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DDI-496666

Executive Registry
66-4246/6

8 DEC 1966

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Consultant Report on Agency Procurement

REFERENCE : Your memorandum to DD/I, dated 7 Oct 66, same subject

1. My comments on the recommendations contained in the study of Agency procurement systems by [redacted] follow:

a. Special Assistant to the DDS for Agency Procurement

I endorse the idea of assigning responsibility to one individual for the development and establishment of uniform Agency procurement policies and procedures and the general monitoring of Agency procurement. Such a position could be logically under the DDS or the DDS & T since a split procurement system is recommended.

b. Contract Review Board

The establishment of such a Board appears to me to be unnecessary. Certainly the individual designated above could review contracts of the stipulated level, calling for such information and technical advice as required without the formality of a board.

c. Production and Logistics Procurement

Concur

GROUP 1
Excluded from automatic
downgrading and
declassification

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d. Inventory Management

Concur

e. Centralization of R & D Procurement
Under DDS & T

With the understanding that centralization of R & D procurement does not include centralization of the management and technical control of all R & D programs we can endorse this recommendation. In the case of NPIC we must continue with the responsibility for the development, approval and technical monitoring of R & D programs devoted to imagery exploitation and associated matters. We certainly have no objection to the consolidation of those administrative functions related to contract procurement negotiation and fiscal monitoring.

f. Centralization of Contract Auditing

I defer to the comments of the Inspector General.

g. Procurement Management Information
System

Concur. Such a system is very much needed.

h. Revolving Stock Fund

The present PRA system has been a source of confusion and annoyance for some time. I favor a system like the Revolving Stock Fund or the Informal Stock Fund which would provide for control by components including the prerogative of reprogramming the funds as required.

i. Security Practices in R & D Contracting

Concur. Unrealistic procedures and inconsistencies have been causing problems for contract monitors.

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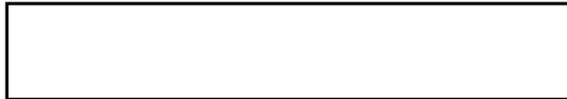
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j. Integration of NPIC Equipment Systems

The consultant's point is well taken. NPIC will continue to develop an integration system concept internally which will be mission-oriented and will hopefully accomplish total integration of the major contractual categories. Contractual assistance will be sought as required.

k. Management of NPIC Long Range Program

NPIC is well aware of the need for continuing attention and development of its long range R & D program. It has taken a number of steps over the past year to assure this. We are then in accord with the general thrust of the recommendation.



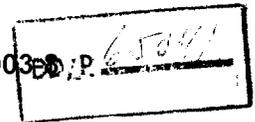
25X1

EDWARD W. PROCTOR
Assistant Deputy Director for Intelligence

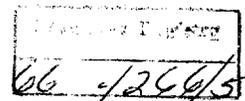
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65841



MEMORANDUM FOR : Executive Director-Comptroller

SUBJECT : DDP Comment on "Consultant Report on Agency Procurement"

REFERENCE : Executive Director-Comptroller Memo, dated 7 October 1966; Same Subject

1. This memorandum contains my general comments on the Consultant Report on Agency Procurement. I will briefly touch on one or two points of major concern to the Clandestine Services. The attached annex contains detailed and more extensive comment on all of the findings and recommendations in the report that affect the Clandestine Services.

2. As noted in the I. G. 's forwarding memorandum with the report, the greatest organizational innovation proposed is the centralization of all the Agency's R&D and related production procurement under the Science and Technology Directorate. This recommendation vitally affects our activities in the Clandestine Services, since TSD (and to a lesser extent, several other Clandestine Services components) carries out an extensive and varied R&D and related production activity of central importance to Clandestine Services operations. Although I feel that the Clandestine Services can live with the proposed reorganization, I am not sure it represents the most effective way of managing our procurement activities. In a practical sense, the proposed reorganization represents little change over our present mode of operation, since the report suggests the assignment of a procurement officer from the Science and Technology Directorate to TSD with real authority to contract, in recognition of the special nature of scope of TSD contracting activities. This is almost identical to the present arrangement, under which such an officer is assigned to TSD from the Office of Logistics. Under the proposed new arrangement, should the assigned contracting officer be given greater independence of action and more final contract-negotiating authority, it might actually improve our present situation.

