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WASHINGTON, D.C.

OFFICE OF THE CHAIRMAN

July 20, 1976

Dear Mr. Buchen:

I appreciate very much the time you took yesterday to discuss our situation. I am trying to get some additional information, per our discussion, and will forward this to you as soon as possible.

Sincerely,

A handwritten signature in cursive script that reads "Dick Holmquist". The signature is written in dark ink and is positioned above the typed name.

R. C. Holmquist
Chairman

Honorable Philip W. Buchen
The White House



The bank we're interested in is the
Washington National Bank of Tacoma or
the Pacific National Bank in Seattle.

Boeing Sold 11 Jets to Pakistan Airlines Using Agent With Family Tie to Buyer

By HERBERT G. LAWSON
And A. RICHARD IMMEL

Staff Reporters of THE WALL STREET JOURNAL
SEATTLE—Boeing Co., beginning in the early 1960s, sold a large fleet of jetties to Pakistan International Airlines. Boeing's salesmen were helped by a local representative under contract to the Seattle company, a Pakistani named Aziz Jamall.

stan Airlines in 1967 in a political upheaval and was rehired in 1973, he says. In that period of Mr. Jamall's absence, Boeing lost a major sales battle to McDonnell Douglas Corp. to supply jumbo jets to Pakistan.

Aziz Jamall, also reached in Karachi, declined to discuss his relationship with Boeing until he received clearance from the company. Subsequent efforts to interview



Wall Street Journal
6/76

You may wish to substitute this page in
the book for the one with my name on it.

THE RENEGOTIATION BOARD

REPORT OF: Telephone Conversation Personal Interview Conference
 Headquarters _____ Regional Board

Wednesday, July 14, 1976 - 8:45 a.m.
(Date and Time)

Lockheed Aircraft Corporation
(Contractor's Name)

(Asgmt. or LPI No.)

(Contractor's Address)

FYE December 31, 1972
(F/Y/E)

(Contractor's Tel. No.)

NAME OF ALL PERSONS CONFERRING: Frederick Neuman, Deputy Director, DCAA
Goodwin Chase, Board Member

REPORT OF DISCUSSION:

Mr. Frederick Neuman, Deputy Director, DCAA, advised me by telephone this morning that my request for his auditors to return to Lockheed, should the contractor consent, has been denied.

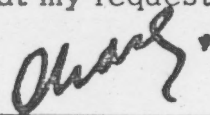
Mr. Neuman advised the request was taken up with Assistant Secretary of Defense McClary.

Referring to the Jack Anderson column of July 9th, Neuman said the decision was based on the desire that the DCAA should "lay low."

Mr. Neuman assured me that in the event any representative of the Board makes a Lockheed plant visit, their resident auditors will be pleased to cooperate in any way they can, but such cooperation would be limited to information already developed.

Mr. Neuman considered my request that DCAA re-enter Lockheed as "informal" and indicated he would appreciate our not considering it a formal request.

I hastened to thank Mr. Neuman for the contribution he and DCAA have made for the Board and assured him that my request was indeed informal.



Interviewer(s) Goodwin Chase
Board Member

(Use other side or separate blank sheet for additional space if needed)

Form RB 68
4-67

(over)

cc: Board Members, Office of Financial Analysis, General Counsel, H. Miller, J. O'Connor, T. Driscoll, Central Files



"S"

This is the memo from the files at DCAA
which should go along with the memo
written in our office.

16 July 1976

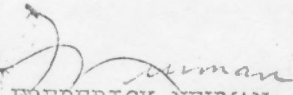
MEMORANDUM FOR RECORD

SUBJECT: Renegotiation Board

On 9 July 1976, Mr. Goodwin Chase spoke to me on two occasions in reference to our assist audit for them on Lockheed and the article appearing in the Washington Post by Jack Anderson. During these conversations he advised that auditors representing the Board (4 in number) made some efforts to continue the audit started by DCAA with regard to the 1972 Renegotiation submissions of Lockheed. Additionally, the Board requested Lockheed to furnish information on this same subject within a 30-day timeframe which had ended on 13 June 1976. Lockheed came in for a 30-day extension which was about to expire on 13 July 1976, and that only very recently they were asking for an additional 30 days in which to supply the requested information. Mr. Chase advised that he planned to recommend to the Board that this latest extension be granted with the provision that Lockheed make their books and records fully available for audit. This referred to Lockheed's earlier denial of access to their records by DCAA. Finally, he informally asked whether DCAA would resume the audit if Lockheed was amenable to this arrangement.

On 14 July 1976, Mr. Chase again called me inquiring as to our willingness to resume audits. At the same time, he made it very clear that his inquiry was completely informal and was not to be regarded as a request coming formally from the Board. Having previously discussed this with Secretary McClary on 12 July 1976, I advised Mr. Chase that we believed it would be much more appropriate for the Board to continue the balance of the audit examination with the four auditors already assigned to this case by the Board. I assured Mr. Chase that if the Board auditors needed assistance the DCAA personnel staffs at Lockheed sites would be cooperative in furnishing information from their files. Mr. Chase accepted this view and advised that he does not plan to make a formal request on DCAA.

Immediately following my discussion I called the regional manager, Alex Soll, who through the Lockheed contract audit coordinator will alert the other audit sites to expect requests for information from auditors representing the Renegotiation Board.


FREDERICK NEUMAN
Deputy Director



REPUBLIC CORPORATION (1969)
NEWPORT NEWS SHIPBUILDING AND DRYDOCK COMPANY (1969)

On June 29, 1976, the Renegotiation Board voted unanimously to defer action on the above two cases to permit comment by the contractors involved.

On July 7, 1976, Mr. Chase moved that the above action be rescinded, but the motion failed for lack of a second.

On July 13, 1976, Mr. Chase asked that a statement (see Minutes attached) be made a part of the minutes. This statement drew almost immediate response from all other Board Members, as well as certain staff members who were present at the Board Meeting. (See Exhibits attached to the Minutes.)



REPUBLIC CORPORATION
1900 AVENUE OF THE STARS
SUITE 2700
CENTURY CITY
CALIFORNIA 90067
TEL: (213) 553-3900

K. EUGENE SHUTLER
Vice President and General Counsel

M. H. Long
32

RECEIVED
JUL 15 8 11 AM '76

THE RENEGOTIATION BOARD

July 12, 1976

Mr. J. S. Lieberman, Jr.
Acting Director
Office of Financial Analysis
The Renegotiation Board
Washington, D. C. 20446

Re: Renegotiation Proceedings
Republic Corporation
Fiscal Year Ended October 31, 1969

Dear Mr. Lieberman:

Your letter of July 9 addressed to me arrived this morning. I have consulted by telephone with Harold Gold, Esq., who represents us in matters before The Renegotiation Board. He has suggested that both his schedule and the extreme complexity and age of the facts regarding this matter make it impossible to meet your deadline of July 23. I therefore request that we be permitted until August 15 to respond to your letter.

