worth on November 29. I agreed that this was probably the best approach under the circumstances and we parted at about 4:00 o'clock in the afternoon on this basis.

I arrived at Toufanian's house with Frank Sylvester promptly at 6 P.M. and joined Corrado and Mr. Dehesh and the General. Toufanian made some opening remarks about Agusta's position in Iran, the fact that Corrado had come early to Iran and helped the Iranian Government in time of need, that Corrado had made investments in the factories and accepted part of the losses of the factory, and that Corrado had important connections with His Majesty which could not be overlooked. The General then asked if we had reached agreement on a possible program. I suggested that Corrado reply and he suggested that I carry the ball. I went through a general statement on the submittal of the co-production proposal and talked about Agusta's rights as they are contained in the license agreements. I advised Toufanian that we had had 3 separate meetings with Agusta and that, although we had made some progress we had not reached agreement. I advised the General that Bell had finally proposed to be the project manager and that Agusta would be responsible for the IHI operations. Further, that the procurement out of Iran would be made on the basis that 50% of the value of the Bell designed parts would be manufactured in Italy and the remainder in the States.

Toufanian then made some general statements that a 50/50 split might not work to the economic advantage of Iran. Corrado
Mr. Ducayet

95

joined in and as a stockholder of IHI stated that he was interested in the most economic program for this company and further that he expected preferential treatment for Agusta-Italy. Toufanian and Agusta were both expressing the feeling that they were interested in a license to manufacture in Iran with the thought that all production procurement would be from Italy. At this point, and since it appeared that Toufanian and Corrado had preconceived this conversation, I took a firm stand and advised Toufanian that Bell was not interested in issuing a license agreement without a co-production program under its control. I further told Corrado that his position was in 100% variance of our agreement of a few hours earlier, and that therefore any offers I had made in the two days of conversation were withdrawn. At this point Toufanian suggested a recess and Dehesh, Corrado and Toufanian left the room for 30 minutes.

When they returned I told Toufanian that I was very sorry that this matter had to be brought to the attention of the Iranian Government, and particularly in his home. Toufanian suggested that Bell and Agusta attempt to work out an agreement and return with a proposal. I told Toufanian that I did not know if this were possible after the turn of events, and I would have to consult with my principals. Toufanian suggested that Corrado was coming to Fort Worth and perhaps we could have further discussions at that time. I looked at Corrado and said "I don't know where such discussions would lead or what our present status is." At that point I stood up and asked General Toufanian for an appointment on the following day. He immediately suggested 7:45 in the morning. I said good-night and this was the last time I saw Corrado.

On the following day I saw General Toufanian and spent about 4 hours with him. He was interested in a license and co-production proposal from Bell which he could present to the Shah. It was obvious that he had been influenced by Corrado or had taken his previous evening's stand in the hope that Corrado would report back to the Shah that Toufanian was fighting his battle. The next several days' discussions seemed to indicate that Toufanian was not favorably disposed towards Agusta and would very much like to see them replaced in the country by Bell.

We checked the Hilton Hotel on Monday morning and found that Corrado, Scafidi and Prince Emanuel had left for Italy.
Compromise.

The following possibilities could be considered in a compromise agreement with Agusta:

1. BHC proceeds with the Model 214 development program with Iran.

2. BHC takes a management contract on IHI with a provision for purchase of 50% of Agusta's ownership at a later date. Bell would end up with 24.3% of IHI.

3. Bell grants Agusta a license on the Model 214 exclusive in Italy and non-exclusive on certain other countries.

4. Bell grants Agusta a Cobra license for Italy only.

5. Agusta participates in the costs of the Model 214 development program and in return receives license.

6. Bell/Agusta do a major re-do of all licensed territories.

7. Bell takes ownership in Agusta.

8. Bell and the Government of Iran form new company and build new facilities in Iran.

9. Bell and Agusta agree to co-operative effort in Germany on the LOH program.

10. Bell/Agusta explore the possibilities of joint development of the Model 109.

J. F. Atkins
Executive Vice President
JUNE 27, 1973
TELEX 24588
BELL HELICOPTER
BRUSSELS, BELGIUM
ATTN: V. H. HUNT

BELL CONFIDENTIAL

BE INFORMED THAT POLICY APPARENTLY EXPRESSED BY PIKE AND CONVEYED TO DOD BY SALMON AS RIGID AND ADAMANT POSITION OF ZERO AGENT COMPENSATION ON FMS PROGRAMS WITH PARTICULAR EMPHASIS ON BASS PROGRAM IS EXPECTED BY DOD TO SPREAD TO COUNTRIES THROUGHOUT THE ENTIRE REGION.

OUR POSITION WITH WHICH DOD AGREES IS THAT AGENTS PERFORM ESSENTIAL AND PROPER FUNCTIONS IN THE PROMOTION OF SALES OF U.S. GOODS AND SERVICES THROUGH FMS CHANNELS PARTICULARLY AS RELATES TO FOREIGN COMPETITION AND ARE THEREFORE ENTITLED TO APPROPRIATE COMPENSATION.

WE MUST THEREFORE MAKE EVERY EFFORT TO INSURE THAT ANY COMPENSATION COMMITMENTS MADE TO AGENTS WITH RESPECT TO ANY TRANSACTION BUT PARTICULARLY THOSE UNDER FMS ARE MADE WITH THE FOREKNOWLEDGE AND UNQUALIFIED APPROVAL OF THE PROSPECTIVE CUSTOMER.

FRANK M. SYLVESTER
REFERENCE OUR TLX 370/72 PLEASE READ MR 'H' AS MR HORSLEY.

WE FEEL OPTIMISTIC TO OBTAIN THE LARGE SPARE PARTS ORDER OF IHI AND WOULD APPRECIATE YOUR CONFIRMATION OF OUR TEN PERCENT COMMISSION SO THAT WE CAN FURTHER WORK TO ENSURE SECURING THIS LARGE ORDER WHICH HOPEFULLY WILL SET PRECEDENT FOR REPEATED ORDERS.

WOULD APPRECIATE YOUR ADVISING US OF CONDITION JACK GALLAGHER - WE HOPE HE HAS MADE SOME RECOVERY.

REGARDS IRANZAD

Sept 21 1972

I informed Mr. Horsley by telephone for relay to Air Taxi:

Commission pursuant to provisions of amendment to 40MRA Act of April 1, 1972.
To: J. GALLAGHER

THANKS Y'ALL.

AA. TRANSMISSION TEST STAND PRICING SHOULD BE LESS 90 AND 42 DEGREE GEAR BOXES.

GEN KASHMIR

BUT WE HAS REQUESTED TO MAKE AVAILABLE ONE C-130 TO COLLECT ALL SPARES WAITING SHIPMENT THUS HOLD UNTIL FURTHER DETAILS BECOME AVAILABLE.

BEST REGARDS HORSLEY.

[Signature]

FED: NORTH TExAS
HELIICOPTER FOW
951-2575"
10/10/72 1530 EST
2575 A TAXI TN

753229 BELL HELICOPTER CO FT WORTH TEX MSG 111 10-10-72 3:30PM

951-2575 AIR TAXI CO
Mehrabad Airport
Teheran Iran

ATTN K IRANZAD

REFERENCE YOUR MESSAGE 395/72 DATED 10 OCTOBER 1972.

WE ARE TOLD TO NEGOTIATE A 5 PERCENT COMMISSION WITH ENGINEER SUSY.

TO AGREEEMENT WITH BHC IS IN OUR VIEW UNTIMELY AND IMPROPER. IF YOU HAVE IN FACT NEGOTIATED 5 PERCENT, IT IS

UNFAIR AND THE OUTSTANDING 2 1/2 PERCENT MAY BE FOR THE

BELL HELICOPTER CO.
ATTN FRANK SYLVESTER.

AA FOLLOWING OUR DISCUSSION REGARDING COMMISSION PAYABLE ON THE FIRST IHI LARGE SPARE PARTS ORDER, WE HAD FURTHER MEETING WITH ENG SUSY AND HAVE CONVINCED HIM OF OUR POSITION. WE ARE NOW AGREEABLE TO A FIVE PERCENT COMMISSION, ON THIS ONE ORDER, UNDERSTANDING ALL THE WORK AND EFFORTS ON BELL'S PART.

WE TRUST YOUR IMMEDIATE RECONSIDERATION AND CONFIRMATION OF YOUR APPROVAL BY RETURN TELEX.

BB HAVE ARRANGED WITH IIAF TO FLY ALL THE REMAINING PARTS/EQUIPMENT OF DEMO WITH THE FIRST C-130 LEAVING TEHRAN DIRECT TO FORT WORTH ON OCT 11. ACCORDING TO THE LAST MINUTE ADVICE, ALL REPEAT ALL PARTS LEFT TEHRAN THIS MORNING.

BEST REGARDS IRANZAD.

2575 A TAXI TN
In telephone conversation last night Alice informed that copy of letter dated April 11 is copy of which you sent to you.
Please confirm by return telegraph that the letter has in fact been received by you and advise the reaction of each to it.
In accordance with the above plan, we shall forward you a copy of the
letter to which you refer. We desire you to take such action as you
may consider best.

RE: THE LETTER

has in fact been received by both
and advise the reaction of each

To it
REFERENCE OUR SHORT MEETING BEFORE YOUR DEPARTURE, I WOULD LIKE TO REPORT THE FOLLOWING RECENT IMPORTANT EVENTS:

DEHESH

AA AS A RESULT OF REGULAR MEETINGS WITH THEY ALL EAGERLY
WAIT FMS OFFER WITH INDICATIONS THAT IT MAY STILL GO DIRECT
IF PRICING AND DELIVERIES OF FMS ARE UNFAVOURABLE VERSUS YOUR
OFFER. THE THREAT OF SIK 'BLACK HAWK' STILL REMAINS AS THEY
LOOK FOR GUNSHIP MOST COMPATIBLE WITH 214A, THOUGH NO EXACT
DATE EXISTS FOR DEMO. WE ARE MAKING EVERY EFFORT TO REDUCE
THIS THREAT AND MR H HAS BEEN GIVING US EVERY ASSISTANCE.

BB ACCORDING TO NO 1, TWT AND SKATE, THE DOOR IS STILL OPEN
FOR BELL TO SECURE TRAINING PROGRAM AND EVEN LOGISTIC SUPPORT
DIRECT.

AGUSTA

HUDDLED IS IN TOWN BUT BELIEVE HIS ACTIVITIES DO NOT INTER-
FERE AND/OR CONFLICT WITH YOUR PROGRAM.

PRATT AND WHITNEY ENGINE CONTRACT, HAS BEEN REJECTED AS THE
ENGINES WILL BE PROCURED THROUGH EITHER FMS OR BELL.
WE HAVE MAINTAINED DAILY CONTACT WITH IIAF AND FINAL SHIPMENT OF DEMO PARTS WILL NOW BE SHIPPED IN TWO EQUAL SHIPMENTS LEAVING TRN BY C130S NEXT SATURDAY AND SUNDAY IE 23 AND 24 SEPTEMBER RESPECTIVELY.

FF WE HAVE MADE ARRANGEMENTS TO PAY COST OF FUEL CONSUMED DURING DEMOS.

BEST REGARDS ZANGANEH

2575 A TAXI TN
ATTN J GALLAGHER

AA MY ARRIVAL TEHERAN ORIGINALLY PLANNED FOR MONDAY NIGHT NOW DELAYED. PLAN ACCOMPANY JFA TO WASHINGTON FOR MEETINGS WITH DOD, STATE AND SCHOOL OFFICIALS. NOW PLANNING ARRIVE TEHERAN DOAC 320 FRIDAY, AUGUST 4, 1911. PLEASE ADVISE IF THIS NOT OKAY.

BB FOR RELAY TO E J SMITH. SPIVEY WANTS TO KNOW IF WE NEED BALLAST FOR 214 DEMO AND IF SO HOW MUCH.

CC REUR TELEX 24TH, PARA BB. WE WILL Await Alice CONFIRMATION THAT NO FMS RESTRICTIVE STATEMENT WILL BE INCORPORATED. HOWEVER, THE POINT SHOULD BE STRESSED AND STRESSED AGAIN THAT WE HAVE NEVER SEEN OUR GOVERNMENT ARGUE REP COMPENSATION WITH A FOREIGN GOVERNMENT.

WE ARE VERY CONCERNED AND DISAPPOINTED THAT HAVING WHAT WE THOUGHT WAS COMPLETE AGREEMENT IN PRINCIPAL, THE ACTUAL AGREEMENT HAS NOT BEEN SIGNED. PLEASE TAKE THE SAME KIND OF STRONG POSITION WITH THIS THAT SUCCESSFULLY PRODUCED THE LETTER OF INTENT AND ADVISE.

SYLVÉSTER

BELL CRAFT

END TU RC
7-17-72

BELLS HELICOPTER CO., FTW

ATTN: F. M. SYLVESTER

AA  GEN. WILLIAMSON SUPPORTS GEN. HOWZE SCRIPT ONE HUNDRED PERCENT. HAS EVEN SUGGESTED SOME ADDITIONAL EVENTS THAT CAN EASILY BE DONE WITH MINOR MODIFICATIONS. THESE EVENTS CAN BE DISCUSSED AT A LATER DATE DURING GEN. HOWZE'S PRESENCE HERE.

BB  MAKING EVERY EFFORT TO OBTAIN CONFIRMATION OF C130 ARRIVAL IN WRITING. EXPECT TO RECEIVE TOMORROW OR NEXT DAY.

CC  EVALUATION OF AIRCRAFT TO BE CONDUCTED BY COMBAT RESEARCH EVALUATION COMMAND (CREC) UNDER THE COMMAND OF MG BROOKS. ENDAN. MEETINGS CONCERNING THE PREPARATION OF EACH EVALUATION SITE AND NECESSARY DETAILS FOR DATA COLLECTION, ETC. ARE CONDUCTED TRI-WEEKLY. MEMBERS CONSIST OF REPRESENTATIVES OF CREC/MAAG/GEN. KHOSRODAD/AFRC/RESEARCH TECHNICAL INSTITUTE/NAVY/GEN. TOUFANIAN GROUP AND MYSELF REPRESENTING BELL.

DD  ACTUAL EVALUATION TEAM WILL CONSIST OF APPROX FIVE DATA COLLECTORS, FROM THOSE GROUPS MENTIONED IN CC ABOVE. HAVE INCLUDED AT THE REQUEST OF CREC SMITTY AS BELL REP. MAKE SURE SMITTY BRINGS ALL RELATIVE DATA CONCERNING BOTH BIRDS.

EE  ARADMAC/MTT TEAM WAS EXTREMELY WELL RECEIVED. GEN. PATTON THINKS GEN. TOUFANIAN MAY DRAG HIS FEET REFERENCE FACTORY AND RELATIVE SUPPORT UNTIL TEAM COMPLETES REPORT END OF SEPTEMBER. GEN. WILLIAMSON HOPES THAT WE CAN GET TOGETHER WITH ARADMAC AS TO NOT DUPLICATE OR CONFUSE EFFORT. ACTION OBVIOUSLY STRIKER NEEDS TO MEET WITH MTT REPRESENTATIVES ASAP.

FF  DEHESH SAYS JFA SHOULD BE HERE FOR MAIN DEMO WHICH IS NOW ESTIMATED TO TAKE PLACE ON OR ABOUT AUGUST 26. THIS PROVIDES US MORE PROPOSAL/SUMMARY PREP TIME. CAN FALL BACK NOW TO ORIGINAL TIMING FOR IN-COUNTRY PROPOSALS BY MID AUGUST.

DEHESH SAYS IF WE WANT TO INVITE CORRADO FINE. HOWEVER, HE DOES NOT WANT TO INVITE HIM.
REF TO DOD FUNDS - BESIDES STATEMENT BY DEHESH THAT SUFFICIENT COMMERCIAL FUNDS ARE AVAILABLE, SHAH RELUCTANT TO COMMIT FUNDS FROM ANYWHERE THAT CONCERN THIS PROGRAM FOR FEAR OF PREJUDICING THE ISSUE. FOR THIS REASON UACL DID NOT RECEIVE CONTRACT. DEHESH FULLY AWARE AND APPRECIATIVE OF THE FACT THAT WE MADE HIM AWARE OF ADDITIONAL FUNDS.

RELATIONSHIP OF GEN. TOUFANIAN AND GEN. KHOSERODAD EXTREMELY STRAINED. GEN. KHOSERODAD BOWING OUT OF PICTURE AND STATING HE IS TO BE THE OPERATOR AND NOT RESPONSIBLE FOR THE PURCHASE OR EVALUATION OF EQUIPMENT THUS THE APPOINTMENT OF NEW EVALUATION TEAM.

AIR FORCE IS STILL IN THE PICTURE BUT AT THIS TIME ONLY AS AN OBSERVER AND TO SUPPLY SUPPORT FOR DEMO.

OREG CONFIRMS THAT THEY WILL NOT REQUIRE ANY FORMAL AIRCRAFT BRIEFINGS.

AIR TAXI HAS SIGNED AND DISPATCHED AMENDMENT TO MFRA BUT WITH CHANGES.

A) AMENDMENT IS TO BE DATED APRIL 1, 1972.

B) ZANGANEH DOES NOT AGREE WITH PARAS REFERENCING FMS CASES AND HAS WRITTEN A SUGGESTED ADDITIONAL PARA ON THAT SUBJECT. I HAVE NOT HAD AN OPPORTUNITY TO DISCUSS THIS PARA IN DETAIL WITH ZANGANEH BUT WILL DO SO TOMORROW AND WILL REPORT OUTCOME. A BRIEF REVIEW OF ADDITIONAL PARA IN MY ESTIMATION IS TOTALLY UNACCEPTABLE AND HAVE ADVISED KHALIL OF THAT FACT.

SIGNED AMENDMENT AND COVERING LETTER WAS MAILED JULY 13, 1972. ESTIMATE YOU TO RECEIVE APPROX JULY 20 OR 21.

HORSLEY DEPARTS FOR LEBANON WEDNESDAY MORNING.

CORRADO NOT IN TOWN AND IS NOT EXPECTED.

DEHESH AND GEN. TOUFANIAN OFF TO FRANCE TUESDAY AND THURSDAY RESPECTIVELY. MISSION AS OF YET NOT KNOWN BUT WILL FIND OUT AND TELEX.

BEST REGARDS.

GALLAGHER
ATTN: F. SYLVESTER

AA CREG MEETING TODAY FINALIZED:

1) GENERAL ORDERS FOR BROOMENDAN SIGNATURE AND GEN.
MINBASHIAN'S APPROVAL ESTABLISHING THOSE REQUIREMENTS
NECESSARY AND COMMANDER'S RESPONSIBLE FOR THE PROPER
EXECUTION OF THE EVALUATION AND DEMO. THIS INCLUDES
PREP OF SITES - RANGES - P AND L - SECURITY, ETC.

2) AN EVALUATION CHECK LIST TO RECORD PERFORMANCE DATA
AT EACH EVALUATION SITE ALSO FOR APPROVAL OF BROOMENDAN
TOMORROW.

BB REFERENCE MFRA AMENDMENT FOR AIR TAXI. HAVE DISCUSSED WITH
JOE AND HE OBVIOUSLY CONCERNED ABOUT BEING LEFT IN THE COLD
IF IN CASE U.S. TO IRAN NEGOTIATIONS RESULT IN UNFAVORABLE
POSITION REGARDING REMUNERATIONS. HAVE STATED HIS NEW PARA
ABSOLUTELY UNACCEPTABLE. HOWEVER JOE WISHES TO FURTHER
DISCUSS THE MATTER WHEN FMS/IFA PRESENT AND CONTRACT VALUE
KNOWN.

CC IT IS RUMORED THAT DEHESH AND TOUFANIAN WILL STOP TO SEE
CORRADO ON RETURN TRIP - REASON FOR VISIT FRANCE IS RUMORED
TO BE MISSILES. THEIR DURATION OF TRIP TEN DAYS.

DD PLEASE SEND MAX ALLOWABLE SMALL LITHOS OF ALL MODELS. THIS
IS TO BE USED FOR RECRUITING PROGRAM.

EE AIR TAXI IN NEED OF TEN EACH LATEST ALL BROCHURES AND ROTORWAYS.

FF MEET WITH GEN. KHATAMI'S CHIEF OPS TOMORROW TO DISCUSS
TRANSPORTATION CONFIRMATION SCHEDULE.

GG DEHESH GIVEN ME AUTHORITY IN WRITING TO COORDINATE WITH DEPTS
INVOLVED ALL ACTIVITIES FOR PREPARATION OF EVALUATION AND DEMO
AND RELATED SUPPORT REQUIREMENTS.

BEST REGARDS

GALLAGHER
A TAXI TN

BELL HELICOPTER CO FTW

JULY 18/72

REF 257/72

ATTN: F. SYLVESTER

HEREWITH ADDITION TO MY TELEX 256/72 JULY 18.

HH  BRISTOW HAS REQUIREMENT FOR APPROX EIGHT MORE 47S TO MEET INCREASED TRAINING SCHEDULE DUE TO NEW CONTRACT. THEY WILL PROBABLY BUY USED EQUIP BUT HOWEVER WILL PROVIDE GSA PRICING. WE EVENTUALLY WILL HAVE TO NEGOTIATE SOME ARRANGE-MENT WITH THEM CONCERNING TRAINING DEPENDING OUTCOME OF OUR PRESENTATION. HOWEVER FEEL IT PREMATURE TO DISCUSS AT THIS TIME. BRISTOW CONTRACTED TO TRAIN 100 TO 150 DRIVERS PER YEAR.

GALLAGHER
AA. NEED AUTHORITY EXECUTE COMPENSATION AGREEMENT HERE SO JOE CAN COMMIT RESOURCES IMMEDIATELY. THIS WOULD THEN BE EXCHANGED FOR ORIGINAL EXECUTED IN FT. WORTH WHICH WILL BE MAILED IMMEDIATELY ALSO EXECUTED HERE BY JOE. CALL ME IF PROBLEMS OTHERWISE TELEX CONFIRMATIONS BEARING IN MIND I DEPART TEHERAN FOR SANANDAJ WEDNESDAY 0700 HRS.

BB. UNDERSTAND FROM TELECON THAT WORKSPLIT WITH GRACE HELICOPTER COVERS COMPLETE MEDIUM FISH LINE. CONFIRM THIS ALSO INCLUDES SHELL IN NUMBERS OUTLINED YOUR TELEX THIS DATE ON SUBJECT OF COMPENSATION.

SYLVESTER.

* BELL HCPTR FTW

2300INTRCON TN

"....."

DIAL 102 FOR RCA OVERSEAS TELEX.

*
Morsley Report No. 3
June 28, 1972
F1:CPBH:pb-150

Jack:

I talked to Nic just after you did. I couldn't reach him before as he was not available.

He did emphasize to me that the Iranians hadn't as yet decided which way to go on training and, while he did give us all the information possible, he was not sure we would get a contract.

The Iranians are keen to involve the U.S. Army to the maximum extent.

I talked to the Bristow people the other day. They had just been given a further contract to double the number of pilot intakes. They are reasonably sure of being part of Gen. Khatami's empire. We may want to consider a joint pilot training scheme with them to guarantee a contract.

The MTS team arrived yesterday from ARADMAC. They will be here until mid-July. They should be contacted on their return.

Don Butler returned home yesterday. We had a good farewell party for him. He is off to San Antonio - 5th Army Hq.? He will stop by to see you all in about two weeks. He is taking the slow way home through Europe. He hopes he will have a chance to meet Mr. Weichsel.

HIM has very positively edicted the helicopter program be completed in 5 years. WOW! It is a target that most people feel will be impossible to reach, but of course typical of the approach HIM must take to get anything done at all. He must push and shove for things greater than the ordinary mortal can imagine. As long as he can pay for it, I'm sure we can help him meet most of the objectives.

Messrs. McClaren and Gillies of UACL take their hastily prepared contract for 280 twin pacs to Dehesh's office this morning for signature. They expect to have it within 5 days. The contract does not become valid until September 1st. Dehesh talks of the J as 90% confirmed, and still as an FMS case.
The name "Blackhawk" still comes up in various quarters, though I can't put my finger on who is promoting it. Somebody is. It seems to be doing well back home.

Ed Wyman left today for Tel Aviv. He had a good stay and stuck to the party line, though pointed out clearly that if the 214 came unstuck, the boat would rock with the Cobra. He wants to see the AH-1G here badly. He thought Corrado would be in town also, but definitely he is not.

Iranian Army Air are starting massive enlistment drives in the colleges and high schools for pilots, etc., and Maj. ? has asked me for lots of color photos of UH-1H, OH-58A and Cobras, plus a bunch of lithos (both large and small). Also any old calendars would be of great help. Could you air mail to me through Air Taxi? As many as possible. Many thanks.

Best regards,

C. P. B. Horsley
To: Mr. F.M. Sylvester,
   Vice-President,
   International Marketing.


Subject: IRAN

Further to my telex No. 1011 of February 7th, we have now heard from Air Taxi that after several discussions with Mr. Dehesh, and some hesitation by him and General Toufanian, their Ministry prefers not to write a letter such as we drafted. Instead, they wish to discuss the whole subject while visiting Fort Worth.

This is as expected. While it would be preferable for the Government of Iran to commit its wishes to paper, that they do not, is typical of relations between the Shah and his officers and Government Departments - and indeed of Middle East business processes. There can, by contrast, be no doubt about their verbal expressions on several occasions and over a period re wanting B.H.C. to take the primary role in any future program.

Even if Horsley could obtain some written statement, which in the short time prior to their departure for the U.S. seems unlikely, we don't feel this would have much value. What they want will be reiterated behind closed doors, rather than on paper. In our view, this will again stress Bell program leadership.

