

This file contains ~~all~~ the  
significant papers but is  
not the complete file.

7

Declassified by Deputy Associate Director  
for Policy  
Declassified and approved for release  
on 06-11-2014 pursuant to E.O. 13526  
on 20140122 and by ~~\_\_\_\_\_~~

Improvements not mentioned  
in this basic agreement  
covering # 2089603

Improvements not mentioned in  
this assignment of the sole  
outstanding license under 2089603

(C)  
Perpetual license under 701404  
(13C-211) for the purpose of mfg M-209  
and improvements thereon and the  
same for the machine of #2247170

HAGELIN PATENTS

*Examine M-209 or C-34 →*

The United States has acquired full rights of Hagelin patent No. 2089603 from both Hagelin himself and the Hagelin Cryptographic Company, which had an exclusive license of said patent for manufacturing purposes.

*Patent No. 180-28*

The United States has granted to Hagelin a royalty-free license to manufacture the machines disclosed in patent No. 2247170 under claims of patent No. 2089603.

*7/24 1944 to 1946*

From Hagelin, the United States also has a royalty-free license without limitation as to time to rights under patent application No. 701404, improvements on patent No. 2039603 and patent No. 2247170 and improvements thereon.

*7/24 1944 to 1946*

Patent application No. 286286, copy of which is enclosed, is not referred to directly in any of the Hagelin agreements but if same is an improvement on patents 2089603, 2247170 or patent application 701404, the United States has a royalty-free license without limitation as to time in regard to all patent rights of disclosures set forth in said patent application 286286.

HISTORY

The United States in an agreement with Hagelin, the Hagelin Cryptographic Company and Smith-Corona Typewriting Company has acquired the rights referred to above in an agreement whereby the United States Government did not pay any more money to Hagelin than the contract price of cryptographic machines made by said Hagelin Company, of which the Smith-Corona Typewriting Company was a subcontractor.

In so many words, the United States by means of said contract acquired the foresaid patent rights without any direct payment of money for same. This was done because of financial manipulations between the United States Government, Hagelin interests and the Swedish Government, whereby, it was of greater benefit to Hagelin to receive money as a capital asset rather than royalties. The only loser in this peculiar deal was the Swedish government as they do tax royalties but do not tax capital gains (Hagelin being a Swedish subject).

The Government contract for cryptographic machines referred to above amounted to about \$2,000,000.

\$ 8,614,790.00

A No date

Hagelin grants to United States full rights of Patent No. 2,089,603, (M-209) subject to existing license to the Hagelin Cryptograph Company.

B 26 September 1942

Hagelin Cryptograph Company grants to the United States their rights under license of Patent No. 2,089,603, therefore. United States now has full rights of Patent No. 2,089,603. Now in U.S. Government.

C 26 September 1942

Hagelin grants to United States a royalty free license without limitation as to time Patent Application No. 701,404. Also Patent No. 2,089,603 improvements. Also royalty free license without limitation as to time of Patent No. 2,247,170, 24 June 1941.

D 26 September 1942

United States grants to Hagelin a royalty free license to, under claims of Patent No. 2,089,603, manufacture machines under Patent No. 2,247,170 for a life of letters patent.

*Lib. A172  
p. 370*

E 26 September 1942

Hagelin Cryptograph Company holding an exclusive license under Patent No. 2,247,170 grants to the United States a non-exclusive royalty free license for the term of letters patent.

F 26 September 1942

Hagelin grants to the United States royalty free non-exclusive license Patent No. 2,247,170.

G

Hagelin grants to the United States a time-limited royalty free non-exclusive license to U.S. Patent Application Serial No. 286,286.



Procurement Authorities  
(See Note "E" Below)

REF ID: A66684  
PHILADELPHIA SIGNAL CORPS  
PROCUREMENT DISTRICT  
3000 Nissahickon Avenue  
Philadelphia, Pennsylvania

Contract No. W2124-sc-8396  
File No. 151CO-PHILA-43  
OCSO-OP-42-4361  
OCSO-OP-42-M-12  
OCSO-OP-42-M-540  
OCSO-OP-43-M-1014  
(C-454)  
(Navy Dept. Order 0972)  
(Key 4595-42) (Tel.)

