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DECLASS REVIEW by NGA

NPIC/P-227-70
24 JUL 1970

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : NPIC's Relations with the [REDACTED]

25X1

1. I have investigated the complaint by the [REDACTED] in a 9 July letter to Senator Byrd that the Company was treated unfairly with respect to a large procurement contract for light tables. I have concluded that the [REDACTED] was treated fairly.

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2. A copy of my findings in the form of a Memorandum for the Record is attached together with related documents. Beginning with paragraph 18 of my Memorandum for the Record is a point-by-point response to the [REDACTED] letter.

3. The [REDACTED] letter was forwarded by Senator Byrd's staff on 19 July to the Defense Intelligence Agency for comment. DIA, at our suggestion, has responded with an acknowledgement which says the matter is being investigated. The DIA acknowledgement does not mention CIA.

4. I recommend that I request the Legislative Counsel to contact Senator Byrd's staff informing them that the procurement contract in question is one managed by CIA, that the contract is classified for security purposes, and that we are prepared to brief Senator Byrd on the facts of the case.

5. I have considered recommending to you that I invite the [REDACTED] to be briefed by NPIC officers concerning the facts as we see them. At this point, I am inclined against doing so. The tone of the [REDACTED] letter and the way in which it uses inaccurate information suggests to me that a face-to-face discussion would be unlikely in all circumstances to satisfy the [REDACTED] representatives.

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J - Legislative Counsel

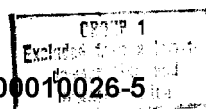
Executive Director

National Photographic Interpretation Center

Attachments: 3

1. Memo for the Record, 23 July 1970
2. Chronology of Light Table Development
3. Letter from Senator Byrd, 10 July 1970

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23 July 1970

MEMORANDUM FOR THE RECORD

SUBJECT : NPIC's Relations with the [redacted]
in the Development and Procurement of a New
Light Table

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1. The following is a report of NPIC's relations with the [redacted]
[redacted] as they relate to the complaint by that company, in a 9 July
1970 letter to Senator Harry Flood Byrd, Jr., that the company was treated
unfairly in the award of a procurement contract. The letter to Senator Byrd,
and a detailed chronology on the case are attached.

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2. In mid-1967 NPIC identified a need for a new light table deliverable
by late 1970. Development Objectives were presented to the [redacted]
[redacted] an established supplier of light tables, in May 1968 on a
single source basis. In early June 1968 [redacted] submitted a letter proposal
and on 28 June 1968 a contract was awarded to [redacted] to design and fabricate
a prototype table at the fixed price of [redacted]. This prototype was to be
delivered on 1 November 1968.

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3. The [redacted] delivered the prototype on 6 February 1969.
The overall performance rating of the contractor during this period, as
determined by this Agency's contract monitor, varied from "minimum acceptable"
to "average". The [redacted] prototype was then subjected to our usual test
and evaluation procedures and several major deficiencies were noted. These
deficiencies included low light level, excessive light gradient, poor film
drive, film scratching and light flicker.

4. In January, 1969 we became aware that [redacted]
[redacted] formerly [redacted] was developing with [redacted] funds a similar prototype
light table. This light table was offered and delivered to NPIC on
22 May 1969. We subjected it to our usual test and evaluation procedures.
The [redacted] table also had major deficiencies similar to those of the [redacted]
prototype, but it came with an advantageous new feature and the important
motorized film drive system performed exceptionally well.

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5. As a result of the two evaluations we determined that neither light
table met our requirements. A new set of Development Objectives, incorporating
the best features of both the [redacted] tables, was prepared. In
August 1969 requests for proposals against the new objectives were sent to
both companies.

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and Procurement of a New Light Table

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25X1 6. On 20 October 1969, a contract was awarded to the []
[] to develop and fabricate a second prototype light table with
25X1 a delivery date of 20 February 1970. A similar contract was awarded to
[] on 3 November 1969 with a specified delivery date of 23 February 1970.

25X1

25X1 7. With these awards, NPIC had made a total investment of over
[] -- toward the development
of prototypes for equipment that was critical to our future needs.
Because the need was critical, we encouraged the competition to ensure
obtaining effective equipment at reasonable procurement costs, and timely
deliveries to meet our scheduled needs.