3. This recommendation of the Consultants derives from their perceptive observation that R&D procurement is fragmented in the Agency at present, but that those units which handle their own R&D procurement achieve better overall results in terms of general management of these activities. I agree with these observations, but it seems to me that they point the way to a different and more effective R&D procurement system than that suggested by the Consultants. I think the Agency R&D procurement system should be decentralized to allow those directorates having an R&D mission to conduct their own contracting, following common procedures and policy considerations. The Consultant-recommended Special Assistant for Procurement in the Support Directorate could well become such a source for central policy and procedural guidance in R&D and related production procurement, with each directorate having a contracting group operating in the closest touch with the individual directorate's differing and special needs, in closest proximity to its technical officers and activities.

4. There is nothing in this suggestion which is incompatible with the recommended Management Information System for Procurement. In this area, for a variety of reasons, I favor a separate Management Information System for the Clandestine Services, but one which is compatible with the other system or systems in the Agency for the purpose of supplying central R&D and production management information. We are working on such a system now.

5. My more detailed analysis on the report, as it affects Clandestine Services operations, follows in the attachment. My comments are keyed to the Consultants' summary of recommendations in Chapter VI, and will include references to other sections of the report which are of interest to the Clandestine Services.

6. In summary, although I do not completely agree with all of the recommendations of the report, I found the report to be constructive, stimulating, useful and provocative. If there has been any general error in the Consultants' recommendations, it is a tendency to sacrifice

some responsiveness to the peculiar and individual needs of the Clandestine Services for the sake of organizational and bureaucratic tidiness. However, the Consultants' report affords an excellent base from which to proceed with a long needed arrangement of our R&D and related production procurement activity.



Desmond FitzGerald
Deputy Director for Plans

ILLEGIB

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DEC 15 3 51 PM '82

DD/S 66-5722

06 4206/4

81 00 1966

MEMORANDUM FOR: Executive Director-Comptroller

THROUGH : Director, Planning, Programming and Budgeting

SUBJECT : Deferral of Procurement Actions

REFERENCE :

1. This memorandum contains a recommendation for your approval; such recommendation is contained in paragraph 4.

2. My recommendations with regard to the handling of the more significant procurement actions of the Support Directorate are detailed in the attached Tabs A through E and summarized as follows:

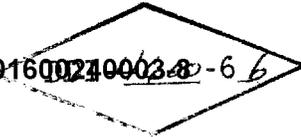
<u>Tab</u>	<u>Component</u>	<u>Defer Indefinitely or Eliminate</u>	<u>Defer Obligation thru Jan 67</u>	<u>Obligate as Originally Planned</u>

In addition, all the offices of the Support Directorate will give attention to an intensive review of requisitions for administrative or office supplies and equipment.

3. The detail of Tabs A through E is specific enough to permit the authorization of those actions which must go forward and the deferral of those which can be held. A portion of the Tab A is classified as material

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8 NOV 1966

66-4266-66
4266/3

PPB 66-0633

MEMORANDUM FOR: Executive Director-Comptroller

THROUGH : Director, Planning, Programming and Budgeting

SUBJECT : Deferral of Procurement Actions

REFERENCE : Your memorandum to Deputy Directors, same subject, dated 3 October 1966
66-4266

1. I have reviewed all planned procurement actions for new contracts and follow-on contracts in the Intelligence Directorate and determined that they should be categorized as follows.

Contract Procurement Actions
(Funds in thousands)

<u>Office</u>	<u>Eliminate</u>	<u>Deferred</u>	<u>Not Deferred</u>	<u>Scheduled for 3rd and 4th Quarter</u>
OBI				
ORR				
NPIC				
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TOTALS				

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2. Attachment A lists those projects which I believe should go forward now with statement of justification for each. Attachment B lists those projects we will defer with a statement as to the effect of such action. In attachment C I have simply listed all those projects which are scheduled for procurement after January and hence are not affected by the deferment purpose.



25X1

4. I recommend you approve actions proposed on projects contained in Attachments A and B and the reprogramming proposed above.