Given their imminent visit, the Shah's absence in St. Moritz, and Air Taxi's monitoring, we doubt much useful can be gleaned, or any decisions made in Teheran, this month. We foresee March as crucial, when our own and Agusta's activities after the Toufanian/Dehesh visit may justify a fairly constant presence in Iran.

We have enthused General Khosrowdad, disappointed Dehesh and Toufanian, with no real idea - anyway here - of how Corrado is

Handling it with the Shah. We will need a united B, H, C, /Agusta front on this before the Fort Worth visit.

Patricia Tyn
V.H. Hunt
General Manager.

(Dictated by Mr. Hunt and signed by secretary, in his absence)
MEMORANDUM OF CONVERSATION

PARTICIPANTS: General Toufanian
    LTC Rezvani
    MG Williamson
    Mr. Alne
    Mr. Dehesh
    Mr. Thieberger
    Mr. Miller
    Mr. DeGroote

DATE & PLACE: 2 November 1972, General Toufanian's Office

SUBJECT: 214A and AH-1J Letters of Offer

COPIES TO: Mr. Alne
            Chief, ARSEC
            Chief of Staff

Mr. Alne opened the discussion by pointing out the changes which had been made on the J-model letter of offer: the total number has been reduced from 234 to 202. The total dollar amount has reduced but the cost per unit has increased about $12,000; however, $1,200 was deleted on the radio change, $2,807 on the compass change, and $7,828 on the IFF/radar beacon change, resulting in a net increase of $544 per aircraft.

The USG has responded to General Toufanian's request that the initial payment requirements be changed. The proposed figures were: $0 in 1973, $48M in 1974, and $74M in 1975. Then, at Mr. Dehesh's request that the schedule be changed to coincide with the FY basis that the USG uses, the new figures became: $15.66M in 1973, $67.94M in 1974, and $109M in 1975.

Mr. Alne then discussed the insurance charge on the 214A and noted that this charge was not included in the AH-1J. In sum, the total cost of the AH-1J program is $296 million. Copies of the AH-1J letter of offer were given to General Toufanian who discussed it in Farsi with Mr. Dehesh. At the end of this discussion, General Toufanian thanked Mr. Alne and set the letter aside.

Mr. Alne then asked Mr. DeGroote to pass out copies of the 214A letter of offer and opened the discussion by stating that HF radio would only be placed in 20% of the aircraft, the change in the intercom unit which General Sadefi had requested had been made, some changes in the already low disbursement schedule were made, and two notes were added, these being on the EXIM
Bank financing arrangements and the recoupment of military qualification costs. General Toufanian discussed the letter in Farsi with his colleagues and then said that he thought HIM would approve the letter.

Mr. Alne then said that he had helped the Bell representatives write their letter to General Toufanian on the co-production and licensing and fees request of the GOI. He added that he was convinced that this was a fair offer on the part of Bell.

(General Toufanian said that he had talked with General Khatami and covered the problem of the difficulty of attracting young men to the IIAF. He added that apparently General Khosrowdad did not have this problem. General Williamson cautioned against being too optimistic.)

Mr. Alne then returned the discussion to the 214A letter of offer and pointed out that it included provisions for ground and flight insurance at a cost of $2,500 per aircraft. He explained that the USG insures itself against loss or damage and recommended that the GOI do the same since the premium is so high. This insurance covers the period of time when the aircraft comes off the production line but has not yet been delivered to the GOI—flight testing, etc. Mr. Alne again pointed out that this was not included in the Navy letter since it was assumed that the GOI would self-insure. General Toufanian said that the GOI had always self-insured before and would do so in this instance. He then x-ed out the insurance clause.

General Toufanian then called for the Bell letter mentioned above and read it in detail. Mr. Alne pointed out that the letter concurred in co-production, the $45,000 and $25,000 recoupment on sales to other than USG and GOI, and that the GOI and Bell would share, as partners, in licensing with the GOI receiving 25% of all license fees and 25% of all royalties after payment of recoupment charges in item two. Mr. Alne asked General Toufanian if he thought these terms were fair and General Toufanian said that he thought so and felt he could get the letters approved by HIM.

General Toufanian then stated that, after signing, the biggest and most difficult task would start—training. He went on to say that his biggest responsibility is the I.H.I. Since the GOI bought out Count Corrado, it has become an organization and is no longer a company. General Toufanian said that he needs help since he can no longer call Count Corrado and tell him to send people to help solve problems which arose. There are four or five aeronautical engineers...
at I.H.I. who are foreign educated and worked with Agusta in Italy but still do not have sufficient experience to work on their own—and neither are the apprentices who were trained by Agusta in Italy. Someone is needed to help with training, and in any other way possible. General Toufanian said that he would entertain a proposal in this field. He pointed out that the Wells team had looked at the factory and were aware of the capacity, requirements, etc.

General Williamson said that there were two major things coming up in the immediate future which would help. First, General Moench is coming to look at the overall personnel requirements for all three services, to include the I.H.I. He will be trying to determine if our government can afford to give all blue-suited or if we should attempt to mix a portion of the personnel. There is another eight man group coming to look at the Aviation Center in Isfahan to give a recommendation on the overall layout of that organization. Because of the press of time, some things have already been done, such as the C-130 TAFT and the sixteen men for the Aviation Logistics Command. The latter can look at both the Aviation Log Command and the I.H.I. This will provide some help in that area.

There is another group of six men, in conjunction with the sixteen mentioned above, who will be a planning group, working as an “add-on” to the MAAG staff. Since these men cannot supplement the MAAG staff, it is anticipated that the Moench team will find a place for them. Since the sixteen will be able to help Engineer Toufanian at the I.H.I., the big problem now is to provide some help at the working level.

General Toufanian agreed with this completely and said that the weakest part of the I.H.I. is the documentation and that manuals are desperately needed to help overhaul helicopters, etc. Mr. Dehesh pointed out that there are three levels of personnel missing between top management and the apprentices. General Williamson agreed and noted that at MIS Mr. Fourinash can contact his parent company in the States and get help or equipment immediately, and that the I.H.I. needs this type of arrangement to provide a close tie-in. He added that Engineer Toufanian’s requirement is over and above anything already considered. Mr. Dehesh agreed and said that I.H.I. needs technical/industrial types, not military men. Mr. Alne asked if this shouldn’t be a civilian services contract and General Toufanian and General Williamson both agreed. General Toufanian added that it should be someone who understands equipment and who has a close tie-in with a firm in the States (per General Williamson’s recommendation).
General Toufanian asked who General Moench should see in the GOI when he visits and General Williamson said that this would essentially be a MAAG visit since his mission is not oriented just to Iran. General Moench will be attempting to obtain information for Congress and will be looking at all MAAGs, with an eye to justifying the increase of personnel in Iran even though the rest of the MAAGs are reducing in size. His visit is actually a direct result of the conversation between President Nixon and HIM last May. General Toufanian said that he understood this but still felt it necessary to make some preparations—such as explaining the increased requirement for HAWK personnel.

General Williamson pointed out that General Moench is not the survey team requested for the GOI. General Toufanian still said that he felt it imperative to explain that the GOI is not ready to implement the HAWK program without assistance. Mr. Alne suggested that General Toufanian do this by amplifying HIM's statement and listing all requirements/programs which the GOI has pending. General Toufanian agreed and cited the case of the 175mm gun which he is afraid to use because his people are too inexperienced and will "break" it. General Williamson pointed out that the major portion of this work has been done in the past few months—resulting in the request for 1,009 personnel. General Moench is essentially coming out to help understand how the USG respond to this request.

Mr. Alne stated that this team may think statically and recommended showing them charts of commitments made and projected requirements, and said that these charts should show how many are required and when. General Toufanian said that the IIIF knows of its requirements but that he felt he would have to check with the IIIGF and the IIN.

General Williamson recalled the discussion which he had with General Toufanian and Admiral Attaie which resulted in the early fill of the twenty-one spaces for the IIIN and the one space which will soon be filled for Admiral Anoushirvani at the I.T.C. at Bandar-e-Pahlavi. He then said that General Moench is thinking at the government-policy level and can learn more by talking with General Toufanian. He also cautioned against giving him too many charts to look at—all he needs is assurance that Iran needs personnel. General Moench needs to understand the overall psychology—such as that Iran does not want USG personnel to man guns or fight wars—only technicians...
who can teach the Iranians to do this properly for themselves.

Mr. Alne then said that occasionally the USG runs into a problem providing a man with specific qualifications requested by the GOI and asked that General Toufani' be a little understanding in this area. General Toufani said that he understood.

General Williamson asked if Mr. Alne and his group could tour the M.I.O. facility and arrangements were made for a tour at 0900 hours, 4 November. Lunch will be included in the tour.
February 1973

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Mr. Brooks
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Col. Salem  
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Mr. Schren  
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Col. Stocke  
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Brig. Gen. Soucek  
Chief, Army MAAG  
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Vice Minister of War  
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Aide (Capt. Santone)  
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Charlie Young  
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General

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American Officers Club 884094
Commodore Hotel Teheran 663154
Foreign Housing Bureau
Mohammad Zarabi (Dir.)
351 Takhte Jamshid 830981/82
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821723
IIAA - Imperial Iranian Army Aviation 661922
Intercontinental Hotel Teheran 635021
Iran Country Club 892012 or 86
IHI - Iranian Helicopter Industry 960661
Taxi Service (ask for Davood) 827676
U.S. MAA (Officers Club) 884094
IRAN

11-17-72

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Mr. F.W. Sylvester,
Vice President International Marketing
Bell Helicopter Company,
P.C. Box 482,
Fort Worth, Texas 76101,
U.S.A.

Dear Mr. Sylvester,

I received your kind letters dated the 3rd and 16th December, 1971, with respective enclosures together with two envelopes addressed to General Toufani and Mr. Dehesh. I immediately hand-carried and delivered them to the addressees personally.

Mr. Zanganeh is presently in Europe and, I am sure, he would have contacted you by long distance telephone to discuss various matters of mutual interest.

I am glad to inform you that the Activity Report was mailed to you on the 29th December, 1971. For your information, Mr. Horsley recommended us to send monthly activity reports instead of weekly reports. Because of pressure of work and being involved with many visitors during the last 2-3 months of 1971, I could not send you the report earlier. From now on I will do my best to make sure that the activity reports are sent to Mr. Horsley in Brussels with a copy to you, regularly.

I gladly read the recent changes in the top management of Bell Helicopter Company. On behalf of Mr. Zanganeh and the Air Taxi Staff, I extend my sincere congratulations and best wishes in the promotion of Mr. E.J. Ducayet and Mr. J.F. Atkins, who have been elected to the posts of Chairman and President of Bell Helicopter Company respectively.

I feel confident that these promotions will speed up progress and achievement in the prevailing Iranian campaign. Please convey our congratulations and best wishes both to Mr. Ducayet and Mr. Atkins.

I look forward to seeing you again in Teheran in the near future and remain,

Yours very truly,

AIR TAXI COMPANY

[Signature]

[Date]
Dear Mr. Sylvester:

Following is the progress report covering last quarter of 1971:

**IIN - PO/BL-6154 Ground Support Equipment**

With reference to J.E. Gallagher's letter dated April 12, 1971 and enclosed proforma invoices, the IIN rejected your quotations and refused to buy the required GSU thru Air Taxi/Bell owing to the fact that the first item of your proposal, namely Sun Electric Hydraulic Test Units Qty (2) amounting to $30,400/- (not mentioning whether FCB or C&F) was about 50% higher than the quotation received from Sun Electric Inc., for the same units as per the enclosed photocopy of their proforma invoice which we were able to obtain thru some confidential means. Consequently, IIN people thought that all other items quoted by you are similarly over-priced. We were quite surprised to see this over-price in your quotation especially in the face of your advance knowledge about the severe competition existing in this market.

**AOG Parts for IIN**

We regret to inform you that the AOG parts required for IIN as requested in our telex Ref. 71/71, dated Sept. 26, 1971 to be shipped against Air Taxi's account was never attended to. As a reminder, we telexed Bell Ref. No. 127/71, dated November 4, 1971 and were advised in reply, your telex MSG 106 dated November 5, 1971 that our telex Ref. 71/71 was not on record although your Answer Back at the end of the telex message Ref. 71/71 shows full acknowledgement of this telex to Bell. Therefore, on November 6, 1971, we enclosed a copy of our
telex Ref. 71/71 with our airmail letter No. S/13/1476/B7101 but unfortunately we have never had a reply from you about the fate of this order.

QUOTATION FOR IHI

In our letter S/13/1521, dated the 1st of December, 1971, we requested you to send us a quotation for the parts requested by IHI, however, in his letter dated December 16, 1971, Mr. Gallagher Jr., informed us that item Nos: 72, 73, 78, 92, 126, 137, 140, 150 and 155 were viewed by you during your visit to Iran and that the quotation desired by IHI was for purposes of comparison only. It is our view that even if the quotation was for comparison purposes, Bell must submit his quotation in such a way that it is possible for us to obtain the business offered.

IIAF

With reference to our Progress Report No. 3 dated July 31, 1971 we occasionally investigated the question of two 205-A helicopters to be bought by IIAF for rescue operations, however, due to lack of budgetary provisions, IIAF has decided not to purchase these helicopters during the current Iranian calendar year ending with March 20, 1972.

BELL EXECUTIVES VISIT TO IRAN

Mr. J. F. Atkin's visit to Iran for the first time was warmly greeted by us. He was accompanied by Messrs. Sylvester and Horsley. During their stay in Teheran, all of the required appointments were arranged by us with the high ranking civil and military authorities. The details and extent of the progress scored in this connection need not be mentioned in these reports.

VISIT OF TONY BEARDEN - CAMERAMAN

During the stay of Mr. T. Bearden in Teheran, we afforded him all of the facilities for shooting movie films and photographs.

A special request was made to Her Imperial Highness Princess Fatim to fly a helicopter which was arranged by us. Permission was also obtained to use a Red Lion & Sun Society helicopter to have a film of an injured man showing a car hitting a pedestrian in one of the suburbs of Teheran. Arrangements were also made to have at hand ambulance, nurses and first aid for this accident. Further details would have been given by Mr. Bearden directly.

Mr. Bearden was given a loan of $500.00 on Bell's account during his trip to Iran.
IRANIAN HELICOPTER FACTORY

There is no sign of any activity in the IHI factory except routine paper work and so forth.

GENERAL HOWZE'S SPEECH

Copies of General Howze's speech before the Command & Staff College were submitted to Lt. Col. Starkey and Lt. Col. Doiron in Teheran and Lt. Col. Butler in Esfahan.

AIR TAXI OFFICE FACILITIES

Air Taxi has the privilege to provide all of the facilities e.g. office equipment and supplies, services including transportation, telex etc., at the disposal of Bell Management personnel during their stays and visits to Iran.

GENERAL TOUFANIAN & MR. DEHESH

The forthcoming visit of General Toufanian and Mr. Dehesh which was the subject of discussions before has not yet materialized. As per our tlx No. 195/71, it was communicated to you that both the General and Mr. Dehesh are presently scheduled to visit Fort Worth around end January. We will inform you by telex their definite schedule in time.

C-130

The scheduled program for a C-130 aircraft to airlift and transport your model "X" helicopter for a demonstration here has been postponed until General Toufanian's visit to Fort Worth.

POTENTIAL CUSTOMERS

Your publications: GEN 37002243

a) Police Helicopter Patrol for Memphis;
b) Helicopter Techniques for aerial application;
c) Rotorways

are being received regularly and we are sending them to the following potential customers:

da) Ministry of Natural Resources;
b) Fire Brigade;
c) National Iranian Oil Company;
d) National Iranian Gas Company;
e) Ministry of Agriculture;
f) Police Organization;
g) Red Lion & Sun Society;
h) All the Three Armed Forces.
Starting with the new year, please send us additional copies of your Rotorways for distribution to all the relevant quarters. Also, please send us your calendars and other advertising materials for distribution to the above customers.

**Imperial Flight Hangar**

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Yours very truly,

Encl:

cc: Mr. C.P.B. Horsley, Brussels

KI/mas
# INVOICE

**ELECTRIC CORPORATION\**

**INTERNATIONAL OPERATIONS**

**HARLEM AND ARVONDALE - CHICAGO, ILLINOIS U.S.A. 60631**

<table>
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<th>MODEL OR PART NO.</th>
<th>ITEM</th>
<th>PRICE</th>
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<td>AMT-58</td>
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<td>TEST STATOR, ROTOR, ARMATURE, UNITS, ELECTRICAL ASSEMBLY, INSULATION, INSULATION, PAPER, WIRE, AIRGAP, MAGNETIC FIELD.</td>
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<td>Fluid Delivery: 10 SPL at 2000 psi.</td>
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<td>1.5 cm of loss at pressures from 1000 to 5000 psi.</td>
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<td>Fluid Speed: MIL-11-5200 or MIL-11-5220 (also available for use with other hydraulic fluids).</td>
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<td>Detailed technical specifications per attached Data Sheet.</td>
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<td>$11,000.</td>
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<td>25 HP Electric motor for operation at 60 Hz. 3-phase.</td>
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<td>Fluid Delivery: 0.4 gpm at pressure of 2000 psi.</td>
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<td>4.2 gpm at loss at pressures from 2000 to 5000 psi.</td>
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<td>Fluid Speed: MIL-11-5200 or MIL-11-5220 (also available for use with other fluids).</td>
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<td>Detailed technical specifications per attached Data Sheet.</td>
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<td>$10,929.</td>
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**TOTAL FOR FREIGHT, CRYSTAL LAKE, ILLINOIS.**

**COURIER INSTRUCTIONS:**

**COURIER INSTRUCTIONS:**

**TOTAL FOR FREIGHT, CRYSTAL LAKE, ILLINOIS.**

**COURIER INSTRUCTIONS:**

Page 1 of 2

---

*Continued on Page 2*
Mr. F. M. Sylvester,
Vice President,
International Marketing,
Bell Helicopter Company,
P. O. Box 482,
Fort Worth, Texas 76101,
U. S. A.

Subject: Progress Report

Dear Mr. Sylvester:

Following is the progress report covering last quarter of 1971:

**IIN - PO/B1-6154 Ground Support Equipment**

With reference to J.E. Gallagher’s letter dated April 12, 1971 and enclosed proforma invoices, the IIN rejected your quotations and refused to buy the required GSE thru Air Taxi/Bell owing to the fact that the first item of your proposal, namely Sun Electric Hydraulic Test Units Qty (2) amounting to $30,400/- (not mentioning whether FOB or C&F) was about 50% higher than the quotation received from Sun Electric Inc., for the same units as per the enclosed photocopy of their proforma invoice which we were able to obtain thru some confidential means. Consequently, IIN people thought that all other items quoted by you are similarly over-priced. We were quite surprised to see this over-price in your quotation especially in the face of your advance knowledge about the severe competition existing in this market.

**AOG Parts for IIN**

We regret to inform you that the AOG parts required for IIN as requested in our telex Ref. 71/71, dated Sept. 26, 1971 to be shipped against Air Taxi’s account was never attended to. As a reminder, we telexed Bell Ref. No. 127/71, dated November 4, 1971 and were advised in reply, your telex MSG 106 dated November 5, 1971 that our telex Ref. 71/71 was not on record although your Answer Back at the end of the telex message Ref. 71/71 shows full acknowledgement of this telex to Bell. Therefore, on November 6, 1971, we enclosed a copy of our

.../...
Mr. F. M. Sylvester, Bell Helicopter, USA

telex Ref. 71/71 with our airmail letter No. S/13/1476/B7101 but unfortunately we have never had a reply from you about the fate of this order.

QUOTATION FOR IHI

In our letter S/13/1521, dated the 1st of December, 1971, we requested you to send us a quotation for the parts requested by IHI, however, in his letter dated December 16, 1971, Mr. Gallagher Jr., informed us that item Nos: 72, 73, 78, 92, 136, 137, 140, 150 and 155 were viewed by you during your visit to Iran and that the quotation desired by IHI was for purposes of comparison only. It is our view that even if the quotation was for comparison purposes, Bell must submit his quotation in such a way that it is possible for us to obtain the business offered.

IIAF

With reference to our Progress Report No. 3 dated July 31/1971 we occasionally investigated the question of two 205-A helicopters to be bought by IIAF for rescue operations, however, due to lack of budgetary provisions, IIAF has decided not to purchase these helicopters during the current Iranian calendar year ending with March 20, 1972.

BELL EXECUTIVES VISIT TO IRAN

Mr. J. F. Atkin's visit to Iran for the first time was warmly greeted by us. He was accompanied by Messrs. Sylvester and Horsley. During their stay in Teheran, all of the required appointments were arranged by us with the high ranking civil and military authorities. The details and extent of the progress scored in this connection need not be mentioned in these reports.

VISIT OF TONY BEARDEN - CAMERAMAN

During the stay of Mr. T. Bearden in Teheran, we afforded him all of the facilities for shooting movie films and photographs.

A special request was made to Her Imperial Highness Princess Fatim to fly a helicopter which was arranged by us. Permission was also obtained to use a Red Lion & Sun Society helicopter to have a film of an injured man showing a car hitting a pedestrian in one of the suburbs of Teheran. Arrangements were also made to have ambulance, nurses and first aid for this accident. Further details would have been given by Mr. Bearden directly.

Mr. Bearden was given a loan of $500.00 on Bell's account during his trip to Iran.
Mr. F. M. Sylvester, Bell Helicopter, USA

IRANIAN HELICOPTER FACTORY

There is no sign of any activity in the IHI factory except routine paper work and so forth.

GENERAL HOWZE'S SPEECH

Copies of General Howze's speech before the Command & Staff College were submitted to Lt. Col. Starkey and Lt. Col. Doiron in Teheran and Lt. Col. Butler in Esfahan.

AIR TAXI OFFICE FACILITIES

Air Taxi has the privilege to provide all of the facilities e.g. office equipment and supplies, services including transportation, telex etc., at the disposal of Bell Management personnel during their stays and visits to Iran.

GENERAL TOUFANIAN & MR. DEHESH

The forthcoming visit of General Toufanian and Mr. Dehesh which was the subject of discussions before has not yet materialized. As per our tix No. 195/71, it was communicated to you that both the General and Mr. Dehesh are presently scheduled to visit Fort Worth around end January. We will inform you by telex their definite schedule in time.

C-130

The scheduled program for a C-130 aircraft to airlift and transport your model "X" helicopter for a demonstration here has been postponed until General Toufanian's visit to Fort Worth.

POTENTIAL CUSTOMERS

Your publications:

a) Police Helicopter Patrol for Memphis;
b) Helicopter Techniques for aerial application;
c) Rotorways

are being received regularly and we are sending them to the following potential customers:

a) Ministry of Natural Resources;
b) Fire Brigade;
c) National-Iranian Oil Company;
d) National Iranian Gas Company;
e) Ministry of Agriculture;
f) Police Organization;
g) Red Lion & Sun Society;
h) All the Three Armed Forces.
Mr. F. M. Sylvester, Bell Helicopter, USA

Starting with the new year, please send us additional copies of your Rotorways for distribution to all the relevant quarters. Also please send us your calendars and other advertising materials for distribution to the above customers.

IMPERIAL FLIGHT HANGAR

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Yours very truly,

[Signature]

Encl:

cc: Mr. C.P.B. Horsley, Brussels

KL/has
**INVOICE**

**Sun Electric Corporation**

**International Operations**

**HARLEM AND AVONDALE - CHICAGO, ILLINOIS U.S.A. 60431**

---

**Sold to:** Imperial Iranian Army

**Ship to:** To be advised

**Via:** Ocean Freight

**POA:** Factory, Crystal Lake, Illinois U.S.A.

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<table>
<thead>
<tr>
<th>QUAN.</th>
<th>MODEL OR PART NO.</th>
<th>ITEM</th>
<th>PRICE PER UNIT</th>
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<td>AHT-26</td>
<td>50%</td>
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</table>

**Description:**

- Fluid delivery: 10 EPC at 200 psi
- Also available for use with other hydraulic fluids
- Detailed technical specifications per attached data sheet

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<th>QUAN.</th>
<th>MODEL OR PART NO.</th>
<th>ITEM</th>
<th>PRICE PER UNIT</th>
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<td>AHT-62-1</td>
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</table>

**Description:**

- Fluid delivery: 8.4 gpm at pressure of 200 psi
- Also available for use with other fluids
- Detailed technical specifications per attached data sheet

**TOTAL:** $11,570.00

---

**CONTINUATION PAGE**

**V 37002239**
ATTN DON POWELL/MILLER

AA REFERENCE YOUR TELEX 207 -

1. CHECKING UNIDENTIFIED PN WITH IIN BASE. WILL TELEX RESULT.
2. PLEASE TELEX DELIVERY TIME REMAINING ITEMS.
3. WITHOLD SHIPMENT UNTIL SATISFACTORY METHOD PAYMENT IS ARRANGED WITH IIN AND UNIDENTIFIED PN IS IDENTIFIED.

BB PLEASE DEBIT OUR ACCOUNT AND AIRFREIGHT FOLLOWING AOG PARTS TO AIRTAXI FOR IIN - OUR PO BL7154.

