

The Deal of the Decade

written by Dan Hagedorn | October 22, 2024



This story actually had its beginning, for this student of the subject, in 1958 when, by the Grace of God, my mother managed somehow to conjure up the \$20 necessary for the purchase of a copy of William Green and John Fricker's classic, [The Air Forces of the World](#), (Hanover House, New York). It remains book No. 1 in my personal library, although rather tired looking and slightly tattered from countless revisits.

Amongst the many wonders of military aviation history that this extremely well-researched volume brought to this avid reader were the excellent, by-country summaries of the various Latin American air forces, which held a special interest then, and which still do after all these years. The facts that Green and Fricker compiled were little short of amazing and have stood the test of time remarkably well.

I can candidly state that this book set me on the journey that led me to become an avid (some might say rabid) student of the subject, and it similarly spurred me on to learn even more about these fascinating subjects.

Some of the facts documented in its pages were tantalizing for a young aircraft modeler, who had not as yet allowed his enthusiasm for modeling to become constrained by a singular lack of skill. Although many of the aircraft suggested in this wonderful book seemed ideal for modeling, it became apparent very quickly that accurate information on the aircraft, their coloring and markings, were difficult-if not impossible at the time- to locate.

Of all of these, one of the entries that most captivated my interest was found on page 88, in this simple phrase: "The FAE (Fuerza Aérea Ecuatoriana) took over the Junkers Ju 52/3m transports operated by the Sociedad Ecuatoriana de Transportes Aéreos, the German controlled airline, and some ex-USAAF Seversky P-35s were supplied to equip the first Ecuadorian fighter squadron."

These two, virtually coincidental events, became rather an obsession, and thus began the quest for the details of these aeronautical obscurities.

The first of the two aircraft types of note, the former SEDTA Ju 52/3ms, was the subject of an [American Aviation Historical Society's Journal](#)

article entitled "The Trek of the Aconcagua" (Vol.37, No.3, Fall 1992) but the other, the alleged ex-USAAF Seversky P-35s, became the most difficult research challenge I have ever faced, and has only reached completion as of this writing (July 1999) due to the extraordinary and untiring efforts and assistance of Captain Jorge Delgado Panchana, in Ecuador. Another AAHS' Journal article, in two parts, detailing the shipment of Lend-Lease aircraft to Latin America during World War II, involved an exhaustive search of every single Individual Aircraft Record Card for USAAC/USAAF Seversky P-35s, in a vain effort to learn the circumstances of the transfer that Green and Fricker reported in *The Air Forces of the World*, back in 1958. There was no such record.

If I do say so, the story that slowly emerged was worth the wait, at least for this writer, and it shouldn't take long for the reader to grasp the meaning of the title that I had long since settled upon.

Setting the Stage

The 1941 war between Peru and Ecuador has received scant attention, and a considerable body of myth, misinformation and guess work regarding the considerable aviation aspects of the war have been repeated over the years since. To summarize, the basis of the dispute was a combination of politics and territorial boundary questions which, by mid-1941 had escalated to open warfare.

To put it mildly, Ecuador was hopelessly outclassed by the comparatively huge and reasonably well-equipped Peruvian armed forces. Peru's Cuerpo de Aeronáutica (CAP) included in its strength, by that time, North American NA-50 fighter-bombers and Caproni Ca 135s, amongst many other combat-worthy types. Ecuador, on the other hand, could muster only three survivors of a batch of six or seven Curtiss-Wright I9Rs that had been acquired in September 1936- none of which were anywhere near the area being invaded by Peru. In an earlier attempt to bolster her small air arm, like Peru, Ecuador had turned to Italy for 10 Meridionali (Romeo) Ro 37bis reconnaissance bomber biplanes. Delivered commencing in May 1937, these proved disastrous, and all but three had been lost to accidents or mechanical failure by June 1939. Although two of these were still on hand as of the time of the border dispute with Peru, they both languished in a hangar at Guayaquil with unconquerable carburetor problems and never flew again.

In view of the extremely poor state of its aerial forces, the Ecuadorian Government hastily organized an Airplane Purchasing Commission (known in Ecuador as the Junta Patriótica de Cooperación a la Defensa Nacional). As tensions increased with Peru, the members of this Commission were rushed to the United States in July 1941 with instructions and funding to buy combat-worthy aircraft with all dispatch and return these home to Ecuador as soon as possible to face the Peruvian challenge.

