

Contract No. DA 18-119-SC-109
267-LYN-58 (Mr. William F. Friedman)

SIGPO

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14 Jan 59
J. Cain/4057/gk

On 8 January 1959, Mr. William F. Friedman delivered Progress Reports Nos. 3 and 4 to the Director of Training as provided in paragraph (1) b, Article V, Contract No. DA 18-119-SC-109. These reports meet the technical requirements of the Office of Training.

WILLIAM F. FRIEDMAN

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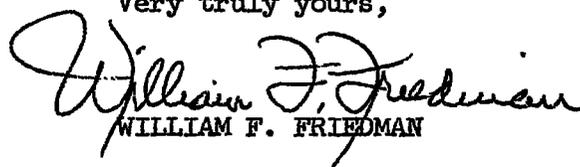
8 January 1959

Director
National Security Agency
Fort George G. Meade, Maryland
Attention: Director of Training

Sir:

Reference is made to Contract No. DA18-119-sc-109, 267-LYN-58, entered into as of 1 May 1958 by and between the United States of America and the undersigned. In accordance with provisions of Article I, paragraph d, of said contract, I submit herewith, in Inclosure 1, a report combining in a single report the third and fourth Progress Reports outlining progress of the work on the items called for by said contract, for reasons explained in Para. 3 of the inclosure.

Very truly yours,


WILLIAM F. FRIEDMAN

Incl:
a/s

8 January 1959

1. Progress on Project 1 of Article I, Paragraph a(1) of the contract.

a. In the second bi-monthly report, dated 3 September 1958, reference was made to the matter of the security classification of the materials to be prepared under the several projects specified in the contract. Attention was called to the fact that:

"In Section IV of NSA Bulletin Number 117 dated 1 July 1958, the attention of all concerned is directed to the provisions of paragraph IIA, Part 6, Encl. No. 1 to Department of Defense Directive 5200.1, dated 8 July 1957, viz:

"All material directly related to cryptographic systems which was previously classified RESTRICTED Security Information is upgraded to CONFIDENTIAL."

b. The second bi-monthly report went on to say:

"It is the Contractor's understanding that the foregoing provisions are being applied in a very strict manner throughout NSA. In view of the fact that much of the basic material which the contractor is using and expects to use as the work under the contract progresses, it will be necessary or at least advisable to apply the provisions cited above to the final materials to be produced under the contract. The Contractor will not be handicapped in the production of those materials as a consequence of the strict application of the provisions of the DOD Directive cited; however, the Contractor believes that the contract should be modified to make it clear that the classification of the materials to be produced is to be CONFIDENTIAL."

c. The point raised by the Contractor's second report apparently required considerable consultation within NSA and took more time to straighten out than the Contractor had anticipated. When this became obvious, the Contractor orally advised the Training Division and Mr. Robert F. Moroney, the Contracting Officer, that the Contractor felt it advisable to get the point at issue settled before proceeding with further work on the contract. This advice had its effect, for after almost one month's delay, in a letter dated 30 September 1958 the Contracting Officer stated:

"In view of the fact that NSA Bulletin Number 117, dated 1 September 1958, requires that all material related to cryptographic systems be classified CONFIDENTIAL, and since much of the material to be incorporated under Project 1 of Article I, paragraph a (1) of the subject Contract involves cryptographic material, the six lessons to be completed under this portion of the contract are hereby classified as CONFIDENTIAL.

"All remaining portions of the contract will remain UNCLASSIFIED."

d. Upon receipt of the foregoing letter the Contractor immediately telephoned Mr. Moroney to point out that it appeared to him that it would be illogical to classify as CONFIDENTIAL only the materials called for under Project 1, leaving the materials called for under the remaining three projects unclassified, because all the projects and all the materials thereunder must definitely be regarded as closely inter-related. In particular, for instance, the voice recordings called for under Project 4 were to be based upon the manuscript called for under Project 1. It

certainly would appear illogical to classify the manuscript of the lectures CONFIDENTIAL and to leave the recordings of those lectures unclassified.

g. As a consequence of the aforesaid telephone conversation a new letter, dated 9 October 1958, was sent the Contractor by the Contracting Officer stating:

"Subject: Narrative Security Requirements Check List dated 30 September 1958, for Contract DA18-119-sc-109

"The subject Check List is hereby rescinded and the following substituted therefor:

"All materials produced under the referenced contract, considered as a whole, will be classified CONFIDENTIAL. In this connection, individual parts will be classified on their own merits."

f. In acknowledging receipt of the foregoing letter, the Contractor, in a letter dated 13 October 1958, stated that the "new wording is now satisfactory and work on the contract is being continued on the basis indicated therein".

g. Work on the first three lectures of Project 1 has now been completed, and is considered to be at least suitable as a final or nearly final draft of the required manuscripts.

2. Progress on Projects 2, 3, and 4 of Article I, paragraphs (a)(2), (a)(3) and (a)(4) of the contract.

a. The photographic negatives and prints for the three above-mentioned lectures have been assembled (Project 2) but are not in final form. They are considered fairly satisfactory but need a bit more work.

b. The negatives mentioned in a above will be forwarded to the Adjutant General, NSA, for making the required lantern slides. It appears that film slides 2" x 2", suitable for automatic projection lanterns, will be better than the old-fashioned glass slides 3" x $4\frac{1}{4}$ ", and the former type will be made.

c. Voice recordings of the three final or nearly final drafts of the first three lectures have been made on magnetic tape and have been heard by a representative of the Training Division, who expressed his satisfaction therewith. These recordings will need some editing work, which will be done before turning them over as final products.

3. The Contractor has been somewhat handicapped by the fact that the magnetic tape recorders are old and in not too good condition. On two occasions, after testing to insure that the magnetic heads were functioning properly, recordings were made, only to find on playback that they were quite defective. One recorder was returned for repair but still is unsatisfactory. All recorders have been returned temporarily to NSA in view of the fact that the Contractor some months ago made a commitment which will take him to Yucatan, Mexico, for at least three and possibly four months. The Contractor had initially contemplated continuing work on the contract while abroad, in view of the fact that the materials called for were originally specified as being unclassified. Now that the materials called for are CONFIDENTIAL, work on the contract will necessarily be discontinued until the Contractor returns to Washington. He hopes to complete the contract within the time stated in the original document; but should it develop on his return from Mexico that an extension of time will be

required to complete the work in a satisfactory manner, a request will be made in writing for such extension.

As originally contemplated the third bi-monthly report was to have been submitted on or about 1 November 1958, and the fourth, on or about 1 January 1959. Because of delays mentioned above, no third bi-monthly report was submitted. The Contractor therefore deemed it advisable to combine the two bi-monthly reports (3d and 4th) in this single report. He further believes that approximately one-half of the work to be done under the contract has been completed and that he is warranted in filing the invoice which accompanies this report.


WILLIAM F. FRIEDMAN