L. C. Smith and Corona Typewriters, Inc.  
Broton, New York

Dated September 26, 1942

No Liquidated Damages (RC)  
(Articles 25 to 30 Incl.)

Article 25. - Articles and Supplies Called For - The contractor shall furnish and deliver to the Government all of the following:

Stock No.

11C09A (1A)	Seventeen thousand one hundred three (17,103) each Converter M-209-A, (USA 6.60) complete with canvas carrying case, tools, paper tape and message clips; per Signal Corps Tentative Specification No. 72-38 dated 10-3-41, except as amended by Notes A, B and C set forth below, @ \$69.00 each.....	\$1,190,107.00
11C09B (1B)	Thirty-four thousand eight hundred twenty-six (34,826) each Converter M-209-B, complete with canvas carrying case, tools, paper tape and message clips; per Signal Corps Tentative Specification No. 72-38 dated 10-20-41 with Tentative Amendment No. 1 dated 3-4-42, except as amended by Notes A, B and C set forth below as follows:  USA 6.60 - Thirty-four thousand seven hundred (34,700) each, @ \$69.00 each.....	2,394,300.00
	1L 6.60 - One hundred twenty-six (126) each, @ \$69.00 each.....	8,694.00
1C	Twenty thousand (20,000) each Converter Type CSP-1500 Equipment (Converter M-209); (USA 6.60) per Signal Corps Specification No. 72-38 with Tentative Amendment No. 2 dated 3-26-42, except as amended by Notes A, B, C and D set forth below, @ \$69.00 each.....	1,390,000.00
2	One hundred five thousand five hundred eighty-two (105,582) each Instruction Book for Converter M-209- ( ); per model approval by Office of the Chief Signal Officer, as follows:  US - One hundred five thousand three hundred thirty (105,330) each @ \$.33 each.....	34,753.90
	DA - Two hundred fifty-two (252) each @ \$.33 each....	83.16
FORWARD.....		\$4,997,943.06



Article 25. - Articles and Supplies Called For - (Continued)

Stock No.

BROUGHT FORWARD.....\$4,997,943.06

3 Five (5) each Manuscript of Technical Manual for Converter M-209-( ); per Signal Corps Tentative Specification No. 71-1371, @ \$.60 each..... 8.00

4 Three thousand four hundred fifty-two (3,452) each Accessories Group, consisting of the following:

1 set Tools, less ink pads and oil; per Paragraph E-6 of Signal Corps Tentative Specification No. 72-38 dated 10-20-41.

1 each Manistop, with snaps; per Paragraph E-1e of Signal Corps Tentative Specification No. 72-38 dated 10-20-41.

1 set Safety Catches; per Signal Corps Drawings SC-D-2881-F, SC-D-2882-G, SC-D-2883-E, SC-D-2884-F and SC-D-2885-F.

40 each Message Clips; per Signal Corps Drawing SC-D-6590-C and Paragraph E-5d of Signal Corps Tentative Specification No. 72-38 dated 10-20-41.

as follows:

USA 6.60 - Three thousand four hundred forty-six (3,446) each @ \$2.50 each..... 8,615.00

LL 6.60 - Six (6) each @ \$2.50 each..... 15.00

5A One hundred sixty-three (163) each Maintenance Parts Group (USA 6.60) complete; to include one of each component of Converter M-209-A, @ \$150.00 each..... 24,450.00

5B Three hundred forty-eight (348) each Maintenance Parts Group, complete; to include one of each component of Converter M-209-B, as follows:

USA 6.60 - Three hundred forty-seven (347) each @ \$100.00 each..... 34,700.00

LL 6.60 - One (1) each @ \$100.00 each..... 100.00

FORWARD.....\$5,065,826.06

Article 25. - Articles and Supplies Called For- (Continued)

Stock No.