25X1 8. On 6 March 1970 [] delivered the second prototype which was
immediately returned for several minor corrections which were to have been
eliminated before delivery. On 11 March the table was again delivered to
us.

25X1 9. The [] table was delivered on 9 March, with assembly being
completed on 11 March.

25X1 10. Again, both prototype light tables were subjected to engineering
testing and operational evaluations. Visits by both contractors to make
adjustments and repairs were restricted to those which were required to
rectify outright failures that were sufficiently serious to interfere with
completing the test and evaluation. Under these circumstances, []
25X1 made two visits and [] made four visits during the testing period. NPIC's
operational evaluation was completed on 6 April 1970, at which time NPIC
concluded that both tables continued to display deficiencies, but that the
25X1 [] table evidenced fewer and technically less complex deficiencies.

25X1

25X1 11. On 14 April, representatives of NPIC met with [] representatives
to discuss, in detail, the engineering tests and operational evaluation of
the [] table. The same procedure was followed the next day with a repre-
25X1 sentative of the [] to discuss the [] table.
Both companies agreed to confirm in a letter their agreement to correct
the deficiencies noted. These letters were received during the week of
20 April, and, on 4 May, the two tables were returned to their respective
companies for modification and rework in accordance with the agreements
expressed in their letters of intent.

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25X1 12. On 5 May 1970 the Executive Director, NPIC, after an intensive
review of all aspects of the tests, evaluations, unit costs, and availability
of funds, decided to procure the [] table for NPIC. The basis for this
25X1 decision was the suitability of the [] table to NPIC's tasks, lower costs
and a judgement that [] could meet production requirements.

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and Procurement of a New Light Table

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13. The Center submitted a request for proposal, to include price quotations, to [] on 15 May 1970, and to [] on 19 May 1970. The request to [] was based on NPIC's decision of 5 May to purchase the [] table, and included the additional quantities and configurations of other agencies' needs, in recognition of the possibility of a decision by those agencies to purchase the [] table. The request to [] was based on the needs of other agencies in the community, and for contingency purposes in the event [] could not fully satisfy NPIC's needs in the time period required. [] was requested to propose costs of producing three different configurations or variants ranging in units of 17 to 281. [] was requested to bid on producing two variants of their model in units of 5 to 140.

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14. Both companies responded on 25 May 1970, as follows:

[]

Configuration 1 - 281 units @
179 units @

Configuration 2 - 63 units @
30 units @

Configuration 3 - 37 units @
17 units @

[]

Configuration 1 - 200 units @
155 units @
45 units @

Configuration 2 - 200 units @
155 units @
45 units @



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15. On 28 May [] submitted a revised quotation as follows:

Configuration 1 - 40 units @

Configuration 2 - 5 units @



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and Procurement of a New Light Table

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16. On 15 June 1970, a production contract was awarded to []
This contract calls for the production of a total of 389 light tables,
costing a total of [] Delivery is to be completed by
28 June 1971, with 145 units being delivered on or before 2 January 1971.

25X1

17. On 16 June 1970 the NPIC Contracting Officer informed []
[] that they were unsuccessful in their bid for light tables and
that the award to their competitor was based on both technical and cost
considerations. On 25 June, the Chief of NPIC's Technical Services Group
informed representatives of the [] that the procurement
contract had been awarded to [] He told them that as a result of a
thorough engineering testing and operational evaluation program, the
[] table had not been found acceptable for NPIC use.

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18. The following comments are in specific response to each of the
points or questions posed in the [] letter to Senator Byrd:

25X1

a. The [] makes the point that it
was working primarily with its own funds, and reports that
it was paid [] for its prototype while [] reportedly,
was paid about \$ [] for the [] prototype. NPIC's
record shows that it contributed [] to the development
of the [] prototypes, and [] for the [] prototypes.

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25X1

25X1

b. [] states that, during the evaluation of the
tables, no information was given it regarding the comparative
performance of the two tables. This is true - neither was
any such information given to [] during that time. Each
company was informed of the test and evaluation results
concerning its table following the test and evaluation.