1) QTY FIVE VALVE PN 204-076-055-1.
2) QTY FIVE RING RETAINER PN M51773-04.
3) QTY FOUR BUSHING PN 204-010-422-3.
4) QTY TEN PACKING PN NAS 617-20.
5) QTY FIVE PACKING PREFORMED PN MS 2961-220

2575 A TAXI TN

BELL HELICOPTER CO FTW TEXAS TLX 758225
JAN 18/72
REF 31/72

2575 A TAXI TN

BELL HCPTER FTW

2575 A TAXI TN O Y P 37002233
1. CHECKING UNIDENTIFIED PN WITH 11N BASE, WILL TELLY RESULT.
2. PLEASE TELLY DELIVERY TIME REMAINING ITEMS.
3. WITHHOLD SHIPMENT UNTIL SATISFACTORY METHOD PAYMENT IS ARRANGED.
   WITH 11N AND UNIDENTIFIED PN IS IDENTIFIED.

32 PLEASE DEBIT OUR ACCOUNT AND AIRFREIGHT FOLLOWING ACC PARTS TO
AIR TAXI FOR 11N - OUR PO BL7134.
1) CTY FIVE VALVE PN 254-970-355-1.
2) LEE ST. CTY FIVE RING RETAINER PN MS39773-24.
3) CTY FOUR RINGING PN 250-910-62-3.
4) CTY TEN PACKING PN 122-45-33.
5) CTY FIVE PACKING PREFORMED PN MS 2501-220

575 A TAXI TN

BELL HOPTR TY

3700236
75223 FOR BELL HELICOPTER CO FT WORTH TEXAS MSG 430 1/25/72
AIR TAXI (1446)
TEHRAN IRAN

FURTHER OUR MSG 327 JAN 19. REUR ORDER BL 7134 PLEASE
TELEX ADVISE DESIRES AND METHOD PAYMENT.

DON POWELL/LOGISTIC CENTER
BELL CRAFT

2575 A TAXI TN

/env 37002226
REUR HSC 31/72 JAN 16 APPROX 65 PERCENT YOUR ORDER
(AA REFERENCE) AVAILABLE. STATUS BACK-ORDER ITEM(S) AS
FOLLOWS:

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WILL ATTEMPT IMPROVE SCHEDULE ABOVE UPON YOUR ADVISE QUANTITY
REQD ACTUAL AOG
(DB) REFERENCE) YOUR F O B L 7134 ORDER VALUE 2702.50 (PLUS 2 PERCENT PACK) FOB FORT WORTH. FURTHER ACTION WITHHELD PENDING YOUR ADVISE DESIRES AND METHOD PAYMENT (REF OUR MSG 207 JAN 12)

DON POWELL/LOGISTIC CENTER
BELLHART

GEN 37002223

2575 A TAXI Tj
BEL E. LUX FTW
54170786
2575 A TAXI TN
DO NOT REDACT
7988223 FOR BELL HELICOPTER CO BY NORTH TExAS AIR TRANSPORT
AIR TAXI (1345)
TENRAW LEAH

REUR 095 71/71 KEEP NO GE/AV MINT BY E. J. HIBBON
UNABLE IDENTIFY P/N 203-000-00. BALANCE CHARGES NECESSARY,
PLUS 2 PERCENT FACID FOR FORT WORTH.

YOUR CURRENT COMMISSION ACCOUNT INDEX.
120-152
FURTHER ACTION WITHDRAW FROM YOUR ACCOUNT RECEIVED AND PAYMENT
PENDING.

DON FEWELL LOGISTIC CENTER
BELLCRAPT

CORRECTION: LINE 2 SHOULD READ BALANCE ORDER VALUE 3750.56

2575 A TAXI TH.....
GENV 37002231
/0018
28 January 1972

Mr. Khalil Iraniadad
Air Taxi Company
Khorrood Airport
Teheran, Iran

Dear Khalili:

Subsequent to General Khosrodad's visit to Bell Helicopter Company, several items have been sent to your attention for the General.

Please open these packages and deliver their contents to the General at your earliest convenience.

Items include one large scale model of the Cobra, one large scale 205 Model and one set of training manuals pertaining to the Jet-Ranger.

The models have been specially prepared by Shipping Department and will come under separate cover from the manuals.

Additionally, further literature will follow and I will inform you when this added information has been dispatched and what it contains.

Thanking you in advance for your cooperation.

Sincerely,

BELL HELICOPTER COMPANY

John E. Gallagher, Jr.
International Sales Representative

[Signature]

[Navigation Number: 37002227]
Dear Sirs,

Re: Bell Helicopter 205A & 205A-1

We require three additional copies of Pages 6-169 through 6-259/260 which were omitted from Chapter VI of the 205A/1 Maintenance and Overhaul Manual, and would appreciate your sending same to us at your earliest convenience.

Yours faithfully,

AIR TAXI COMPANY,

K. Iranzad
Commercial Manager.
17 February 1972

Our Reference:
F4JEG:cmmt:1049

Mr. Khalil Iranzad
Air Taxi Company
Mehrabad Airport
Teheran, Iran

Dear Khalil,

The attached information may come in handy in negotiations with various authorities in Iran.

The brochure and letter, I think, are self-explanatory and provide sufficient description and details concerning the product.

Best personal regards,

BELL HELICOPTER COMPANY

John E. Gallagher, Jr.
International Sales Representative

Enclosure

ENV 37002225
SUSY'S VISIT WENT WELL. FOLLOWING NEXT SIX WEEKS WILL DETERMINE OUTCOME. PLEASE DO NOT TAKE ACTION BUT DO KEEP EYE TO GROUND AND PROVIDE INFO YOU MAY RECEIVE.

I REPEAT DO NOT MAKE ANY EFFORT TO ASCERTAIN SITUATION.

LET THEM COME TO YOU. REGARDS.

GALLAGHER
BELL CRAFT
END TO RC
ATTN GALLAGHER

REFERENCE YOUR TELEX NO 880, I AM PLEASED TO HEAR THAT SUSY'S VISIT WENT WELL. MY BOSS LEFT TEHERAN YESTERDAY FOR THE STATES. HE WILL DEFINITELY CALL YOU ON LONG DISTANCE TELEPHONE OR POSSIBLY VISIT YOU DURING FIRST WEEK OF APRIL. WE WILL FOLLOW YOUR RECOMMENDATION ALSO PROVIDE YOU INFO AS WE MAY RECEIVE. BEST REGARDS IRANZAD
Former U.S. Ambassador in Teheran

Mr. D. MacArthur II, the former U.S. Ambassador in Teheran now retired from his diplomatic career, has taken an advisory post in one of the helicopter manufacturing companies located in Belgium. The news does not reveal the name of the company but we presume that it must be either Hughes or Sikorsky who have both got their European offices in Belgium the same as Bell. Mr. Mac-Amber, who is a young American diplomat, will replace Mr. MacArthur in Teheran.

Imperial Iranian News

The Agreement between Air Taxi and the IIN for the supply of AGG parts has not yet been signed neither for Lycoming engines nor for Bell spare parts. We presume that with the beginning of the New Year (March 21, 1972) on allocation of the new budget, this Agreement will be signed.

Ministry of Natural Resources

As a result of our regular contacts and despatch of Bell publications to this Ministry, it appears that they would allocate a budget to purchase a number of small and large helicopters for forest fire-fighting. We are now following the matter with the hope of coming to a positive conclusion.

Imperial Flight Manager

Col. Shafaatpour is still enquiring about "Fireproof Fuel Tanks" for AH2 and AH12 helicopters. Your telex dated December 29, 1971, was not convincing because you offered fire resistant fuel tanks which are mounted on military helicopters. If available, please offer them fireproof fuel tanks to meet their requirements.

Yours faithfully,
AIR TAXI COMPANY
K. Irenz,
Commercial Manager.
Mr. F.M. Sylvester,  
Vice President - International Marketing,  
Bell Helicopter Company,  
P.O. Box 482,  
Fort Worth, TEXAS 76101,  
U.S.A.

Dear Mr. Sylvester,

Progress Report  
January, February, March 172

Visit of General Toufanian’s Team
We are very pleased to hear that the visit of this team went well. Upon their arrival in Teheran Mr. Dehesh contacted us and advised us that their visit was quite satisfactory and that their "Big News" will be known after about two weeks. We are now anxiously awaiting to hear from them.

Visit of Mr. A.H. Zananghe to Fort Worth
Mr. Zanganeh left Teheran about mid-March for the United States - he has on his itinerary a visit to Fort Worth to see your facilities there and also find out the details of the meeting of General Toufanian with Bell's Officials.

Iran Helicopter Industries
There is a small activity going on in the IHI for the support of the Iranian helicopter fleet.

According to His Imperial Majesty's instructions, the IHI have been assigned to stock the helicopter spare part requirements of all the Armed Forces. In other words, the spare part budget's of all the Forces have been transferred to the IHI who will place the spare part orders required by the Armed Forces directly with all the manufacturers adding 5% for their handling charges. The idea is to have an income for the general administration budget of the IHI.
Air Taxi Company  
Mehrabad Airport  
Tehran, Iran  

Attention: Mr. A. H. Zanganeh  

Gentlemen:

Enclosed is an amendment to our Manufacturer's Foreign Representative Agreement dated June 15, 1970, the terms and conditions of which, in our opinion, reflect agreement reached on this subject during our recent meetings in your office.

If this meets with your approval, would you please execute and return two copies. Upon receipt of these two copies, it is our intention to execute and return an original copy to you.

Sincerely,

BELL HELICOPTER COMPANY

Frank M. Sylvester  
Vice President  
International Marketing

GENV 37002217
MANUFACTURER’S FOREIGN REPRESENTATIVE AGREEMENT
AMENDMENT NO. 1

This Amendment Number 1 to the Manufacturer’s Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Air Taxi Company of Mehrabad Airport, Tehran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer’s Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 1 shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products. The program anticipated consists of:

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>206A/OH-58A</td>
</tr>
<tr>
<td>50</td>
<td>205A/UH-1</td>
</tr>
<tr>
<td>200</td>
<td>209/AH-1J</td>
</tr>
<tr>
<td>200</td>
<td>214</td>
</tr>
</tbody>
</table>

Related spare parts, accessories, equipment, tooling, services, training, or data
A. Bell will pay to the Representative a commission of 2.5% of the value of any contract executed between Bell and the Imperial Iranian Government for the delivery of the Listed Products.

B. Subject to the approval of the U.S. Government, Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the purchase and delivery of helicopters resulting from a contract between the U.S. Government and the Imperial Iranian Government.

C. In the event that the Imperial Iranian Government elects to procure products, other than helicopters, through the U.S. Government, Bell shall incur no obligation to pay any commissions to the Representative.

D. Commissions shall become payable to the Representative upon delivery of the Listed Products and receipt by Bell of payment thereof. In the event Bell obtains advance payments from the Imperial Iranian Government for the Listed Products contracted for between Bell and the Imperial Iranian Government, Bell shall pay to the Representative as advance commissions, 2.5% of those advance payments received. Upon receipt of final
payments from the Imperial Iranian Government, Bell shall liquidate the advance commissions paid to the Representative at the time of payment of the final commission.

E. This Amendment shall become effective on the date hereof and shall continue until terminated in accordance with Item 6, Term and Termination, of the basic Manufacturer's Foreign Representative Agreement, dated 15 June 1970.

F. All provisions of the basic Manufacturer's Representative Agreement, dated 15 June 1970, not specifically amended herein, remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year set forth below:

_________________________  _______________________
By _______________________  _______________________

(Title) ___________________  (Title) ________________

Witness ___________________  Witness ________________

Date: _____________________  Date: ___________________
AIR TAXI CO.
Mehrabad Airport
TEHRAN
40257
Tel. 668992
661967
Telex 3275
Cable TEHRAN AIR TAXI

Date: June 27, 1972.

Mr. Frank Sylvester,
Vice President - International Marketing,
Bell Helicopter Company,
P.O. Box 482,
Fort Worth, Texas 76101,
U.S.A.

Dear Frank,

Now that I am back in Teheran I wish to pen a few words of sincere appreciation at the wonderful hospitality you have shown to me during my rather busy trip to your country. It is always comforting to enjoy such moments during these troubled times.

You know, of course, if there is anything you would like from Iran, you just have to let me know, and I shall do my very best to send it to you.

With many thanks, once again, and best wishes,

Yours very sincerely,

Khalid

INTERNATIONAL MARKETING DEPARTMENT
JUL. 6 '72

Ref. No.
Action
Info Copies to:
Vice President
Market Development
Administration
Area Manager
Regional Manager
Washington Office
File

37002216
Dear Mr. Sylvester,

I must apologize for the delay in answering your letter of June 16, 1972, which was due to my absence from the country.

After careful consideration and consultation, some changes have been made, which I hope will meet with your approval.

I hope you appreciate that Bell Company's commitment to me is based on many years of diligent effort by myself and members of my staff, as documented by regular correspondence between us. This effort, I am sure you will agree, is partially responsible for your success with the Imperial Government of Iran be it direct or Government to Government.

In view of the above, I cannot agree to make my rights subject to the arbitrary decision of the U.S. Government.

As the initial Letter of Intent was signed on April 13, 1972, may I suggest that Amendment No. 1 dated April 1, 1972, be back-dated so that any misunderstanding or complications may be avoided.

Please find enclosed the revised Amendment No. 1 which I have signed accordingly. I look forward to receiving the counter signed amendment and also seeing you in Tehran soon.

Best personal regards,

Yours sincerely,

Managing Director.
This Amendment Number 1 to the Manufacturer's Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Air Taxi Company of Mehrabad Airport, Tehran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer's Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 1 shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products. The program anticipated consists of:

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</tr>
<tr>
<td>200</td>
<td>Model 209/UH-1</td>
</tr>
<tr>
<td>200</td>
<td>Model 214</td>
</tr>
</tbody>
</table>

Related spare parts, accessories, equipment, tooling, services, training, or data
A. Bell will pay to the Representative a commission of 2.5% of the value of any contract executed between Bell and the Imperial Iranian Government for the delivery of the Listed Products.

B. Subject to the approval of the U.S. Government, Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the purchase and delivery of helicopters resulting from a contract between the U.S. Government and the Imperial Iranian Government.

C. In the event that the Imperial Iranian Government elects to procure products, other than helicopters, through the U.S. Government, Bell shall incur no obligation to pay any commissions to the Representative.

D. Commissions shall become payable to the Representative upon delivery of the Listed Products and receipt by Bell of payment thereof. In the event Bell obtains advance payments from the Imperial Iranian Government for the Listed Products contracted for between Bell and the Imperial Iranian Government, Bell shall pay to the Representative as advance commissions, 2.5% of those advance payments received. Upon receipt of final
B2. In the event that the U.S. Government refused to approve the representative's commission, Bell agrees to pay a commission/consultant fee of 1% (one percent) to Air Taxi Co. or Mr. A. V. Zanganch, Chairman and Managing Director of Air Taxi Co. (major shareholder), in recognition of his long-standing efforts and contributions.
payments from the Imperial Iranian Government, Bell shall
liquidate the advance commissions paid to the Representative
at the time of payment of the final commission.

E. This Amendment shall become effective on the date hereof and
shall continue until terminated in accordance with Item 6,
Term and Termination, of the basic Manufacturer's Foreign
Representative Agreement, dated 15 June 1970.

F. All provisions of the basic Manufacturer's Representative Agree-
ment, dated 15 June 1970, not specifically amended herein,
remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be
duly executed as of the day and year set forth below:

By A. H. Zanganeh
(Title) Managing Director
Witness Allah D. Zanganeh
Witness
Date: ______________________________

GEN# 37002215
Mr. J. Gallagher, Regional Marketing Mgr.,
Bell Helicopter Co.,
Teheran.

Dear Sir,

Re: Arrival of IIAF C-130s to Fort Worth's Carswell Air Force Base for the purpose of transportation of the Bell Model AH1J and 214A Helicopters to Iran.

With reference to your memorandum dated July 19, 1972, we are pleased to inform you that as a result of our direct approach to the IIAF authorities, arrangements have now been made to ensure that two C-130 aircraft be available at Carswell Air Force Base on July 27 or even earlier.

As you are aware both General Toufanian and Mr. Dehesh are presently on a two-week trip abroad. In their absence and without their coordination, the rescheduling of the arrival of the two C-130 transport aircraft in Fort Worth seemed impossible. However, realizing the importance of your original schedule we did our best and, fortunately, succeeded to obtain the IIAF's confirmation in this regard.

Please find enclosed photocopy of the IIAF telex addressed to Col. Rabii, N.Y.C., in the Persian language the translation of which is attached thereto.

Assuring you of our best cooperation at all times, we remain,

Yours faithfully,

AIR TAXI COMPANY,

A.H. Zanansh
Managing Director.

cc. Mr. F. Sylvester.
WHAT DO YOU WANT ???????????

PLS GIVE KE 42220C USA
OK
VIA WIEN 1155 GMT DFDF.

LT.CGL. RABII
1-5-139 CCPT TVVHIDI KE MANCUR EALTHICR
AST. BE FORT WORTH, TEX CRASELL A.F.B
AZAN,VA HELICOTER, BIAVARAD,
2-AGAR GHABL AZ 23 JULY HAVAFEYNA
DAR KARHANEH HAZER ECUD BE FORT
WORTH EZAN, SHAVAD DGU FARVANQ HAVAFEY
MA DAR FORT WORTH LAZEM AST

CGL ASHARI
FGR GHAFFARI

NNNN++++

GENV 37002209
Translation of Telex

Lt. Col. Rabii

1. Capt. Tovhidi, Chief Pilot of C-130 a/c, S/N 5-139, who was destined to Baltimore, is now enroute to Fort Worth, Texas, Carswell A.F.B., to pick-up helicopter.

2. Should an aircraft (C-130) be available in the factory (Lockheed) before July 28, please have it depart to Fort Worth. Two aircraft are required in Fort Worth.

Col. Ashari
for Col. Ghafari
Mr. J. Gallagher,
Regional Marketing Manager,
Bell Helicopter Co.,
Teheran.

Dear Sir,

Re: Visit of Iran's Finance Minister to the United States

In reply to your Memorandum dated July 19, 1972, incidently the Minister of Finance was in my office today. His exact itinerary has not yet been definitely set up, and since the Bell Management is expected in Teheran soon, may we suggest that the meeting be arranged here by us, at the Minister's convenience, upon arrival of the Bell team?

Yours truly,

AIR TAXI COMPANY,

[Signature]

Managing Director.

cc: Mr. F. Sylvester.

KI/agm
In reply refer to:
FEB-1.2-207

11 August 1972

Air Taxi Company
Linden B. Mitchell
Tucson, Ariz.

Dear Mr. Stacie:

Regarding Engineer Touaison's request for quote relative to initial inventory for the factory as forwarded by AIR letter reference 52/2/02-01-46 dated the 17th of July, forwarded herewith is a priced listing of the spare parts.

Please note that there is no reference to Bell Helicopter Company on the printed page, therefore, we assume you will submit the quotation under the name of Air Taxi. Also, please note that the prices are F.O.B. Fort Worth and do not include the normal two percent charge for export packing. Accordingly, you must add in your totals the two percent charge and also explain that the shipping charges would be as incurred. We have taken this route in order to make the quotation as attractive as possible, and I believe you will find, as will Engineer Touaison, that the prices and schedule will be most attractive.

You may wish to point out that estimating freight and insurance charges on a quotation of this magnitude would be impossible and that is the reason it has been excluded.

Attached you will find a memo which summarizes as well as provides details pertaining to delivery schedule applicable to this quotation.

Respectfully,

BELL HELICOPTER COMPANY

Dec B. Mitchell, Manager

International Marketing

Administration

Enclosures  G EN ¥ 37002205
REQUIRE FOLLOWING ITEMS SHIPPED IMMEDIATELY TO AIR TAXI ON AOG BASIS CUSTOMER IS IMPERIAL FLIGHT HANGAR.

A) REVISED PARTS CAT AND MAINTENANCE/OPERATOR MANUALS FOR 212 (TWO EACH).

B) ONE 209-062-519-1 BOOT FOR OIL COOLER BLOWER.

C) ONE 212-061-201-6 EJECTOR. RH (COMPLETE WITH GASKET).

D) ONE 212-061-209-2 HIGH TEMP INSULATION.

E) ONE 212-060-204-2 DUCT RH.

F) ONE 212-061-521-74 COVER ASSY.

G) ONE 212-061-521-63 GASKET.

H) ONE 212-060-204-29 SEAL.

I) ONE 212-061-903-1:27 GASKET.

J) ONE 212-061-202-6 EXHAUST DUCT.

K) PLEASE NOTIFY AWBS AND ETS OF ITEMS ASAP

REGARDS GALLAGHER

PSE TREAT THIS TELEX AS VERY URGENT THANKS
ATTN MITCHELL

REQUIRE FOLLOWING ITEMS SHIPPED IMMEDIATELY TO AIR TAXI ON AOG BASIS CUSTOMER IS IM348-2 $38149 S-44M

A) REVISED PARTS CAT AND MAINTENANCE/OPERATOR MANUALS FOR 212.
   TWO EACH.
B) ONE 209-062-519-1 BOOT FOR OIL COOLER BLOWER.
C) ONE 212-061-201-6 EJECTOR, RH (COMPLETE WITH GASKET)
D) ONE 212-061-209-2 HIGH TEMP INSULATION.
E) ONE 212-060-204-2 DUCT YH.
F) ONE 212-061-521-74 COVER ASSY.
G) ONE 212-0

DIAL 102 FOR RCA OVERSEAS TELEX.
TO
BELL HCPTR FTW

GENV 37002203
23 August 1972

ATTN: BRINK SILVester

REFERENCE YOUR 323. MSG RECEIVED GARBLED AND CONTAINED ITEMS A
THRU F ONLY. ANTICIPATE CLARIFICATION VOLUNTARILY, HOWEVER, ITEMS
B THRU F PLUS SIX SETS STRAP FITTINGS AND PINS SHIPPED ON 22ND
AIR 001-637-76343 ROUTING DALLAS NY, NY TELXAN VIA PAN AM. WOULD
EXPECT SHIPMENT TO ARRIVE TELXAN 24TH. ITEM A SCHEDULED TO BE
AIR MAILED TODAY EXCEPT THAT IF ADDITIONAL ITEMS IDENTIFIED, MAY
CONSOLIDATE AND SHIP AIR FREIGHT.

REGARDS
MITCHELL
BELLCRAPT

C ENV 37002204
Dear Jack,

I hope you and your family are enjoying a happy and healthy life.

Please find enclosed 2nd copy of the I.H.I. RFD No. 93/401-01-A114 dated 6/8/72. The first copy was sent to you (Mr. Miller) on Aug. 9/72. It seems that it has gone astray. Please expedite your quotations and send them to Air Taxi for submission to the I.H.I. Under separate cover, kindly confirm our Commission. The quotations should be addressed...

Cont'd....
to the I.H.H. Tehran, Iran.

I enclose a sample of business-card that we have made for you. I hope you'll like it?

I eagerly hope and look forward to seeing you soon in Tehran. The 21G program is at its final stage! Let's keep our fingers crossed!

Please give best regards to your family.

Yours sincerely,

Khalil
23 October 1972
FJUCA-A51401

TO: F. M. Sylvester
CC: O. C. Mitchell

SUBJECT: COMMISSION VISITATION FOR ALTI

In a review of the existing files on Iran and Air Taxi participation with regard to the sale of 202 H-1s and 207 UH-1s helicopters, we find ourselves in the area of what exactly Air Taxi did with regard to discussions, visits, etc., first-hand efforts with UNICA, ILVA, ILV and U. S. NAV.

The majority of the data compiled from our files merely substantiates, or rather is a feedback from NIX's effort.

Therefore, we need for Kahlil to augment our files in regard to the weak points stated above.

J. E. Gallagher

37002195
Inter-Office Memo

16 October 1972
02:CRR:dj-115

Memo to: Mr. F. Sylvester

Subject: Amendment Number 2 to Air Taxi Representative Agreement

Enclosure: Executed Copy of Subject Agreement

Enclosed is an executed copy of Amendment Number 2 to subject Agreement. In addition to this executed copy, two (2) copies were given to Mr. Zanganeh and one (1) copy to Mr. Zand. I have the original and one (1) additional copy in my files.

The supporting file on the Dealer Agreement will be most important to this transaction. As I understand it, Dee Mitchell has the responsibility to assemble this file. If we can help in any way, please let us know.

C. R. Rudning
Vice President
Program Management
MANUFACTURER'S FOREIGN REPRESENTATIVE AGREEMENT

AMENDMENT NO. 2

This Amendment Number 2 to the Manufacturer's Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Air Taxi Company of Mehrabad Airport, Tehran, Iran. (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer's Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970, and superseding and replacing Amendment No. 1 to the said agreement which was effective as of April 1, 1972. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 2 shall supersede and replace Amendment No. 1 referred to above, and shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell or the U. S. Government of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products or performance of services, but shall not include the sales price of any Bell product manufactured in Iran,
or any services in connection with any contract for the maintenance or overhaul of any Bell product in Iran. The products and services covered by this Amendment (Listed Products and Services) consist of Bell Helicopters:

- Model 206A/OH-58A
- Model 205A/UH-1
- Model 209/AH-1J
- Model 214

and related spare parts, accessories, equipment, tooling, services, training or data.

A. As provided in Paragraph D hereof, Bell will pay to the Representative a commission of 2.5% of the price of any Listed Product or Service sold to the Imperial Iranian Government by Bell under any contract executed between Bell and the Imperial Iranian Government for the sale of any Listed Product or Service.

B. As provided in Paragraph D hereof, Bell will pay to the Representative a commission of 1% of the price of any Listed Product or Service sold by Bell under any contract Bell receives from the U.S. Government after the date of this agreement and which identifies the said Product or Service.
as being ordered for the Imperial Iranian Government and resulting from a contract between the U. S. Government and the Imperial Iranian Government.