BROUGHT FORWARD.....\$5,065,826.06

6A

One (1) each Maintenance Parts Group (USA 6.60),  
additional, for Converter K-209-A; to include the  
following items:

- (a) 973 each Ratchet and Ratchet Spring  
for pin wheel, @ \$.08 each.....\$ 78.24
- (b) 3,749 each Set of Springs (23 springs  
per set), @ \$.92 each..... 3,449.08
- (c) 163 each Alphabet Wheel Assembly,  
@ \$4.42 each..... 720.46
- (d) 16,310 each Drum Bars @ \$.20 each.... 3,262.00
- (e) 32,620 each Lugs for drum bars,  
@ \$.14 each..... 4,566.80
- (f) 163 each Printing Hammers, @ \$.24 each 39.12

Total..... 12,115.70

6B

One (1) each Maintenance Parts Group (USA 6.60),  
additional, for Converter M-209-B; to include the  
following items:

- (a) 2,090 each Ratchet and Ratchet Spring  
for pin wheel, @ \$.08 each.....\$ 167.20
- (b) 7,000 each Set of Springs (23 springs  
per set), @ \$.92 each ..... 6,440.00
- (c) 343 each Alphabet Wheel Assembly,  
@ \$4.42 each..... 1,508.16
- (d) 34,323 each Drum Bars @ \$.20 each.... 6,864.60
- (e) 69,652 each Lugs for drum bars,  
@ \$.14 each..... 9,751.28
- (f) 343 each Printing Hammer @ \$.24 each. 83.52
- (g) 175,000 each Ink Pal, @ \$55.00 per M. 9,625.00

Total..... 34,570.36

FORWARD.....\$5,112,512.12

Article 25. - Articles and Supplies Called For - (Continued)

Stock No.

BROUGHT FORWARD.....\$5,112,512.12

7 Twenty thousand (20,000) each Shoulder Strap, (USA 6.60)  
complete (adjustable 25-inch - 50-inch ), for use with  
Item 1C above, @ \$.45 each ..... 9,000.00

8 One (1) each Maintenance Parts Group, (USA 6.60)  
for Item 1C above, consisting of the following  
items:

(a) 2,000 each Set of Tools; includes  
screw driver, tweezer, ink contain-  
er and oil container (ink and oil  
containers empty), @ \$.41 each.....\$ 820.00

(b) 200 each Set of Parts, complete  
(includes all parts for complete  
CSP-1500 equipment unassembled),  
@ \$100.00 each ..... 20,000.00

(c) 200 each Alphabet Wheel Assembly,  
@ \$4.42 each..... 884.00

(d) 200 each Printing Hammer, @ \$.24 each 48.00

(e) 1,200 each Ratchet and Ratchet Spring  
for pin wheel, @ \$.08 each..... 96.00

(f) 4,600 each Set of Springs (23 springs  
per set), @ \$.92 each..... 4,232.00

(g) 20,000 each Drum Bars, @ \$.20 each... 4,000.00

(h) 40,000 each Lugs for drum bars,  
@ \$.14 each..... 5,600.00

(i) 2,000 each Shoulder Straps, complete,  
(adjustable 25-inch - 50-inch),  
@ \$.45 each..... 900.00

(j) 500 each Catch, safety, for CSP-1500,  
@ \$.49 each..... 245.00

Total..... 36,825.00

TOTAL.....\$5,158,337.12

TERMS: Net.

ANMB PREFERENCE:	Item 1A	-	17,103	-	AA-1
	Item 1B	-	7,153	-	AA-1
		-	24,257	-	AA-2
		-	3,416	-	AA-3
	Item 1C	-	20,000	-	AA-3
	Item 4	-	2,240	-	AA-1
		-	1,212	-	AA-2
	Item 5A	-	7	-	AA-2
		-	156	-	AA-3
	Item 5B	-	73	-	AA-1
		-	244	-	AA-2
		-	31	-	AA-3
	Item 6A	-	AA-1		
	Item 6B	-	(a)	-	439 - AA-1
				-	1,463 - AA-2
				-	188 - AA-3
		-	(b)	-	1,470 - AA-1
				-	4,900 - AA-2
				-	630 - AA-3
		-	(c)	-	73 - AA-1
				-	244 - AA-2
				-	31 - AA-3
		-	(d)	-	7,153 - AA-1
				-	24,257 - AA-2
				-	3,416 - AA-3
		-	(e)	-	14,627 - AA-1
				-	49,756 - AA-2
				-	6,269 - AA-3
		-	(f)	-	73 - AA-1
				-	244 - AA-2
				-	31 - AA-3
		-	(g)	-	36,750 - AA-1
				-	122,500 - AA-2
				-	15,750 - AA-3