Sincerely yours,

[Handwritten Signature]

KES:1b

cc: David Anthony, Esq.
Erv Bolks
Harold Gold, Esq.



Mr. Holmquist

THE RENEGOTIATION BOARD

REPORT OF: Telephone Conversation Personal Interview Conference
 Headquarters _____ Regional Board

7-13-76 and 7-15-76
(Date and Time)

Newport News Shipbuilding & Drydock Company
(Contractor's Name)

13589
(Asgmt. or LPI No.)

(Contractor's Address)

(F/Y/E)

804-380-2700

(Contractor's Tel. No.)

NAME OF ALL PERSONS CONFERRING:

W. H. Smith, Comptroller & Treasurer, Newport News Shipbuilding & Drydock
J. S. Lieberman, Jr., Acting Director, Office of Financial Analysis
REPORT OF DISCUSSION:

On July 13, Mr. Smith called in answer to our letter of July 9 regarding the rescission of the special accounting agreement. He said that the contractor would like to arrange a meeting to talk about the proposal to put them on the completed contract method. He said that the IRS regulations effective last January, pertaining to long term contracts, now permit inclusion of period costs, including sales and pension expenses, rather than those costs applicable to the contract. As a result, he indicated that they would have improperly shown a very large loss on a contract for two cruisers. These were delivered in 1974 and final settlement was made in 1976. He suggested that the only equitable method of accounting was to use final settlement as the basis for accounting.

After Mr. Smith consulted his accountant, Jerry Walker of Arthur Andersen & Co., on July 15 we firmed up a meeting date of Thursday, July 29, at 9:00 a.m. This date is convenient for the ERRB, Division of Accounting, our Accounting Section and the Office of General Counsel.

J. S. Lieberman, Jr.

J. S. Lieberman, Jr.
Interviewer(s)

(Use other side or separate blank sheet for additional space if needed)



NO. 1997

THE RENEGOTIATION BOARD
Minutes of Meeting of
Tuesday, July 13, 1976

2000 M Street, N. W.
Washington, D. C.
10:00 A. M. - 10:30 A. M.

The following members were present:

R. C. Holmquist, Chairman
Rex M. Mattingly
Goodwin Chase
Norman B. Houston
C. U. Sylvester

The following were also present:

Kelvin H. Dickinson, Secretary to the Board
John B. Davis, Special Assistant to Mr. Chase
Henry M. Chick, General Counsel
Donald S. Grenough, Director of Operations
W. H. Harrison, Director, Office of Screening,
Compliance and Exemptions
George Lenches, Director, Office of Planning
and Development
Jerome S. Lieberman, Jr., Acting Director,
Office of Financial Analysis
E. Richard Rhodes, Director, Office of
Administration

1. Approval of Minutes

The minutes of the meeting held July 7, 1976
were approved.



THE RENEGOTIATION BOARD
Tuesday, July 13, 1976

2. Conco, Inc. (1970)
Class A Clearance - Approved

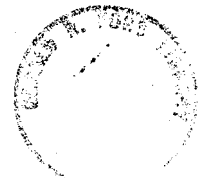
There was submitted to the Board by the Acting Director, Office of Financial Analysis, the Review of Determination, dated July 9, 1976, together with attachments, including a proposed Final Opinion (Exhibit A), relative to CONCO, INC., fiscal year ended December 31, 1970. The Acting Director, Office of Financial Analysis, recommended that the proposed Final Opinion be modified by inserting "on the above and" between the words "Based" and "on" in the last paragraph.

Upon the motion of Mr. Chase, seconded by Mr. Houston, the Board approved a clearance in the subject case for the fiscal year indicated, as recommended by the Eastern Regional Renegotiation Board and concurred in by the Acting Director, Office of Financial Analysis, and the Final Opinion, as modified (Exhibit B). A Clearance Notice will be issued to the contractor, together with the Final Opinion.

3. Pressed Steel Tank Co., Inc. (1971)
Class A Clearance - Approved

There was submitted to the Board by the Acting Director, Office of Financial Analysis, the Review of Determination, dated July 9, 1976, together with attachments, including a proposed Final Opinion (Exhibit C), relative to PRESSED STEEL TANK CO., INC., fiscal year ended December 31, 1971.

Upon the motion of Mr. Sylvester, seconded by Mr. Houston, the Board approved a clearance in the subject case for the fiscal year indicated, as recom-



THE RENEGOTIATION BOARD
Tuesday, July 13, 1976

mended by the Western Regional Renegotiation Board and concurred in by the Acting Director, Office of Financial Analysis, and the Final Opinion. A Clearance Notice will be issued to the contractor, together with the Final Opinion.

4. Exemptions - ACE List #2955

The Board approved the recommendations of the Office of Screening, Compliance and Exemptions, set forth in ACE List #2955 (Exhibit D).

5. The Carborundum Company (1975)
Late Application for Commercial Exemption -
Granted

There was submitted to the Board the memorandum, dated July 8, 1976, of the Director, Office of Screening, Compliance and Exemptions, subject: "Request for Permission to Make Untimely Filing of Application for Commercial Exemption, The Carborundum Company, 12/31/75 - LPI No. 12197" (Exhibit E).

The Board approved the recommendation of the Office of Screening, Compliance and Exemptions, that the Board grant permission to the contractor to make an untimely filing of an Application for Commercial Exemption for the fiscal year indicated.

6. Republic Corporation (1969)
Newport News Shipbuilding and Drydock Company
(1969)

Reference was made to the actions of the Board on June 29, 1976 (Minutes No. 1995-5 and 8), and on



THE RENEGOTIATION BOARD
Tuesday, July 13, 1976

July 7, 1976 (Minutes No. 1996-9), with respect to the above contractors.

Mr. Chase made the following statement which he requested be made a part of the minutes:

"The following is a summary of my statements made at the July 7, 1976 Board Meeting and submitted to the Secretary, which was deleted from the Minutes by direction of the Chairman. I consider the reasons important for they support the validity and purpose of my motion which failed for lack of a second.

"On June 29, 1976, moments before the Board Meeting, Mr. Chick, at that time Director, Office of Financial Analysis, appeared in my office to notify me of his intention to recommend to the Board that a 'courtesy' notice be given to the following contractors before recommendations are implemented as follows:

1. Agenda Item #5, Republic Corporation, FYE 10/31/69 - Recommendation: Office Directors, General Counsel and staff unanimously recommended that the Board withdraw for valid and sufficient evidence its Clearance Without Assignment for the subject year.
2. Agenda Item #8, Newport News Shipbuilding, FYE 12/31/69 - Recommendation: The Eastern Regional Renegotiation Board, Office Directors and staff unanimously recommended that the Special Accounting Agreement, dated February 23, 1973, for the 1969 year and subsequent years for valid and sufficient evidence be rescinded.

