

*Please file in  
Mr. Friedman's file*

2 December 1955

## MEMORANDUM FOR THE RECORD

SUBJECT: Compensation For Mr. William F. Friedman as a Member of NSASAB

1. On 29 November 1955, Mr. Mercer Crafford, SIGPO called the writer regarding the following request:

a. That the writer call Mr. Friedman and explain the limitations under which he could be compensated as a consultant to NSA. At this time Mr. Friedman, Mr. Crafford, and the writer all believed possibly compensation extremely negligible. As background for Mr. Crafford's request, Mr. Friedman had informed him that he had been requested by the the DIR to serve on NSASAB and that he had offered to serve without compensation. However, he requested Mr. Crafford to investigate the possibility of adding this service to his contract or to examine the possibility of his serving as a consultant. Mr. Crafford had investigated the contractual possibility of compensation for these services and found it impossible to accomplish, because of his unfamiliarity with consultant's compensation limitations — He requested the undersigned to discuss this matter with Mr. Friedman.

2. On investigating the possibility of compensation, it was determined that Mr. Friedman if appointed at \$50 a day consultant, he would gross approximately \$30 at a reduced rate.

3. After informing Mr. Crafford of this matter, he requested the writer call Mr. Friedman and inform him of the above possibility. Mr. Friedman expressed the desire to be so compensated for his services with NSASAB. He indicated that he expected to attend a meeting of the Executive Committee on Monday, 5 December 1955 and inquired as to whether the appointment could be made effective that rapidly. He was told we would attempt to do this if possible but that the problem of clearing the reduced compensation appointment with the CSC might make it impossible.

4. On checking with Mr. Warren Turner, Assistant to Dr. Kullback, Assistant Secretary, NSASAB, it was found that the formal appointment to NSASAB had been extended by letter to Mr. Friedman and that he had formally accepted such an appointment without compensation on 21 November 1955. It was agreed by Mr. Turner and the writer that PERS should contact the DIR to determine if he was willing to compensate Mr. Friedman for such services.

5. Mr. Sydney Smith, GC was asked for an "off hand" opinion if he could see any possibility of conflicts of dual compensation or conflicts of interest for Mr. Friedman's services as a consultant and his contractual responsibilities. It was Mr. Smith's "off hand" opinion that this would not constitute dual compensation. The conflicts of interest problem had already

been discussed in connection with Mr. Friedman's original offer of an appointment. This opinion of Mr. Smith was expressed after discussion of the possibility that Mr. Friedman might serve as a consultant and work on his contract within the same day. Since the contract for <sup>his</sup> ~~his~~ <sup>production</sup> ~~production~~, no dual compensation was involved. Mr. Smith, however, suggested the possibility that Mr. Friedman's consultant appointment might be for hours actually served, wherein such services were of duration and would not effectively break up his entire work day.

6. General Canine was contacted by the writer on 2 December 1955, and the question of compensation of Mr. Friedman for these services was raised. General Canine stated that he had no objection to compensation for Mr. Friedman's services to NSASAB. This question was discussed at the same time General Canine signed the correspondence on this date concerning PL 313 positions.

7 Mr Friedman's appointment was effected on 5 Dec 1955. He raised the problem of a "full-day" work for the full fee and suggested that he only put in for those days on which he works approx 8 hrs or around 8 hrs. This was agreed to since it is a more conventional approach than used by most of our consultants. Mr. F. was informed that we were looking into the whole problem and might issue some new ground rules in the future.

M. H. Dully