As most students of the aviation of the late 1930s and early 1940s will know, locating available, combat-worthy aircraft in the U.S. as of early 1941 was well-nigh impossible. The British, French, and other European and Scandinavian governments had placed huge orders for aircraft of all types that had been cleared for export, and the Ecuadorian Commission quickly realized that they were entirely outclassed in terms of buying power and need.

Apparently, the Commission enlisted the aid of an ambitious New York arms export firm (almost certainly the International Aircraft Trading Co., Inc., the President of which was Frank Bellanca, about which more below) and, with the aid of several well-placed commission advances, finally managed to locate certain aircraft that, they were assured, more-or-less fit their immediate needs.

The exact composition of the Ecuadorian Commission is not clear. However, Major Jorge Paez of the Fuerza Aérea del Ejército de Ecuador was sent along as the solitary Technical Advisor, and the party was joined in New York by a "Sr. López, a Quito storekeeper," who, credited with having had considerable experience in dealing with *Yanquis*, was appointed Secretary of the Commission.

By way of the arms export broker, the Commission was advised that none other than Frank Bellanca of the Bellanca Aircraft Manufacturing Company (not to be confused with his father's firm in Delaware) was in a position to provide Ecuador with the aircraft they were seeking. It will be recalled that the Bellancas had become implicated in the sale of 20 of the unfortunate Bellanca Model 28-90 Flash aircraft to the Spanish Loyalist forces during the course of the Spanish Civil War. These got no farther than Mexico, however where, after a confusing series of poorly disguised intrigues involving the Greek and French governments, the aircraft were seized. They were temporarily incorporated into the Mexican Air Force (where two of them were promptly crashed), but by the time of the Peru-Ecuador border war, the surviving 18 were still regarded as Spanish Loyalist property and available for sale. Ecuador immediately expressed an interest in these and offered to pay cash for immediate delivery. Upon learning that the British had purchased the engines separately (along with unspecified spare parts) and that the aircraft were stored in poor condition, however, the deal promptly collapsed.

Bellanca stepped forward with yet another offer of aircraft for Ecuador, and it is these five aircraft that are the focal point of this saga. Bellanca offered four "P-35 type pursuit aircraft" for a total of \$175,000.00 and a "... special, high-performance, long-range reconnaissance aircraft" for an additional \$45,000.00. The mysterious Sr. López, vaguely aware that the P-35 was a U.S. Army Air Corps pursuit type, and no doubt encouraged by a 10% commission if the deal went through (amounting to some \$30,000.00), immediately set things in motion to close the deal, although he had only a poor understanding of the nature of the special reconnaissance aircraft, which he thought would be useful to reconnoiter Lima-or possibly deliver a bomb or two. Major Paez, however, upon learning of López' peremptory action, somehow arranged an entirely separate deal with Bellanca- for the same aircraft-in which a 5% commission (\$15,000.00) would be paid!

Learning of this duplicity, the astute López filed suit against Bellanca in the local courts for his \$30,000.00 commission. However, Bellanca, no slacker, contended that his \$15,000.00 payment to Major Paez was the only legally binding commission due to any of the Ecuadorians, and apparently so convinced the U.S. courts.

The Ecuadorian authorities, learning of the fraud via their embassy in Washington, immediately ordered Major Paez home and placed him under arrest, launching at the same time a full investigation into the circumstances of the aircraft that they apparently now owned.

And exactly what five aircraft did the Ecuadorian investigators learn were involved in this extraordinary deal? They were described as follows in the full U.S. Military Intelligence Division, War Department General Staff report on this entire incident:

"The Commission bought four airplanes of the P-35 type and one tri-motor Bellanca. The P-35s were demonstrators or racers and have large fuel tanks, no armament, and are incapable of armament due to the wing gas tanks. The tanks on two of the planes leak badly. Some instruments do not work. Three of the planes used to belong to Seversky, Jacqueline Cochrane and Frank Fuller. They have all been test flown by the United States Air Mission. The tri-motor Bellanca is a former transcontinental racer. The wings are plywood covered over wood spars and contain extra gas tanks. The fuselage is tubular construction covered with fabric. The center engine, a 420-hp Ranger, has been overhauled once and must have more than 500 hours. The wing motors, 220-hp Menascos, have about 30 hours each. All motors are in good condition. This same plane was advertised in the May 1941 issue of the magazine Revista Aérea, for the price of the engines and propellers alone, valued at only \$15,000.00."

