

Note: Harold Keats alleges that with assets of \$6,871,607 on Dec. 31, 1955, and about a million shares of stock outstanding, Northeast's stock should be worth about \$6 a share. He says it rose to \$12 before the CAB examiner's ruling, then immediately afterward fell to 8-plus, now has again risen to nine-plus. He takes this as evidence that Odlum is "manipulating" the stock.

Berlin

*Northeast Airlines
or Odum*

Buried in the back pages of a CAB examiner's report on New York-Florida air routes are some startling remarks and recommendations about Floyd Odum, aviator, ~~former New Deal Democrat~~, and president of the Atlas Corporation, an investment firm.

Atlas owns most of the stock in New England's tiny Northeast ~~Airlines~~ Airlines, one of several air carriers at present trying to break into the lush Florida trade ~~now~~ ^(to date) monopolized by National and Eastern.

Northeast lost the first skirmish of this campaign recently when CAB Examiner Thomas L. Wrenn ruled against all other applicants and tentatively awarded a coveted New York-Florida route to Delta Airlines. Odum and the other applicants haven't abandoned hope, however. They've appealed the Examiner's findings and in a few weeks will get a hearing before the five Board members responsible for ^(a) ~~the~~ final decision.

"The relationship between Atlas and Northeast is a strong argument against extending Northeast to Florida," Examiner Wrenn noted in his report denying a new route to Odum's firm. Atlas, Wrenn found, was an investment company specializing in "special situations," whereby it takes over control and management of

Odium 2

ailing firms, reorganizes them, and then sells out at a profit.

"It has been quite successful in ten special situations in which it has invested, having realized a total of \$92,000,000 profit," Wrenn reported.

More serious was Wrenn's charge that Atlas had in the past openly flouted the orders and regulations of the CAB -- grounds, Wrenn thought, for a full-fledged CAB investigation of Atlas.

One such ^{flouting} flouting involved acquisition by Atlas of a controlling interest in Consolidated Vultee Aircraft Corporation, though the required CAB approval hadn't been asked. After the CAB got wind of this, it ordered Atlas to get rid of most of its *Northeast* stock, ~~in Northeast~~. Odium didn't, however. He hedged and delayed, doggedly kept ~~his~~ control of *Northeast* and eventually instead sold out most of ~~Atlas Corporation's~~ ^{*this*} Convair holdings at a \$10,000,000 profit.

"It seems obvious," noted examiner Wrenn, "that Atlas elected disposal of the 'special situation' which would result in more profit to it," regardless of the CAB's orders.

"Thus, while the extension of *Northeast* would solve Atlas' problems, it is by no means certain that the problems of *Northeast* would be solved," Wrenn concluded. "The public interest is not served by the issuance of route certificates where, as seems certain here, the certificate will be a pawn of speculative capital,"

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Wrenn declared in denying Northeast's application.

Summing up, Examiner Wrenn noted that Atlas directors Oswald Johnson, W. C. Rockefeller, and George E. Allen are involved in an interlocking relationship with Airfleets, on whose board they also sit, also that Atlas had acquired control of aviation firms like Titeflex, Babb, and Northrup Aircraft without first obtaining CAB approval. Of Atlas Corporation's \$71,461,000 investments, 36 percent are in aviation.

Besides sole ownership of the Nutt-Shel Company, maker of self-locking airplane nuts, Atlas has in addition had interests in the following transportation firms over the past two years:

- General Dynamics Corporation
- Douglas Aircraft Corporation
- Boeing Airplane Company
- Lockheed Aircraft Corporation
- North American Aviation, Inc.
- Consolidated Vultee Aircraft Corporation
- New York Central Railroad

"The existence of the interlocking relationships and directorates without Board approval in this record, " wrote Examiner Wrenn, "is sufficient reason for finding that the extension of Northeast, with the resultant profit to Atlas, is not in the public interest. In fact, the evidence ~~shows~~ and charges made here suggest that a Board investigation of the Atlas -- Northeast control relationship would be in the public interest."

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