THE RENEGOTIATION BOARD
Tuesday, July 13, 1976

"My June 29th vote authorizing 'courtesy' notification to the contractor was on the presumption that such notice had heretofore been the practice of the Board. Subsequently, I found no source where any Clearance Without Assignment had been withdrawn or Special Accounting Agreement rescinded wherein a prior 'courtesy' notice had been transmitted as a favor to the contractor.

Note: Subsequently, the so-called 'courtesy' notice became by Board Motion to be 'comments' and 'reaction' of the contractors.

"I expressed the opinion that a precedent is being established not in the interest of the renegotiation process. I briefly reviewed with the Board the unanimous and unqualified recommendations of Office Directors, Region, General Counsel and professional staff that the Clearance Without Assignment be withdrawn (Republic), and that the Special Accounting Agreement (Newport News) be rescinded. I stated that the recommendations were supported by the weight of the evidence. (See details in formal recommendations.)

"Mr. Chick, at the request of Mr. Burkhalter, Acting General Counsel, called to my attention that Roderick Hills, Chairman of the Securities and Exchange Commission, was formerly attorney and Chairman of Republic Corporation. I asked if there was any significance to the reference of Mr. Hills. I was advised there was none.

THE RENEGOTIATION BOARD

Tuesday, July 13, 1976

"Mr. Chick was asked the question if anyone had exerted influence on him to amend his recommendation. Mr. Chick responded that Mr. Sylvester earlier requested that he (Chick) recommend to the Board that the contractors be given the opportunity to comment and react to the unanimous recommendations (of Office Directors, General Counsel, Regions and staff) before the Clearance Without Assignment be withdrawn (Republic) or the Special Accounting Agreement be rescinded (Newport News). Mr. Chick concluded that he would have done that anyway.

"I pointed out that the notice letters had not yet been mailed to the contractors, whereupon I placed my motion before the Board, which follows:

'In view of the foregoing, I move that the Board reconsider its actions of June 29th, directing the Office of Financial Analysis to obtain the Republic Corporation's reaction to the recommendation of the Office of Financial Analysis and the General Counsel that the contractor's Fiscal Year Ended 1969 Clearance Without Assignment be withdrawn and further, that the Board notify the contractor that the Clearance Without Assignment has been withdrawn and the case is being assigned.

THE RENEGOTIATION BOARD
Tuesday, July 13, 1976

'The motion further provides that the Board reconsider its action of June 29th, directing the Office of Financial Analysis to solicit Newport News Shipbuilding and Drydock Company, Fiscal Year Ended 1969 response to the recommendation of the Eastern Regional Board that the Special Accounting Agreement of February 23, 1973 be rescinded, and further, that the Board notify the contractor that the Special Accounting Agreement has been rescinded.'

"After discussion by the Board and staff, the motion failed for lack of a second."

The Chairman stated that he will submit a memorandum commenting on certain assertions in Mr. Chase's statement which will be appended to the minutes (Exhibit F) and noted the right of the other members of the Board to submit such memoranda. Attached are memoranda setting forth the views of Messrs. Mattingly, Houston and Sylvester (Exhibits G, H and I, respectively).

At the request of Mr. Mattingly, staff members were invited to prepare statements of their comments on the aforesaid actions of the Board on June 29 and July 7, 1976, which statements will be appended to the minutes. Attached are statements by Messrs. Chick, Grenough, Harrison and Lieberman (Exhibits J, K, L and M, respectively).

7. Adjournment

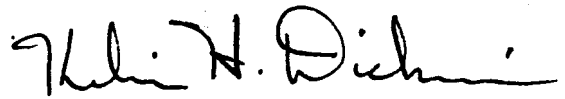
The meeting adjourned at 10:30 A. M.

THE RENEGOTIATION BOARD
Tuesday, July 13, 1976

8. Final Actions Eliminating Excessive Profits

Final actions taken at this meeting regarding
elimination of excessive profits are as follows:

Agreements	None
Unilateral Orders	None



Kelvin H. Dickinson
Secretary

EXHIBIT F MINUTES OF BOARD MEETING, JULY 13, 1974

Following are comments regarding Mr. Chase's statement, dated July 9, 1976, which he submitted for the Minutes as a summary of his statements at the July 7, 1976 Board Meeting:

1. I did not direct that anything be deleted from the Minutes as he indicates. So that the record is clear, I was advised by the Secretary's Office that Mr. Chase wanted to substitute his own version of the Minutes in place of those which had been prepared by Mrs. Maxine Morrell who acted as Secretary for the July 7 Board Meeting. Attached are copies of both "versions" showing clearly the Secretary's handwritten notes on each, which read "My version," on her own Minutes, and, "Mr. Chase's version," on the Minutes Mr. Chase wanted to substitute. When asked which version to use, I advised Mrs. Morrell that, in my opinion, no Board Member, including myself, should tell the Board Secretary how to write the Minutes or try to influence what goes into them; that when the Minutes are "green-sheeted" to all Board Members, they then have ample opportunity to recommend corrections.

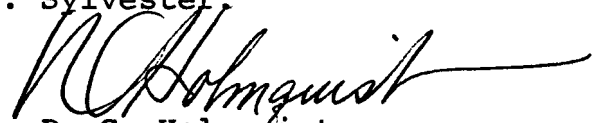
2. The use of the term "moments" in the second paragraph does not seem appropriate. Mr. Chase, at the Board Meeting, said that the elapsed time before the Board Meeting was about 20 minutes. In any event, Mr. Chase had ample opportunity to express any objection he may have had to Mr. Chick's proposed action.

3. With regard to Mr. Chase's vote on June 29, in the case of Republic Corporation (1969), the motion was to defer the matter until July 27, 1976, and direct the Office of Financial Analysis to obtain the contractor's reaction to the recommendation by the Offices of Financial Analysis and General Counsel that the clearance without assignment be withdrawn; and in the case of Newport (1969), the motion was to defer the matter until July 27, 1976, and direct the Office of Financial Analysis to solicit the contractor's response to the recommendation by the Eastern Regional Renegotiation Board that the special accounting agreement be rescinded. Mr. Chase voted in favor of both motions. What Mr. Chase voted for is a fact. What he may have had in mind at the time, such as authorizing "courtesy" notification, is immaterial, particularly since he did not ask that the motion be amended. Mr. Chase even asked that the motion before the Board be repeated so that he might be sure he understood it.