Astute readers will quickly recognize these aircraft for what they really were. They were none other than the famous, record-setting Seversky racers of the late 1930s, and the solitary Bellanca 28-92, the ultimate fates of which, until now, have been the subjects of considerable speculation.

The Aircraft

For the benefit of those not familiar with these wonderfully evocative airplanes, here follows a brief capsule history of the airplanes involved in this Deal of the Decade.

Seversky SEV-DS, MSN 42. Built in September 1937, this aircraft was described as a two-place cabin land monoplane mounting a 815-hp Wright R-1820G-5 engine, and was sold to the Shell Aviation Corporation, St. Louis, Missouri, who had it registered as NR-1291 in the 'Restricted' category that same month. It suffered an accident in the hands of none other than James H. Doolittle at North Beach, NY September 9, 1937, and was shipped back to Seversky for repair. It was damaged again in Burbank, CA January 31, 1938 and yet again May 20, 1938 when the gear was either left up on landing, or folded upon landing. Wright overhauled and uprated the engine to 1000-hp at about this point and the aircraft was approved for an Experimental License as NX-1291 February 25, 1939. As of August 24, 1940, the total time on the aircraft was a respectable 584:10. It suffered one further accident January 5, 1941 at Roosevelt Field in the hands of a pilot named Brabham, and was shipped back to Seversky for repairs one last time before being sold to the International Aircraft Trading Co., Inc., 122 East 42nd Street, New York on October 2, 1941. Until now, its subsequent fate has remained unknown. It in fact was shipped to Ecuador where, initially, but became their serial C-2 and later, probably FAE 201.



The Seversky SEV-DS (msn 42) while bearing Experimental License NX-1291 , and being flown by Jimmy Doolittle at Roosevelt Field. It became NR-1291 and then went to Ecuador, probably first as C-4 then later as FAE 203. (Photo: Frank Strnad.)

Seversky SEV-S2, MSN 43. Built in July 1937 and described as a single-place cabin land monoplane, this aircraft mounted a Pratt & Whitney R-830SC-G Twin Wasp of 1,050hp when new and was sold August 12, 1937, to Frank W. Fuller, Jr. of San Francisco, CA who had it registered as NR-70Y. This aircraft had a 350-gallon fuel capacity and was built specifically to race in the September 1937 NAR Bendix Race, in which it placed first on September 4th. It suffered only one known accident, at Denver on October 15, 1938, involving damage to the left main landing gear and wing, but was repaired by Continental Air Lines there. It was approved for Experimental License NX-70Y on July 1, 1939. Like the earlier aircraft, this one was also sold to International Aircraft Trading Co., Inc., and was shipped to Ecuador to become C-4, and later FAE 204.



The Seversky SEV-S2 msn 43, NR-70Y, race number 77 as flown by Frank Fuller. This aircraft probably became C-2 and later FAE 201 in Ecuador although this is not confirmed. (Photo: Frank Strnad.)

Seversky AP-7, MSN 145. Built in May 1938, and described as a one-place cabin land monoplane, this aircraft mounted a 950-hp Pratt & Whitney R-1830BG and was used by Seversky as a demonstrator, registered as NX-1384. As such, it underwent a number of engine changes as sales efforts for the aircraft advanced. In August 1938, a 1,200-hp Pratt & Whitney E-1830SIC-G was fitted and the configuration was changed to a two-place cabin land monoplane. With a change to single-place again in October 1938, the aircraft was subsequently re-engined again in November 1939 with an 1,100-hp Pratt & Whitney S3C-G Twin-Row Wasp for racing in the U.S.. Total time as of June 12, 1940 was given as only 206:30. This was the aircraft used by Seversky himself to set a new transcontinental speed record in 1938, and by Jacqueline Cochran to win the Bendix Race September 3, 1938. It, too, was sold to International Aircraft Trading Co., Inc. for a reported \$40,000.00 as a single-seater October 10, 1941 and was shipped to Ecuador, where it became C-3 and later FAE 202.