Items 7 and 8 - AA-3

NOTE A: Reference Signal Corps Specification No. 72-38, the following subsidiary specifications shall be used:

1. Signal Corps Specification 6-185C in lieu of 6-185B.
2. Federal Specification No. CCC-D-771a with Amendment No. 1.
3. Federal Specification No. CCC-T-191a with Amendment No. 1.

NOTE A: (Continued)

4. Federal Specification No. V-T-276b with Amendment No. 1.

NOTE B: The requirements of paragraph D-1c of Specification No. 72-38 are amended to require that the weight of the converter shall not exceed seven (7) pounds in view of the fact that other materials will be used in place of aluminum.

NOTE C: The six (6) pin bail pawls (guide arms) of the converter will be numbered as follows to indicate the positions in which they may be used:

- a. Arms 1, 5 and 6 will each bear the Numbers 1, 5 and 6.
- b. Arms 2, 3 and 4 will each bear the Numbers 2, 3 and 4.

NOTE D: Reference Item 1C above, Signal Corps Specification No. 72-38 with Tentative Amendment No. 2 date 8-26-42 shall apply thereto, except as follows:

- a. Paragraph B-1 is not applicable and is hereby deleted.
- b. Paragraph D-1b is modified to read as follows:  
"It shall consist of a single unit indicating and printing device making a printed record on a 3/8-inch paper tape, complete with tools and tape."
- c. Paragraph D-3 is not applicable and is hereby deleted.
- d. Paragraph E-1d(1) is modified to read as follows:  
"Each machine shall be furnished with one roll of tape in place."
- e. Paragraph E-1e is modified to read as follows:  
"The strap attached to the machine shall be of a suitable grade of webbing in accordance with Signal Corps Specification 6-185C. The strap shall terminate in spring swivel snaps small enough to permit the snap to hook into the recesses in the base of the CSP-1500 equipment and shall be adjustable in length 25-inch - 50-inch as measured between swivel snaps. If spring swivel snaps cannot be procured, spring snaps without swivels may be used as a substitute for swivel snaps."
- f. Paragraphs E-5, E-5a, E-5b, E-5c and E-5d are not applicable and are hereby deleted.
- g. Paragraphs E-7, E-7a and E-8 are hereby deleted and the following substituted therefor:  
"Nameplate: Nameplates mounted on each CSP-1500"

L. C. Smith and Company Typewriters, Inc.  
Groton, New York

Contract No. W2124-sc-8396  
File No. 15160-PHILA-43

## NOTE D: (Continued)

## g. (Continued)

equipment shall be the same size, material and mounting as those used on Converter M-209-( ). Data to be inserted by the Contractor on each CSP-1500 equipment nameplate shall include the following:

CONFIDENTIAL  
CSP-1500

U. S. NAVY

Registry No.....Contract Date.....Contract No.....

(Name of Contractor)

(Address of Contractor)

Register Numbers 00001 to 20000 are assigned to the subject equipments; numbers shall be inserted accordingly by the contractor."

## h. Paragraph E-9 is modified to read as follows:

"Before manufacturing the nameplate, the Contractor shall submit for approval a facsimile of same to the Chief of the Bureau of Ships (Radio Branch-Special Applications Section)."

## i. Paragraph G-3 is modified to read as follows:

"Shipments shall be marked with the contract date, contract number, designation of the equipment (i.e. CSP-1500) and the name and address of the Contractor."

The word "CONFIDENTIAL" is not to appear on shipping containers.