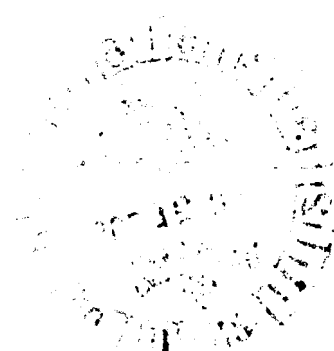


4. Mr. Chase's note which reads "Subsequently, the so-called 'courtesy' notice became by Board Motion to be 'comments' and 'reaction' of the contractors" implies that the intent of Mr. Chick's recommendation was altered when the motion was made. This is not true as evidenced by Mr. Chick's memorandum dated July 6, 1976 (copy attached).

5. On page 2 of Mr. Chase's memorandum, he refers to a conversation between Mr. Chick and Mr. Sylvester. It is my recollection that Mr. Chick was asked why he changed his mind, not whether there was any influence exerted on him by Mr. Sylvester. On the other hand, Mr. Chick did say that he talked to Mr. Moreland, a member of his staff, and that this conversation had some influence on his taking the action that he did. Mr. Chick subsequently volunteered that Mr. Sylvester called him about the same matter, but I recall no mention of any request being made by Mr. Sylvester.


R. C. Holmquist
Chairman

Attachments



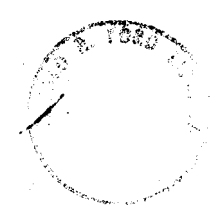
my version

THE RENEGOTIATION BOARD
Tuesday, July 7, 1976

Republic Corporation (1969)
Newport News Shipbuilding and Drydock Company
1969

Mr. Chase made a motion that the Board reconsider its action of June 29, 1976, directing the Office of Financial Analysis to obtain the reaction of Republic Corporation, fiscal year ended October 31, 1969, to the recommendation by the Offices of Financial Analysis and General Counsel that the Clearance Without Assignment issued to Republic Corporation be withdrawn, and to solicit the response of Newport News Shipbuilding and Drydock Company, fiscal year ended December 31, 1969, to the recommendation by the Eastern Regional Renegotiation Board that the Special Accounting Agreement dated February 23, 1973, be rescinded, and that the Board adopt the recommendations of the staff to withdraw the Clearance Without Assignment and rescind the Special Accounting Agreement.

After a lengthy discussion by the Board and staff, the motion failed for lack of a second.



Mr. Chase's version

THE RENEGOTIATION BOARD
Tuesday, July 7, 1976

Republic Corporation (1969)
Newport News Shipbuilding and Drydock Company
1969

Mr. Chase stated that on June 29, 1976, moments before the Board Meeting, Mr. Chick, Director, Office of Financial Analysis, appeared in his office to notify him of his intention to recommend to the Board that a courtesy notice be given to the following contractors regarding:

1. Agenda Item #5, Republic Corporation, FYE 10/31/69 -

Western Regional Renegotiation Board and Statutory Board staff recommendation that the Board withdraw its Clearance Without Assignment for the subject year.

2. Agenda Item #8, Newport News Shipbuilding, FYE 12/31/69 -

Eastern Regional Renegotiation Board and Statutory Board staff recommendation that the Special Accounting Agreement, dated February 23, 1973, for the 1969 year and subsequent years be rescinded.

Mr. Chase stated that his June 29th vote authorizing "courtesy" notification to the contractor was on the presumption that such notice had heretofore been the practice of the Board. Subsequently, he found no source where any Clearance Without Assignment had been withdrawn or Special Accounting Agreement rescinded wherein a prior courtesy notice had been transmitted to the contractor. He reviewed the unanimous



recommendations of Office Directors, Regions, General Counsel and professional staff that the Clearance Without Assignment be withdrawn in the instance of Republic Corporation, and that the Special Accounting Agreement in the instance of Newport News Shipbuilding and Drydock Company be rescinded. He stated that the recommendations were supported by the weight of the evidence.

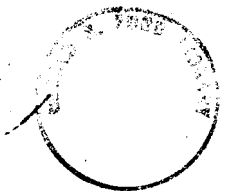
Mr. Chick, at the request of Mr. Burkhalter, Acting General Counsel, called to Mr. Chase's attention that Roderick Hills, Chairman of the Securities and Exchange Commission, was formerly attorney and Executive Officer of Republic Corporation. Mr. Chase asked if there was any significance to the reference of Mr. Hills. He was advised there was none.

Mr. Chase said, "In view of the foregoing, I move that the Board reconsider its actions of June 29th, directing the Office of Financial Analysis to obtain the Republic Corporation's reaction to the recommendation of the Office of Financial Analysis and the General Counsel that the contractor's Fiscal Year Ended 1969 Clearance Without Assignment be withdrawn and further, that the Board notify the contractor that the Clearance Without Assignment has been withdrawn and the case is being assigned.

The motion further provides that the Board reconsider its action of June 29th, directing the Office of Financial Analysis to solicit Newport News Shipbuilding and Drydock Company, Fiscal Year Ended 1969 response to the recommendation of the Eastern Regional Board that the Special

Accounting Agreement of February 23, 1973 be rescinded, and further, that the Board notify the contractor that the Special Accounting Agreement has been rescinded."

After a lengthy discussion by the Board and staff, the motion failed for lack of a second.



July 6, 1976

Republic Corporation
FYE 1969

and

Newport News Shipbuilding and
Drydock Company
FYE 1969 and subsequent

I changed the recommendation with respect to these two companies at the Board meeting on June 29th from that reflected in each report to the Board to the following:

I recommended that the cases be deferred for no longer than one month so that the staff could get a response from each contractor with respect to the action contemplated. In both Republic and Newport News the Board did not yet have the contractors' response. My action was motivated out of an abundance of caution and fair play. The caution was dictated by the fact that both the reviewer and the accountant in the Republic case could visualize the possibilities, remote, of the contractor having a good explanation.

H. M. Chick

Exhibit 2
1997-6

July 14, 1976

MEMORANDUM OF REX M. MATTINGLY

SUBJECT: Republic Corporation (1969)
Newport News Shipbuilding and Drydock Company (1969)

At its meeting on June 29, 1976 the Renegotiation Board had before it the recommendation of H. M. Chick, Director, Office of Financial Analysis to withdraw the Clearance Without Assignment which had been issued to Republic Corporation for its fiscal year ended October 31, 1969.

To withdraw a Clearance Without Assignment the contractor must have committed "fraud or malfeasance or willful misrepresentation of a material fact". In reviewing the recommendations of the staff members in connection with Republic, I found sufficient questions to warrant further explanation.

For example, in Mr. Burkhalter's memorandum to Mr. Chick he states that:

"In his interviews with the officers of Republic, Mr. Kincaid was informed that the R&D costs which were transferred from ITC to Polan for the sum of \$1.3 million, were the same R&D costs which were subsequently sold to Wollensak for \$1.3 million and later charged as an expense against renegotiable sales for the fiscal year ended October 31, 1969."