25X1

EDWARD W. PROCTOR
Assistant Deputy Director for Intelligence

Attachments: a/s

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- ~~1~~ - D/OPPB
- 2 - DDI
- 1 - 

DDI:  (8 Nov 66)

Approved as submitted, subject to monitoring in DDI and certification by DDI/Planning Officer on each procurement proposal over \$10,000 that it is in accord with approved lists.

L. K. White

15 NOV 1966

L. K. White
Executive Director-Comptroller

Date

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Tab B

INTELLIGENCE DIRECTORATE

Deferred Contracts

Office
Number

Title

Amount

NPIC
NP-R-12-10127

Printer/Processor Fly Away
Fit (Related to a Previous
Contract)

[Empty box]

25X1

The deferral from second quarter FY 1967 to the fourth quarter in contracting this project will not effect the status of this requirement. The six months effort for [] can still be accomplished in time to fulfill requirements.

NPIC
NP-V-5-02057

Digitized Measuring Light Table

[Empty box]

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The deferral of this project to the fourth quarter FY 1967 will not significantly effect the requirements criteria; this six month effort can still be undertaken for [] and completed in time.

NPIC
NP-V-2-02027

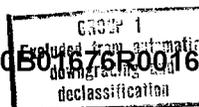
Wide Field High Power Anamorphic
Stereo Study

[Empty box]

25X1

Design objectives for this project have already been distributed to industry. A delay in accepting the successful bidder can be accommodated and a contract

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Office
Number

Title

Amount

NPIC
NP-V-2-02027
(Contd)

in the third or fourth quarter
of the FY 1967 can be made for
[redacted] at no serious loss to
the effort.

NPIC
NP-A-4-04047

Crop Yield Study

[redacted]

Proposals from industry
in response to NPIC design
objectives will be held and
the contract negotiated in
February or March. This delay
in the [redacted] effort will
not seriously effect the project.

NPIC
NP-L-1-13017

Teleprompt Cueing Device

[redacted]

Although this project
could go forth immediately,
there is no serious effect in
deferring the effort until the
fourth quarter FY 1967.

NPIC
NP-R-4-10047

Color Film/Print Dryer Study

[redacted]

The design objectives for
this important project have
initiated responses from Indus-
try; however, there will be no
serious delay in this effort
for [redacted] if the contract is
deferred to the third quarter
FY 1967.

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Tab A

INTELLIGENCE DIRECTORATE

Contracts Not Deferred

**Office
Number**

Title

Amount

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<u>Office Number</u>	<u>Title</u>	<u>Amount</u>

25X1

ORR

Research on the national outcome and product of the Soviet and Satellite economies.

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downgrading and
declassification

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Office
Number

Title

Amount

NPIC
NP-V-7-02077

Stereoscopic Point Transfer
Device Modification

25X1

This project is for a modification of a highly sophisticated device for transferring precision point identifications from one photograph to another. To expedite the mensuration process, it has been determined that the manual film transport on the current equipment is limiting the efficiency of this technique. This project is for the incorporation of an automatic high-performance transport and the addition of an anamorphic viewing system to assist in the point identification process. All the staff work is completed on this project which is to be performed by

NPIC
NP-V-9-02097

Advanced Anamorphic Eyepieces

25X1

25X1

This project is in response to an immediate photo interpretation requirement for modifying the high performance micro-stereoscope. These eyepieces will provide the capability for compensating for photographic distortions inherent in certain new acquisition materials. All preparations to undertake this project have been made except for approval authority to negotiate with

25X1

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Office
Number

Title

Amount

NPIC
NP-V-15-02157

Rear Projection Viewer

25X1

The present rear projection viewers have significant deficiencies such as low resolution and inadequate screen illumination when considered against the newest acquisition materials received within NPIC. This development is to achieve a high information transfer for both scanning and detailed image analysis and will provide for those acquisition materials scheduled for the immediate future. This project will be negotiated and developed by

AS SOON AS approval authority is obtained.

25X1

NPIC
NP-F-2-03027

P. I. Performance Studies

25X1

This is a follow-on effort to previous successful investigations in response to questions arising in the development of new acquisition systems. Examples are: the need for increased resolution, the effect of various convergence angles, and the intelligence worth of certain sensors. There are questions posed today relative to

25X1

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Office
Number

Title

Amount

NPIC
NP-F-3-03037

P. I. Performance Support

[Redacted]

25X1

This support augments the P. I. Performance Studies and will be performed by a local concern [Redacted] with the capability to provide photo interpreters and human factors analysts, to accomplish the testing, to establish performance data, and to validate hypothesis made in the studies. The tasking for this project will be accomplished as soon as approval is given.