C. In no event shall any commission be paid by Bell with respect to any listed Product or Service sold by the U. S. Government to the Imperial Iranian Government from U. S. Government inventory or from deliveries required from Bell under U. S. Government contracts and not identified as being ordered for the Imperial Iranian Government.

D. The applicable commission under either Paragraph A or Paragraph B shall become payable quarterly to the Representative upon delivery of the Listed Product or Service, and receipt by Bell of payment therefor. In the event Bell obtains progress or advance payments from either the U. S. Government or from the Imperial Iranian Government for the Listed Product or Service contracted for, Bell shall pay quarterly to the Representative as advance commission, 1% or 2.5%, as the case may be, of these
progress or advance payments received.
Upon receipt of final payment from the U. S.
Government or the Imperial Iranian Govern-
ment, as the case may be, the unpaid balance
of the commission owing to the Representative
shall be paid.

E. This Amendment shall become effective on April 1,
1972, and shall continue until terminated in
accordance with Item 6, Term and Termination,
of the basic Manufacturer’s Foreign Representative

F. All provisions of the basic Manufacturer’s Repre-
sentative Agreement, dated 15 June 1970, not
specifically amended herein, remain unchanged,
provided however that the said basic agreement
shall not apply to any Bell product manufactured
in Iran or any services in connection with any
contract for the overhaul or maintenance of any
Bell product in Iran, provided further that the
commission, if any, with respect to any such
product or service shall be negotiated separately.
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year set forth below:

BELL HELICOPTER COMPANY
Division of Textron, Inc.

By C. R. Rudning
(Title) Vice President, Program Management

Witness
Date

By A. H. Zangaeh
(Title) Chairman & Managing Director

Witness
Date
October 26, 1972

Mr. Esfandiar Saeed
Managing Director
Paragon Consulting Engineers
6, Karim Khan Zand Avenue
Tehran, Iran

Dear Mr. Saeed:

Thank you for your inquiry with respect to our Model 206B JetRanger and your interest in Bell Helicopter Company. Enclosed for your immediate perusal you will find data concerning this helicopter as well as our price lists.

I would like to take this opportunity to introduce you to our representative in Iran, Air Taxi Company (address below).

By separate letter, I have informed Mr. Khalil Iranzad of your inquiry and request that he provide you any assistance necessary.

Should you have any further queries concerning Bell Helicopter Company or its product line, please do not hesitate to contact our representative or the undersigned.

Sincerely,

BELL HELICOPTER COMPANY

John E. Gallagher, Jr.
Regional Manager - Iran

Enclosure

cc: Mr. Khalil Iranzad
Managing Director
AIR TAXI COMPANY
Mohrabad Airport
Tehran, Iran
Bell Helicopter Corporation  
P. O. Box 482  
Fort Worth, Texas 76101

INQUIRIES HAVE BEEN RECEIVED FOR YOUR PRODUCT: Ad - Jet Ranger II  

WHICH APPEARED IN THE June-July 1972 ISSUE, PAGE 20 KEY NO. 15

Esfandiar Saeed  
Managing Director  
Paragon Consulting Engineers  
6, Karim Khan Zand Ave  
Tehran, Iran

INTERNATIONAL MARKETING DEPARTMENT
OCT 3 1972

Ref. No.  
Addl.  
Info Copies to:  
Vice President,  
United Development  
Administration  
Area Manager  
Regional Manager  
Washington Office  
FBO

CENA 37002192
October 26, 1972

Our Reference
F4:JC2ict:1210

IRN 2-2

Mr. Khalil Iranzad
Managing Director
AIR TAXI COMPANY
Mebrasad Airport
Tehran, Iran

Dear Khalil:

Attached you will find an inquiry from Mr. Esfandiar Saeed, Managing Director of Paragon Consulting Engineers.

Mr. Saeed is interested in our Bell Model 205B. Please contact him and offer any assistance you can.

New Subject

I think you will recall that when I left Iran last time, I gave you a corrected film entitled "Develop the Land", which contains a sequence of Princess Fatima flying her JetRanger. Have you delivered the film yet? If not, please do so as we understand from Mr. Zanganeh that the princess is wondering where it is.

I hope that all is going well and that the program is progressing properly at your end. To this end, would appreciate the continuance of activity reports specifically discussing your direct and individual actions taken with the appropriate U. S. and Iranian government personnel.

In review of our files, the majority of the data represents Air Taxi's confirmation, feedback and support of Bell's efforts and we therefore need to beef up this file with activity reports, that detail individual efforts of Air Taxi as pointed out above.

Looking forward to hearing from you soon.

Best personal regards,

BELL HELICOPTER COMPANY

John E. Gallagher, Jr.
Regional Manager - Iran

attachment

C ENV 37032
November 1, 1972

Mr. Khalil Iranzad
Managing Director
AIR TAXI COMPANY
Mehrabad Airport
Teheran, Iran

Dear Khalil:

We have received the second copy of IHI's RFQ Number 93/1401-01-A114 dated 6-8-72 and will process it immediately.

Evidently, the first copy sent on August 9, 1972 was never received.

With regard to your question on commission, please be advised that this order will be priced consistent with the previous spare parts order and therefore commissions are consistent with the recently negotiated amendment to the representative agreement.

All else is flowing smoothly here and hope to hear some good words soon. Please give my best regards to your family and Mr. Zanganeh.

Best personal regards,

BELL HELICOPTER COMPANY

John E. Gallagher, Jr.
Regional Manager - Iran

P. S. Thank you for the card.
November 15, 1972

Our Reference:
F4:Jc;cit:1220

Mr. Khali1l Iranzad
Sales Manager
AIR TAXI COMPANY
Mehrabad Airport
Tehran, Iran

Dear Khalil:

Attached you will find a letter written to Mr. C. Bohin which is self-explanatory.

Khalil, I am still a bit confused about Iran’s regulations concerning helicopter ownership for private industries and corporate uses; and therefore, would appreciate a brief explanation.

Please note that I have indicated a validity period concerning the prices of the 205 and 205 in my letter to Mr. Bohin. This is due to the anticipated price increase of these aircraft. We do not expect the price to increase beyond $135,000 for the 205 and $453,000 for the 205.

Further, we cannot accept orders for these aircraft at the old price after the first of the year.

If you should obtain an order we must have a signed purchase agreement and 15% down payment prior to January 1973.

I sincerely hope all is well with you and your family and please extend my personal regards to all.

Best wishes,

BELL HELICOPTER COMPANY

John E. Gallagher, Jr.
Regional Manager - Iran

attachment

ENV 37002188
TO: J. F. Atkins
SUBJECT: VISIT - A. H. ZANGANEH

Zanganeh called this morning. He had the impression that a date had been made for him to visit Fort Worth on November 28th. This date conflicts with another commitment in Teheran, and he asked if the first week in January would be equally suitable for a Fort Worth visit.

I replied in the affirmative, and he agreed to advise us of his revised travel plans later this week.

NEW SUBJECT:

Jack Buyers also called this morning to relay telephone conversation with Chuck Rudning late yesterday.

Ed Bahniuk has advised Rudning that the Atefi/Toufanian visit will be delayed approximately 4 days - the schedule to be finalized early next week.

Bahniuk also informed that they wish to include in their U.S. itinerary a visit to Dynlectron.

GEN 37002187
ATTN MR F SYLVESTER.

FOLLOWING MY LONG DISTANCE CALL AND LATER ON MR ATKIN'S CONFIRMATION, MY PRESENCE IN FTW IS UNNECESSARY AT THIS TIME. THEREFORE, I SHALL BE IN FORT WORTH FIRST DAYS OF JANUARY.

FOR YOU INFORMATION -

AA GEN MINBASHIAN, WITH WHOM GEN HOWZE AND YOUR STAFF HAD SERIES OF MEETINGS, HAS BEEN REPLACED BY GEN OVEISI, FORMER C IN C OF GENDARMARIE.

BB ENG TOUFANIAN OF IMI, ACCOMPANIED BY GEN ATEFI, CHIEF OF HELICOPTER LOGISTIC SUPPORT ORGN OF THE IRANIAN ARMED FORCES, LEFT TEHRAN YESTERDAY FOR USA. THEIR ITINERARY INCLUDES A VISIT TO BHC FTW.

BEST REGARDS. ZANGANEH.
Mr. J.E. Gallagher Jr.,
Regional Manager - Iran,
Bell Helicopter Co.,
P.O. Box 432,
Fort Worth, Texas 76101,
U.S.A.

Dear Mr. Gallagher,

Re: Paragon Consulting Engineers' enquiry for one 206B Helicopter.

I received your letter of October 26, 1972, together with the respective enclosures. Attached is a copy of our reply which is self-explanatory.

Reference your new subject. I delivered your corrected film entitled 'Develop the Land' to Mr. Zanganeh who handed it to General Khatami.

At this end all is going well. Mr. Zanganeh is planning to leave for Europe and the United States day after tomorrow and he is scheduled to be in Fort Worth on or about January 2, 1973. Please take good care of him. Mr. Zanganeh will be carrying with him Air Taxi's file regarding our efforts for Bell during the past years. While going through this file you will appreciate the valuable cooperation devoted and contributed by us which resulted in the recent large order.

I take this opportunity to extend my most sincere and warm Seasons Greetings and wish you and your family a Happy and Prosperous New Year.

Yours sincerely,
AIR TAXI COMPANY,

K. Iranzi,
Commercial Manager.
Dear Sir,

Ref: Your enquiry Bell Helicopter Model 206B

We do not appear to have received any reaction from your yourselves to our letter of November 9, 1972, regarding the above. For the sake of good order we enclose photocopy of same together with brochure and await your favourable reply.

Yours truly,
AIR TAXI CO.

[Signature]

Commercial Manager.

Mr. Esfandiar Saeed,
Managing Director,
Paragon Consulting Engineers,
6, Karira Khan Zand Avenue,
Teheran.
Mr. Esfandiar Saeed,  
Managing Director,  
Paragon Consulting Engineers,  
6. Karim Khan Zand Avenue,  
Teheran.

Lear Sir,  
Re: Bell Helicopter Model 2063  

Your inquiry has been referred to us for follow-up.  

We appreciate your interest in Bell Helicopter Co. and would be more than pleased to assist you, in any way possible, for the procurement of one Bell Helicopter Model 2063 in which you are interested. We would suggest that you visit us at your convenience or, if you prefer, one of our representatives will visit you and furnish all detailed information together with prices etc. for the above mentioned helicopter. In the meantime, we are enclosing Bell Helicopter's brochure describing various models of their helicopters.

For your further information we maintain modern facilities for the maintenance and after-sales support of Bell Helicopters in Iran.

Looking forward to your early and favourable reply we remain,  

Yours truly,  
AIR TAXI CO.,  

[Signature]  
K. Iranzaa,  
Commercial Manager.

cc: Bell Helicopter Co., Fort Worth.
TELEX IRTN OI 25/11 11.50
FORT WORTH 758229 TEXAS USA PSE

VIA USA 1201
DFDDO
BELL HCPTR FTW
2575 A TAXI TN
BELL HELICOPTER CO. FTW
GV 25/72
REF 475/72

ATTN MR F SYLVESTER.

FOLLOWING MY LONG DISTANCE CALL AND LATER ON MR ATKIN'S CONFIRMATION, MY PRESENCE IN FTW IS UNNECESSARY AT THIS TIME. THEREFORE, I SHALL BE IN FORT WORTH FIRST DAYS OF JANUARY.

FOR YOU INFORMATION -
AA GEN MINASIAN, WITH WHOM GEN HOUZE AND YOUR STAFF HAD SERIES OF MEETINGS, HAS BEEN REPLACED BY GEN CVEISI, FORMER C IN C OF GENDEMAHR.

BB ENG TOUFANIAN, ACCOMPANIED BY GEN ATEFI, CHIEF OF HELICOPTER LOGISTIC SUPPORT ORGN OF THE IRANIAN ARMED FORCES, LEFT TEHRAN YESTERDAY FOR USA, THEIR ITINERARY INCLUDES A VISIT TO BHC FTW.

BEST REGARDS. ZANGANEH.

2575 A TAXI TN

2575 A TAXI TN
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BEST REGARDS, ZANGANEH.
192

758229 TELEX PD BELL HELICOPTER CO FTW TEK 12/1/72 1244P CST
MSG 4

9512575 AIR TAXI COMPANY
TEHERAN IRAN

ATTENTION: KHALIL IRANZAD

OUR REF NO 3314
IHI SPARES TO ARV SUBJECT TO AIRLINE SCHEDULE WED., DECEMBER 8.
MR M Y HEARN, BHC QUALITY MAN FOR IHI ARRIVING THR, DECEMBER 4,
IRN NO 72 AT 1840. WILL STAY AT INTERCONTINENTAL HOTEL.
ABOVE INFO TRANSMITTED TO NECESSARY INDIVIDUALS. THIS FOR YOUR INFO ONLY. TAKE NO ACTION.

REGARDS

GALLAGHER
BELL CRAFT
END TU RC

ABOVE WIRE SHOULD GO VIA ALL ROUTES TELEX NO DER

WU ALLRTS NYK
BELL HCPT TR FTW

GENV 37002183
ATTN FRANK SYLVESTER.

ATTN FRANK SYLVESTER.

A DURING MY RECENT MEETING WITH MR TROUT HE QUERIED ABOUT ARRIVAL OF YOUR TEAM FOR THE NECESSARY NEGOTIATIONS REGARDING LOGISTIC SUPPORT AND TRAINING PROGRAM. DEVOTING FULL- Effort TO ENSURE THESE PROGRAMS GO DIRECT. PLEASE TELEX URGENTLY THE TEAM'S ARRIVAL.

BELL HOLDING SERIOUS NEGOTIATIONS WITH TEHRAN FIRE BRIGADE FOR SALE OF UPTO FOUR HELICOPTERS EQUIPPED WITH FIRE SUPPRESSION KITS, PLEASE SEND QUOTATIONS AND ATTRACTIVE BROCHURES, REPORTS ETC TO BACK OUR CAMPAIGN VERSUS SEVERE COMPETITION BY FRENCH, BRITISH, USA AND JAPANESE???

CC PLEASE CONVEY OUR BEST WISHES TO NRHZANGANEH. WILL CALL HIM AT SCOTT AND WHITE HOSPITAL TODAY. BEST REGARDS, IRANZAD.

REF YOUR TELEX NO 176 PLEASE GIVE US THE BREAKDOWN OF THE PRICES OF FOUR ITEMS. PO BLS161 REFERS.

INTERNATIONAL MARKETING
DEPARTMENT
JAN 11 1973

Ref. No.
Assgn.
Action

Info Copies To:
Vice President
Market Development
Administration
Area Manager
Regional Manager
Washington Office

Env 37002178

BELL HCPTR FTW

BELL HCPTR FTW

BELL HCPTR FTW
ATTN FRANK SYLVESTER.
REFERENCE YOUR TELEX 1/12/73 CONCERNING IRANZADS TLX 21/73 (BB).

AA FIRE BRIGADE REQUIREMENT SIMILAR TO OLD KAREN REQUIREMENT

THE FIRE BRIGADE HAS RECEIVED A PROPOSAL FROM THE FRENCH.
HOWEVER DESIRE PROPOSAL SIMILAR TO BASS PROPOSAL MENTIONED
ABOVE WHICH SHOULD BE ADDRESSED TO MR MOHAMMAD JANABZADEH,
CHIEF OF TEHRAN FIRE BRIGADE, TEHERAN/ IRAN.
ADDITIONALLY, PRICING DATA AND LOGISTICS SUPPORT DATA REQUIRE
UPDATING. IN INTERIM OF PROPOSAL PREPARATION COULD USE HALF
A DOZEN LBF/FIRE FIGHTING BROCHURES.

BB SUGGEST FOR PROPOSAL REWRITE NEW COVER LETTER AND UPDATED
PRICING ONLY NECESSARY. TIMING NOT URGENT AT THIS TIME BUT
WOULD BE NICE IF WE COULD HAVE IT WHEN YOU ARRIVE LATER
THIS MONTH.

BEST REGARDS. GALLAGHER/IRANZAD.
IN THE CIRCUIT COURT OF THE STATE OF ILLINOIS, COUNTY OF CHICAGO

SCHOFIELD AIR TRANSPORT

SCHOFIELD AIR TRANSPORT

6212575

2575 A TAXI TN

RCA 10306 0908

2575 A TAXI TN

75-8229 TLX PD BELL HELICOPTER CO FTW TEX MSG 105 2-8-73 800 AM

AIR TAXI CO TEHERAN IRAN

ATTN: KHALIL IRANZAD

:: HEREWITH IS A REPEAT OF MSG 78 OF 2-6-73 WHICH YOU REPORTED BARBLED ::

----

OUR REF #3105

MR SYLVESTER REQUESTS THAT IN YOUR CONTACT WITH MR. Z, YOU REQUEST THAT MR. Z CALL FRANK WHEN HE FEELS HE CAN VISIT FORT WORTH.

REGARDS

GALLAGHER

BELL CRAFT

END TU LSB

2575 A TAXI TNV

GENV 37002177
25 February 1973

Our References
F3:JEGicmt:1277

Mr. Kamil Iranzad
AIR TAXI COMPANY
Mehrabad Airport
Teheran, Iran

Dear Kamil:

I have enclosed some information concerning a ground support vehicle applicable for helicopter usage produced by Aviation Ground Support Corporation.

During a phone conversation with Mr. Bekker, I mentioned your name as a point of contact in Iran and said that I would write to you concerning this matter. The attached letter should provide you with the appropriate details for this particular piece of ground support equipment.

As I don't know whether this is of any interest to you, please feel free to handle this as you see fit.

I hope all is well in Iran and wish you and your family a happy Nauroz Holiday.

Best personal regards,

BELL HELICOPTER COMPANY

John E. Gallagher, Jr.
Regional Manager - Iran

Enclosure
Mr. Jack Gallagher
Bell Helicopter Co.
P.O. Box 482
Fort Worth
Texas, 76101

Dear Mr. Gallagher:

I was delighted and encouraged by your telephone call this morning, and grateful that Mr. Garrison passed my letter along to you.

I have enclosed a number of things in this envelope, mostly in order to bring you up to date about the HELITRAC ground support system and its background.

The enclosure marked (1.) is a copy of our application for a patent, naturally it does not include the technical details, just the narrative history of the requirement for such a unit and a description of the invention. This is just for your background reading so that you will understand the reason for HELITRAC’s existence and be able to relate its versatility and usefulness.

There are also photographs, printed, of it at the HAA convention in Las Vegas with the Bell MODA, and some spec sheets that give the technical details.

You may notice, in the photographs, the the model in the display booth has the power-pac and the Pintel hook raised about three inches higher than the model we used on the ramp. The ramp unit was our first prototype, and in trying to place the generator we lost sight of the fact that we were losing the ground clearance that is one of the more important features of the unit. This was corrected in the second prototype. The Pintel hook is still below the axle line, but we have maintained the front to back clearance.

If the gentlemen from Iran wish to see a model, we have one at our factory in Newark and would be delighted to demonstrate it.

As I told you over the phone, we have no firm commitment with Mr. Boroomeh of Iran Supply Co. He applied for distributorship at the HAA convention, and since I had a light feeling, and lingering distrust, of Capt. Bolton, I sent him a draft of the distributors agreement. Nothing has been signed, nor has he yet answered the correspondence.

AGS
AVIATION GROUND SUPPORT CORP.
P.O. BOX 251 • BRIARCLIFF MANOR, N.Y. 10510
PHONE: 914-752-5335

INTERNATIONAL MARKETING DEPARTMENT

15 February 1973

Ref. No.

Acct.

File No.

Mr. Jack Gallagher
Bell Helicopter Co.
P.O. Box 482
Fort Worth
Texas, 76101

Dear Mr. Gallagher:

I was delighted and encouraged by your telephone call this morning, and grateful that Mr. Garrison passed my letter along to you.

I have enclosed a number of things in this envelope, mostly in order to bring you up to date about the HELITRAC ground support system and its background.

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AGS
AVIATION GROUND SUPPORT CORP.
P.O. BOX 251 • BRIARCLIFF MANOR, N.Y. 10510
PHONE: 914-752-5335
When I was in Iran two years ago, where incidentally I got the idea for the HELITRAC, my contact with AIR TAXI was a T. Khorram, Supply Manager. You did not mention his name, therefore I assume he is no longer with them.

Could you please, in a short note, repeat for me the names and contacts for both the Gendarmerie and the Army. I was in the kitchen when you called and my notes were somewhat scrambled. Mr. Khalil Aranzad was the name you cited for Sales Manager of AIR TAXI, and as I understand it, it is his boss who is coming to talk to you this coming week.

In addition to the names and contacts, I would be grateful for a rundown on the time schedule involved in the presentations to the Gendarmerie and the Army, and a little hint as to your idea of how I should proceed in conjunction with your efforts.

I would be happy if we could move some of these units with both the Gendarmerie and the Army. I suppose Textron wouldn't mind involving both of their divisions in a large contract either.

Your interest and instant response have been very much appreciated.

Sincerely,

Peter O E Holder
President

P.S. The retail price of the "HELITRAC" support unit completely equipped and ready to operate is $5,500.00 F.O.B. Newark. It includes the 2/0 conductor, the AN 255 connector, the Pintel hooks (one attached and one de-mountable), the lifting hooks, rear running lights, rear working light, headlight, and all meters and switches. It does not include attachments that are available to operate off the front and center power take-offs as detailed in the spec sheet.

I am also inclosing some literature on the Trilectron Battery Analyzer/Charger which we distribute for Trilectron. The advantage it has is its memory. If there is a power outage during a re-cycling period it will pick up at that point when the power comes back on. The retail for that is $1,350, F.O.B. Newark.

A point I failed to mention in my letter above, is that the regulated 29.2V output allows the tug to recharge the aircraft battery on board. There is no need to remove it to a re-charging unit elsewhere, I think it is a rather important point for remote areas.
Circular Letter

In order that we may receive your cables quicker on our Telex rather than the P.I.T. delivery system, which sometimes takes 24 to 36 hours, you are kindly requested from now on to mention our Telex Number '2575 A TAXI TEHERAN' on all your cables. Thus the P.I.T. will automatically relay your cables through our Telex.

We thank you in advance, and remain,

Yours truly,
AIR TAXI COMPANY,

K. Iransad, Commercial Manager.
September 4, 1973

Mr. Khalil Iranzad
Managing Director
AIR TAXI COMPANY
Mehrabad Airport
Teheran, Iran

Dear Khalil:

I would very much like to thank you for the hospitality which you and your organization extended to me during my recent visit to Iran. Your efforts on behalf of myself and Mr. Sylvester were most sincerely appreciated.

I have enclosed a copy of a letter from the Ports & Shipping Organization of Iran which is self explanatory. Please let us know if anything comes of this or if we may be of any assistance in helping to bring this to a successful sale.

I look forward to working closely with you in the future and hope that together we can stimulate a solid commercial helicopter market in Iran.

Sincerely,

BELL HELICOPTER COMPANY

Robert E. Fitzsimmons
Regional Manager

Enclosure
ATTN FRANK M SYLVESTER

WE ARE IN RECEIPT OF INQUIRY FROM PORTS AND SHIPPING ORGANIZATION OF IRAN REQUESTING INFORMATION ON SMALL SIZE HELICOPTER FOR USE AS TRANSPORT OF MECHANICS TO DO REPAIR WORK ON SEA BOUYS, ETC. QUERY SIGNED A NISSAN, COMMERCIAL MANAGER, PHONE 665991-5, ADDRESS CHAHAR RAH SHAH, KOUCHEN SIMORGH NO 24, TEHERAN.

HAVE NOT RECEIVED COMMENTS RE TANGLEFOOT III.

AIRCRAFT DEPLOYMENT BOTH 206 AND UH-1 N IN SUPPORT OF BRAZILIAN AIR SHOW ON SCHEDULE. 206 CURRENTLY IN PERU. NEXT DEMO BOTH AIRCRAFT BOLIVIA 5-6 SEPTEMBER, SCHEDULED TO ARRIVE SAO PAULO 9 SEPTEMBER.

BRAZILIAN NAVY PROPOSAL BEING TRANSLATED BY TITO FOR PRESENTATION 8-30. ALL CONCERNED ARE OPTIMISTIC. WE HAVE NEW ORDERS FROM BRAZIL FOR TWO 205S JANUARY 1974 DELIVERY AND TWO 205S FOR OCTOBER AND NOVEMBER 1973 DELIVERY.
Bell Helicopter Co.
P.O. Box 482
Fort Worth, Texas 76101

Gentlemen:
This Organization is considering the employing of a small helicopter for the purpose of transporting mechanics to do emergency repair work on our various ports.

What we have in mind is a small size helicopter that can land in small areas (approx. 5 meter square) where mechanics would be transported to do repair work on sea bouys, lanterns and similar installations. In this respect we would appreciate your sending us catalogues of suitable helicopters for this purpose with relative prices.

Very truly yours,
Ports and Shipping Organization

A. Missan
Commercial Manager
HAVE RECEIVED REQUEST FOR AVAILABILITY AND PRICE OF 206B AIRFREIGHTED FROM MR RATCLIFFE OF HELITAXI IN TEHERAN. EYE HAVE TELEXED HIM AND ASKED HIM TO CONTACT YOU FOR INFO. FOLLOWING DATA APPLIES FOR THIS QUOTE AND FOR ANY JETRANGER SHIPPED AFTER 1 JAN 1974.

BASIC PRICE $157,500
TEARDOWN AND CRATE 2,240
AIR FREIGHT 18,832

TOTAL $178,572

ADD INSURANCE CHARGE OF POINT ONE FIVE EIGHT FIVE DOLLARS PER $100 VALUATION. DELIVERY AVAILABLE IN FIRST QUARTER 75.