In this connection, Mr. Kincaid's memorandum, only states that:

"Republic reported a capital gain on the sale of Polan's assets of approximately \$1.45 million which is essentially the same amount of R&D (Other Assets) shown on Schedule II."

Also, Mr. Weiss's memorandum indicates that the Western Region had not been able to determine that the contractor had received a double tax benefit for the \$1.5 million of R&D expenses by examining the contractor's tax returns.

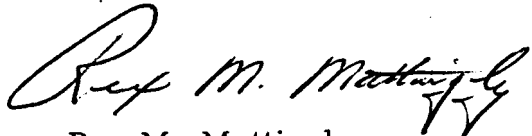
From the above I concluded that it was far from certain that the \$1.3 million of R&D costs charged to renegotiable business was the same R&D as that sold to Wollensak.

At the June 29, 1976 meeting Mr. Chick also recommended that the Board rescind the Special Accounting Agreement which had been issued to Newport News Shipbuilding and Drydock Company for its fiscal year ended December 31, 1969 and subsequent years.

In connection with that recommendation, I noted that the contractor had not been asked for an explanation of the accounting discrepancies. In my experience on the Board it is most unusual to take unilateral action on accounting matters without having the benefit of the contractor's explanation.

In connection with each of the above recommendations and any other similar recommendation, I believe it would be irresponsible for the Board to take action without giving the contractor an opportunity to explain the circumstances and rebut the charges made. I know of no state or Federal regulatory agency which, when a question arises as to the propriety of information filed with the agency, does not give the individual or corporation an opportunity to justify and explain the filing before taking unilateral action. Surely that is the most just and efficient way for a Governmental agency to operate.

Consequently, had Mr. Chick not orally amended his recommendation to give the contractors an opportunity to explain, I was prepared to offer a motion to do just that. The Board has nothing to lose by asking the contractor for an explanation and much to gain if the contractor has a reasonable explanation. I cannot understand how anyone could object to such a proposal.


Rex M. Mattingly

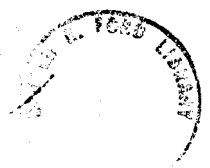


Exhibit H - Minutes of July 13, 1976

Subject: Republic Corporation, 1969
Newport News Shipbuilding and Drydock Company,
1969 and subsequent years

Reference is made to the Board action of June 29, 1976,
regarding the above renegotiation cases.

The Board acted unanimously to defer action on written
staff recommendations to July 27, 1976, to permit comment
by the companies involved. The final recommendation of
staff was presented orally prior to and during the Board
meeting. It was that the action recommended in writing
be deferred for a period of no longer than one month.
This oral recommendation to the Board was said to be
motivated out of an abundance of caution and fair play.

The unanimous action of the Board accepted the final
staff recommendation as being reasonable and proper.
This action does not establish a precedent, neither
does it affect any of the rights or authorities of the
Board.



Norman B. Houston
Board Member

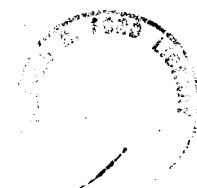


Exhibit I
1997-6

Exhibit I in Response to Mr. Chase's Comments to Item 6, July 13,
1976 Board Minutes

In its action on agenda items 4 and 8 of the June 29th meeting of the Renegotiation Board, the Board approved the oral recommendation of Mr. Henry M. Chick, Director of the Office of Financial Analysis, to defer until July 27th taking final action on the recommendation that the Clearance Without Assignment for fiscal year ending 1969 of Republic Corporation be withdrawn because of fraud and that the Special Accounting Agreement with Newport News Shipbuilding and Drydock Company for fiscal year ending December 31, 1969 and subsequent years, be rescinded. Both deferrals were recommended to enable the Board to obtain the contractors' response to the contemplated action.

The Board has taken no substantive or positive action with respect to either contractor, Republic Corporation or Newport News Shipbuilding and Drydock Company. It has merely acceded to Mr. Chick's oral recommendation that the contractors be informed of the actions being considered by the Board in an attempt to obtain explanatory information from which an informed conclusion can be reached in both cases.

With respect to Republic Corporation, the Board has no firm evidence on which to base a revocation of a Clearance Without Assignment approved in 1971. All it has is a suspicion drawn from some inconclusive evidence. In fact, the agenda item before the Board on June 29 contained documents indicating that after failing to obtain clarifying information from the contractor's tax returns our Office of Accounting was instructed by the General Counsel's office not to contact Republic Corporation, the one source which could shed some light on this matter. Nonetheless, this is not the issue the Board decided, i. e., the withdrawal of the CWA. We merely asked for further information prior to making a decision on the substantive issue.

The "unanimous and unqualified recommendations," referred to by Mr. Chase, submitted to the Board to support the withdrawal of the CWA for Republic contain the following:

Acting General Counsel's Memorandum

1st paragraph . . . Mr. Kincaid concluded that Republic may have improperly charged (Emphasis supplied)



3rd paragraph . . . Mr. Rice was unable to ascertain the precise treatment for income tax purposes of this particular R&D item. (Emphasis supplied)

5th paragraph In view of the problems experienced in attempting to obtain accurate information from sources other than the contractor which would establish the precise treatment of \$1.4 million R&D item and the contractor's failure to disclose this item properly on its RB Form 1. (Emphasis supplied)

6th paragraph

Item 3 The Polan Division paid \$1,306,754 in cash for this R&D technology. (Emphasis supplied)

Item 4 The audit package prepared by Republic for the purpose of the Wollensak sale, reflects intangible assets for 'process and systems development costs' in the amount of \$1,459,384, Exhibit 6. These assets were transferred to Wollensak as part of the sale. The total intangible asset figure apparently consisted of the \$1,306,754 R&D costs purchased from ITC and \$152,000 in R&D costs from Polan's books (Emphasis supplied)

Item 6 This filing sets forth an expense in the amount of \$1,368,876 for capitalized R&D intangibles written off the books as worthless. (Emphasis supplied)

Mr. Kincaid's Memorandum

5th paragraph In all probability, Republic at the time of submission of its RB-1 filing knew that the aforementioned R&D costs were being included in the assets sold to Wollensak, yet, Republic charged these R&D costs to renegotiable business. (Emphasis supplied)

Mr. Weiss's Comments

1st paragraph . . . there is a likelihood that subject contractor improperly allocated \$1.5 million of Research and Development Expenses to renegotiable business for fiscal year 1969. (Emphasis supplied)



Remarks such as: "may have;" "was unable to ascertain;" "apparently;" "in all probability;" and, "there is a likelihood", noted above, do not lead to a firm conclusion that the contractor is guilty of fraud or willful misrepresentation. There are also discrepancies in the amounts of the supposed understated profits of: \$1,306,754; \$1,459,384; \$1,368,816, and \$1.5 million which further reflect ambiguity in the material submitted. Thus, the available information, rather than supporting General Counsel's conclusion of "fraud or malfeasance or willful misrepresentation of a material fact," rather indicates confusion.