25X1

NPIC
NP-R-3-10037

Dry Process Printer (Field)

[Redacted]

25X1

The CIA Imagery Analysis Division has expressed an urgent requirement to provide photo interpreters in the field with a rapid-access contact printer. In response to that requirement, this project [Redacted] which is ready for approval authority, will produce a standard light table, a contact printer, and a dry processor, all packaged within one or more standard NPIC fly-away boxes. This equipment will permit the PI to view 9-inch roll film on the light table, and to make contact exposures and dry process paper and/or film positive copies of selected areas.

25X1

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Office
Number

Title

Amount

NPIC
NP-R-5-10057

Electrocolor Materials Study

[Redacted]

25X1

Electrocolor materials have already demonstrated superior characteristics and the need for potentially simpler processing methods than any other known color photography reproduction techniques. The imminence of color acquisition materials provides a mandate for the developing of high quality and efficient methods of color reproduction. This project is ready now for approval to enter into negotiations with

[Redacted]

NPIC
NP-R-9-10097

Wide Print Straightener

[Redacted]

25X1
25X1

Newly processed photographic prints have a decided curl because of a differential in the drying rates of the emulsion and the paper base. There are commercial print straighteners to deal with this problem, but they will only accept prints up to sixteen inches in width. Recent advances in film resolution and improvements in photographic enlargers have resulted in requirements for a high percentage of prints wider than sixteen inches. This project is to develop a straightener which handles both single and double weight paper prints up to thirty inches wide in about ten seconds.

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<u>Office Number</u>	<u>Title</u>	<u>Amount</u>
NPIC NP-R-9-10097 (Contd)	The development of a prototype will be contracted in Fiscal Year 1967 with [redacted] and will require five month's work at a cost of [redacted]. This effort will fulfill an immediate operational requirement in NPIC; there is no other equipment in existence to accomplish this task.	25X1 25X1
NPIC NP-R-14-10147	P. I. Print Enlarger This project is in response to immediate operational needs experienced by the photo interpreter for a system to duplicate his positive roll film and chip transparencies in the form of positive paper prints at selected enlargement ratio in near-real time. All pre-contract preparations have been completed to negotiate and let this contract with [redacted] except for approval authority.	[redacted] 25X1 25X1

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Approved For Release 2004/07/08 : CIA-RDP80B01676R001600240003-8

Tab C

INTELLIGENCE DIRECTORATE

Contracts Scheduled After January 1967

<u>Office Number</u>	<u>Title</u>	<u>Amount</u>
NP-V-1-02017	Image Comparison Microstereoscope	[REDACTED]
NP-V-3-02037	Advanced Light Table Prototypes	
NP-V-4-02047	Direct (Virtual) Image Viewer	
NP-V-5-02057	Digitized Measuring Light Table	
NP-V-6-02067	Fiber Optics Viewer Modification II	
NP-V-8-02087	Advanced Stereo-Rhomboid Prototype Modification II	
NP-V-11-02117	Zoom Tube Magnifier	
NP-V-12-02127	Acuity Adapter for [] Eye-pieces	
NP-V-13-02137	Dual Viewing Microstereoscope	
NP-V-14-02147	Holddown Techniques Study	
NP-V-16-02167	Chip Viewers	
NP-V-18-02187	Improved Rear-Projection Screen Study	
NP-V-19-02197	Variable Width Film Reader Prototype	
NP-V-21-02217	Automatic Focusing System	