Seversky AP-7 msn 145, NX-1384, race number 13, which had been flown to fame by none other than Jacqueline Cochrane in the Bendix Race. It is believed to have become C-3 in Ecuador and, later FAE 202. (Photo: Frank Strnad.)

Seversky EP-1, MSN 147. Built in September 1938, and sometimes cited as the EP-1-68, the actual Seversky documents in the CAA file for this aircraft never identified it as anything but EP-1. This was an extremely well-traveled aircraft, used by Seversky (which became Republic Aviation Corp. in early 1940) for extensive demonstrations in Europe. Described as a single seat, cabin land monoplane, it was powered by a 1,200-hp Pratt & Whitney R-1830-S1C-G and was approved for Experimental License NX-2587 November 22, 1938. It was shipped to Paris, France early in 1939 for demonstrations there by Seversky himself as well as Burrell and Hopla. Later, it was also demonstrated in Belgium, Norway, Sweden, England and Poland. It was hastily crated and shipped home when Germany invaded Poland. Following re-assembly, short-range outer wing panels and smaller capacity fuel tanks were substituted for the originals. Like the other sister ships, it was sold to the International Aircraft Trading Co. October 10, 1941, for \$40,000.00 and subsequently shipped to Ecuador where it became C-1 and, later, FAE 200. It is worth noting that one source erroneously reported that this very aircraft (along with the single AP-9, NX-2598) had been sold to the Dominican Republic in 1940, probably a failed earlier deal of Bellanca's.

Bellanca Model 28-92, MSN 903. Built in September 1937 and powered by one Ranger SGV-770-B4 (center) of 420-hp and two Menasco C6S-4s of 250-hp each (outer, all engines being hand-started), this aircraft was issued Experimental License NX-2433 August 9, 1938, for unspecified "experimental purposes". It was a low-wing, cantilever monoplane, designed specifically for long-distance flying and was identified on CAA documents from the builder as a two-place land monoplane. The airplane's Experimental License was renewed on August 22, 1939 specifically for participation in the Bendix Races that year, flown by Art Bussy, when it finished second at 244.486mph-defeated, ironically, by none other than Frank Fuller in the Seversky described above (it had been flown in the 1938 Bendix Race also, by Frank Cordova, but had to drop out when it lost an engine-not a word of which was in the CAA file on the aircraft). According to the CAA file on the aircraft, it was owned exclusively by Bellanca until its sale to the International Aircraft Trading Co., along with the four Severskys, October 22, 1941. Although often cited as having been built for the Rumanian playboy Alex Papana, who planned to make a long-distance flight from the U.S. to Rumania with it, this sale was apparently not consummated. Many photos have been published in the interim showing the aircraft with Rumanian civil registration YR-AHA and named Alba-Iulia 1918. These almost certainly illustrated the aircraft before it became NX-2433 in August 1938. It was trucked from the factory in Delaware to New York, where additional work of an unknown nature (but probably the fitting of military equipment) was accomplished prior to shipment to Ecuador. No Ecuadorian serial is known for the aircraft, if indeed it ever carried one.



Bellanca Model 28-92 after apparently being acquired by Frank Fuller and International Aircraft Trading Co. as NX-2433. This is the color scheme it is believed to have worn when delivered to Ecuador. The props and spinners for the two outboard Menasco engines have not been installed. (Photo: Via Dave Ostrowski.)

Meanwhile, at home, the purchase of these aircraft and the scandal associated with the money allegedly received by Major Paez was a matter of acute embarrassment to the Government, which by this time wanted nothing more than to get the aircraft to Guayaquil as soon as possible and press them into service. Accordingly, the Ecuadorian Embassy in Washington requested an Export License for them from the State Department, dated January 9, 1942-but this is believed to have been an amiable deception, as the aircraft had apparently already been shipped from New York and were en route by this date!



Two of the four Severskys, EP-1 NX-2587 and AP-7 NX-1384, at the Dade Brothers facility, Mineola, NY in late 1941 being prepared for shipment to Ecuador by Frank Bellanca 's International Aircraft Trading Co. Note the obvious differences in the two aircraft. (Photo: Frank Strnad Collection.)