Certainly if during the period of deferral it becomes obvious from discussions with the contractor or other sources that the suspicion is fact and that the consolidated profits are understated, then the CWA should be revoked.

The same situation pertains to Newport News Shipbuilding and Drydock Company; we have taken no affirmative action. We have merely deferred a decision on whether to rescind a Special Accounting Agreement to obtain more information. The file does not indicate that any attempt has been made by the Regional Board, or by the staff of the Statutory Board, to obtain from the contractor an explanation for the variations in the numbers reported under the percentage of completion method of accounting.

In addition, the Board's General Counsel, in his memorandum to the Eastern Regional Board of January 29, 1976, contains a requirement which he advised must be met before a retroactive rescission of a Special Accounting Agreement can be made. This requirement is noted by the following:

. . . Consistency would appear to dictate that the rescission should be applicable to all of the contractor's open years unless a retroactive application would, in the Regional Board's opinion, cause undue hardship upon the contractor. If the Regional Board should find that a retroactive rescission would in fact cause undue hardship to the contractor, then, at the Regional Board's discretion, it may recommend that the rescission be prospective only. (Emphasis supplied)

The material accompanying the June 29 agenda item gives no indication that the Eastern Regional Board made such a finding or



that it even considered the question. More information is required before the Board can take action on the proposed recommendation.

Mr. Chase's recollection and recitation of the facts, as recited in Item 6 of the July 13 minutes, is faulty.

1. Prior to the unanimous approval of Mr. Chick's recommendation on Item 4 of the June 29 agenda, and at Mr. Chase's request, the Secretary reread the motion and the recommendation of Mr. Chick. As previously indicated, the motion carried unanimously.

2. At the Board meeting the following week, July 7, in explaining to the Board the events which lead to his recommendation, Mr. Chick did state that a conversation with me was among those he had on this subject. He stated, however, that his first discussion was with Mr. Robert Moreland, Supervisor, Accounting Section, Office of Financial Analysis, and that subsequently I had also raised the matter with him. He further indicated that he had already decided to amend his recommendation.

After reviewing the subject agenda item prior to the June 29 Board meeting, I was concerned that the Board did not have sufficient justification for the actions proposed. Further, that no attempt had been made to determine whether evidence existed to justify some staff assumptions or whether there was a logical explanation. Significantly, in one case (Republic Corporation), an attorney-advisor in the Office of General Counsel, directed the accounting staff not to explore this matter with the contractor. In the other case (Newport News Shipbuilding and Drydock Company), it appeared that neither the Eastern Regional Board staff nor the Statutory Board staff had bothered to obtain from the contractor an explanation, if there is one, for the variations in the numbers reported under the percentage of completion method of accounting used by the contractor.

My concern was, and is, to avoid charges against the Renegotiation Board of bureaucratic harassment and arbitrariness by being reasonably certain that the Board has in its possession sufficient evidence to sustain any charges it may make or any action it may take.

In conclusion I want to reiterate that we have reached no conclusion on the merits of either case. We have merely deferred

action until we have sufficient information to form a basis for deciding the issues on the merits. Both deferrals were recommended to enable the Board to obtain the contractors' responses to the contemplated action.

Christopher U. Sylvester
Christopher U. Sylvester



Exhibit J
1997-6

July 15, 1976

Statement concerning Republic Corporation
FYE 1969

and

Newport News Shipbuilding and
Drydock Company
FYE 1969 and subsequent

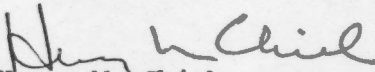
At the meeting on July 7th when the above-captioned matters came up for discussion after being approved by the Board on June 29th, as the former Director of the Office of Financial Analysis, I repeated the reason for changing the recommendation which had been given to the Board on June 29th:

I recommended that the cases be deferred for no longer than one month so that the staff could get a response from each contractor with respect to the action contemplated. In both Republic and Newport News the Board did not yet have the contractors' response. My action was motivated out of an abundance of caution and fair play. The caution was dictated by the fact that both the reviewer and the accountant in the Republic case could visualize the possibilities, remote, of the contractor having a good explanation.

At another point in the meeting on July 7th, the question was asked as to the evolution of the change in my recommendation. My answer was that Robert Moreland, Assistant Director, Accounting, Office of Financial Analysis, told me that he had been having some discussions with Mr. Grenough, Director of Operations, concerning the lack of a response from Newport News Shipbuilding and Drydock Company in that case. This prompted me to think about the matter, and I recalled that Republic Corporation had not been accorded an opportunity to reply either. I decided to change my recommendation and so advised the Members of the Board on Tuesday morning, the day



of the meeting. I also advised Mr. Grenough and Mr. Moreland and the Members. Subsequent to my conversation with Mr. Moreland, Mr. Sylvester, Board Member, asked me about the matter of replies from the contractors in these cases and I told him that I was going to modify my recommendation so that we could have time to get replies.


Henry M. Chick
General Counsel



THE RENEGOTIATION BOARD

Exhibit K
1997-6

DATE : July 14, 1976
TO : The Renegotiation Board

FROM : Donald S. Grenough
Director of Operations *DSS*

SUBJECT: Republic Corporation
Fiscal Year Ended October 31, 1969
Proposed Rescission of Clearance Without Assignment

Newport News Shipbuilding and Drydock Company
Fiscal Year Ended December 31, 1969
Proposed Rescission of Special Accounting Agreement

In accordance with the discussion at the Board Meeting on July 13, 1976, wherein written comments were requested from staff, I offer the following information.

In my position as Director of Operations, I routinely review a variety of data, including the Board agenda items. From time to time, I will discuss technical, administrative and policy matters with staff and make suggestions where I deem appropriate.