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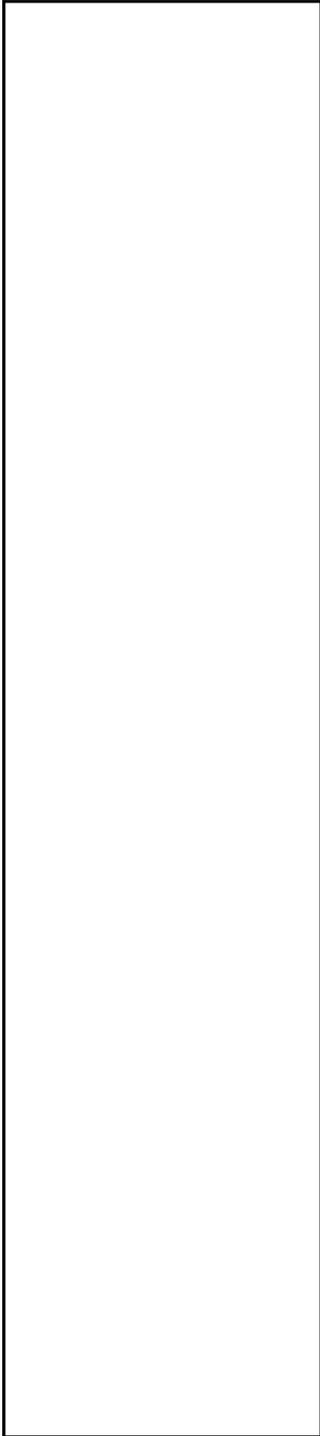
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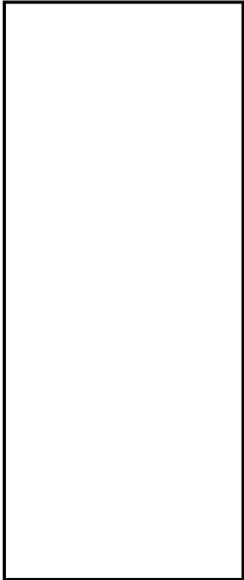
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<u>Office Number</u>	<u>Title</u>	<u>Amount</u>
NP-V-22-02227	Twin-Stage On-Line P. I. Comparator	
NP-F-1-03017	Human Factors Study	
NP-F-4-03047	Human Visual Integration Study	
NP-A-1-04017	Image Analysis Study	
NP-A-2-04027	Digital Image Restoration	
NP-A-5-04057	Restoration by IR Radiation	
NP-U-1-05017	Unconventional Imagery Study	
NP-U-2-05027	Radar Detail Correlator	
NP-T-1-06017	Automatic Target Recognition Study	
NP-S-1-07017	Automatic Stereo Scanner	
NP-H-2-08027	Special Equipment, Information Flow Analysis	
NP-M-1-09017	Materials Handling Study	
NP-M-2-09027	Plotter Marking System	
NP-M-3-09037	Closed-Circuit TV System	
NP-M-4-09047	Automatic Materials Transport	
NP-R-6-10067	Color Separation Easel	
NP-R-7-10077	Cut Film Processor	
NP-R-8-10087	Contact Chip Printer	
NP-R-10-10107	VG-1 Vacuum Easel	
NP-R-11-10117	Color Film Processor Study (Separatron Type)	

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<u>Office Number</u>	<u>Title</u>	<u>Amount</u>
NP-R-15-10157	Collateral Printer/Processor (Enlarger and Reduction)	
NP-R-16-10167	Magnetic Tape to Photo Reproducer	
NP-P-1-11017	Precise Measurement Study	
NP-P-2-11027	Time/Velocity Binary Reader	
NP-P-4-11047	Advanced Stellar Comparator	
NP-O-1-12017	Automatic Reporting Techniques and Equipment Study	
NP-L-1-13017	Sine Wave Test Equipment	

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66-4266/1

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Consultant Report on Agency Procurement

1. Attached is a copy of the report and a memorandum providing a brief summary, with our views, of its major points. Distribution of the report is being held subject to your instructions. The consultants are prepared to brief the Director on relatively short notice.

2. As the study was across-the-board its impact will be felt by all the directorates. They will have an active interest in any action deriving from the recommendations, and their reaction to the proposals will make an important contribution to formulating any final course of action.