NOTE E: Charge the cost of above materials to the following Procurement Authorities:

All of Items 1A, 1B, 2, 3,  
4, 5A, 5B, 6A, 6B

- SC-3078-P-120-09-A-0605-23,  
\$3,732,512.12

All of Items 1C, 7 & 8

- SC-3552-P-129-09-A-0605-23,  
\$1,425,825.00

NOTE F: This Formal Contract satisfies any and all obligations assumed by the Government by virtue of and under an unnumbered Contract dated September 26, 1942 entered into by the Contractor, the Government, Boris Caesar Wilhelm Hagelin and the Hagelin Cryptograph Co., a partnership as contracting parties. This Contract shall further be deemed by the contracting parties a substitute Contract within the requirements of Articles IV and V of said unnumbered Contract. The Contractor is obligated

L. C. Smith and Corona Typewriters, Inc.  
 Groton, New York

Contract No. W2124-sc-8396  
 File No. 15160-PHILA-43

## NOTE F: (Continued)

by said Contract and affirms such obligations under this Contract to supply all the Items, Converters, Articles and Supplies recited in Contracts W2124-sc-230, DA-W2124-sc-428 and W2124-sc-1190 and under U. S. Navy Letter of Intent NAS-7390(SFC) excepting Item 4, Recorder Tape of Contract W2124-sc-230.

NOTE G: The Contractor agrees that upon the payment of the consideration expressed in this Contract, namely the sum of \$6,153,337.12, that the Government has satisfied any and all obligations for the payment of monies as set forth in Paragraphs IV (b) and V (1) of an unnumbered Contract dated September 26, 1942 and approved October 2, 1942 by direction of the Under Secretary of War, between the Contractor, the Government and as other parties under the same instrument, Boris Hagelin of Stockholm, Sweden and Hagelin Cryptograph Co., a Connecticut partnership, of which James Kirke Paulding and Stuart Hedden are sole partners.

Material set forth in Appendix "B" of unnumbered Contract dated 9-26-42 and not being procured under this Contract:

10 Preliminary Instruction Books..@	1.00 ea...	\$ 10.00
1 Set Mfg's Dwgs.....@	150.00 per set	150.00
2,500 Ross Tape.....@	.03 ea.	75.00
Total.....@		\$235.00

NOTE H: Tools, dies, jigs and fixtures, title to which being and remaining in the Government, furnished to the Contractor for its use upon and in connection with this Contract are listed in Schedule "A" attached to Article 31.

NOTE I: Such Model Equipment as may be required by the Government by Par D-2 of Signal Corps Tentative Specification 72-38 dated 10-3-41 and is available from the Signal Corps General Development Laboratory, Fort Monmouth, Red Bank, New Jersey, will be furnished by the Government as Government Furnished Equipment on the written request of the Contractor to the Contracting Officer.

NOTE J: Contractor agrees to be bound by the provisions of the Renegotiation Clause attached and made a part hereof as Article 33, which clause incorporates the provisions of Section 403 of the 6th Supplemental National Defense Appropriation Act of 1942 as amended October 21, 1942.

NOTE K: The Contractor further agrees to submit disputes and to be governed by the decision of the facts thereof in accordance with the provisions of Article 34 attached and made a part hereof.

L. C. Smith and Corona Typewriters, Inc.  
Groton, New York

Contract No. W2124-sc-8396  
File No. 15160-PHILA-43

Article 26. - Delivery - The contractor agrees to submit for inspection at its factory the articles covered by Article 25 above, manufactured in strict accordance with the specifications as follows:

- |                         |  |
|-------------------------|--|
| Items 1A, 1B,<br>and 1C | - 2,500 each on or before September 30, 1942   |
|                         | - 8,000 each on or before October 31, 1942   |
|                         | 5,000 each on or before November 30, 1942  |
|                         | 8,000 each on or before December 31, 1942  |
|                         | 5,429 each on or before January 31, 1943   |
|                         | 5,000 each on or before February 28, 1943  |
|                         | 5,000 each on or before March 31, 1943   |
|                         | 5,000 each on or before April 30, 1943   |
|                         | 5,000 each on or before May 31, 1943   |
|                         | 5,000 each on or before June 30, 1943  |
|                         | 5,000 each on or before July 31, 1943  |
|                         | 5,000 each on or before August 31, 1943  |
|                         | 5,000 each on or before September 30, 1943   |
| Item 2                  | - 2 each of Item 2 will be delivered concurrently and in the same proportion with 1 each of Items 1A and 1B above. |
| Item 3                  | - Delivery already made - May 18, 1942   |
| Item 4                  | - Concurrently and in the same proportion with Items 1A and 1B above.  |
| Item 5A                 | - Concurrently and in the same proportion with Item 1A above.  |
| Item 5B                 | - Concurrently and in the same proportion with Item 1B above.  |
| Item 6A                 | - Concurrently and in the same proportion with Item 1A above.  |
| Item 6B                 | - Concurrently and in the same proportion with Item 1B above.  |
| Items 7 and 8           | - 1 each of Items 7 and 8 will be delivered concurrently and in the same proportion with Item 1C above.            |

Article 27. - Inspection - The factory of the contractor located at Groton, New York, is designated as the place for inspection and acceptance by the Government of the articles covered by Article 25 above.

When these articles are ready for inspection, the contractor will notify the Officer in Charge, Newark Signal Corps Inspection Zone, 309 Washington Street, Newark, New Jersey, under whose direction the inspection of the above mentioned articles will be made and with whom all correspondence relative to technical and inspection matters will be had. All correspondence will be furnished in duplicate.



Article 28. - Packing and Shipment - The articles covered by Article 25 above will be packed in such manner as to reach destinations in satisfactory condition. These articles will be furnished f.o.b. contractor's factory, Groton New York, and will be forwarded on Government Bills of Lading which will be furnished by the inspection zone.

Special Packing Clause forms a part of this contract.

The following notes apply to DA shipments only:

The contractor agrees to supervise the packing of all material for War-Aid shipments so far as to prevent the placement of unauthorized material in the packing cases. He will maintain accurate records of the persons performing such packing and such supervising which will be available for examination by the Government.

Approximate Displacement and Weight

a. Number of units packed in one container 20  
b. Displacement of container (cubic feet) 6  
c. Weight of container and contents (pounds) 178

AFTER INSPECTION AND ACCEPTANCE OF MATERIAL, such shipments will be made as follows:

- a. 500 each of Item 2 TO: Signal Property Officer  
War Department Message Center  
Room 1115, Munitions Building  
Washington, D. C.  
Marked: "For Training Division  
File No. 15160-PHILA-43".
- b. 15,960 each of Item 1A TO: The Commanding General  
1,920 each of Item 2 Philadelphia Signal Depot  
(2 each packed with each of 5000 Wissahickon Avenue  
Item 1A) Philadelphia, Pennsylvania  
2,000 each of Item 1B Marked: "File No. 15160-PHILA-43".  
4,000 each of Item 2  
(2 each packed with each of  
Item 1B)  
1,224 each of Item 2  
1,731 each of Item 4  
163 each of Item 5A  
1 each of Item 6A
- c. 18,700 each of Item 1B TO: Signal Supply Officer  
37,400 each of Item 2 New Cumberland Signal Depot  
(2 each packed with each of New Cumberland, Pennsylvania  
Item 1B) Marked: "File No. 15160-PHILA-43".  
935 each of Item 4

L. C. Smith and Corona Typewriters, Inc.  
 Groton, New York

Contract No. W2124-sc-8396  
 File No. 15160-PHILA-43

Article 23. - Packing and Shipment - (Continued)