The exact date that the aircraft arrived is unclear. However, by October 1942, the President of Ecuador had appointed a Special Prosecutor to investigate the entire matter, as after the U.S. Air Mission had evaluated the aircraft about that time, the already questionable transaction was found to be much worse than thought. In the words of Lieutenant Colonel Harry N. Renshaw, Chief of the U.S. Air Mission, and Major John C. Habecker, USAAF, Assistant Military Attache for Air, the aircraft were "... entirely worthless either for training or combat." Colonel Renshaw was in a rather tight spot, however, as he had verbally approved of the Seversky purchase (but not the Bellanca) as early as October 14, 1941, but on the understanding that the aircraft were actually P-35s, which they were clearly not. As he did not accompany the Commission and never saw the aircraft until they actually arrived, he may be forgiven for being duped in this manner.

This indictment was somewhat at odds with an earlier U.S. Military Intelligence Division Report made in June 1942 which noted that "... the Severskys are just now being assembled and only one of them has been tested. It is expected that the Seversky planes will be in good condition, though they were purchased in the United States second-hand." Oddly, the report, which listed every aircraft in the inventory, made no mention of the Bellanca 28-92.

Keen observers of the interesting Seversky aircraft will quickly recall that, of the four aircraft purchased, only two had ever had any provision for armament whatsoever- the EP-1 and the AP-7. Indeed, the subject of armament for the aircraft was rather glossed over by all concerned during the bargaining for the sale; the Ecuadorian Commission members merely assumed that, since they regarded the aircraft as P-35s, that armament was standard. Bellanca and his trading company apparently only actually showed the Commission either the EP-1 or AP-7, and not the other two, which were "slick" racers.

Incredibly, however, the story grew even worse. Ecuador's best pilots could handle the nimble little Curtiss-Wright 19Rs but, prior to the arrival of the Severskys and the Bellanca, there had been no retractable gear aircraft in the country, let alone high-performance aircraft with engines in excess of 1,000-hp. Accordingly, International Aircraft Trading Co. assisted Ecuador in hiring three U.S. pilots as "Technical Specialists" for the five aircraft (read Mercenary), August Michaelson, Hubert Timmerman and Irving Nelson. It is not clear if these pilots actually reached Ecuador or not or, if so, exactly what role they played in erecting and testing the aircraft. It seems likely that at least one of

them reached Guayaquil.

The absolute clincher in this extraordinary arms sale, however, was the International Aircraft Trading Co. (Frank Bellanca) solution to the complete lack of standard weapons to mount on these aircraft. As part of the package, Bellanca also sold the FAE 25 Marlin machine guns, which had been “scrapped” by the U.S. Army in the immediate post-World War One years. These had been acquired by Bellanca for only a few cents each and the Ecuadorian Commission obligated \$2,000 to overhaul them. However, Bellanca casually told the Commission that he would “...not guarantee that they will not explode the first time fired, or even that they can be synchronized.”



The only known photo showing two of the four Severskys in actual line service with the Fuerza Aérea Ecuatoriana. Here, shown at Guayaquil around 1945 or early 1946, the aircraft are FAE 201 (nearest), the SEV-S2 and FAE 200, the EP-1. The Ecuadorian national insignia is evident on both upper wing panels of each aircraft, plus standard rudder stripes. (Photo: Col. Gonzalo Fernández via Cpt. Jorge Delgado P.)

Exactly what Ecuador intended to do with these virtually useless Marlin guns isn't clear. The EP-1 could mount not fewer than four machine guns (all firing through channels around the cowling and engine) and had an internal bomb rack, and apparently the AP-7 still retained the mounts for two guns over the nose from its days as a demonstrator. The other two aircraft, however, apparently had never mounted armament and, with their essentially “wet” wings, would probably have been impossible to modify to do so in Ecuador.

Ecuador decided to try to do the best she could with her ill-begotten quartet of “fighters” however. With approval for rather substantial Lend-Lease Program funding, one of the very first Ecuadorean requisitions, dated November 13, 1942, was to have all four of the aircraft “...overhauled and armed in the Canal Zone.” The hard-pressed Panama Air Depot, however, when queried, politely but firmly declined to undertake such a radical project, and the aircraft were left to the tender mercies of the FAE and the hard-working U.S. Mission.