On Monday, June 28, 1976, late in the afternoon, I was reviewing the agenda for the Board meeting scheduled for June 29. During my review, I noted that in connection with the Newport News case that the data to be presented to the Board did not include any comments from the contractor relative to the proposed rescission of the special accounting agreement. I called Mr. Chick, then Director of Financial Analysis, to discuss the matter with him. Since he was unavailable at that time I asked Mr. Moreland, Supervisor Accounting Section, Office of Financial Analysis whether or not the case file contained any comments furnished by the contractor on the action being proposed to the Board. Mr. Moreland said that contractor comments were not obtained either by the Regional office or by his office during the review of the case. I indicated to Mr. Moreland that since the contractor had entered into the special accounting agreement with the Board it seemed appropriate to obtain contractor comments for the consideration of staff and Board prior to the Board taking action. Further, I indicated that in our dealings with contractors we generally seek out the contractors comments on proposed actions by staff that may adversely affect the contractor. This is done as a normal business practice in order to acquaint staff with any data a contractor chooses to offer on the subject, and it also permits the Board the opportunity to be made aware of such data

RBF-37 INTEROFFICE MEMO
4-70



Memo to: The Board
Subject: Republic Corp.
Newport News

2.

in their evaluation of the matter. Mr. Moreland agreed that it would have been more appropriate if contractor comments were obtained and evaluated by staff, prior to the Board taking action. I suggested that Mr. Moreland discuss the matter with Mr. Chick to get the benefit of his thoughts prior to the Board meeting.

The next morning, June 29, prior to the Board meeting, I visited with Mr. Chick and made reference to my prior discussion with Mr. Moreland. Mr. Chick indicated that he had discussed the matter with Mr. Moreland and that he (Chick) was going to recommend to the Board that the item be deferred to permit his staff the opportunity to obtain contractor comments, since he also agreed this was the appropriate thing to do. Further, Mr. Chick indicated that he intended to propose to the Board the same type of action on the Republic Corporation matter, since the contractor comments had not been obtained relative to revoking the clearance without assignment. I indicated to Mr. Chick that I agreed with both of his proposed actions. I did not discuss the Republic Corporation matter with Mr. Moreland the previous day simply because I had not yet reviewed that particular agenda item, but I certainly shared Mr. Chick's thought as expressed above.

In the Board meeting on July 7, I believe that I indicated very briefly that I supported Mr. Chick's position for the reasons described above.

During this Board meeting, as I recall, I made the observation that in my six years with the Board I could not readily recall instances where the Board rescinded a special accounting agreement or revoked a clearance without assignment. Even though we may have had these situations in the past, I expect that they were limited in number. Further, even if in those few cases we did not obtain contractor comments prior to Board action, I would not view this as a substantial precedent to alter the propriety of seeking contractor comments prior to Board action for the reasons described above.

The above represents, to the best of my recollection, my involvement in the subject matter, and at no time during my consideration of the above matters prior to the Board meeting on June 29 did I discuss the subjects, nor have any contact with anyone on the Board or staff other than as described above.



Memorandum to: The Renegotiation Board

July 14, 1976

From: William H. Harrison, Director
Office of Screening, Compliance & Exemptions

W H Harrison

Subject: Agenda Item No. 6, July 13, 1976

At its regular meeting on July 13, 1976, the Board directed staff to prepare a written statement of the logic used in their support of Mr. Chick's verbal recommendation to allow both Republic Corporation and Newport News Shipbuilding and Drydock Company an opportunity to explain their separate positions prior to any positive action by the Board.

The recommendation as it appeared on the agenda item for the June 29, 1976 Board meeting in relation to Republic Corporation was to withdraw the Clearance Without Assignment because of fraud. Mr. Chick verbally amended this recommendation.

I fully supported Mr. Chick's oral recommendation to provide an opportunity to the contractor to answer our charges prior to positive action since there was, in the eyes of the reviewer and the accountant, a possibility, however slight, that the contractor could justify his position. I feel it unfair for the Government to charge a contractor with a criminal act prior to getting all the facts.

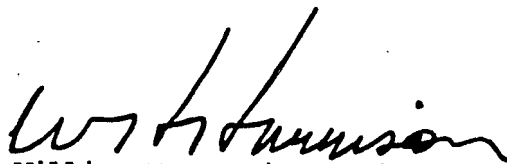


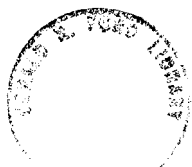
Mr. Weiss stated in his memoranda, which was an attachment to the June 29, 1976 agenda item, "I have been orally advised by Mr. Crockett, an attorney of the General Counsel's office, not to make any inquiry of the contractor until the Board considers this matter and decides what course of action to pursue." This statement points out clearly that our investigation was not complete.

In addition, I feel that a criminal charge against a public corporation would have a traumatic effect on the stock, thus, quite likely injuring innocent investors. A criminal charge based upon incomplete information could be irresponsible and reckless. Only through an inquiry of Republic Corporation officials, could we obtain the information needed to make the responsible decision whether or not to proceed.

I was not aware, when I made my recommendation, of the names of any corporate officials of Republic Corporation in the review year or any subsequent year and, had I known, such knowledge would not have influenced my recommendation in the slightest.

As to Newport News Shipbuilding and Drydock Company and the rescission of the Special Accounting Agreement, I believe it is proper in any open case to hear the contractor's objections, if any, to a Board action which may materially affect the contractor's filings for that year and the future.


William H. Harrison, Director
Office of Screening, Compliance
& Exemptions



Memorandum to the Board

July 15, 1976

Subject: Republic Corporation (1969)
Newport News Shipbuilding and Drydock Company (1969)

At the Board Meeting of July 7, 1976, because Mr. Chase expressed concern about the fact that the proposal to give notice to the subject contractors, before rescinding the actions previously taken by the Board, had been made the morning of the Board meeting, I made essentially the following statement:

Early in the morning of the meeting, Mr. Chick asked my opinion of the proposal to notify the contractors before taking action. I asked him if the contractor could take any legal step which would prevent or delay the rescinding actions. Since neither he nor I could think of any reason how this would be the case, I agreed it was proper procedure to allow the contractor to state any case he might make before taking the final action.

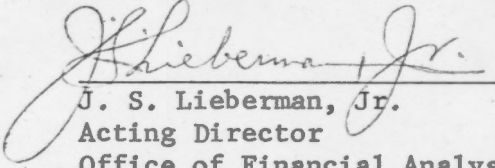
Since I had been reflecting on Mr. Chase's statement that it was our practice without exception to issue orders to contractors when CWA's were revoked (and I assumed in similar cases) I made essentially the following statement at the Board Meeting of July 13, 1976:

I remembered two similar cases in which the contractor had been advised that he had not submitted the proper information to the Board. One case concerned a contractor who had asked that he be allowed to make a refund of the maximum amount of excessive profits to bring his sales to the million dollar floor. This was arranged and contractor made the refund. Some months later, it was discovered that there were other companies under common control with the contractor and that as a result the refund should have been larger because the margin of profit was very high. The contractor was called in and a conference with the then General Counsel was arranged so that he could make the proper filing. Subsequently, a larger refund was obtained.