25X1

c. [] states that [] personnel were frequently
called in to resolve difficulties with their equipment during
evaluation, but that [] was told not to correct such
difficulties until testing was completed. In fact, each
company was called in - [] twice and [] four times -
to correct only those failures which would have prevented
continuation and completion of the full series of tests.

25X1

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d. [] states that they asked for a review of
the reasons they had not been selected and that the review
had not yet taken place, but is anticipated shortly.
Although such a review has been discussed by [] personnel
with our contracting officer and contract monitor, the
Executive Director, NPIC, has not decided whether such a
review should be conducted.

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SUBJECT: NPIC's Relations with the [] in the Development
and Procurement of a New Light Table

e. [] states that it was not asked to bid on the "substantially larger quantity" which would have lowered its price significantly. NPIC's record shows that each company submitted cost estimates on two separate occasions. The first occasion in May 1970 both companies submitted budgetary cost estimates for the same quantities (200 and 300 units) with the [] price being approximately 25% higher than [] in both cases. On the second occasion [] submitted bids for 200, 155, or 45 units, while [] on the same date bid on the basis of 281 and 179 units. [] bid was considerably lower for 179 units than was [] bid for 200 units.

f. [] asks if price was a major factor, why were no negotiations held with [] concerning the price of its equipment? Price was an important factor, but the performance of the equipment was more important. On both counts the [] record was better than that of []. Also, time had run out - NPIC had no more time to negotiate further if it were to meet the scheduled need.

g. [] states that it has learned that those who are to participate in the forthcoming technical review of its equipment have been instructed not to compare the [] table with the successful [] table. The technical review [] refers to is apparently the final review action required by the contract for the prototype development, and is not relevant to the procurement contract. NPIC officers have not been told to refrain from comparing the [] and [] tables at any time.

h. [] asks why it was never asked to submit a definitive proposal on the larger quantities - 400 units - which now are being procured from []. Neither [] nor [] was requested to bid on quantities of 400 units. NPIC's decision to purchase from [] the 265 units it requires was based on tests, evaluations, and a comparative analysis of earlier cost estimates for smaller quantities of tables submitted by both []. Subsequently, other agencies have decided to join NPIC in this procurement action, resulting in a total of 389 units for all agencies now on order with [].

i. [] states it has reason to believe that deliveries are to begin in August 1970, and that this would indicate that [] had received a contract commitment prior

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and Procurement of a New Light Table

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to the time [redacted] was asked to submit a firm proposal,
since component deliveries would require at least 60 days.
In fact, deliveries are to begin 5 October 1970, and [redacted]
did not receive any contract commitment prior to the time
[redacted] was asked to submit a proposal.

25X1

j. [redacted] states that it has very good reason to
believe that its equipment, as finally configured, was
superior to that offered by [redacted] NPIC's tests and
evaluations resulted in findings that the [redacted] table was
preferred in most respects by NPIC's engineering, maintenance,
and operating personnel. We have no doubt that, given time,
both [redacted] could develop a table superior to that
NPIC is purchasing from [redacted] NPIC has no more time to give.

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[redacted]

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Executive Director
National Photographic Interpretation Center

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CHRONOLOGY OF LIGHT TABLE DEVELOPMENT

1. Summer 1967 : National Photographic Interpretation Center (NPIC) identified the need for a new light table to exploit a future acquisition system.
2. April 1968 : Development Objectives prepared for a Split-Format 1540 Light Table Model I.
3. May 1968 : Development Objectives delivered to [] and a proposal requested. 25X1
4. 9 June 1968 : Letter proposal submitted by [] 25X1
5. 28 June 1968 : [] to design and fabricate prototype table at fixed price of [] Table with operating and maintenance manuals to be delivered 1 November 1968. The performance on this contract is indicated below: 25X1

<u>Inspection Report No.</u>	<u>Date</u>	<u>Overall Performance Rating</u>
1	2 Aug 1968	Average
2	15 Oct 1968	Minimum Acceptable
3	26 Dec 1968	Minimum Acceptable
4	18 Feb 1969	Minimum Acceptable