By March 1943, the aircraft had been serialized C-1 to C-4 (the ‘C’ for ‘Caza,’ Spanish for fighter or hunter). C-1 and C-2 were stationed at Quito, high in the Andes, while C-3 and C-4 were still at Guayaquil-and all were unserviceable due to persistent fuel tank leaks. By August 21, 1943, the aircraft were still grounded, while the U.S. Mission tried to find a solution for the fuel leaks. Indeed, the aircraft remained unserviceable, except for brief interludes, clear through March 21, 1945, the report of May 18, 1944 noting that “they had been grounded almost immediately after delivery,” although this is not entirely accurate, since at least two of them had been flown all the way to Quito. The aircraft were briefly renovated again by January 1946, when one of the aircraft at Guayaquil was flown to Quito to join the other two there

but by July 1, 1952, only one was shown as on hand, but its status was not given. It was assigned to Quito alongside 10 American Republics Project-supplied Republic P-47D Thunderbolts and was apparently used as late as April 21, 1946, in the search for an FAE Vultee BT-13 that had gone missing, being flown that last known time by a Colonel Gonzalo Fernández.

The Bellanca 28-92, however, lived a far more mysterious existence with the FAE and following arrival in Guayaquil, was apparently spirited off to the FAE base (shared with the U.S.) at Salinas, which put it within range of Lima. Some FAE old timers cite rumors that Ecuador had a Top-Secret plan to use this aircraft in a one-time strike on the Peruvian capitol if hostilities resumed. It was last noted at Salinas, sans insignia of any kind, by USAAF pilot Ole Griffith in 1945, tattered, with flat tires and shoved off at the corner of a hangar line. The ultimate fate of the aircraft is unknown, but it must almost certainly have been eventually scrapped at Salinas.

Incredibly, by October 27, 1959, one of the Severskys was still in existence at Quito, although in poor condition. On that date, this airplane and several other hulks, including a BT-13, were the targets for a public fire power demonstration by FAE Gloster Meteor F.R.9s, Lockheed F-80Cs and English Electric Canberra B.Mk.6s and was almost destroyed in the melee, except for most of the fuselage.



When USAF pilots ferried down the last 11 MDAP F-47D Thunderbolts for Ecuador in June 1953, they were amazed to find this Seversky hulk at Quito. It is almost certainly the EP-1, FAE 200. Note the obvious warpage of the wings, as though it had been drastically overstressed at some point. (Photo: Col. Dell Toedt.)

Nearly ten years later, this writer touched down at Quito aboard an Ecuatoriana airlines Lockheed 188 Electra II. As the aircraft rolled out, I was astounded to see a virtually intact Junkers Ju 52/3m sitting in the grass at one side of the runway and, farther along, beyond the main terminal building, the burnt-out fuselage of a vaguely familiar shape. After rushing through customs and scouting along the perimeter fence, I located a gate attended by a rather bored Ecuadorian soldier. After offering him a little something for his family, he didn't seem to notice that I had slipped in through the gate and wandered out to the burnt-out hulk for a closer look. To my amazement, I found what was unquestionably the remains of one of the now legendary Seversky fighters. If only I'd had the means of doing something about it at the

time!

Since 1969, this student of aviation history has pieced the foregoing story together piece by piece, and has kept this account updated while I searched for photos to illustrate the little-known service lives of these famous airplanes in their final days. Only 30 years later, after letters and e-mails too numerous to mention, Captain Jorge Delgado, who has made valiant efforts in Ecuador to preserve the history of aviation in his country, finally managed to locate a photo of two of the Severskys in service with the FAE, and it is presented here for publication for the first time anywhere.



End of the line, Quito, Ecuador, May 10, 1969. Seversky EP-1 msn 147, formerly NX-2587, Ecuador C-1 and FAE 200 sits forlorn on a concrete pad following its destruction as a target in 1959 and subsequent use as a crash-crew trainer. The fuselage was still in remarkably good condition, all things considered. It has been reportedly stored in a hangar in Quito, but this cannot be verified. (Photo: Author.)

They never saw action, were maintenance nightmares, and probably spent more time as hangar queens than any other aircraft in the history of the FAE. But for a time, they were the only “fighters” that Ecuador had, and their lack of teeth was a state secret!

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