3. It is suggested that the following steps be taken for acting on the report:

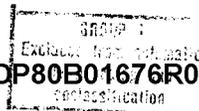
a. When instructed, copies of the report will be distributed as follows: three copies each for the Deputy Director for Support and the Deputy Director for Science and Technology; two copies each for the Deputy Director for Plans and the Deputy Director for Intelligence; one copy for the Director of Planning, Programming and Budgeting. The remaining four copies of the total of fifteen printed, one of which is forwarded herewith, will be held for your use and that of this staff.

b. Each copy of the report would be accompanied with a copy of the attached memorandum from the Inspector General.

c. The general comments of the Deputy Directors and the Director of Planning, Programming and Budgeting will be solicited in addition to which they will be assigned responsibility for commenting specifically on listed recommendations.

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d. The staff of the Inspector General will review and collate the comments on the recommendations for submission to you prior to further action.

3. The attached draft memorandum to the Deputy Directors and the Director of Planning, Programming and Budgeting has been prepared for your consideration.

J. S. Earman
Inspector General

Attachments

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46-4266
Approved For Release

7 OCT 1956

MEMORANDUM FOR: Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science and Technology
Deputy Director for Support
Director of Planning, Programming and Budgeting

SUBJECT : Consultant Report on Agency Procurement

1. Copies of the report by the consultant firm [redacted] [redacted] entitled A Study of the Procurement Systems of the Central Intelligence Agency, are distributed herewith as follows: three copies each to the Deputy Director for Science and Technology and the Deputy Director for Support; two copies each to the Deputy Director for Intelligence and the Deputy Director for Plans; one copy for the Director of Planning, Programming and Budgeting.

2. The general comments of the addressees are requested, as well as on any specific portion of the report on which they feel comments appropriate. Chapter VI of the report summarizes its major recommendations, as noted in the attached memorandum from the Inspector General in paragraphs 5 through 13. While these recommendations affect the addressees in different degrees, appropriate comments are requested from each of them on these proposals.

3. Additional recommendations are noted below, with a designation of components from which comments are requested specifically. Others may comment as they feel appropriate:

a. [redacted] in OSA should be rotated (Ch. II, Section 3.4). DDS&T.

b. New Procedures should be instituted for R&D contracting and contractor reporting (Ch. III, Sections 2.7 and 4.3.7). DDS, DDS&T, DDI, DDP.

c. NPIC should develop a contract for integration of its equipment systems (Ch. III, Section 4.4.7). DDI, DDS, DDS&T.

GROUP 1
Excluded from automatic
downgrading and
declassification

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d. NPIC should give increased attention to management of its Long Range Program (Ch. III, Section 4.4.7). DDI

e. inventories should be included in the Agency stock inventory system (Ch. IV, Section 1.2). DDS

f. Interdepartmental procurement practices should be modified (Ch. IV, Section 2.3). DDS

g. Coordination of procurement from Business and Defense Service Administration and JCS Special Assistant for Counter-insurgency and Special Activities should be centralized (Ch. IV, Section 5.3). DDS

4. Replies are to be submitted within 60 calendar days from the date of this memorandum.

/s/ L. K. White

L. K. White
Executive Director-Comptroller

O/IG (4 Oct 66)
2 - Each Addressee
1 - ER
1 - Ex Dir
2 - C/IG (1 w/h)

DEC 1 1 30 PM '66

DEC 1 3 35 PM '66

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM
 Approved For Release 2004/07/06 : CIA-RDP80B01676R001600240003-8
 CONFIDENTIAL SECRET

**CENTRAL INTELLIGENCE AGENCY
 OFFICIAL ROUTING SLIP**

TO	NAME AND ADDRESS	DATE	INITIALS
1	Executive Director - Comptroller		
2			
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<input type="checkbox"/>	ACTION	<input type="checkbox"/>	DIRECT REPLY	<input type="checkbox"/>	PREPARE REPLY
<input type="checkbox"/>	APPROVAL	<input type="checkbox"/>	DISPATCH	<input type="checkbox"/>	RECOMMENDATION
<input type="checkbox"/>	COMMENT	<input type="checkbox"/>	FILE	<input type="checkbox"/>	RETURN
<input type="checkbox"/>	CONCURRENCE	<input type="checkbox"/>	INFORMATION	<input type="checkbox"/>	SIGNATURE

Remarks:

DD/I plans for procurement usually run heavy during the last half of the fiscal year.

Recommend your approval.

FOLD HERE TO RETURN TO SENDER

FROM	AND PHONE NO.	DATE
John M. Clarke, D/PPB		11/14/66

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