6. 6 February 1969 : Prototype delivered; Operating and Maintenance Manuals have not been delivered as of 20 July 1970.
7. 10 February -
10 March 1969 : Test and evaluation period for [] prototype. Major deficiencies noted were a low light level, excessive light gradient, poor film drive, film scratching and light flicker. 25X1
8. 22 May 1969 : A 1540 Light Table, developed by [] now known as [], a division of [], with company funds, and partially designed to meet NPIC's Development Objectives was delivered to NPIC. 25X1
25X1
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NOTE: NPIC understands the Navy discussed their requirements for a 1540 type light table with [] and through this conversation [] learned of NPIC's developmental efforts. In order to fabricate a table configured to a majority of the photo intelligence community's needs, [] requested a copy of NPIC's Development Objectives which was furnished to them in January 1969.

25X1

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25X1
9. 22 May -
23 June 1969

: Test and evaluation period for [] prototype. Two units were provided; one equipped for manual film drive and the other for motorized film drive.

25X1

The motorized film drive system performed exceptionally well. In addition, a unique and advantageous new feature, a table tilting capability, was included. Major deficiencies included low light level, light flicker, excessive light gradient, poor focus control and no provision for motorized microstereoscope carriage motion.

10. July 1969

: Decision reached to undertake parallel development contracts with [] This decision was based on a consideration of the following factors:

25X1

a. The critical need to have an acceptable light table in large quantity by late 1970.

b. The necessity to ensure sufficient quantities to meet NPIC and community needs. We believed that simultaneous production by two sources would be needed in order to procure sufficient numbers of the new tables in time to cope with the scheduled arrival of new kinds of photography.

c. A desire to achieve reasonable equipment costs and optimum technology in a heretofore non-competitive situation. [] had become over the years the major source of light tables and, in our judgement, had begun to show

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signs -- particularly in the initial phases of the Model I light table development -- of being unresponsive to our requirements.

11. 24 July 1969 : New Development Objectives were prepared for competitive development of a 1540 Light Table Model II. It combined the best features of both tables and further refinement suggestions from the photo interpreters.
12. 8 August 1969 : Requests for proposal in accordance with the new Development Objectives were forwarded to [] 25X1
13. 4 September 1969 : AIL submitted proposal to develop light table for [] 25X1
14. 5 September 1969 : Richards submitted a proposal to develop light table for [] 25X1
15. 20 October 1969 : [] was awarded to [] 25X1
to develop and fabricate a Split Format Light Table in accordance with the Development Objectives dated 24 July 1969. The contract was negotiated at a firm fixed price of [] with a minimum contract value of [] based on a penalty of [] per day 25X1
for late delivery up to 20 days and a maximum contract value of [] based on a reward 25X1
of [] per day for early delivery up to 20 days. The target date for delivery was 20 February 1970. [] performance on 25X1
the contract is indicated below:

Inspection Report No.

Date

Overall Performance Rating

1
2
3

16 Jan 1970
5 Mar 1970
7 May 1970

Very Good
Above Average
Above Average

16. 29 October 1969 : Following negotiations, [] submitted a modified 25X1
proposal with an offer to accept a contract at
a firm fixed price of [] with a minimum 25X1
contract value of [] based on a penalty of 25X1
[] per day for late delivery up to 20 days and
a maximum contract value of [] based on a 25X1
reward of [] per day for early delivery up to 25X1
20 days.

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17. 3 November 1969

: [] was awarded to [] to develop and fabricate a Split Format Light Table in accordance with the Development Objectives dated 24 July 1969. The contract was awarded in accordance with the pricing indicated in [] letter 29 October 1969. The target date for delivery was 23 February 1970. [] performance on the contract is indicated below:

25X1

25X1

25X1

Inspection Report No.

Date

Overall Performance Rating

1

16 Jan 1970

Very Good

2

5 Mar 1970

Above Average

3

7 May 1970

Above Average

18. 3 November 1969

: At this point in time the Government had made the following investments in the 1540 Light Table Development:

25X1

A. [] Orig Contract for Mod I - []
Contract for Mod II

25X1

25X1

B. [] : Cost to Gov't for Mod I - []
Contract for Mod II - []

25X1

25X1

19. 6 March 1970

: [] Mod II light table delivered, which was immediately returned because [] had failed to correct the air bubbles and light flicker problems, which had been noted by the project monitor while conducting his pre-acceptance tests at [] and which were to have been eliminated prior to delivery.