- d. 10,000 each of Item 1E  
 20,000 each of Item 2  
 (2 each packed with each of  
 Item 1E)  
 500 each of Item 4  
 TO: Signal Supply Officer  
 Lexington Signal Depot  
 Avon, Kentucky  
 Marked: "File No. 15160-PHILA-43".
- e. 1,000 each of Item 1B  
 2,000 each of Item 2  
 (2 each packed with each of  
 Item 1B)  
 50 each of Item 4  
 TO: Signal Supply Officer  
 Chicago Signal Depot  
 1903 West Pershing Road  
 Chicago, Illinois  
 Marked: "File No. 15160-PHILA-43."
- f. 1,000 each of Item 1B  
 2,000 each of Item 2  
 (2 each packed with each of  
 Item 1B)  
 50 each of Item 4  
 TO: Signal Supply Officer  
 Atlanta Signal Depot  
 Atlanta, Georgia  
 Marked: "File No. 15160-PHILA-43."
- g. 1,000 each of Item 1E  
 2,000 each of Item 2  
 (2 each packed with each of  
 Item 1E)  
 50 each of Item 4  
 TO: Signal Supply Officer  
 San Antonio Signal Depot  
 Fort Sam Houston  
 San Antonio, Texas  
 Marked: "File No. 15160-PHILA-43".
- h. 793 each of Item 1A  
 1,586 each of Item 2  
 (2 each packed with each of  
 Item 1A)  
 1,000 each of Item 1E  
 2,000 each of Item 2  
 (2 each packed with each of  
 Item 1E)  
 130 each of Item 4  
 TO: Signal Supply Officer  
 Utah Signal Depot  
 Ogden, Utah  
 Marked: "File No. 15160-PHILA-43".
- i. 350 each of Item 1A  
 700 each of Item 2  
 (2 each packed with each of  
 Item 1A)  
 TO: Signal Property Officer  
 Signal Corps Replacement Training Center  
 Camp Crowder, Missouri  
 Marked: "File No. 15160-PHILA-43".
- j. 126 each of Item 1E  
 252 each of Item 2  
 (2 each packed with each of  
 Item 1E)  
 6 each of Item 4  
 343 each of Item 5E  
 1 each of Item 6E

SHIPPING AND MARKING INSTRUCTIONS WILL BE

FURNISHED AT A LATER DATE.

(PACKED FOR EXPORT SHIPMENT)

L. C. Smith and Corona Typewriters, Inc.  
Groton, New York

Contract No. W2124-sc-8396  
File No. 15160-PHIA-43

Article 28. - Packing and Shipment - (Continued)

- k. 20,000 each of Item 1C  
20,000 each of Item 7  
1 each of Item 8

SHIPPING INSTRUCTIONS WILL BE OBTAINED BY THE  
INSPECTION ZONE FROM NAVY DEPARTMENT, BUREAU  
OF SUPPLIES AND ACCOUNTS, WASHINGTON, D. C.  
MAKING REFERENCE TO ORDER NO. 0972, REQUISITION  
--NO. SHIPS 4595/42.

5 each of Item 3 have already been shipped to:

The Commanding General  
Philadelphia Signal Depot  
5000 Wissahickon Avenue  
Philadelphia, Pennsylvania  
Marked: "Contracting Officer  
Procurement - Telephone  
File No. 15160-PHIA-43"

Article 29 - Records of Government-Owned Property - The  
Property Officer, Newark Signal Corps Inspection Zone, 309 Washington Street,  
Newark, New Jersey, is designated as the officer to maintain the necessary  
property records in connection with this contract, as contemplated by AR 35-6520.

Article 30 - Liability for Government-Owned Property - Except  
as to property the liability for which is fixed by any other instrument or agreement  
or by some other provision of this contract, the Contractor shall not be liable for  
loss or destruction of or damage to property of the Government in the possession or  
control of the Contractor in connection with this contract unless such loss, damage  
or destruction results from wilful misconduct or failure to exercise good faith on  
the part of the Contractor's corporate officers or other representatives having  
supervision or direction of the operation of the whole of the Contractor's business  
or of the whole of any plant operated by the Contractor in the performance of this  
contract.

Procurement Authority  
SC-2509-P-5-30-A-0605-2,

PHILADELPHIA SIGNAL CORPS  
PROCUREMENT DISTRICT  
5000 Wissahickon Avenue  
Philadelphia, Pa.