BEST REGARDS TO YOU AND MR ZANGANEH.

FITZSIMMONS

BELLCRAFT
October 23, 1973

Mr. Khalil Iranzad
AIR TAXI COMPANY
Mehrabad Airport
Teheran, Iran

Dear Khalil:

We have received an inquiry about a JetRanger II in response to an ad in MODERN GOVERNMENT Magazine. The name and address of the inquiring firm is indicated below. If I can help you or provide any information in your follow up to this firm, please let me know.

Sincerely,

BELLS HELICOPTER COMPANY

Robert E. Fitzsimmons
International Regional Manager

A. Safavi, Director
Raha Company Limited
P. O. Box 2247
Teheran, Iran
Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

Material requested through National Development/Modern Government

IMPORTANT: The readers listed below request more information about your message in Modern Government. The first line of each label indicates the particular issue date and item number. To respond to these sales leads, just maintain the mailing label and affix to your mailing piece.
THIS IS TO ADVISE THAT A FORMAL NOTIFICATION OF INCREASE IN SPARE PARTS PRICES WILL BE MAILED DURING THE WEEK ENDING 6 SEPTEMBER 1974. THE PRICE INCREASE BY MODEL APPLICATION IS:

<table>
<thead>
<tr>
<th>MODEL</th>
<th>PERCENT INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
<td>25 PERCENT</td>
</tr>
<tr>
<td>204/205/212</td>
<td>15 PERCENT</td>
</tr>
<tr>
<td>206</td>
<td>15 PERCENT</td>
</tr>
</tbody>
</table>

THE NEW PRICE WILL BECOME EFFECTIVE 1 OCTOBER 1974. OTHER DETAILS ARE INCLUDED IN THE FORMAL NOTIFICATION.

FRANK II SYLVESTER
VICE PRESIDENT
INTERNATIONAL MARKETING
BELL HELICOPTER CO FORT WORTH TEXAS

END
ATTN A H ZANGANEH

ALL HELICOPTERS ALLOCATED FOR INTERNATIONAL SALE DURING 1974 HAVE BEEN PLACED ON CONTRACT, AND FIRM ORDERS ARE NOW BEING ACCEPTED FOR 1975.

BELL HAS REVIEWED IN DETAIL THE COST EXPERIENCED IN THE PRODUCTION OF 1974 HELICOPTERS. CONCURRENTLY ANALYSED WERE RAW MATERIALS, STANDARD PARTS, AND LABOR FOR THE 1975 PRODUCTION HELICOPTERS. THE PRICE ESCALATIONS IMPOSED UPON OUR COMPANY, SIMILAR TO THOSE THRUST UPON OTHER INDUSTRIES HAVE NECESSITATED A CONSEQUENT PRICE INCREASE FOR HELICOPTERS DELIVERED IN THE CALENDAR YEAR 1975. ACCORDINGLY, THE FOLLOWING PRICE SCHEDULE, WHICH SUPERCEDES THAT DISSEMINATED IN JUNE, SHALL APPLY EFFECTIVE JANUARY 1, 1975:

<table>
<thead>
<tr>
<th>Model</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>206B</td>
<td>$168,500</td>
</tr>
<tr>
<td>205</td>
<td>$340,000</td>
</tr>
<tr>
<td>212</td>
<td>$715,000</td>
</tr>
<tr>
<td>(THRU JUNE 30, 1975)</td>
<td></td>
</tr>
<tr>
<td>212</td>
<td>$755,000</td>
</tr>
<tr>
<td>(EFFECTIVE JULY 1, 1975)</td>
<td></td>
</tr>
<tr>
<td>214B</td>
<td>$1,289,000</td>
</tr>
<tr>
<td>206L</td>
<td>$265,000</td>
</tr>
</tbody>
</table>

BELL REGRETS THAT THESE PRICES ESCALATIONS ARE NECESSARY; HOWEVER, THE WORLDWIDE INFLATIONARY TREND INDICATES THAT EVEN MORE SEvere INCREASES COULD EASILY BE JUSTIFIED. YOUR RECOGNITION OF THESE UNDENIABLE MARKET FORCES VIEWED AGAINST BELL'S LONGSTANDING POLICY OF PRODUCING THE HIGHEST QUANTITY PRODUCT FOR THE LOWEST POSSIBLE PRICE IS EARNESTLY SOLICITED. YOUR SUPPORT IN PROMOTING BELL'S POSITION IN THIS RESPECT IS ESSENTIAL TO YOUR CONTINUED SUCCESS AS WELL AS OURS.

FRANK M. SYLVESTER
VICE PRESIDENT
INTERNATIONAL MARKETING

BELL HELICOPTER CO.
July 29, 1974

Mr. A. H. Zanganeh
Managing Director
AIR TAXI COMPANY
Mehrabad Airport
Tehran, Iran

Dear Mr. Zanganeh,

Enclosed please find invitations to visit our display at the Farnborough Air Show and our Hospitality Suite at the Park Towers Hotel.

Would you please see that any or all important persons in your area receives one of our invitations.

Thank you,

BELL HELICOPTER COMPANY

O. K. Moore - Area Manager
Europe/Africa/Middle East

Enclosure 6
HELITAXI
TEHERAN IRAN

ATT RATCLIFFE

OUR REF NO 3490
RE UR INQUIRY TO BELL HELICOPTER EUROPEAN OFFICE FOR 206B INFO, WE HAVE RELAYED THIS DATA TO OUR LOCAL REPRESENTATIVE IN TEHERAN. PLEASE CONTACT MR IRANZAD AT AIR TAXI COMPANY LOCATED AT MEHRABAD. THE TELEPHONE IS 40257 OR 68992. IF YOU REQUIRE ADDITIONAL DATA, PLEASE CONTACT AIR TAXI OR THIS OFFICE DIRECTLY.

REGARDS
FITZSIMMONS
BELL CRAFT
END TU RC

2338 HELITAXI TN
07/18/74 1105 EDT 001.8

GENA 37002163
10 December 1974  4:00 PM

TELEX NO: 2757 A TAXI TN
TELEX TO: AIR TAXI COMPANY
            TEHRAN  IRAN

桐

ATTN: K. IRANZAD

PLEASE DISREGARD MY EARLIER MSG OF THIS DATE. UNFORTUNATELY
AGUSTA HAS EXCLUSIVE SALES RIGHTS FOR THE MODEL 212 IN IRAN.
ACCORDINGLY IMPERATIVE YOU DO NOT REPEAT DO NOT PURSUE. SUGGEST
AS AN ALTERNATE THAT WE CONSIDER 214 AS THE LOGICAL HELICOPTER
FOR YOUR CUSTOMERS' NEED. THERE ARE POSSIBLE ADVANTAGES WHICH
COULD ACCRUE TO THE CUSTOMER OPERATING THE 214.

REGARDS,

MITCHELL

BELLCRAFT

GENV 37002157
ATTN: K. IRANZAD

RE YOUR MSG REF 699/74. UNIT PRICE MODEL 212 IN STANDARD CONFIGURATION IS $755,000. SUBJECT TO PRIOR SALE WE CAN DELIVER ONE UNIT IN SEPT AND ONE UNIT OCT 1975.

REGARDS

MITCHELL

HELLCRAFT
ATTN MR FRANK SYLVESTER/ MR JACK GALLAGHER

PLEASE TELEX FASTEST DELIVERY AND PRICE OF TWO (2) EACH STANDARD
MODEL 212 HELICOPTERS (CIVILIAN VERSION) FOR A CIVILIAN CUSTOMER.

SEASON'S GREETINGS, HAPPY AND PROSPEROUS NEW YEAR TO YOU ALL.

K IRANZAD

2575 A TAXI TN

GENV 37002159
General of the Army Mohammed Khatami, Commander of the Imperial Air Force, in the forenoon of Friday the twelfth of September (twenty-first of Shahrivar), during a flight with a "Kite" (flying wing), gave up his life in a dreadful accident at Dezful.

General of the Army Mohammed Khatami who came into the world 56 years ago in Rasht, was counted as the most brilliant and outstanding commander of the Imperial Army and one of Iran's most experienced pilots. The late Commander of the Imperial Air Force in the extent of his loyal devotion showed himself to be so worthy that undoubtedly his name will be remembered by all his friends and dear ones and of course eternally in the history of the Imperial Army.

The late Commander Mohammed Khatami, under whose command the Imperial Air Force rapidly changed to become one of the modern and advanced forces, gave the better part of his life to furthering this military force, important for the defense of the land and sea of Iran, accepting his duty by day and night. The late Commander carried out the trust placed upon him with honor.

eetc., etc. - much more!
By Command of His Majesty the Shah

COMMANDER-IN-CHIEF ḤAJ-ḤOSSAIN TADAYOWN (?)
BECOMES COMMANDER OF THE AIR FORCE

By order of his Imperial Majesty
(etc., etc.)
FAZA-EL TADAYOWN as of the date of 21
Shahrivar, 1354, has been honored with
the command of the Imperial Air Force.

Commander FAZA-EL TADAYOWN, Chief of
the modern Imperial Iranian Air Force
was born at Zenjan in the year 1297 and
in the year 1317 became an officer of
the Air Force. Commander Tadayown has
had a term as Chief of the Army Staff
and the university faculty administration
in Iran. In the countries of England
and the U.S.A. he has successfully
completed courses in highly technical
aviation and courses in air staff
command.

DETAILS OF THE ACCIDENT AND DEATH OF GENERAL KHATAMI

In a very regrettable accident General Mohammed Khatami, 56 year old
chief of the Imperial Air Force, was killed at Dezful.

The accident occurred while General Khatami was gaining altitude in a "Kite"
(Flying Wing) - when the wind became very strong, and he crashed against
the rocks of a mountainous region near the place of the flight. The wind
began so rapidly that the 56 year old general's balance was suddenly upset.
All at once in these dangerous moments General Khatami made the difficult
attempt to draw himself away from the course of the high wind and, before
striking the mountain, to come down at a point of safe landing.

THE MURDEROUS HIGH WIND

But the chance to descend never came. The death-bearing wind speed was too
much, so that the short distance from the place of flight, a lake bed, to
the mountains was not enough to allow escape from the trap. A few moments
later the final point of General Khatami's flight of no return was reached.
MEMO FROM: Frank Sylvester

A.H. Zananae - Chairman

To:

Mr. M.H. Moniki
Managing Director
Air Taxi Co.

Kahlil Zananae
Commercial Director

GENV 37002151
AIR TAXI CO.
Mohrobad Airport
TEHRAN
Tel. (021) 688992/681943
Tolls 2575
Cable TEHRAN AIR TAXI

Date July 24th, 1975.
No. ———
Yr. Ref. ———

Mr. Frank Sylvester
Bell Helicopter Company
Fort Worth, Texas 76101
U. S. A.

Dear Frank,

Reference my telephone conversation, I am returning the letter dated June 17th, 1975, Ref. No. F1:STD:1a-123 and Circular letter No. 111 which you said over the telephone that it was mailed to me by mistake.

When I received this letter I was very much surprised since our Representation Agreement applies to the commercial field only and does not include any military sales.

Godai joins me in sending you and your wife our best wishes.

Looking forward to seeing you soon.

Sincerely Yours,

A. H. Zanganeh

GENV 37002152
In reply refer to: 17 June 1975
F1:STD:la-123

Air Taxi Company
Mehrabad Airport
Tehran, Iran

Attention: Mr. A. H. Zanganeh

Dear Mr. Zanganeh:

According to Clause 2, paragraph (c) of your Independent Representative Agreement, you have agreed to "provide monthly written reports to Bell setting forth the customers and sales programs with which (you have) been engaged during the previous monthly period, and the status of all sales programs with which (you) are involved."

Our records indicate that you have not submitted any Monthly Activities Reports for the past year. While we recognize that you may have covered much of this information in your various correspondences with this Department, it is imperative that you submit such reports on a regular basis, summarizing all such activities.

In this way, we will be able to maintain a central file of your activities. This is needed for the following reasons:

1. We will be better able to provide you the support contemplated by Clause 3, paragraph (a) of the agreement. We must know what activities you are involved in and the type of customers you are talking to in order to furnish appropriate sales literature and to render sales assistance particularly designed to your needs; and

2. The Department of Defense has redefined the parameters by which claims for commissions contemplated to be paid to a Representative are evaluated. A change that is of mutual importance relates to "reasonableness." The basic test of "reasonableness" is an assessment of the services provided compared to the amount of commission. I am sure you can appreciate that in the absence of reports, it is difficult to validate the service you have provided. For your ready reference, I am enclosing a copy of the applicable Defense Procurement Circular.
For your convenience, I have enclosed a supply of Monthly Activities Report Forms. I urge you in the strongest terms to submit your reports on a regular basis and that you use these forms when doing so.

Sincerely,

BELL HELICOPTER COMPANY

D. E. Mitchell,
Sales Manager
International Marketing

Enclosures

cc: Regional Manager
ITEM VIII—ALLOWABILITY OF AGENT’S FEES AND COMMISSIONS
ON FOREIGN MILITARY SALES (FMS)

The recent increase in dollar value of FMS and the criticism by some major FMS customers of the amount of fees or commissions of sales agents have highlighted potential problems associated with the implementation of 6-705.3. Of particular concern are instances when, because of the very large value of FMS contracts involved, the application of a set commission rate can result in an excessive fee considering the benefit of the agent’s activity.

Policies in 6-705.3 state that prices of normal defense contracts for an item are not automatically applicable to FMS contracts for the same item and that costs of doing business with a foreign government are recognized in pricing FMS contracts. Among the common costs of doing business with foreign governments are agent’s fees/commissions for sales.

The following policy guidance is provided to supplement 6-705.3 in determining the applicability and reasonableness of agent’s fees/commissions:

a. When a contracting officer is requested to obtain price and availability data from a contractor to support the tendering of a Letter of Offer, he shall require the contractor to identify the amount of any agent’s fees/commissions or unusual costs of doing business with a foreign government. The contractor shall also be required to identify any unusual provisions or requested ASPR deviations (e.g., special termination clauses or non-standard progress payment schedule), that may be proposed for the contract which could affect the prices quoted.

b. In negotiating contracts for FMS items when the contractor has included costs for agent’s fees/commission, the contracting officer shall:
   (i) Require the contractor to submit a “Contractor’s Statement of Contingent or Other Fees: (SF 119).”
   (ii) Determine under 1-505 whether a “bona fide” agency relationship exists. (In accordance with 15-205.37(c), agent’s fees/commissions are allowable only when paid to bona fide employees or bona fide established commission or selling agencies maintained by the contractor for the purpose of securing business.)

b. Even though a bona fide agency relationship is determined to exist, the agent’s fees/commissions will only be allowed to the extent reasonable. The basic test of reasonableness is an assessment of the services provided compared to the amount of the fee. A comparison should be made of the proposed fee/commission with recent payment for comparable services under non-FMS, commercial sales of the same or similar items, or agent’s fees/commissions allowed on previous FMS sales of comparable scope and dollar amounts. Consideration should be given to whether the sale is the initial or follow-on sale because the effort for follow-on sales of additional quantities, spares and support equipment would not normally be as great as the effort for the initial sale. Agent’s fees/commissions are prohibited for follow-on spares provided under DoD Supply Support Arrangements.
d. If the contracting officer cannot establish reasonability of proposed agent's fees/commissions based on the price comparison in paragraph c above, the contractor shall be required to provide in a DD Form 633, a cost breakdown of the amount of any agent's fees/commissions related to the services rendered.

e. HPA approval is required on proposed FMS contracts when the agent's fee/commission exceeds $1 million.

*****
May 5, 1972

Mr. A. H. Zanganeh
Managing Director
Air Taxi Company
Mehrabad Airport
Toheran, Iran

Dear Mr. Zanganeh:

Further to Mr. Sylvester's letter of May 4th, the following should provide you with a list of action items that need to be discussed during our intended visit on May 15th.

The main purpose is to present a demonstration outline and suggested scenario that Dell would like to demonstrate to the Imperial Iranian Ground Forces.

Meetings must be established prior to our arrival with the appropriate Iranian officials involved to discuss:

1. Specific demonstration dates, locations and schedules.
2. Establish a schedule to pick up the AH-1J and 214A at Fort Worth and transport to Iran via IIAF C-130.
3. The availability of Imperial Iranian Ground Forces personnel that may be involved in the demonstration. Additionally, who will be the Iranian military coordinator?
4. What facilities will be available to us for such things as briefings to include slide and 16mm film projectors?
5. What accommodations are there for approximately 20 to 25 people at each location?
6. Can military vehicles and/or aircraft be utilized for transportation and support of personnel and aircraft?
7. Fueling requirements - source and delivery. Availability of standard Huey ground support equipment at each demo site, i.e., APU - ground handling wheels, etc.
8. Entry into and out of Iran.

continued....
May 5, 1972

Mr. A. H. Zanjeh
Air Taxi Company

9. We need to visit the proposed demonstration sites and survey appropriate areas. Incidentally, it is our intention to demonstrate live firing of the AH-1J Cobra and conduct staged combat assault.

10. Hangar and maintenance space. (Will such equipment as a hoist to reassamble aircraft be available upon arrival in Iran?)

11. Communications — type, frequency NAV aids.

12. Aircraft display and security.

13. Interpreters (if required).


15. Organizational chart which provides job titles, name and rank of Iranian Armed Forces Structure.

I look forward to seeing you soon and the establishment of a very successful program.

Best personal regards,

BEL HELICOPTER COMPANY

John E. Gallagher, Jr.
International Regional Manager

P.S. Please give best regards to Khalil.

GEN 37002147
From: ____________________________
To: ____________________________

Subject: ____________________________

Date: 22 April 1972

Messrs Bell Helicopter Company
P. O. Box 432
Fort Worth, Texas 76101
U. S. A.

Dear Sirs,

Your invitation cards to visit Bell Chalet during the 9th German Aviation Show 1972 was forwarded to Her Imperial Highness Princess Fathemeh Pahlavi and General Mohammad Khatami.

While appreciating your considerations both, The Princess and the General regret that they can not attend due to previous engagements.

Thank you,

Maj. M. Mirhosseini
ADC to General Khatami
Commander-in-Chief

Tehran - IRAN
FOLLOWING IS INFORMATION ON BELL'S RESPONSE TO AVSCOM REQUEST FOR PRICE AND AVAILABILITY ON 30 AH-1G'S FOR IRAN.

BELL OFFER IS $410,000 PER UNIT WHICH INCLUDES A DEALER COMMISSION. OUR ESTIMATE OF THE TOTAL FAF PRICE WHICH WILL BE QUOTED TO IRAN IS BETWEEN $556,000 AND $586,000. THE $30,000 SPREAD DEPENDS UPON ADMINISTRATIVE AND SHIPPING CHARGES WHICH THE U.S. ARMY MAY ALLOCATE OR WAIVE PARTIALLY.

ESTIMATED PRICES ON GFE ITEMS TO ARRIVE AT TOTAL ARE ENGINES $75,000, AVIONICS $30,000, XM-8 TURRET LESS WEAPONS $29,000, AND INSTRUMENTS $12,000. THE OFFER PRESUMES THAT U.S. ARMY WILL NOT AND IN FACT NOW CANNOT EXERCISE ITS OPTION FOR CONTINUED PRODUCTION WHICH OPTION EXPIRES SEPTEMBER 30; THEREFORE, THE OFFER IS NOT TIED TO CURRENT PRODUCTION AND IN CONSEQUENCE PRODUCES 16 MONTHS LEAD TIME TO INITIAL DELIVERY.

AIR TAXI, INCLUDING KHALIL IRANZAD, SHOULD BE INFORMED OF THE BELL QUOTE, TO USA-AVSCOM AND THE ESTIMATED TOTAL PRICE AND THE APPROXIMATE LEAD TIME TO DELIVERY COMMENCEMENT. ADDITIONALLY, IT SHOULD BE CLEARLY STATED THAT ON AN FMS CASE, ONLY THE BELL FURNISHED ELEMENTS OF THE HELICOPTER LESS GFE ARE COMMISSIONABLE. IN OTHER WORDS, THE FMS CASE WOULD CARRY A NEGOTIATED - REPEAT NEGOTIATED - COMMISSION WITHIN THE $410,000 AND NOT ON THE TOTAL.
AIR TAXI SHOULD CLEARLY UNDERSTAND THAT DIRECT SALES ARE MUCH MORE PROFITABLE FOR DEALERS THAN FMS SALES. ALSO THAT FMS SPARES FLOWS DIRECT FROM GOVERNMENT INVENTORIES AND CANNOT EVEN BE IDENTIFIED MUCH LESS COMMISSIONED.

FINALLY, IRANIAN PLANS TO ACQUIRE HELICOPTER TECHNOLOGY AND SKILLS, THROUGH THE APPLICATION OF INDIGENOUS LABOR AND MATERIALS INTO BELL PRODUCTS INCLUDING COBRA SERIES DICTATE A DIRECT BELL RELATIONSHIP.

SYLVESTER
Yielding FRANZAD TODAY - FOLLOWING POINTS CLARIFIED.

1. "PRESENCE HAS ASKED THAT DIJLL SEND A TEAM TO DEPLOY A POTENTIAL
   INFRASTRUCTURE PROGRAM AND SEND ESSENTIAL ARAVA TENTERols ON
   OR BEFORE NOVEMBER FIRST. BAGHNAS HAD NOT AND DOES Normally
   NOT DESIGNS WILL DETAILS WITH AIRFAX.

2. MEETINGS WILL INITIALLY TAKE PLACE WITH BOTH DUNESN AND TOФVANAN,
   AND BAGHNAS PARTICULARLY ASKED THAT W.C. O.N.

3. IT WILL BE OF ADVANTAGE TO HAVE THE PROPOSAL PRESENTLY BEING
   PREPARED WITH US THOUGH ONLY AFTER THESE TALKS IT SEEMS WILL WE
   REALLY ESTABLISH WHAT IS REQUIRED. THEY NEED TO BE GUENTLY LED
   BY THE HAND.

4. FRANZAD AGREES THAT I SHOULD ARRIVE EARLY TO ESTABLISH AND REPORT
   BACK OVERALL SITUATION BEFORE YOUR ARRIVAL.

C.F. HORSLEY.

GENV37092130
OCC AUTO-RETRY

26/07 23.21
2575 A TAXI TN

758229 TELEX PD BELL HELICOPTER CO FTW TEX 7/26/72 415P CST
MSG 209

9512575 AIR TAXI
TEHERAN IRAN

ATTN J GALLAGHER

THE MANNER IN WHICH WE PREPARE A TOTAL SYSTEMS PROPOSAL HAS
AS AN ESSENTIAL ELEMENT JOE COMPENSATION. THEREFORE IT IS
MANDATORY THAT WE KNOW WHERE WE STAND WITHOUT FURTHER
DELAY FOLLOWING ALICE'S RETURN.
ADVISE US BY PHONE OR TELEX OF ANY DEVELOPMENTS AS THEY OCCUR.

SYLVESTER
BELLCASTE
END TU RC

Φ
2575 A TAXI TN......
07/26/72 1619EST 001.7

GENV 37002138
AA HEDGES CALLED AND REQUESTED A REPLY TO WATERPARK TWX RE MANN AVIATION ASAP. ALSO HE HAS CUSTOMER WISHING TO SEE 212 IN GERMANY AND FRIDAY JAN 14 HAS BEEN ARRANGED. IT IS AN UNNAMED OIL CO. FOR IRISH SEA OFFSHORE WORK. SIKORSKY (PARIS) AND S-58T ARE PRESENTLY A COUPLE OF LEAPS AHEAD. BEAS WILL OPERATE AND MAINTAIN THE PURCHASED/LEASED AIRCRAFT. SIKORSKY OFFERING DLRS 25,000 DEPOSIT WITH 42 MONTHLY PAYMENTS OF DLRS 14,000 FOR FULLY EQUIPPED BIRD.

BB ZANGANEH CALLED FROM ZURICH AND SAID THAT TOUFANIAN/DAHESH VISIT TO US WAS FIRM FOR END OF JANUARY BUT NO DATES FOR BHC VISIT YET ESTABLISHED. HE HAD LITTLE ELSE TO REPORT.

BEST REGARDS
HORSLEY

BELL HCPTR BRU B &
BILL HCPTR FTW
ATTN GALLAGHER

REF YOUR MESSAGE 951 JAN 7/72 YOUR REF 812 FORTHCOMING VISIT OF GEN TOUFANIAN AND MR DEHESH TO FW STILL INDEFINITE. HOWEVER, ACCORDING TO MR DEHESH, PLANNING FOR THIS TRIP IS BEING MADE BY THE USA MILITARY AUTHORITIES. HE RECOMMENDS THAT YOU CHECK WITH THEM IN ORDER TO FIND OUT THE DATE. IRANZAD

2575 A TAXI TN

BELL HCPTR FTW

GENV 37002122
We request that immediate action be taken to airfreight these items directly in the name of the Imperial Iranian Navy Headquarters Tehran against your sight draft drawn on them for the total value (CIF Tehran).

Regards Imperial

GENV 37002123
Mr. F. Sylvester,
Vice President - International Marketing,
Bell Helicopter Company,
P.O. Box 462,
Fort Worth, TEXAS 76101,
U.S.A.

Dear Mr. Sylvester,

I must apologize for the delay in answering your letter of June 16, 1972, which was due to my absence from the country.

After careful consideration and consultation, some changes have been made, which I hope will meet with your approval.