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25X1

25X1

20. 9-11 March 1970

: [] Mod II table delivered and assembled at NPIC.

25X1

21. 11 March 1970

: [] Mod II table redelivered.

22. 12 March 1970

: Test and evaluation of both light tables initiated by NPIC personnel. Because the time for producing a substantial quantity of the light tables was becoming critically short the period for both engineering testing and operational evaluations was limited to one month. Accordingly, NPIC found it necessary to restrict any adjustments, repairs, and modifications by the manufacturers during test and evaluation to outright failures

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that were sufficiently serious to prohibit further test and evaluation if they were not corrected. All other modifications or rework were to be deferred until the conclusion of the engineering testing and operational evaluations.

23.

NOTE: During the test and evaluation program failures were experienced in both tables; in the [] table four failures (which were repaired on 24, 27, 30 March and 22 April 1970) and in the [] table two failures (which were repaired on 3 and 22 April 1970). 25X1

24. 24 March 1970

: AIL repaired Y-bridge drive clutch.

25. 27 March 1970

: AIL repaired Y-drive cable.

26. 30 March 1970

: AIL again repaired Y-drive.

27. 31 March 1970 -
6 April 1970

: Following engineering testing, both tables were subjected to operational evaluation by the photo interpretation group. This operational testing was performed by eight experienced imagery interpreters using a variety of imagery. The evaluation group worked in teams of two, uninterrupted, for a period of four consecutive working days. Each team had an opportunity to operate each light table one full day. In addition, one member of the group used both tables one-half day each on an operational scanning project.

28. 3 April 1970

: During the operational evaluation [] repaired a gear failure. 25X1

29. 6 April 1970

: At the conclusion of the operational evaluation, the results were consolidated and summarized. The conclusion was unanimous: the [] table was found to have a substantially greater operational suitability than the [] unit. This was based on such factors as superior film drive, dry light source and lower heat output -- features critical to the particular task NPIC performs in exploiting photography. Cost was not a factor in arriving at this conclusion. 25X1

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30. 13-21 April 1970 : DIAAP-9 and Imagery Analysis Service/CIA had the two tables for operational evaluation and both selected the [] model for procurement.

25X1

NOTE: NPIC understands that the superior microscope transport of the [] table was a primary factor in the choice of the [] unit because this feature is critical to the particular tasks they perform in exploiting the photography.

25X1

31. 10 April 1970 : As a contractual requirement budgetary cost estimates were submitted by [] on production quantities of light tables.

25X1

32. 14 April 1970 : As a contractual requirement budgetary cost estimates were submitted by [] on production quantities of light tables.

25X1

33. : A cost comparison of the [] estimates is as follows:

25X1

1. Basic Configuration
2. Motorized Film Transport
3. Power Elevation
4. Power Tilt & Carriage Drive
5. Total
6. Difference

200 Units

300 Units

--	--

25X1

34. 14 April 1970 : NPIC personnel met with [] representatives at NPIC concerning the engineering testing and operational evaluation of their table. All deficiencies, both major and minor, of the [] table were discussed in detail and remedial action was suggested. The [] table was not discussed. At the conclusion of this meeting [] agreed to submit a letter of intent of their agreement to correct the deficiencies noted.

25X1

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25X1

25X1

35. 15 April 1970 : NPIC personnel met with a [] representative. All deficiencies associated with the [] unit were discussed and remedial action was suggested. The [] light table was not discussed. At the conclusion of this meeting [] agreed to submit a letter of intent of their agreement to correct the deficiencies noted.

