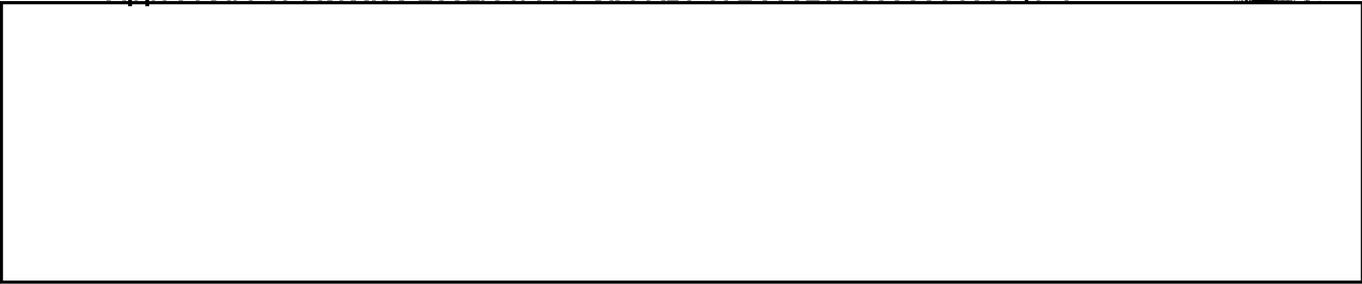


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March 16, 1966
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Subject: Contract AF33(657)7351 (WE 1025)
Proposal for Final Invoice
[redacted] Reference AAD 51001)

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Reference: (a) [redacted] letter to ASZ-5 dated
10 December 1964, serial no. A18283U
(b) ASZ-5 letter dated 14 May 1965
Reference OSA-1283-65

Enclosure: (1) Three (3) copies Amendment No. 1 to
Agreement No. NONM63-4, Final 1962 Rates,
dated 1 March 1965
(2) One (1) copy accounting work sheets for
invoice no. 11 and Maryland Sales and Use
Tax
(3) Four (4) copies Contractor's Release and
Assignment of Receipts, Rebates, and Credits
for Contract AF33(657)7351, executed
4 March 1966
(4) One (1) copy of Memo of Invoices Issued

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Gentlemen:

By Reference (a) [redacted] proposed the use of
interim rates in order to settle and close out this contract.
By Reference (b) you accepted these rates for this purpose
and provided an offer for final settlement. However, prior
to this offer our final rates for the period in which this
contract work was performed were negotiated as set forth in

ASZ-5

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Enclosure (1). Comparing the proposed rates and the final rates it is to be noted that they are identical except that a [] interim G&A rate was proposed, and the final G&A rate was negotiated at []. This difference results in an increase in final settlement of [] over that proposed by your letter Reference (b).

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Since the final rates were negotiated prior to the receipt of your letter, we have prepared our release using the final approved rates, which release is submitted as Enclosure (3). The detailed work sheets from Accounting supporting our future invoice no. 11 are submitted as

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Enclosure (2). We wish to note that your auditor, [] [] audited our accounting detail and that our final invoice includes no costs over and above those which he reviewed.

We request comments and concurrence on this; if satisfactory, we will proceed with the submission of our final vouchers.

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Your attention is invited to a provision for deficiency in Maryland Sales and Use Tax in the estimated amount []. This sum is not included in our final claim of []. The calculation on which this is based is contained in Enclosure (2). Realizing that this may be a little difficult to follow, this is based on the following calculation:

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(1) [] tax on [] subcontract of []

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(2) Independent Research and G&A at [] and [] on the tax

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(3) 10% penalty on tax of []

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(4) 7 years' interest at 6% on the [] tax

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(5) Attorney's fixed price on 10% of the tax plus penalty plus interest

Total

[]

ASZ-5

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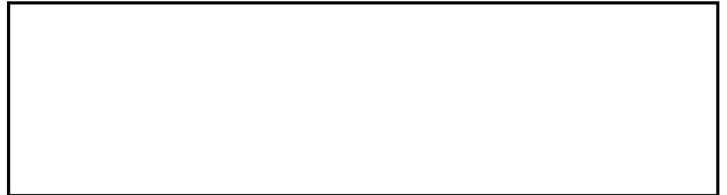
March 16, 1966
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As you are aware, this dispute over payment of the Maryland 3% tax on R&D material has been going on since 1961. This matter could drag out to 1968 before settlement is reached.

If you have any questions, please call me.

Very truly yours,

25X1A



Research & Development
Programs
Marketing Department

RWE/vr