I hope you appreciate that Bell Company's commitment to me is based on many years of diligent effort by myself and members of my staff, as documented by regular correspondence between us. This effort, I am sure you will agree, is partially responsible for your success with the Imperial Government of Iran be it direct or Government to Government.

In view of the above, I cannot agree to make my rights subject to the arbitrary decision of the U.S. Government.

As the initial Letter of Intent was signed on April 18, 1972, may I suggest that Amendment No. 1 dated April 1, 1972, be back-dated so that any misunderstanding or complications may be avoided.

Please find enclosed the revised Amendment No. 1 which I have signed accordingly. I look forward to receiving the counter signed amendment and also seeing you in Teheran soon.

Best personal regards,

Yours sincerely,

[Signature]

Managing Director.

37002099
MANUFACTURER'S FOREIGN REPRESENTATIVE AGREEMENT

AMENDMENT NO. 1

This Amendment Number 1 to the Manufacturer's Foreign Representative Agreement made between Bell Helicopter Company, Division of Textron, Inc. (hereinafter called Bell), and Air Taxi Company of Mehrabad Airport, Tehran, Iran (hereinafter called the Representative), is made for the purposes of further defining the rights and obligations of the parties under the Manufacturer's Foreign Representative Agreement made between Bell and the Representative on the 15th day of June 1970. This Amendment recognizes the contributions made by the Representative in concluding the consummation of the major programs as set forth below.

WITNESSETH:

It is agreed between Bell and the Representative that this Amendment Number 1 shall be considered the governing agreement specifying the obligations and rights of the parties concerning the sale by Bell of the Bell products and services listed below to the Imperial Iranian Government and concluded by delivery of such Bell products. The program anticipated consists of:

- Model 206A/HH-58A
- Model 205A/UH-1
- Model 209/AH-1J
- Model 214

Related spare parts, accessories, equipment, tooling, services, training, or data
A. Bell will pay to the Representative a commission of 2.5% of the value of any contract executed between Bell and the Imperial Iranian Government for the delivery of the Listed Products.

B. Subject to the approval of the U.S. Government, Bell will pay to the Representative a commission of 2.5% of the value of any contract Bell receives from the U.S. Government for the purchase and delivery of helicopters resulting from a contract between the U.S. Government and the Imperial Iranian Government.

C. In the event that the Imperial Iranian Government elects to procure products, other than helicopters, through the U.S. Government, Bell shall incur no obligation to pay any commissions to the Representative.

D. Commissions shall become payable to the Representative upon delivery of the Listed Products and receipt by Bell of payment thereof. In the event Bell obtains advance payments from the Imperial Iranian Government for the Listed Products contracted for between Bell and the Imperial Iranian Government, Bell shall pay to the Representative as advance commissions, 2.5% of those advance payments received. Upon receipt of final

\[G\text{EN}V\text{37002101}\]
B.2. In the event that the U.S. Government refuse to approve the representative's commission, Bell agrees to pay a commission/consultant fee of 1% (one percent) to Air Taxi Co. or Mr. A.H. Zanganeh, Chairman and Managing Director of Air Taxi Co. (major shareholder), in recognition of his long-standing efforts and contributions.
payments from the Imperial Iranian Government, Bell shall liquidate the advance commissions paid to the Representative at the time of payment of the final commission.

E. This Amendment shall become effective on the date hereof and shall continue until terminated in accordance with Item 6, Term and Termination, of the basic Manufacturer's Foreign Representative Agreement, dated 15 June 1970.

F. All provisions of the basic Manufacturer's Representative Agreement, dated 15 June 1970, not specifically amended herein, remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year set forth below:

By A. H. Zarganeh  
(Title) Managing Director

Witness Fathali Gomazad  
Witness

Date: April 1, 1972  
Date: ____________________________

G L N V  37002103
AA RECEIVED YOUR MSG 209 AND HAVE ADVISED JOE. SITUATION REMAINS SAME. AIRFRAME DUE TO ARRIVE WITHIN NEXT THREE DAYS, AS ALWAYS WILL KEEP YOU ADVISED OF ANY AND ALL DEVELOPMENTS AS THEY OCCUR.

AIR FORCE

NAVY'S

HAD MEETING TODAY WITH NAVY'S CHIEF OF AVN, SAYS HER NEW ORGANIZATION TO BE APPROVED BY JUNE WITHIN NEXT TWO WEEKS WILL REQUIRE TWELVE ADDITIONAL S-64'S WITHIN SAME APPROXIMATE TIMING AS ENVISAGED FOR NAVY'S REQUIREMENTS.

PLEASE ASK SPIVEY TO BRING - GENV 37002091

IN EACH DATA KNEE BOARDS WITH ONE HUNDRED CARDS.

IN "UNIT " AND COMPLETE AH-1J PILOT HANDBOOKS.
ARMAMENT RELIABILITY TEST REPORTS CONCERNING...

SMITTY FEELS THAT WE NEED 300 LBS SHOT BAG BALLAST FOR MISCELLANEOUS SPECIAL TESTS.

ASCERTAIN CORRECT WEIGHT AND BALANCE NUMBERS FOR BOTH AIRCRAFT AND BRING ADEQUATE FORMS.

GENERAL OPERATIONAL PLAN IS UNCHANGED - FIRST DAY AUGUST SIXTH AT TABRIZ. MAIN SHOW AUGUST 26 WITH ADEQUATE TIME FOR PREPARATION.

REGARDS GALLAGHER/SMITH
TELEX 2300 INTROCON TN

INTERCONTINENTAL HOTEL
TEHERAN, IRAN

ATTN: JACK GALLAGHER

REF. BB. BLOOM ADVISES INFO PROVIDED VERBALLY TO SPIVEY. ADVISE IF NEED CONFIRMATION IN WRITING. IF SO WILL CAUSE LETTER TO BE PREPARED AND AIR MAILED TO AIR TAXI.

NEW SUBJECT. HAVE PREPARED LETTER OF COMMENDATION OF C130 FLIGHT CREWS. REQUEST YOU ADVISE FULL NAME AND ADDRESS FOR PROPER RECIPIENT. WOULD SUGGEST BRIG. GEN. AZARBAZIN.

NEW SUBJECT. THIRD C130 STILL OUT OF COMMISSION MCGUIRE. HOWEVER EXPECT ARRIVAL FORT WORTH TODAY. WILL ADVISE FLIGHT PLAN AS IT BECOMES KNOWN.

NEW SUBJECT. REQUEST YOU ADVISE WHEN HELICOPTERS ARRIVE.

MITCHELL
HOTEL
INTER-CONTINENTAL

CONTACTS

Sept 8, 9, 10

Dorran
Pezzano
Fiermay

Landry
Khalafard
Michoachian

Ph. E. Waran

Air Tax

PanAm
in the main lobby

or Pan Am corner Shah Reza Ave. Villa Tel. 832051-5 Tehran

GENV 37002084
240

Tucker.  8/11  Sept 10

[Signature]

(a)  Downie, Reserve Fund, London.  -  Denied.  Falsely

(b)  Downie, Reserve Fund, London.  gave  a  telephone  'informative

(c)  Not  specific  proposal  that  -  an

(d)  Not  clear  why  USA  is  interested

(e)  Wanted  meeting  to  coordinate  with  Ball  about

(f)  Finished  to  face -  left  Sun-necen.

(g)  Wanted  to  meet  with  Ball  in  USA -  in  London  shop.  I'm  good  friend  of  Romneys.

(c)  Downie, Reserve Fund, London.

(d)  Known -  Melbourne  6/15  last  morning.

e)  "J"  "washed  over"  -  not  up  to  Iran  mission.

(f)  Air  Mobile  Brigade -  now  the  unit's  capability

(g)  King  needed  larger  sophisticated  unit  before  fighting

(h)  That  unit  was  more  paid

(i)  Blackhawk  -  to  be  demoed.

(j)  Price  -  not  $1M  but  1M

(k)  We  to  connect  this

(l)  Price  -  Bells  lecture  on  $1  +  King  vs  Blackhawk

Geneva  37002085
(3) Unclassified

(a) ...illegible...

(b) ...illegible...

(c) ...illegible...

(d) ...illegible...

(e) ...illegible...

(f) ...illegible...
leader, many were skeptical without knowing the details and what they were fighting.

I thought about the situation and realized that it was not as simple as it seemed.

b) Investment: "At the current rate,"

Many simplified the report to include the exact

I pointed out that the situation was complex and

lots of civil application in French

world markets.

I think Duncan added a lot of this approval

and also think there was a lack of reflection of

enchantment with anything with a

US firm. "Prive code: "stump on it and

also a NYA factor."

Duncan had a recent telephone with Stan Draper

in Pease's shop. Draper in response to the

question of practicality of PDPA said no

apparent major problem, but 114 requires

serious before commitment.

GENY 37002097
1. Do work - Sunday - to learn
    Don't care whether FAA or Mil certified
    Handwritten comment on whether he specified Mil.
    If many systems delay to programs other Mil needs
    then will apparently use FAA (or Direct only)

7. Talked to Messrs. Vito Emmanuel
    at the reception - informed them that 214
    would be that they Aguirre will get 206 + 2057
    Mr. Vito expressed "complete satisfaction"

8. Messrs. Vito Emmanuel in town
    Contacted not to hold no reservations.

9. Air Taxi
    Z not in town - talked Khalil
    Message passed carefully and well understood
    Z "to confer with D and determine
    how to proceed"

11. W: 209 I cruise vs 214 - compatibility

GENV 37002083
TO: J. F. Atkins

SUBJECT: IRAN

Developments in the Iranian program since our respective departures from Iran do, in my opinion, abundantly demonstrate our previously agreed-to need for continued on-the-spot management representation.

Apparently the D/V/Industry Team, an element of which would be Rudning, myself and an engineer, is programmed for arrival in Iran during the first two weeks of October. In light of the fact that a senior representative must have intimate familiarity with all aspects of the program, must know and be known by officials in Teheran that are key to the program, and must be able to do business with them on an equal footing - our choice is limited, at least initially, to myself, Rudning or Mitchell.

Therefore, and unless advised to the contrary, I plan to return to Teheran on or about September 27th and to remain there at least until a top level representative has been properly positioned with program continuity established with and accepted by Toufanian, D-Jiosh, Williamson, Zanganeh, etc., and the D/V/Industry Team, as well as the Bell Training Survey Team, have completed their missions.

I hope for an early opportunity to discuss this further with you, Hans Weichsel and Chuck Rudning.

Frank M. Sylvester
Vice President
International Marketing
INTERNATIONAL MARKETING DEPARTMENT
SEP 26 1972

H.
KCA0750/26*
DELL HCPT FTW

2300INTRCON TN

ATT F.M. SYLVESTER.

AA. APPOINTMENTS AS REQUESTED ARRANGED WITH BABS AND ALICE.
Saturdays 30 Sept A.M.

BB. NO ONE INCL. WIFE HAS EXACT CONTACT POINT FOR Z IN WASHINGTON BUT KHALIL ASSURES ME HE WILL MAKE CONTACT WITH WASHINGTON OFFICE ON ARRIVAL THIS AFTERNOON.

BEST REGARDS
HORSLEY.

2300INTRCON TN

DIAL 102 FOR RCA OVERSEAS TELEX.
From: Frank M. Sylvester
To: C. R. Rudning

10-9-72

Herewith a copy of some Teheran living cost data that Khalil developed from an unknown source or sources.

They look fairly reasonable.

Frank M. Sylvester
House - 3 bedrooms 'F' $300 - $600 per month

   'U' $200 - $500

Apartment - almost same 'F' & 'U'.

Food (and other daily essentials) $250 - $350 per month

FURNISHING
One maid with some knowledge of English, full-time, $100 pm.
No English $40 - $50, full-time, per month.

CAR (Hire)
Monthly rental, small car, no mileage charges, all
maintenance included in rental fee, self-drive, minimum $125 pm.
A driver would be $100 per month, if required.
Air-conditioned larger car $270 per month.

(Purchase)
Small car approx $3000.00
Large car, Rambler type, $5000.00

SCHOOLING
'Teheran American School' (TAS) $950 per student, per year.

MEDICAL
Standards as good as American - yet costs much below U.S. standards.

'F' Furnished
'U' Unfurnished

37002078

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
Memo To: Mr. F. M. Sylvester

Subject: Phone Conversation with Horsley, July 10, 1972 - Discussion concerning current Iran situation

1. It is not intended that the WG-13 will be present in Iran during our intended demonstration.

2. Mr. Dehesh stated in response to your letter to General Toufanian concerning the demonstration timing that there will be no problem in having C-130's available per our request, however stated the aircraft would probably come from Teheran.

3. Dehesh stated that Corrado's 212 is "perhaps not coming".

4. No further news on the activities or results of the recent visit of Jerry Russel.

5. The MTT Team left last Friday and will not have report finished until September. Chief man on team is Mr. Don Wells.

6. Present feeling concerning factory is to wait until September before making decision on whether the factory can be utilized in the form of final assembly or strictly overhaul and repair.

7. I confirmed that Mr. Atkins can be in Iran during demonstration.

8. UAeL does not have a contract and have departed Iran; reason stated is that HIM does not want to commit prior to deciding aircraft type.

9. Air Taxi has not signed recent amendment to the M.F.R.A.; reason—Mr. Zanganeh is out of country.

10. In order to tie down HIM for a specific day so that he will be available to fly in demonstrators, it was decided that the 8th of August is as good as any.

J. E. Gallagher, Jr.
International Marketing
ATTN: F. M. SYLVESTER

AA GEN. WILLIAMSON SUPPORTS GEN. HOWZE SCRIPT ONE HUNDRED PERCENT. HAS EVEN SUGGESTED SOME ADDITIONAL EVENTS THAT CAN EASILY BE DONE WITH MINOR MODIFICATIONS. THESE EVENTS CAN BE DISCUSSED AT A LATER DATE DURING GEN. HOWZE'S PRESENCE HERE.

BB MAKING EVERY EFFORT TO OBTAIN CONFIRMATION OF C130 ARRIVAL IN WRITING. EXPECT TO RECEIVE TOMORROW OR NEXT DAY.

CC EVALUATION OF AIRCRAFT TO BE CONDUCTED BY COMBAT RESEARCH EVALUATION COMMAND (CREC) UNDER THE COMMAND OF MG BROOMENDAN. MEETINGS CONCERNING THE PREPARATION OF EACH EVALUATION SITE AND NECESSARY DETAILS FOR DATA COLLECTION ETC. ARE CONDUCTED TRI-WEEKLY. MEMBERS CONSIST OF REPRESENTATIVES OF CREC/MAAG/GEN. KHOSROAD/AIR FORCE/RESEARCH TECHNICAL INSTITUTE/NAVY/GEN. TOUFANIAN GROUP AND MYSELF REPRESENTING BELL.

DD ACTUAL EVALUATION TEAM WILL CONSIST OF APPROX FIVE DATA COLLECTORS, FROM THOSE GROUPS MENTIONED IN CC ABOVE. HAVE INCLUDED AT THE REQUEST OF CREC SMITTY AS BELL REP. MAKE SURE SMITTY BRINGS ALL RELATIVE DATA CONCERNING BOTH BIRDS.

EE ARADMAC/MTT TEAM WAS EXTREMELY WELL RECEIVED. GEN. PATTON THINKS GEN. TOUFANIAN MAY DRAG HIS FEET REFERENCE FACTORY AND RELATIVE SUPPORT UNTIL TEAM COMPLETES REPORT END OF SEPTEMBER. GEN. WILLIAMSON HOPES THAT WE CAN GET TOGETHER WITH ARADMAC AS TO NOT DUPLICATE OR CONFUSE EFFORT. ACTION OBVIOUSLY STRIKER NEEDS TO MEET WITH MTT REPRESENTATIVES ASAP.

FF DEHESH SAYS JPA SHOULD BE HERE FOR MAIN DEMO WHICH IS NOW ESTIMATED TO TAKE PLACE ON OR ABOUT AUGUST 26. THIS PROVIDES US MORE PROPOSAL/SUMMARY PREP TIME. CAN FALL BACK NOW TO ORIGINAL TIMING FOR IN-COUNTRY PROPOSALS BY MID AUGUST. DEHESH SAYS IF WE WANT TO INVITE CORRADO FINE, HOWEVER, HE DOES NOT WANT TO INVITE HIM.
GG Ref to DoD Funds - besides statement by Dehesh that sufficient commercial funds are available, Shah reluctant to commit funds from anywhere that concern this program for fear of prejudicing the issue. For this reason UAOL did not receive contract. Dehesh fully aware and appreciative of the fact that we made him aware of additional funds.

III Relationship of Gen. Toufanian and Gen. Khosrodad extremely strained. Gen. Khosrodad bowing out of picture and stating he is to be the operator and not responsible for the purchase or evaluation of equipment thus the appointment of new evaluation team.

II Air force is still in the picture but at this time only as an observer and to supply support for demo.

JJ CREC confirms that they will not require any formal aircraft briefings.

KK Air Taxi has signed and dispatched amendment to MFRA but with changes.

A) Amendment is to be dated April 1, 1972.

B) Zanganeh does not agree with paras referencing FMS cases and has written a suggested additional para on that subject. I have not had an opportunity to discuss this para in detail with Zanganeh but will do so tomorrow and will report outcome. A brief review of additional para in my estimation is totally unacceptable and have advised Khalil of that fact.

Signed amendment and covering letter was mailed July 13, 1972. Estimate you to receive approx July 20 or 21.

LL Horsley departs for Lebanon Wednesday morning.

MM Corrado not in town and is not expected.

NN Dehesh and Gen. Toufanian off to France Tuesday and Thursday respectively. Mission as of yet not known but will find out and telex.

Best regards.

Genn 37002068 Gallagher
AA  CREC MEETING TODAY FINALIZED:

1) GENERAL ORDERS FOR BROOMENDAN SIGNATURE AND GEN.
MINBASHIAN'S APPROVAL ESTABLISHING THOSE REQUIREMENTS
NECESSARY AND COMMANDER'S RESPONSIBLE FOR THE PROPER
EXECUTION OF THE EVALUATION AND DEMO. THIS INCLUDES
PREP OF SITES - RANGES - P AND L - SECURITY, ETC.

2) AN EVALUATION CHECK LIST TO RECORD PERFORMANCE DATA
AT EACH EVALUATION SITE ALSO FOR APPROVAL OF BROOMENDAN
TOMORROW.

BB  REFERENCE MFRA AMENDMENT FOR AIR TAXI. HAVE DISCUSSED WITH
JOE AND HE OBVIOUSLY CONCERNED ABOUT BEING LEFT IN THE COLD
IF IN CASE U.S. TO IRAN NEGOTIATIONS RESULT IN UNFAVORABLE
POSITION REGARDING REMUNERATIONS. HAVE STATED HIS NEW PARA
ABSOLUTELY UNACCEPTABLE. HOWEVER JOE WISHES TO FURTHER-
DISCUSS THE MATTER WHEN FMS/JFA PRESENT AND CONTRACT VALUE
KNOWN.

CC  IT IS RUMOURED THAT DEHESH AND TOUFIKAN WILL STOP TO SEE
CORRADO ON RETURN TRIP - REASON FOR VISIT FRANCE IS RUMOURED
TO BE MISSILES. THEIR DURATION OF TRIP TEN DAYS.

DD  PLEASE SEND MAX ALLOWABLE SMALL LITHOS OF ALL MODELS. THIS
IS TO BE USED FOR RECRUITING PROGRAM.

EE  AIR TAXI IN NEED OF TEN EACH LATEST ALL BROCHURES AND ROTORWAYS.

FF  MEET WITH GEN. KHATAMI'S CHIEF OPS TOMORROW TO DISCUSS
TRANSPORTATION CONFIRMATION SCHEDULE.

GG  DEHESH GIVEN ME AUTHORITY IN WRITING TO COORDINATE WITH DEPTS
INVOLVED ALL ACTIVITIES FOR PREPARATION OF EVALUATION AND DEMO
AND RELATED SUPPORT REQUIREMENTS.

BEST REGARDS

GALLAGHER
A TAXI TN
BEL HECO FTW CO
JULY 18/72
REF 257/72
ATTN: F. SYLVESTER

HEREWITH ADDITION TO MY TELEX 256/72 JULY 18.

HH

BRIStow HAS REQUIREMENT FOR APPROX EIGHT MORE 47S TO MEET INCREASED TRAINING SCHEDULE DUE TO NEW CONTRACT. THEY WILL PROBABLY BUY USED EQUIP BUT HOWEVER WILL PROVIDE GSA PRICING. WE EVENTUALLY WILL HAVE TO NEGOTIATE SOME ARRANGEMENT WITH THEM CONCERNING TRAINING DEPENDING ON OUTCOME OF OUR PRESENTATION. HOWEVER FEEL IT PREMATURE TO DISCUSS AT THIS TIME. BRTStow CONTRACTED TO TRAIN 100 TO 150 DRIVERS PER YEAR.

GALLAGHER

GENV 3702065
ATTN D MITCHELL - URGENT - MUST BE RELAYED TO D MITCHELL IMMEDIATELY.

REFERENCE YOUR PHONE CALL. HAVE CONTACTED GENERAL AZARBARZIN WHO HAS SENT CABLE TO NY OFFICE TO PASS IRANIAN PILOTS

1) TO CARRY REQUIRED AMMO

2) WILL EXPEDITE OVER FLIGHT CLEARANCE

3) TO CUT OUT NIGHTSTOPS TO ARRIVE TEHERAN 1ST AUGUST

GEN AZARBARZIN SAYS WEIGHT LIMIT IS 25,000LBS. IF OUR LOAD IN EXCESS OF CAPACITY FOR BOTH C-130S WE WILL HAVE TO SHIP REMAINING EQUIPMENT VIA COMMERCIAL TO TEHERAN IIAF CAREOF AIRTAXI CO. CUSTOMS CLEARANCE WILL BE TAKEN CARE OF AT THIS END BY IIAF AND AIRTAXI CO

CONFIRM TO US THAT MR MITCHELL HAS RECEIVED THIS TELEX

THANKS J GALLAGHER

EN 37002062
JUNY 20282 1231 07/293
BELLHCPT TR FTW
95125755
29/07 18.34 3

2575 A TAXI TN
758229 BELL HELICOPTER CO FT WORTH TEXAS MSG 251 7-29-72
1131AM CST
AIR TAXI IRAN 951 2575
ATTN A GALLAGHER

CONFIRMED RECEIPT YOUR REF 277/72

SYLVESTER / MITCHELL
BELL CRAFT
END MG

2575 A TAXI TN

GENV 37002063
5-2-72

SIR:

CHECK NO. 2573 A TO YOU

TEHSH, JOHN

ATTN: A. H. SIMONEN

PLEASE CONFIRM THAT LETTER OF RESPONSE SIGNED BY MEINIS
ADDRESSED TO YOU HAS BEEN RECEIVED. IF NOT HAVCE YOUR COPY
DELIVERED TO SUH.

BEST REGARDS

Sylvester

GENV 37002060
WJNY 23367 1301 05.7 3.3
HELICOPTER FTW
S512575 0
AUTOMATIC RETRY

02/05 18.01
2575 A TAXI TN

758229 BELL HELICOPTER CO FT WORTH TEXAS MSG 13 5-2-72 1155AMCST
AIR TAXI TEHERAN IRAN 951 2575

ATTN A H ZANGANEH

PLEASE CONFIRM THAT LETTER OF RESPONSE SIGNED BY ATKINS ADDRESSED TO SUSY HAS BEEN RECEIVED. IF NOT HAVE YOUR COPY DELIVERED TO SUSY.

SYLVESTER
BELL CRAFT
ENMC

Φ
2575 A TAXI TNM
Lt. Gen. H. Toufanian
Deputy Minister of War for Armament
Saltanat-Abad
Tehran, Iran

Dear General Toufanian:

This should serve to confirm my cable of May 3rd in which I informed of plans for a group of Bell Helicopter officials to arrive in Tehran on May 19th. In addition to the undersigned, the group will consist of:

C. R. Rudning
Vice President - Program Management

E. J. Smith
Chief Flight Operations Engineering

J. E. Gallagher
Regional Marketing Manager

The purpose of the visit is to finalize plans and to complete detailed preparations for the demonstration of our Model AH-1J and Model 214 helicopters to the Imperial Iranian Armed Forces. This is in accordance with your letter dated April 18th to Mr. J. F. Atkins, President, and his reply dated April 25th.

By separate letter to Air Taxi, our representative, we have provided him with a detailed list of items that need to be reviewed, studied and resolved during our stay. These include such things as demonstration sites, schedules, transportation, supporting facilities and services, performance data, etc.

In advance of our arrival our representative will have alerted appropriate organizations and officials of our need to explore...
IN TELEPHONE CONVERSATION LAST NIGHT ALICE INFORMED THAT
SUSY HAS NOT RECEIVED ATKINS' LETTER DATED APRIL 25 COPY
OF WHICH WAS SENT TO YOU.
PLEASE RECONFIRM BY RETURN TELEX THAT THE LETTER
HAS IN FACT BEEN RECEIVED BY BOTH AND ADVISE THE REACTION OF EACH
TO IT.

Sylvester
Bellcraft

F. M. Sylvester
Vice President -
International Marketing

C. R. Rudning
Vice President -
Program Management

E. J. Smith
Vice Flight Operations Engineer
PLEASE DELIVER THE FOLLOWING INFORMATION TO LT. GEN. H. TOUFANIAN, MS. H. DEHESH AND BRIG. GEN. M. KHOSROODAD.

PRESENT PLANS CALL FOR THE FOLLOWING BELL PERSONNEL TO ARRIVE TEHERAN ON FRIDAY, MAY 19TH.