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- 25X1 36. 20 April 1970 : [] submitted their letter of intent.
- 25X1 37. 22 April 1970 : [] repaired carriage motion drive.
- 25X1 38. 22 April 1970 : [] repaired drive.
- 25X1 39. 22 April 1970 : [] submitted their letter of intent.
40. 4 May 1970 : Acting for all community interests, NPIC returned the tables to each company for modification and rework. Even though NPIC management was considering recommendations for purchase of the [] table, other agencies had tentatively selected the [] table, if satisfactorily reworked, as a purchase item. 25X1 25X1
41. 5 May 1970 : The Executive Director, NPIC reviewed all aspects of the tests, evaluations, budgetary costs estimates of both tables, and availability of fiscal year funds with all relevant NPIC personnel. Following this review and lengthy discussions, the Executive Director decided that the [] light table would more fully satisfy NPIC needs. The record shows that his decision was based on the following considerations: 25X1
1. The greater suitability of the [] table to the unique tasks of the NPIC photo interpreter, with particular regard to the film drive, dry light source, lower level heat output, and quietness of operation. 25X1
 2. The lower unit cost of the [] table (based on a comparison of budgetary cost estimates submitted by each contractor). 25X1
 3. A judgement that problems associated with the [] table could be corrected, and corrected in time, to meet production requirements; whereas the problems of the [] table could not be since they were considered to be of a greater complexity. 25X1 25X1

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42. 15 May 1970

: A request for proposal (including price quotations) was issued to [] This request included, in addition to NPIC's needs, the quantities and configurations of other members of the community. These quantities and configurations were as follows:

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Configuration #1 - 179 units and 281 units
(NPIC & IAS)

Configuration #2 - 30 units and 63 units
(AF)

Configuration #4 - 17 units and 37 units
(Army & [])

25X1

43. 19 May 1970

: Similarly a request was made of [] for the following quantities and configurations based on the community's requirement for the [] table.

25X1

Configuration #1 - 40 units and 140 units
(DIA and
potential
NPIC)

Configuration #2 - 5 units and 15 units
(Navy)

25X1

44. 25 May 1970

: [] quoted as follows:

Configuration #1 - 281 units \$
179 units \$

Configuration #2 - 63 units \$
30 units \$

Configuration #3 - 37 units \$
17 units \$

25X1

45. 25 May 1970

: [] quoted as follows:

Configuration #1 - 200 units \$
155 units \$
45 units \$

Configuration #2 - 200 units \$
155 units \$
45 units \$

25X1

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46. 28 May 1970 : An unsolicited letter received from [] which revised their quote of 25 May 70 as follows: 25X1
- Configuration #1 - 40 units @ \$ [] 25X1
- Configuration #2 - 5 units @ \$ []
47. 1 June 1970 : Navy advised the NPIC Contracting Officer that price of [] table was too high and they would switch to [] table. 25X1
25X1
48. 9 June 1970 : DIA advised NPIC that it had decided to procure [] table. IAS had previously decided to procure the [] table. 25X1
25X1
49. 10 June 1970 : NPIC representatives performed pre-acceptance tests on the reworked [] light table at the [] plant. 25X1
50. 10 June 1970 : Negotiations for production contract of [] light tables began (at this point in time all PI elements of the community had elected to purchase the [] table). 25X1
25X1
51. 15 June 1970 : Production contract awarded to [] Their production rate was sufficient to satisfy the totality of the community's needs. Accordingly, a second source for light table procurement was not required. 25X1
52. 16 June 1970 : The NPIC Contracting Officer informed [] [] that they were unsuccessful in their bid for light tables and that the award to their competitor was based on both technical and cost considerations. 25X1
53. 25 June 1970 : Meeting initiated by NPIC representatives with [] representatives [] In this meeting it was explained that as a result of a very thorough engineering testing and operational evaluation NPIC found the [] table unsuitable. It was pointed out, however, that this decision would not negatively effect consideration of [] as a contractor for future development or procurement. 25X1
25X1
25X1

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54. 10 July 1970

: In accordance with normal contractual procedures NPIC representatives performed pre-acceptance tests on the reworked Mod II table at their plant. This table will be subjected to the regular engineering test and operational evaluation program after delivery at NPIC; the results will be disseminated to the Intelligence Community.

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United States Senate

July 10, 1970 b

COPY

Respectfully referred to:

Congressional Liaison
Department of Defense
Defense Intelligence Agency
Washington, D. C.