The second case concerned Thomaston Special Tool and Manufacturing Company, Inc. for 1967 on which I was the reviewer. In the course of my analysis, I found a reference to the acquisition of Thomaston and another company, Precision Products, Inc., by The Torrington Company. Since it was not clear that the two companies were related, I went to the SEC and examined the filing in connection with the acquisition. I discovered that the two companies were under common ownership. This matter was brought out at the Division meeting with the contractor rather than by letter and, subsequently, a filing was obtained for Precision Products, Inc.



In both instances, the evidence was clear that common ownership existed and, in both instances, this fact had not been included on the RB-1 of the contractors.


J. S. Lieberman, Jr.
Acting Director
Office of Financial Analysis



CHRONOLOGY OF MAIN EVENTS RELATED TO
THE LOCKHEED CASE

At its meeting of December 12, 1975, the Renegotiation Board, by a vote of 4 to 1, voted to assign the Lockheed Aircraft Corporation FYE 1972 case to a Division of the Board. This was at the motion of the Chairman, ("A" attached). On December 19, 1975, Mr. Sylvester filed a formal dissent from the vote of the Board of December 12, 1975 ("B" attached). Up to that point the case had been processed in a normal fashion, with a recommendation of clearance by the Western Regional Renegotiation Board.

The Board meeting was followed by an Executive Session of the Board at which the Lockheed case was discussed further, and where the adequacy of the staff examination of the case was questioned by Mr. Chase.

On January 7, 1976, Board Member Goodwin Chase submitted a memorandum for inclusion in the Board Minutes ("C" attached). In discussing the language of the Lockheed minutes of December 12, 1975, Mr. Chase stated that "from the discussion of December 12th, clearly the Board was about to grant Lockheed a clearance for fiscal year 1972." This assertion later became controversial and drew objections, in writing, from other Members of the Board, ("D", "E", and "F" attached).

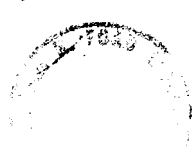


On February 13, 1976, Mr. Chase, without the knowledge of the other Division Members or the Chairman, requested the Defense Contract Audit Agency to develop information to assist with the Lockheed case, and on February 20, 1976, Mr. Chase transmitted the Renegotiation Board's RB-1 filing form as submitted by Lockheed for FY 1972, to Mr. Lynn, Director of DCAA.

On March 26, 1976, Mr. Chase, in a letter to Mr. Lynn, requested that the DCAA pursue its study of the Lockheed case through discussions with the contractor.

On April 13, 1976, the Deputy Director, DCAA, informed Mr. Chase by letter that Lockheed declined to give access to DCAA to the information regarding its 1972 case, both on legal and policy grounds, and that consequently DCAA planned to finalize an interim report to the Board without benefit of Lockheed's comments.

On April 26, 1976, Mr. Chase sent a memorandum ("G" attached), to Ralph Johnson, Chairman, Eastern Regional Renegotiation Board requesting the services of Timothy Driscoll, of Mr. Johnson's staff, for about 15 days, for the purpose of assisting with the development of the Lockheed case. This action, and some of the contents of this memorandum were objected to in writing by the Chairman on April 29 ("H" attached).




Meanwhile, On April 28, 1976, Mr. Chase distributed with a cover memorandum, minutes of a meeting of the Division handling the Lockheed case. This meeting was called at the request of Messrs. Mattingly and Houston, the other two members of the Division.

On April 29, 1976, Mr. Chase distributed with a cover memorandum, copies of a letter by DCAA Deputy Director Neuman, dated April 13, ("I" attached) along with a memorandum by the General Counsel, dated April 27, 1976, which expresses the opinion that the Board does have clear authority to obtain "audit assistance" from DCAA ("J" attached).

On April 30, 1976, Mr. Sylvester filed a 4-page memorandum with the Chairman questioning the position of the General Counsel on the legality of the Board's request to the DCAA for audit assistance ("K" attached).

On May 4, 1976, Mr. Chase wrote to Messrs. Mattingly and Houston, taking issue with Mr. Sylvester's position utilizing the DCAA and asserting that he intends "to continue to do so." ("L" attached)

On May 5, 1976, Mr. Chase distributed with a cover memorandum, a document ("M" attached) Mr. Chase stated represents "for the most part, a composite of audits developed by the DCAA of the Lockheed Corporation's subsidiaries and divisions."



(This was a letter dated 28 April 1976, by Milton Levine, Resident Auditor, Defense Contract Audit Agency, Los Angeles Region.)

On the same day, the Chairman wrote a 3-page memorandum to Mr. Chase commenting on the latter's memorandum of May 3, 1976, and pointing out "several statements which appear to be inaccurate and/or misleading, ("N" attached). On May 6, 1976, Mr. Chase wrote a rebuttal memorandum to this ("O" attached).

On May 13, 1976, the Director, Office of Financial Analysis of the Board sent a letter of 11 pages, plus attachments to Lockheed requesting additional information within 30 days.

On June 9, 1976, Mr. Chase in a memorandum to the Chairman, requested the services of Mr. Driscoll "for not less than an additional fifteen working days from this date." In a note written on the face of this memorandum, the Chairman informed Mr. Chase that the decision on his request would be made following a briefing on the Lockheed case the next day.

On July 7, 1976, H. M. Chick, newly appointed General Counsel of the Board, in a memorandum ("P" attached) to J. S. Lieberman, Jr., Acting Director, Office of Financial Analysis, updated the latter on the status of the Lockheed case, noting that the next course of action would await a report on a


West-coast trip made by Messrs. Driscoll and O'Connor to Lockheed Shipbuilding and Construction Co. and Lockheed's response to our accounting letter of May 13, 1976.

On July 8, 1976, the law firm Miller & Chevalier, representing Lockheed, asked an extension of time to August 13, 1976 for the filing of the information requested by the Board.

On July 9, 1976, a Jack Anderson column appeared in the Washington Post entitled "Auditing Lockheed," ("Q" attached).

On the same day, Mr. Chase distributed a telephone memorandum reflecting a conversation between him and Mr. Neuman, Deputy Director, DCAA, requesting that DCAA return to Lockheed to continue their earlier effort if the contractor would grant consent, and the Chairman requested that the newly-appointed General Counsel of the Board again review the legal issues relating to the obtaining of "audit assistance" by the Board from the DCAA.

On July 12, 1976, Mr. Chase distributed with a cover memorandum, a copy of a letter, dated April 1, 1976, which he said he received anonymously some two weeks earlier, from Thomas J. O'Hara, a Vice President of Lockheed to J. M. Turner, Assistant Director, Aerospace Procurement Service, Aerospace Industries Association of America, Inc., discussing the Lockheed case, ("R" attached).



On July 14, 1976, Mr. Chase distributed a memorandum reflecting a telephone conversation between him and Mr. Neuman, indicating that the request for the return of DCAA auditors to Lockheed was declined after discussion with Assistant Secretary of Defense McClary, ("S" attached).

July 19, 1976