F. M. SYLVESTER  
VICE PRESIDENT -  
INTERNATIONAL MARKETING

C. R. RUDNING  
VICE PRESIDENT -  
PROGRAM MANAGEMENT

GENV 37002058
E. J. SMITH  
VICE FLIGHT OPERATIONS ENGINEER
J. E. GALLAGHER  
REGIONAL MARKETING MANAGER

PURPOSE OF THIS VISIT IS TO FINALIZE PLANS AND TO COMPLETE DETAILED PREPARATIONS FOR THE DEMONSTRATION OF THE BELL AH-1J AND 214 HELICOPTERS. ALSO TO DEFINITIZE HELICOPTER SPECIFICATIONS AND TO ACHIEVE AN UNDERSTANDING OF MAJOR CHANGES TO THE PROGRAM MADE SINCE OUR PROPOSAL PRESENTATION IN TERMS OF QUANTITIES, SCHEDULES AND CO-PRODUCTION PHASING.

WE PLAN TO BE IN IRAN FOR A FULL WEEK DEPARTING ON OR ABOUT MAY 26TH.

ADDITIONALLY, PLEASE RESERVE INTER-CONTINENTAL FOR THIS PERIOD - TWO SINGLE ROOMS PLUS ONE TWO BEDROOM SUITE WITH SITTING ROOM AND CONFIRM TO BE BY RETURN TELEX. A CONFIRMING LETTER FOLLOWS.

Sylvester
Bellcraft
Enmd
CΦ
2575 A Taxi TN
NNN
05/03/72 1551 EST 004.9
ITT UI TELEX III 05 03 1591
Φ

GENV 37002059
May 4, 1972

Mr. A. H. Zanganeh
Managing Director
Air Taxi Company
Mehrabad Airport
Tehran, Iran

Dear Mr. Zanganeh:

Enclosed is a letter that should be urgently delivered to Lt. Gen. Toufanan and a copy for Mr. H. Dehesh.

Your copy is also enclosed.

Jack Gallagher will send immediately a list of items that need to be discussed with appropriate officials during our forthcoming visit. It is extremely important that all of these people be contacted and informed prior to our arrival.

We will rely on you to arrange a full and productive schedule from Saturday morning, May 20th, through the ensuing week, and would like to review that schedule with you immediately upon our arrival. Perhaps you could, by return telex, give me your preliminary thinking as to the people we must contact and a schedule that we can start planning around.

I look forward with a great deal of pleasure to this visit and particularly to seeing you and your associates once more.

Sincerely,

Frank M. Sylvester

FMS:pb-106

37002055
PSKSS: CALL FOR THE FOLLOWING BELL PERSONNEL TO ARRIVE TUESDAY ON FRIDAY, MAY 10TH:

F. M. SYLVESTER
VICE PRESIDENT - INTERNATIONAL MARKETING

G. H. RUSTING
VICE PRESIDENT - PROGRAM MANAGEMENT

E. J. SMITH
CHIEF FLIGHT OPERATIONS ENGINEER

J. E. GALLAGHER
REGIONAL MARKETING MANAGER

PURPOSE OF THIS VISIT IS TO FINALIZE PLANS AND TO COMPLETE DETAILS PREPARATIONS FOR THE DEMONSTRATION OF THE BELL AH-1J AND 214 HELICOPTERS AND TO DEFINE HELICOPTER SPECIFICATION AND TO AGREE ON AN UNDERSTANDING OF MAJOR CHANGES TO THE PROGRAM MADE SINCE OUR PROPOSAL PRESENTATION IN TERMS OF QUANTITIES, SCHEDULES AND CO-PRODUCTION PHASING.

WE PLAN TO BE IN IRAN FOR A FULL WEEK DEPARTING OR ABOUT MAY 16TH.

ADDITIONALLY, PLEASE RESERVE INTER-CONTINENTAL FOR THIS PERIOD - TWO SINGLE ROOMS PLUS ONE TWO BEDROOM SUITE WITH SITTING ROOM AND CONFIRM TO ME BY RETURN TELEX. A CONFIRMING LETTER FOLLOWS.

SINCE

GEN7 37002054
May 21, 1972

Dear Mr. Benjamin,

Further to Mr. Selvaster's letter of May 4th, the following should provide you with a list of action items that need to be discussed during our intended visit on May 13th.

The main purpose is to present a demonstration outline and suggested scenarios that we would like to demonstrate to the Imperial Iranian Ground Forces.

Meetings must be established prior to our arrival with the appropriate Iranian officials involved to discuss:

1. Specific demonstration dates, locations and schedules.

2. Establish a schedule to pick up the AML1 and 21-A at Fort Worth and transport to Iran via ESD Col-195.

3. The availability of Imperial Iranian Ground Forces personnel that may be involved in the demonstration. Additionally, who will be the Iranian military coordinator?

4. Facilities that will be available to us for such things as briefings to include slides and film projectors?

5. That accommodations are there for approximately 20 to 25 people at each location?

6. Can military vehicles and/or aircraft be utilized for transportation and support of personnel and aircraft?

7. Fueling requirements - source and delivery. Availability of standard airport ground support equipment at each base site, i.e., hooks, ground handling wheels, etc.

8. Entry into and out of Iran.

GENU 37002050

continued...
9. I need to visit the proposed demonstration sites and survey appropriate areas. Incidentally, it is our intention to demonstrate live firing of the M-1979 Cobra and conduct scaled combat assaults.

10. Support and maintenance areas. (Will such equipment as a prime to reassemble aircraft be available upon arrival in Iran?)

11. Communications - type, frequency NAV aids.

12. Aircraft display and security.

13. Interpreters (if required).


15. Organizational chart which provides job titles, name and rank of Iranian Armed Forces structure.

I look forward to seeing you soon and the establishment of a very successful program.

Best personal regards,

DELL HELICOPTER COMPANY

John E. Gallagher, Jr.
International Regional Manager

P.S. Please give best regards to Khalil.

GENAV 37002051
HEREWITH REPEAT ABOVE REFERENCED MESSAGE.

ATTN SYLVESTER/GALLAGHER

REFERENCE YOUR MESSAGES 13 25 36 47 AND 48 AND FURTHER OUR TELEX NO 156/72.

WE DELIVERED PHOTOCOPY OF YOUR TELEXES 36/48 TO GEN TOUFANIAN MR DEHESH AND GEN KHOSRODAD AS REQUESTED.

REFERENCE YOUR MSG 25 5-3-72 (942) MR DEHESH ASSURED US THAT NEITHER GRACE NOR RUSSIAN TEAM WILL INTERFERE BELL PROGRAM.

HE STRESSED THAT YOU SHOULD NOT GET WORRIED, ON THE CONTRARY PROCEED CONFIDENTLY ACCORDING TO THE 'LETTER OF INTENT' YOU IN YOUR HAND.

REFERENCE YOUR MSG 47 5-4-72 AND OUR TELEX 156/72 MAY 4 1972.

WE ARE HEREBY THAT BOTH DEHESH AND WE HAVE RECEIVED LETTER DATED APRIL 25, REACTION OF BOTH PARTIES AND POSITIVE.

IRANZAD -- A TAXI TEFERAN

A TAXI TN
F. T. W.

H. D. M. W.

F. W.

A. C. E.

Dear Sir,

60. For your information, we have been informed by our filling mill that they have not yet received anything in answer to your request.

Best regards,

[Signature]

F. D. F. 37002048
AIR TAXI CO.
Mohammad Airport
TEHRAN
Tel. 62287
Telex 64146
Cable TEHRAN AIR TAXI
Date: June 27, 1972
No. [Blank]
To: [Blank]

Mr. Paul Schuster,
The President - International Marketing,
Bell Helicopter Company,
P.O. Box 47434,
Fort Worth, Texas 76141,
U.S.A.

Dear Frank,

Now that I am back in Tehran I wish to convey a few words of sincere appreciation for the warm hospitality you have shown to me during my rather busy trip to your country. It is always comforting to enjoy such niceties during these troubled times.

You know, of course, if there is anything you would like from Iran, you just have to let us know, and I shall do my very best to send it to you.

With every thanks, once again, and best wishes,

Yours very sincerely,

[Signature]

INTERNATIONAL MARKETING
DEPARTMENT
JUL 6 1972

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I talked to Nic just after you did. I couldn't reach him before as he was not available.

He did emphasize to me that the Iranians hadn't as yet decided which way to go on training and, while he did give us all the information possible, he was not sure we would get a contract.

The Iranians are keen to involve the U.S. Army to the maximum extent.

I talked to the Bristow people the other day. They had just been given a further contract to double the number of pilot intakes. They are reasonably sure of being part of Gen. Khatami's empire. We may want to consider a joint pilot training scheme with them to guarantee a contract.

The MTS team arrived yesterday from ARADMAC. They will be here until mid-July. They should be contacted on their return.

Don Butler returned home yesterday. We had a good farewell party for him. He is off to San Antonio - 5th Army Hq.? He will stop by to see you all in about two weeks. He is taking the slow way home through Europe. He hopes he will have a chance to meet Mr. Weichsel.

HIM has very positively edicted the helicopter program be completed in 5 years. WOW! It is a target that most people feel will be impossible to reach, but of course typical of the approach HIM must take to get anything done at all. He must push and shove for things greater than the ordinary mortal can imagine. As long as he can pay for it, I'm sure we can help him meet most of the objectives.

Messrs. McClaren and Gillies of UACL take their hastily prepared contract for 280 twin pacs to Dehesh's office this morning for signature. They expect to have it within 5 days. The contract does not become valid until September 1st. Dehesh talks of the J as 90% confirmed, and still as an FMS case.
The name "Blackhawk" still comes up in various quarters, though I can't put my finger on who is promoting it. Somebody is. It seems to be doing well back home.

Ed Wyman left today for Tel Aviv. He had a good stay and stuck to the party line, though pointed out clearly that if the 214 came unstuck, the boat would rock with the Cobra. He wants to see the AH-1G here badly. He thought Corrado would be in town also, but definitely he is not.

Iranian Army Air are starting massive enlistment drives in the colleges and high schools for pilots, etc., and Maj. ? has asked me for lots of color photos of UH-1H, OH-58A and Cobras, plus a bunch of lithos (both large and small). Also any old calendars would be of great help. Could you air mail to me through Air Taxi? As many as possible. Many thanks.

Best regards,

C. P. B. Horsley
All remained relatively quiet in Teheran now that Agusta has gone home for a few days. Massaroni and Russell were the two key figures here. They presented extensive plans for the factory as strictly a maintenance facility – moved well away from the co-production concept. This may have been in part reaction to the presence of the 7 man MTT team, which Corrado took great offense to. I talked to the team last night. While they had cooperation from the factory people, that was about all they could recommend. They return to Corpus on Friday, and then return in September to give recommendations, etc., which they feel will be implemented – thus no decision on the factory until October at the earliest.

It seems the 212 will be evaluated alongside the 214, both at the Iranian (Dehesh) and Agusta wish. Dehesh sounded like a good Agusta salesman the other day. Engine compatibility with J; cheaper; will fulfill 90% mission spectrum, etc. Even went so far as to say that Agusta could sub-contract to Bell to build. But, in a typical Dehesh manner, half an hour later he was talking of buying all the 214’s needed direct from Bell, and 205’s from Agusta, with no mention of a 212! No doubt it is just some pressure being exercised for various reasons. Makes Dehesh look good in Corrado’s eyes to push 212 – a stick to Bell for both Iranians and Corrado, who no doubt wants to strengthen his position as much as possible before any final Bell-Agusta discussions.

The Navy 212 situation is clarified in that 6 + 6 have been ordered to date, but the final order will be up to 36 to meet the Navy five year plan.

The letters arrived safely last Sunday and were all hand delivered. I also discussed the plans with Gen. Khosrodad. There is some friction between Khosrodad and Gen. Toufanian’s office. Both say the other is responsible for the evaluations. I sorted it out with Dehesh, but he firmly maintains he did not want them in the first place! Crazy! Toufanian will now officially request Khosrodad to evaluate the aircraft. Toufanian also will ask MAAG to monitor the tests (and submit report to him). Nick Doiron will be assigned the job.

P&W still await their contract signature. In typical fashion, it is approved to go up the hill every few days for ratification, but never seems
to quite make it. Hopefully, it will be signed by the end of this week.
280 twin packs at $154,000 p.u. (McLaren has returned without contract – FMS).

Dehesh stands firm he does not need the $60 million allocated for BHC purchases. He claims massive commercial credit. He has not had official notification of its availability for his purchases, so I guess he doesn’t want to step on any toes and will await H. E. Ansan’s return and then notification. I will try again then.

Zanganeh returns from Europe tomorrow and I will try and get him to send the contract immediately. Khalil says he cannot take action and must await Zanganeh.

I fly to Beirut tomorrow to meet with Hunt to organize our new Lebanese and Qatar offensive. It sounds very promising.

C.P.B. Horsley

**NOTE**

Subsequent communication from Horsley informs that Corrado arrives Teheran on Saturday, July 15th, which would give him a full working week there prior to the July 19/20 meeting with EJD.

FMS
Dear [Name],

Enclosed is the hand-written report but have no typed version available to type and any efforts are strictly confined to high priority exercises.

It might be inadvisable to print whether you have considered the possibility of trying to sell securities for the various efficiencies and security advantages? I think doubt there will be a firm amount of buying, calls to track the sales in the market.

All remain relatively quiet, and in Toronto, sure that the stock has some value for a few years at least. Moscow and Russian are the two key regions here.

They presented tentative plans for the factory as strictly a maintenance facility. This may have been in part reaction to the presence of the Team or from which lies. I believe, take great offense to. I called to the Team last night. Whether they had good cooperation from the Adept people, that was about all the cards recommend. They return to Canada on Friday, and then to return to Washington with full recommendations etc. With they feel will

GENV 37002041
facing until treated at the present.

It seems the 212 will be necessary during the 21st, but not at the moment (October) and
Aquita will be. D. sounds like a good
motion to return the 212 daily. Further
could be considered later if needed, will
require some extra equipment etc. Even
want to see if there's a possibility to build
in a temporary D. 130 tomorrow half an hour
later, he was talking of buying all the 212's
ruled around now, and 201's for Aquita,
with an option on a 212? The no
matter if is just some purchase being considered
for various reasons. Maker D. look too good
in Civic and to push 212 — a dock to
Bell for both Aquita, if Civic, and no
wants to strengthen his position
as much as possible before any final
considerations Bell-Aquita discussions.

The Navy situation is clarified on 119 that
6th & 7th have been assured to date, but
the final order will be up to 36 to
meet the Navy 3 year plan. GENV 37002042

The letter arrived safely last Sunday
and was all hand delivered. I also
acknowledged the plans with Gen. T. There
is some friction between Gen. B & Gen. T.
She is still awaiting the contract signature. In typical fashion, it is supposed to go up to us within a few weeks, but never seems to quite make it. Hopefully it will be signed by end of this week. 200,000 is expected.

D. States from E. that he does not need that item, and in fact, no one was sure of its purchase. When he does need it, he will give us notice. Until then, we have no purchase. Having been advised of this, E. will keep us informed.

Anyway, it will not be good news if the 200,000 is not signed by the end of this week.

GEV 37002043
I was greatly interested in the report of the Haitian campaign, but it may depend on activities in the Gulf and elsewhere and also if we could have a trip before or during the rest of the summer. P. was to have a visit in Boston, and that would have been a pleasant visit until later in the year.

I was looking forward to the tour to the Gulf and I find it better than expected and enjoyable company—along with all the friends. Of course I was happy about the decision, and I have decided to join with my camping expedition in the Northwest and the winter in the Pacific. So again I'm a free man. It is great shame, really, but I'm to do. The ocean is well stocked, though.

Happy July 4th. I hope all in Texas is well and I look forward to seeing you soon.

Best regards

[Signature]
Mr. F. Sylvester, Vice President - International Marketing, Bell Helicopter Company, P.O. Box 482, Fort Worth, Texas 76101, U.S.A.

Dear Mr. Sylvester,

I must apologize for the delay in answering your letter of June 16, 1972, which was due to my absence from the country.

After careful consideration and consultation, some changes have been made, which I hope will meet with your approval.

I hope you appreciate that Bell Company's commitment to me is based on many years of diligent effort by myself and members of my staff, as documented by regular correspondence between us. This effort, I am sure you will agree, is partially responsible for your success with the Imperial Government of Iran be it direct or Government to Government.

In view of the above, I cannot agree to make my rights subject to the arbitrary decision of the U.S. Government.

As the initial Letter of Intent was signed on April 18, 1972, may I suggest that Amendment No. 1 dated April 1, 1972, be back-dated so that any misunderstanding or complications may be avoided.

Please find enclosed the revised Amendment No. 1 which I have signed accordingly. I look forward to receiving the counter signed amendment and also seeing you in Tehran soon.

Best personal regards,

Yours sincerely,

Managing Director.

AIR TAXI COMPANY.
July 10, 1972.

To: Mr. A.H. Zanganeh

Copies: Mr. F. Sylvester
Mr. K. Ivanazad

Subject: Arrival of IIAF C-130s to Fort Worth's Carswell Air Force Base for the purpose of transportation of the Bell Model AHJ and 2044 helicopters to Iran.

As it is of the utmost importance that the C-130 transport aircraft arrive in Fort Worth (Carswell Air Force Base) on schedule for obvious reasons, please exercise your maximum effort/influence to ensure that the IIAF make the necessary preparations to effect arrival of the two C-130 aircraft on the 27th July, 1972. Further, please obtain confirmation of this in writing.

You will recall that yesterday, July 10, Mr. Echash informed us that there would be a two-week delay from the originally requested aircraft arrival date of the 27th. I am sure you will agree that this is totally unacceptable and, therefore, immediate action must be taken to effect proper scheduling.

I notified General Williamsen (Chief U.S. Moag) of the above conversation with Mr. Echash and, in turn, the General has solicited Moag's assistance in this regard.

Your cooperation is deeply appreciated.

John E. Gallagher Jr.,
Regional Marketing Manager.

GENV 37002015
WITH F. SYLVESTER

YOUR MSG 127 7-19-72 HORSEY NOT IN COUNTRY AS HAVE ADVISED MY:

7-17-72 REF 249.

F. SYLVESTER / CON WILLIATON / CNT BRY

HARRA, MARFIA AND HER CONFIRM THAT SIK DOES NOT HAVE ANY

EQUIPMENT IN SCHOOL AT PRESENT TIME AND IS NOT ENVISAGED

FOR NEAR FUTURE. HOWEVER, SIK HAS STRONG REPRESENTATION IN

SCHOOL THROUGH CONSULTANT OF RETIRED U.S. CAPT WHO WAS

ASSOCIATED WITH CONN IN OLD DAYS DELTA BOMBO ALFA SIMHAE LIMA

DEAL. EQU.

INDIA PARA REVISED EVENTUALLY SIK MAY POSSIBLY SHOW

EQUIPMENT BUT MARFIA ADVISES NOT LIKELY TILL EARLIEST 73.

REF YOUR MSG 132 7-19-72 NU SUB NO PROBLEM REF A PATTERSON.

PLEASE ACKNOWLEDGE RECEIPT MY TELELS 249 7-17/ 256 7-18/

257 7-18.

I REGARDS GALLAGHER

... FLY

... FLY

A TAXI TH

GENA. 37092014
AUTO-RETRY
AUTO-RETRY
AUTO-RETRY

RETRY ENDS
TYPE 5 COMMAS FOR NEW CALL

ITT 07 20 0101
*BELLHCPTR FTW
*9512575*

20/07 0804
2575 A TAXI TN BELL HELI

*2575 A TAXI TN

758229 BELL HELICOPTER CO FTW TEXAS MSGNO 132 7-19-72 1150PM
9512575 A TAXI TN

GEN

37002010
...subject. Arnold Patterson, Bell Tech Rep, to accompany C-130 to Tehran, Ajeok.

Arnold Patterson, BELL TECH REP, TO ACCOMPANY C-130 TO TEBERAN AJEOK.

37002011

2975 A TAXI TN,
TELEX

DATE: 23, 1972

FROM: 2575 AIR TAXI TN

TO: AIR TAXI COMPANY

TEHERAN, IRAN

ATTENTION: J. GALLAGHER

TELF #997

PER YOUR REQUEST, FOLLOWING INFORMATION IS PROVIDED:

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<thead>
<tr>
<th>NAME</th>
<th>DEPARTURE DATE</th>
<th>FLIGHTS</th>
<th>ARRIVAL DATE/TIME-TEHERAN</th>
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<td>E. J. SMITH</td>
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<td>26 JULY</td>
<td>ATHENS/TEHERAN KLM #507</td>
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<tr>
<td>LES WELD</td>
<td>NOW IN ATHENS</td>
<td></td>
<td></td>
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<td>CLIF BURCHETT</td>
<td>NOW IN ATHENS</td>
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<td>DAVE GLIDDEN</td>
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</tr>
<tr>
<td>LOU BREZEE</td>
<td></td>
<td>FRANKFORT/TEHERAN PAN AM # 2</td>
<td>30 JULY / 9:45 PM</td>
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<td></td>
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<td>30 JULY / 9:45 PM</td>
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<tr>
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<td>BREEZE/SINTZ WILL KNOW ARRIVAL TIME</td>
<td></td>
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<tr>
<td>GENY - JAMES HILL</td>
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GENY 37002008

continued...
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<tr>
<td>RICHARD McCLAREN</td>
<td>NOT KNOWN</td>
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<tr>
<td>PETER BRUGMANS</td>
<td>NOT KNOWN</td>
<td>NOT KNOWN</td>
<td>1 AUGUST</td>
<td></td>
</tr>
</tbody>
</table>

**LYCOMING**

KEN STRYKER

ACCOMMODATIONS FOR STRYKER COORDINATED BY CHARLES YOUNG, LYCOMING REP, IRAN.

ACME/SYLVester/T.JOHING. ARRIVAL TIME, ETC. ALL PENDING AND WILL RELAY AT LATER DATE PER FMS DIRECTION.

D., J.3RD AND LSEND ALL THEIR LOVE.

TOPPING

BELLCRAFT

G-INV 37002009
ATTN J GALLAGHER

REUR MSG 264/72. ITEM CC.
WE HAVE RECEIVED YOUR TELEXES 249, 256, AND 257.

SYLVESTER BELL CRAFT

END BLO

2575 A TAXI TNV

GENV 37002007
To: A Q. MOSLEEM.

CC: WASHINGTON DC

W SUBJECT:

AA  URGENTLY NEED DESCRIPTIVE LIT AND PHOTOS OF AIRCRAFT IN PROPOSAL TO ACCOMPANY FIRST ARRIVAL.

REGARDS GALLAGHER

2575 A TAXI TN

BELL HCPTR FTH

GENV37002003
ATTN SYLVESTER/MITCHELL

AA ALL TEAM MEMBERS HAVE ARRIVED.

BB EXPECTED IN-COUNTRY TOMORROW.

CC HAVE REWRITTEN EVALUATION PLAN SPECIFIC CHANGES PROVIDE BETTER ADVANTAGE FOR A.D. ON AUTOROTATION.

DD HAVE BEEN PUSHING K&38K EVERY DAY REGARDING C-130. ALSO USING MAX EFFORT. WHAT IS STATUS IN FW?

EE FMS PLEASE BRING ADDITIONAL DOLLARS FIFTEEN HUNDRED.

REGARDS GALLAGHER

GENV 37002001

2575 A TAXI TN
Copy of the Horsley Memorandum

(The first version was included in the documents submitted by Mr. Hawke on June 16, 1978.)
INTER-OFFICE MEMORANDUM

March 17, 1971
CPBH:JH:319

BELL CONFIDENTIAL
BELL EYES ONLY

To:      F. M. Sylvester
Subject: TRIP REPORT - IRAN - FEB. 20 - MARCH 12

Much of this report stems from confidential and sensitive sources, and
should not be openly revealed.

1. BACKGROUND AND PRESENT STATUS

Iran, with a population of 30 million people, covers 600,000+ square miles
of semi-desert with hot, high and dusty conditions. It is ideal helicopter
terrain with ill-defined borders, oil to protect, and guerrillas to fight. The
Shah is a great helicopter exponent, who a few years back called for 150
helicopters to be procured as fast as possible. The Imperial Flight Hangar
contains 6 helicopters, and he pilots them regularly himself.

The defense budget has increased 100% in the last four years, and for
1971-72 has increased 30% to over $1,000 m. The recent Teheran oil talks
guaranteed an extra $3,600 m over the next five years, and annual 30%
Defense Budgets are predicted.

Contracts worth near $200 m were signed with Agusta for 100 206A’s, 44
205A’s, 16 CH-47’s and 6 SH-3D’s, to include training, support, etc., and
participation in a “factory.”

The 206A’s and 205A’s were supposed to be all in-country by the summer of
this year. Deliveries are 6 months behind schedule, with approximately 30
206A’s and 15 205A’s yet to be delivered. 30 206A’s were traded off last
year for a further 8 205A’s. See attachment (1) for the status on deliveries.

GENV 37002564
See also attachment (2) for reference to names as mentioned through the report.

2. BELL REPRESENTATIVE - AIR TAXI COMPANY

Air Taxi Company is situated on the main airport/base perimeter in Teheran, and employs nearly 200 persons (incl. 25 pilots), operating 14 Aero Commanders, 5 Turbo Commanders, 5 DC3's, 7 Pipers, 2 Cessnas, and 1 Turbo Beaver. Activities include non-scheduled passenger and cargo charters (esp. Civ. Gov't.), photographic and agricultural operations, with light aircraft maintenance carried out at the main facility. Issued capital is 50 million rials ($3/4 m), and the chairman and managing director is Mr. A. H. Zanganeh. The one named director is A. Chafik (Prince Shakriar Chafik's father), but the real influence behind the company is General Khatemi, the Air Force Commander-in-Chief. As a serving officer, he officially is not allowed to hold offices outside his military capacity, but in reality, anything that flies he has an 'interest' in. As for instance in Iranian Helicopters - the Bristow Company's operating 47's, 206A's, W.W. III's and Alouette III's.

