

Serial:

Mr. H. P. Corwith
 Vice President
 Western Union Telegraph Company
 60 Hudson Street, Room A-33
 New York 13, New York

Dear Mr. Corwith:

This will acknowledge with many thanks receipt of your letter of 27 August 1954 and its attachments, addressed to Mr. William F. Friedman, Executive Secretary of the National Security Agency Scientific Advisory Board.

We are very appreciative of your continued interest and cooperation in furnishing us with the report outlining the suggestions of the Western Union Company and will be in a position to make such contacts as may be appropriate after an opportunity to study the suggestions in detail.

I feel I should mention two facts which might throw a little more light on the events leading up to the invitation for bids for the central processing system.

The Agency does not itself process security clearances but must await reports from the investigative agencies who perform such checks for security clearances. Unfortunately, the security clearances for all the Western Union people who would have been involved were not available when, because of the timing within the fiscal year, it became essential to start the formalities for bid invitation and therefore because of the lack of the appropriate clearances, invitations to bid could not be submitted to the Western Union Company. The inference of Mr. Brownstein's comment that the Contract Office had before it three proposals from other firms which were considered sufficient was with respect to the availability at that time of prospective contractors already cleared for this particular project. Also because of the great load of security investigations we have been limited in our abilities to establish a pool of suitably cleared prospective contractors for our various requirements prior to the existence of a specific contract requirement.

I regret the way in which the situation developed but I must reiterate that certain of the actions which led to the situation

whereby invitations to bid could not be sent to you were beyond the control of this Agency. Your cooperation and understanding of this situation are very much appreciated.

FOR THE DIRECTOR:

L. H. FROST
Rear Admiral, U. S. Navy
Chief of Staff

cc:

AC

C/S

S/ASST (Mr. Friedman)

Dr. Kullback (R/D)

M/R: Acknowledging receipt of Mr. Corwith's
ltr dtd 27 Aug 54 with its attachments
concerning development of central
processing system. Explanation of
security clearances required for
contract award.

Capt McDonald, USAF/60493/9Sept54/can