Because of the desire of this office to be responsive to all inquiries and communications, your consideration of the attached is requested. Your findings and views, in duplicate form, along with return of the enclosure, will be appreciated by

Harry F. Byrd, Jr.
U.S.S.

9 July 1970

The Honorable
Harry Flood Byrd, Jr.
United States Senate
Washington, D. C. 20510

My dear Senator Byrd:

We are a small 20 year old company located in [redacted] manufacturing photo-intelligence equipment primarily for use by the U.S. Government. For the past several years we have been the predominant supplier of direct viewing light tables to the photo-intelligence community. We have had a completely satisfactory relationship with the local confidential agencies which are major users of the equipment we supply. However, our confidence in their open and fair dealing has been compromised by their handling of a large contract just awarded.

For the past eighteen months, the [redacted] has been actively working -- primarily with its own funds -- on the development and perfection of a new light table to meet the specific requirements of these local classified agencies. The first prototype was contracted for and provided to these agencies over a year ago for evaluation. The agencies at that time decided not to make a production buy and instead issued a revised and more detailed set of specifications for a more complex piece of equipment. At the time these agencies contracted with us for a second prototype

[redacted] they determined that an alternate source should also be asked to provide a prototype. This alternate source was [redacted], now known as the [redacted]

We were paid [redacted] for our prototype. Reportedly, [redacted] was paid approximately [redacted] for theirs.

It was our understanding that both prototypes would be produced and evaluated on a competitive basis. On the basis of this evaluation, negotiations would be conducted for the selection of either or both companies as suppliers for approximately [redacted]

[redacted] in equipment required by the intelligence community. During the evaluation of the tables, we were given no information regarding the comparative performance of the two tables. We understand that [redacted] personnel were frequently called in to resolve difficulties with their equipment during evaluation, while we were told not to correct the difficulties that developed with our equipment until testing was

completed. In early June, we were asked to bid on quantities of 45 and 155 units, and we did so. In the latter part of June we were called and advised that none of our tables would be purchased during the 1970 fiscal year and that our competitor, [] had received an award for a "substantially larger quantity" of tables. We asked at that time for formal review of the reasons we had not been selected. That review has not yet taken place; but is anticipated shortly. We were told at the time that price was the major factor in the selection of [] as the supplier. We were not, however, asked to bid on the "substantially larger quantity" which would, of course, have lowered our price significantly.

25X1

25X1

As the leading proven supplier of this specific type of equipment, we find the handling of this "competitive" evaluation, and subsequent contract, extremely difficult to comprehend. If price was a major factor, why were no negotiations held with the [] concerning the price of its equipment? We have learned that those who are to participate in the forthcoming technical review of our equipment have been instructed not to compare our table with the successful [] table. Why not?

25X1

We have asked by telephone on more than one occasion for a copy of the final production specifications for the [] equipment and the Government has refused to supply it. We have reason to believe that the quantity purchased is approximately 400 units and that deliveries are to begin in August 1970. Why were we not ever asked to submit a definitive proposal on quantities of this magnitude? The August 1970 delivery date, if accurate, would indicate that in fact [] had received a contract commitment prior to the time we were even asked to submit a firm proposal, since component deliveries would require at least 60 days. As we have been for years the leader of the industry, we find it very difficult to understand why these agencies have not in fact been eager to explain to us why our equipment was not selected.

25X1

25X1

We would appreciate your inquiry into this matter. We have very good reason to believe that our equipment, as finally configured, was superior to that offered by our competitor, []. We are especially concerned that we receive a full and complete explanation of why we were not selected for this contract. This contract is the largest by three to four times that ever awarded for equipment of this type.

25X1

Very truly yours,

[]

25X1

[]

Vice President

25X1

Following the conclusion of tests and evaluations both companies were asked to bid on specific configurations and quantities based upon product suitability and projected need. Again, when compared to the bid the bids were higher.

25X1

25X1

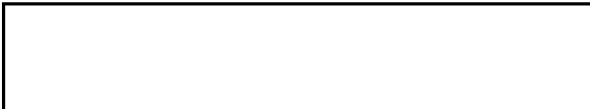
25X1



"Black listed [redacted] &
now have "us" in their
pocket"

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came in a t

25X1



request