When the Shah was forced to flee the country back in 1953, two key men helped him - Khatemi (his pilot) and Taufanian. On the Shah's return to power these two men were given the two most powerful jobs, Khatemi - all aircraft; and Taufanian - all ground forces, military procurements, productions and the arsenal. With these two key men the Shah is well protected.

Since the early 1950's, the politicians have grown in influence, but still tend only to be mouthpieces and administrators, not trusted by the loyal generals.

The Sales Manager for Air Taxi is Mr. Khalil Iranzad. More helicopter orientated staff are needed. Whilst being Bell's representative, they also represent Aero Commander (the only fixed wing twin in-country),
Westinghouse, Avco Lycoming, Sunair, King, de Havilland, Hawker Siddeley, etc. With Avco Lycoming alone they have done $3 m worth of spare parts, overhaul business, etc. with the L-13 engine. All Iranian Armed Forces Lycoming engine orders now go through Air Taxi.

Mr. Zanganeh had done little to promote the Bell name over the last few years, having felt totally defeated by Agusta in the original play-off. He fast became involved and was most helpful.

3. PROBLEM AREAS

The first few days were spent meeting members of all the Armed Forces and MAAG. The story was general but the same. Agusta were unable to live up to their contracts, and the situation little sort of chaotic. The following points were the most recurring and worrying to them.

A) Spares shortage. Whilst the contract specified 1,000 hours of spare parts per aircraft, inadequate logistics planning and scheduling had taken place and aircraft were running out of spares at 200/300 hours. The MAAG suggested that 1,000 hours of spare parts were possibly converted to a monetary amount. He said he could show me at Esfahan, the main Army base, complete airframes that had been delivered as spare parts as part of the 1,000 hours package, i.e. high cost/time items in inventory not high usage ones.

B) No Agusta top level representation in-country. When problems arise, when information is needed, when an aircraft is grounded, letters and telexes must be sent to Italy that are rarely answered in a workable time frame.

C) The 206A does not perform its full mission. The main base at Esfahan is at near 6000 ft. (as is Tehran). With summer temperatures of 100°F even the basic training mission of I.P. + student is having to be flown.
before sunrise. Inadequate consideration had been given to the operating conditions, and the aircraft overloaded with accessories, including armor seats. They now have 70 C-20 engines on order, and the MAAG suggests a program to convert the helicopter to 206A-1’s utilizing the new "factory."

D) The training is referred to as below minimum for military pilots. No tactical, instrument, night or formation flying experience is given. It may be said though in all fairness that the type of recruit available for training is low.

A Colonel Cafiero was sent from Italy to be Head Instructor at the flight training school at Esfahan. Lt. Col. Estes of the MAAG, thought the contract price high at $240,000 for 2 years. The Colonel crashed three aircraft, tried to run the base, later attempted to move it to Teheran where his girl friend lived. The Iranians finally requested that he leave the country.

Normal pilots are apparently contracted at $100,000 p.a. and Tech Reps at $70,000 p.a. and MAAG feel this is above norm.

E) The Factory (to use the local expression), is now finished, (see photos), but nobody knows what practical plans exist. The only activity was a class of Iranian students learning Italian. People talk of 3rd/4th echelon maintenance, assembly, etc., but an enormous amount of effort is going to be needed. I had three separate tours of the facility, the final one by Engineer Taufanian (the General’s brother in charge of all a/c manufacturing). It was most impressive, everybody was very proud, but at the same time they grasped at every word one uttered, every suggestion one made, lacking assistance and direction.
Agusta have a 30% share in the facility, and promised six months ago that someone would be sent immediately to take up the key position and start the program.

A list of items was given to me by the Iranians asking BHC for prices and lead times of parts, machines, etc. they were having difficulty procuring. Most of the heavier machines in storage there had come from Czechoslovakia.

F) Fourteen Blue Ribbon engines were ordered through Rolls Royce - via Agusta - only 6 actually arrived in-country, the remainder were standard engines.

G) In-country mechanic training started 6 months late, and what training is given is of a poor quality.

H) MAAG feel the Iranians have been sold a dud armament system for the 205A using the MG3 German gun, soft mounted, and through recoil problems constantly jamming. Apparently it is a system that even the Italian Government wouldn't buy. Emerson have since shown Agusta the M-21, which activated the Shah himself into giving Agusta two weeks to fix the system, or have the contract cancelled. The two weeks has recently been extended to the end of April. Nobody believes it possible to fix, and the M-21 system is as good as sold.

I) The CH-47 program apparently is chaotic. This program is costing $59 m for 16 a/c, including training and 5 spare engines. The FMS offer was $35 m with 16 spare engines. Iranians are looking into ways of cancelling this contract.

J) Lycoming have three Reps in-country, who confirmed that all three services were most unhappy with Agusta support. They no longer ship spares for Iran through Agusta, but directly through Air Taxi Co.
was because some of the initial $1/2 m spares order sold to Iran through Agusta never appeared, and corroded new T-13 engines arrived in-country via Agusta apparently having been used, then re-packaged and not preserved. They were delivered as new engines.

(2) Colonel Vari, Commander of the Navy Aviation Section, told me that up to January 1971, only 13% of what was laid down in IIN contract had been delivered. He stated that as soon as the contract was fulfilled, supposedly by June 1971, he would procure from Bell.

He also quoted a 205A delivered with leaking fuel cells. On investigation it was discovered that this new aircraft had old patched fuel cells.

4. **MAAG**

About six months ago the ARMISH-MAAG became truly involved at Iranian request. Since then all personnel from General Twitchell down has become deeply involved and these general objectives have been formulated.

I. Go to any source possible to achieve the support and training.

II. Help plan for additional aircraft.

III. Specifically train enough pilots to enable them to take on ground duties, to be prepared for the additional aircraft when ordered.

To this end MAAG made three major recommendations, all of which have been accepted.

I. A Technical Assistance Team of five civilian specialists to arrive April 1, to evaluate and advise.

II. An M.T.T. team of 4 pilots into country for 90 days, to assist in tactical training, mission planning, etc.

III. Send 90+ pilots to United States for complete military training, and
3.2 FMS letter of intent has been signed.

LTC Estes has drawn up a 3 year plan of procurement/operation with 3 phases.

<table>
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<tr>
<th>YEAR</th>
<th>TO ESTABLISH</th>
<th>206A</th>
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<td>1971/2</td>
<td>4 Air Cav. Bat.,</td>
<td>3 1/2</td>
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<td>-</td>
</tr>
<tr>
<td>1972/3</td>
<td>-</td>
<td>4 1/4</td>
<td>6</td>
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</tr>
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<td>1973/4</td>
<td>10</td>
<td>4 1/2</td>
<td>6</td>
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This calls for a further 20 C 205's and 40 209's. This is a firm requirement, based on the Iranian determination to establish the best and strongest force in the Middle East. The Iranians definitely prefer not to deal FMS, but if they have to they will. However, if Bell wants to consider any direct sale, with MAAG pushing to sell FMS - (They recently tried to sell 150 OH-13's to the Iranians)- they must respond fully to the Iranian requests.

It is, in any case, the ambition of MAAG to help through complete disenchantment with what has taken place.

At this moment the Iranians want as much HueyCobra information as possible to start their planning, etc. General Taufanian welcomed a full scale BHC briefing, which was endorsed by MAAG.

5. IMPERIAL IRANIAN ARMED FORCES

I. Imperial Iranian Navy (IN)

Prince Sharriar Chafik is a key man in the IN, having direct access to the SHAH, and will probably be C-in-C within 5 years. He also is insisting that future procurement for spares and aircraft come from BHC, and in this regard Air Taxi are in negotiations with the Navy for starting such a spares support program.

The Navy will be sending two engineer Lieutenants to Bell for 3 months maintenance and overhaul courses starting July.
The Navy will soon have 12 206A’s, 4 205A’s and 6 SH-3D’s. They also operate 6 SRN6’s and have 6 SRN7’s on order (the 200 passenger variety). They intend to expand, and plan a further 8 205A’s and 6 AH-1J’s. This is as recommended by the MAAG.

II. Imperial Iranian Air Force (IIAF)
Presently operate Kaman HH43B’s and will be receiving some 206A’s for VIP work. They also operate F-4’s, F-5’s and C-130’s (second largest C-130 force outside USAF). The Kamans could eventually be replaced by 212’s.

III. Imperial Iranian Army Aviation (IIAA)
The major operator, with over 40 205A’s and 45 206A’s due in service. They have the most trouble supporting their aircraft, and have obtained from MAAG a computer readout from St. Louis (for $300) of recommended airframe stock.

Avco Lycoming directly submitted a proposal for engines, not going through MAAG or Agusta, which was accepted. The relationship between Lycoming and IIAA is excellent, with 3 Tech Reps on contract.

Major Tohidi, Chief of the Army Aviation Procurement asked for a similar proposal from Bell for recommended spares holding at one depot for 50 206A’s — for 1 year (first year of operation) flying 300 hours p.a. — airframe and engine (if possible). Exactly the same as for 50 205A’s — airframe only.

He also wishes to procure from BHC as soon as the present contract has been fulfilled. This also was the sentiment of Gen. Gandehavi, C-in-C Army Aviation.

- 8 -
IV. Imperial Flight Hangar

A very impressive operation commanded by Colonel Shafaat Poure (IIAF), flying 4 205A's and 2 206A's. He was promised delivery of 2 212's for December 1970. He stated the Shah was now going to visit CAGA to inspect his first aircraft. Though they had an occasion to wait up to 4 months for spares, the service provided was otherwise good. The Colonel has visited Dallas - Fort Worth area on numerous occasions, and has seen the Bell plant and expressed positive interest in being able to deal with Bell.

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V. Red Lion and Sun

An organization equivalent to our Red Cross, operates Aero Commanders, and recently procured a 205A for mountain rescue and ambulance work inter-hospital transportation, VIP missions, etc. The Commander is Major Haji Moniri. He works closely with Air Taxi and disclosed plans to procure 5-10 206A's in ambulance configuration, with the C-20 engine, with delivery about a year from now.

VI. Procurement - M.I.O.

Mr. Dahesh is Assistant Chief of Procurement to General Taufanian, who has of late been losing favor through one or two badly conducted programs, etc. (The Agusta deal is one of them, and confidential sources indicated that a public scandal might break out, unless solutions were found fast).
Mr. Dahesh was put into his position by the Shah personally to establish in the procurement division some technical and economic rationale. He is a youngish man having made a fortune in business with IBM and Westinghouse agencies in Iran, and attracted the Shah's attention.

Dahesh was emphatic about the problems Agusta were causing, and that his main mission was to enforce the contracts, but then never make another one with them. He would like to do all future business with Bell. He thought that Bell, with excess capacity and having the military approach, was the only obvious choice for the future. We discussed all this with the General, who agreed.

The first stage of the Iranian helicopter procurement plan was near completion, and now they should look elsewhere for the second stage. He indicated a strong interest in the HueyCobra, and wanted Bell to help with the factory, and future support, etc. He stated a keen desire to discuss these ideas and open up alternatives, with Bell Management in mutual confidence. He expressed his determination to rid the country of Agusta, cut their losses and turn elsewhere. He disclosed that top level meetings had taken place in Iran to discuss possible ways of terminating contracts (including the CH-47's) and buying Agusta's share in the "factory." An alternative needs to be found. In this regard, both General Taufanian and Dahesh visited SNIAS last year.

April 17th was tentatively suggested for a full Bell visit, with an AH-1G presentation.

SUMMARY
The Iranian Military Industrial Organization and Armed Forces have asked for
BHC participation in support, training, procurement, and contributions to a facility (parallel to Northrop's). They feel this will determine the success or failure of all their helicopter programs.

The next two years will be a time of consolidation for the Armed Forces, but the general plan is for all the helicopter branches to expand as fast as reasonably possible. By the end of 1971 these will be near 200 helicopters in-country, and by 1975 they intend to double it, with the introduction of the HueyCobra (40+), and the 212 (25+) and more 205A's (50) and 206A's (25).

The Shah has ordered all Government Ministries to procure helicopters; thus the civil government market has potential for police work, power and pipeline patrol, VIP work, etc. The Ministry of Agriculture alone are already considering the purchase of 50 helicopters for agricultural purposes. As the military helicopter market expands, so will the commercial, and indeed those of nearby countries.

G. P. B. Horsley
## ATTACHMENT I.

### HELICOPTER STATUS OF PRESENT PROCUREMENTS AND FORECAST REQUIREMENTS 1971-76

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**GENV Z7002276**
LETTER OF JUNE 30, 1978
FROM
Mr. Hawke
TO
Mr. Marinaccio
ENCLOSING A SECOND VERSION
OF A MARCH 17, 1971 MEMORANDUM
TO FRANK SYLVESTER FROM C.P.B. HORSLEY
(301)
June 30, 1978

Charles L. Marinaccio, Esquire  
Special Counsel  
Committee on Banking, Housing  
and Urban Affairs  
5300 Dirksen Office Building  
Washington, D. C. 20510

Dear Lindy:

As you know, among the Bell Helicopter documents that I sent up to you on June 16, 1978, was a memorandum to Frank Sylvester from C. P. B. Horsley dated March 17, 1971, concerning Horsley's trip to Iran between February 20 and March 12, 1971. We have recently come across another version of Mr. Horsley's trip report, which takes the form of a memorandum to the file. While this version is virtually identical to the one we have already furnished, I thought you should have it as well.

Best regards.

Sincerely,

[Signature]

John D. Hawke, Jr.

Enclosure

cc: Joseph P. Covington, Esq.
    Richard J. Morvillo, Esq.
MEMO TO:    File
SUBJECT:  Trip Report Iran, February 20 - March 12.

1. BACKGROUND AND PRESENT STATUS

Iran is a country of 30 million people, covering 600,000+ square miles of mainly what one can only describe as semi-desert with hot, high and dusty conditions prevailing. This rugged country is ideal helicopter terrain with ill-defined borders, oil to protect, and guerrillas to fight. The Shah himself is a great helicopter exponent and it was he a few years back who called for 150 helicopters to be procured as fast as possible. The Imperial Flight Hangar for instance contains 6 helicopters and he pilots the aircraft regularly himself.

He is a man of great vision and vigor and is determined to make Iran a great nation, and Leader of the Middle East. A great nation defined by good social, political and economic advancement and a strong leader by the best and most able of Armed Forces.

The defense budget has increased 100% in the last four years and this year alone has increased 30% to over $1,000 m. Iran receives most of its income in oil revenue, and the recent Teheran talks guaranteed them an extra $3,600 m over the next five years. Defense will absorb a large proportion of this. The country is politically stable (relatively speaking) and is on good terms with Israel and most Arab countries (excluding Iraq in particular where border skirmishes, etc., are taking place daily). This situation along with Iran's determination to fill the vacuum left by the British on withdrawal of the Persian Gulf are their two main theatres of activity.

The original Iranian procurement story is of past history and thus will not be discussed, suffice to say contracts worth near $200 m were signed with Agusta for 100 206A's, 44 205A's, 16 CH-47's and 6 SH-3D's, plus training, support, etc. and participation in setting up an in-country facility.
The 206A's and 205A's were supposed to be all in country by the summer of this year, but deliveries are near 6 months behind schedule with approximately 30 206A's and 15 205A's yet to be delivered. 30 206A's were traded off last year for a further 8 205A's. See attachment (1) for the status on deliveries. Also see attachment (2) for reference to names as mentioned through the report.

Iran has formed a Regional Cooperation for Development (RCD) agreement with Turkey and Pakistan to progress towards what one might call a "Middle East Common Market".

The atmosphere within the country is one of determination for stability and progress.

2. BELL REPRESENTATIVE - AIR TAXI COMPANY

Air Taxi Company is situated on the main airport/base perimeter in Teheran and is a company of nearly 200 persons (incl. 25 pilots) operating 14 Aero Commanders, 5 Turbo Commanders, 5 DC3's, 7 Pipers, 2 Cessnas, and 1 Turbo beaver. The various activities include non-scheduled passenger and cargo charters (esp. Civ. Govt.), photographic and agricultural operations, with light aircraft maintenance carried out at the main facility. The issued capital of the company is 50 million rials ($3.75m) and the chairman and managing director is Mr. A. H. Zanganeh. The one named director is A. Chafik (Prince Shakriar Chafik's father), but the real influence behind the company is General Khatemi, The Air Force Commander-in-Chief. As a serving officer he officially is not allowed to hold offices outside his military capacity but in reality anything that flies Gen. Khatemi has an interest in - as he does for instance in Iranian Helicopters - the Bristow set-up operating 47's, 206A's, W.W.III's and Alouette III's.

The sales manager for Air Taxi is Mr. Khalil Iranzad, a very fine and hardworking gentleman, who gave me every hospitality and moment of his time to what very soon became a very busy schedule. He is new in the job and more helicopter orientated staff are needed if any further progress is made. Whilst being Bell's representative, they also look after the interests of Aero Commander (basically the only fixed wing twin in-country), Westinghouse, Avco Lycoming, Sunair, King, De Havilland, Hawker Siddeley, etc. With Avco Lycoming alone they have done $3 m worth of spare parts, overhaul business, etc., with the L-13 engine. All Iranian Armed Forces Lycoming engine orders now go through Air Taxi.
Mr. Zanganeh had done little to promote the Bell name over the last few years, having felt totally defeated by Agusta in the original play off and having had to watch the "whole show" from a distance. He fast became involved though as the tempo increased, and was most vital in arranging meetings, etc.

3. MAAG

It was about six months ago that ARMISH-MAAG first became truly involved at the Iranians request. Since that time everybody from General Twitchell down has become involved in the project and these general objectives have been formulated from the information and requirements given.

I. Go to any source possible to achieve the support and training standards required.

II. Help plan for additional aircraft.

III. Specifically train enough pilots to enable them to take on ground duties, to be prepared for the additional aircraft when ordered.

To this end MAAG made three major recommendations all of which have been accepted.

I. To introduce a Technical Assistance Team into country of five civilian specialists - armament, engines, etc. The team arrives April 1, to evaluate and advise.

II. To introduce a M.T.T. team of 4 pilots into country for 90 days to assist in tactical training, mission planning, etc.

III. To send 90+ pilots to United States for complete military training, and $3.2 FMS letter of intent has been signed, though the Iranians are having great difficulty at present in finding the personnel.

MAAG are involved and committed and Lt. Col. Ben Estes, for instance, spends his whole life and gives all in helping these projects. He has drawn up a complete 3-year plan of procurement/operation for instance for them that again they willingly have accepted.
BELL HELICOPTER COMPANY

Page four 8 April 1971

3 year plan as recommended by MAAG, with 3 phases.

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This alone spells out a requirement for a further 20+ 205 type helicopters and 40 209's. This is a firm requirement, based on the Iranian determination to establish the best and strongest force in the Middle East.

At this moment they want as much HueyCobra information as possible to start their planning, etc., and Gen. Taufanian himself welcomed a full scale briefing and this idea was fully endorsed by MAAG.

5. IMPERIAN IRANIAN ARMED FORCES.

I. Imperial Iranian Navy (IIN).

Prince Shariar Chafik is a very key man in the IIN having direct access to the Shah and will be C-in-C within 7-10 years. I had meetings with him along with Colonel Vari - Commander of the Navy Aviation (seconded from the Air Force), Lt. Commander Parvanesh - procurement officer and various logistics and engineering officers. They all confirmed difficulty in obtaining AOG items from Agusta and indeed problems existed with the very fulfilment of the contract for much had been undelivered. Prince Chafik is insisting that all future procurement for spares and aircraft, for reasons of reliability, fast delivery, etc., come from B.H.C. and in this regard Air Taxi are deep in negotiations with the Navy for starting such a spares support program. I sat in on a couple of meetings and it is progressing well.

The Navy will be sending two young engineer Lieutenants over to Bell for 3 months maintenance and overhaul courses starting July.

The Navy have on order and will soon be operating 12 206A's, 4 205A's and 6 SH3D's in the Persian Gulf on mainly patrol work - stopping infiltrators and smugglers along the 1000 mile coast line. They also operate 6 SRN6's and have 6 SRN7's on order (the 200 passenger variety). They have every intention of expanding further and plan for 8 205A's and 6 AH-1J's

FTW 37008019
- this is recommended by the MAAG - Lt. Cdr. Meiling is working closely with IIN in Teheran and they also have a couple of officers working and flying with them full time down at Abadan, Krosrowabad, and Karg Island.

II. Imperial Iranian Air Force (IIAF).

A service that is completely U. S. orientated and wishes nothing more, especially through General Kathemi and Air Taxi, to be able to order all future spares and any aircraft from Bell. They presently operate 16 Kaman HH43B's very successfully and will be receiving 4 206A's for VIP work. They also successfully operate F-4's, F-5's and C-130's (second largest C-130 force outside USAF).

III. Imperial Iranian Army Aviation (IIAA).

The major operator with 40 205A's and 40 206A's due in service. They undoubtedly have the most trouble supporting their aircraft and have already obtained from MAAG a complete computer read out from St. Louis (for $300) of what is recommended as a stock to support these aircraft.

Avco Lycoming submitted a proposal direct for their engines, not going through MAAG or Agusta and it was immediately accepted. The relationship between Lycoming and IIAA is excellent, with 3 Tech Reps on contract.

Major Tohidi, Chief of the Army Aviation Procurement asked for a similar proposal from Bell for 1) Recommended spares holding at one depot for 50 206A - for 1 year (first year of operation) flying 300 hours p.a. - airframe and engine (if possible).

2) Exactly the same as above except for 50 205A's - airframe only.

He expressed every desire and intent to procure from B.H.C. as soon as the present contract had been fulfilled. This also was the sentiment of Gen. Gandehavi, C-in-C Army Aviation.
IV. Imperial Flight Hangar

A very impressive operation commanded by Col. Shafaat Poure (IIAF) and flying 4 205A's and 2 206A's. He was promised delivery of 2 212's for December 1970, and nothing had arrived, though stated that the Shah was going to visit CACA next week to inspect his first aircraft. Though they have had an occasion to wait up to 4 months for spares, the service provided was otherwise good. The Colonel has visited Dallas - Fort Worth area on numerous occasions and has seen the Bell plant and expressed positive interest in being able to deal with Bell.

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V. Red Lion and Sun.

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FTW 37006021

7. POTENTIAL

In true retrospect one can only describe the progress made in such short a time with so many obstacles as incredible. One cannot help but admire them.
A new aviation era has been born in Iran and with the determination and foresight of such men as the Shah, it can only progress in leaps and bounds.

The next two years will be a time of consolidation for the armed forces, for they must not dilute their effort and resources. The general plan is though for all the helicopter branches to expand as fast as reasonably possible. By the end of 1971 there will be near 200 helicopters in country and by 1975 they intend to double it, with the introduction of the HueyCobra (40+), and the 212 (25+) and more 205A's (30) and 206A's (25).

The Shah has ordered all Government Ministries to procure helicopters, thus the civil government market has potential for police work, power and pipe-line patrol, VIP work, etc. The Ministry of Agriculture alone are already considering the purchase of 50 helicopters for agricultural purposes. As this market expands so I'm sure will the commercial market.

The groundwork has been laid, the requirements fairly well established, now it is up to us - the manufacturers and sellers.
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### HELICOPTER STATUS OF PRESENT PROCUREMENTS AND FORECAST REQUIREMENTS 1971-76

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**Note:** Figures represent the status and forecast requirements for various models of helicopters in Iran for the years 1971-76. The table includes details of deliveries, totals, and forecast requirements for different categories of helicopters, including military and commercial models.
LETTER OF JUNE 26, 1978
TO
ATTORNEY GENERAL GRIFFIN B. BELL
FROM
SENATOR WILLIAM PROXMIRE
(318)
The Honorable Griffin B. Bell  
Attorney General  
Department of Justice  
Washington, D.C. 20530

Dear Mr. Attorney General:

I am enclosing a copy of a letter from Arnold and Porter, attorneys for Textron, Inc., dated June 21, 1978, forwarding to this Committee the latest submission of Textron-Bell documents that were covered by a subpoena issued by this Committee on January 31, 1978. Also enclosed are copies of approximately 120 documents transmitted by Arnold and Porter in their June 21 letter.

As you recall, this Committee approved the issuance of the subpoena in connection with its investigation of a $2.9 million payment by Textron's Bell Helicopter Division to Air Taxi, the Company's Iranian sales agent. This investigation arose pursuant to the Committee's hearing on the nomination of G. William Miller to be a member of the Board of Governors of the Federal Reserve.

Some of the documents included in Textron's latest submission appear to contradict sworn testimony given the Committee. One document indicates that Textron-Bell officials were aware that General Mohammed Khatami, then Commander-in-Chief of the Imperial Iranian Air Force, was the "real influence" behind its sales representative, Air Taxi, whereas Textron-Bell officials earlier had testified that they had no such knowledge. Also, Textron's attorneys did not explain why these documents were not included with the initial documents furnished the Committee last February in response to its subpoena.
I request a thorough investigation by the Department of Justice to determine whether, in light of the latest submission of Textron-Bell documents and the timing of the submission, any Federal criminal statutes were violated.

Sincerely,

William Proxmire
Chairman

WP:bfg

Enclosures