Contract No. W2124-sc-230  
File No. 1499-PHILA-42  
OCSO-DP-42-4361

Hagelin Cryptograph Company  
New Milford, Connecticut

Dated November 27, 1941

No Liquidated Damages  
(Articles 25 to 28 incl.)

Article 25. - Articles and Supplies Called For - The contractor shall furnish and deliver to the Government all of the following:

Stock No.

6E1009

(1)

Sixteen thousand three hundred ten (16,310) each Converter M-209-( ), complete with canvas carrying case, tools, paper tape, message clips, and 2 copies of "Preliminary Instruction Books"; per Signal Corps Tentative Specification No. 72-38 dated 10-3-41, except as amended by Notes A and B below, @ \$173.22 each.....  
total.....\$2,825,218.20

(2)

Thirty-three thousand eight hundred thirty (33,830) each Instruction Book; per U.S. Army Specification No. 71-823-E, including Note C below, @ \$.33 each.....  
total..... 11,163.90

(3)

One thousand six hundred thirty-one (1,631) Groups Spare Parts Group, consisting of the following:  
1 Set Tools, less ink pads and oil, per paragraph E-6 of Signal Corps Tentative Specification 72-38 dated 10-3-41.  
1 each Handstrap, with snaps, per Paragraph E-1e of Signal Corps Tentative Specification 72-38 dated 10-3-41.  
1 set Safety Catches, per Signal Corps Drawing SC-D-2881-F, 2882-G-2883-E, 2884-F, and 2885-F.  
40 each Message Clips, per Signal Corps Drawing SC-DO6590-A and Paragraph E-5d of Signal Corps Tentative Specification 72-38 dated 10-3-41.

@ \$2.50 per group.....  
total..... 4,077.50

(3a)

One hundred sixty-three (163) groups Spare Parts Group, complete, to include one of each component of Converter M-209-( ),  
@ \$150.00 per group.....  
total..... 24,450.00

FORWARD.....\$2,864,909.60

Hagelin Cryptograph Company  
New Milford, Connecticut

Contract No. W2124-sc 230  
File No. 1499-PHILA-12

Article 25. - Articles and Supplies Called For - (Continued)

BROUGHT FORWARD.....\$2,864,909.60

Stock No.  
(3b)

One (1) Set Spare Parts Groups, additional,  
to include the following items:

978 each Ratchets and Ratchet Springs for pin wheels, @ \$.08 each.....	\$ 78.24
3,749 each Springs of each type @ \$.04 each.....	149.96
163 each Alphabet wheel assemblies @ \$4.42 each.....	720.46
16,310 each Drum Bars, @ \$.20 each....	3,262.00
32,620 each Lugs for Drum Bars @ \$.14 each.....	4,566.80
163 each Printing Hammers @ \$.24 each.....	<u>39.12</u>

total..... 8,816.58

(4)

Fifty thousand (50,000) rolls Tape, paper,  
per Paragraph E-1d of Signal Corps Tentative  
Specification 72-38 dated 10-3-41,

@ \$.03 each.....	
total.....	1,500.00

1,500.00

(5)

One (1) set Manufacturer's Drawings and  
Specifications covering Item 1 above, and in  
accordance with the following:

Quantity. - The contractor shall furnish one complete set of manufacturing drawings and material specifications covering all components and parts thereof of the equipment in its final form as accepted by the inspector under Item 1 except drawings of parts which are covered by Signal Corps Drawings need not be included. The contractor is advised that drawings and material specifications not bearing the contractor's name and not representing truly the equipment as manufactured and delivered on this contract do not meet this requirement.

Commercial Items. - It is not intended or required that detailed specifications be furnished for standard or commercially available materials (such as insulating materials, metals for machine parts, wire and authorized commercial articles), it being sufficient to

FORWARD.....\$2,875,226.18

Hagelin Cryptograph Company  
New Milford, Connecticut

Contract No. W2124-sc-230  
File No. 1499-PHILA-42

Article 25. - Articles and Supplies Called For - (Continued)

BROUGHT FORWARD.....\$2,875,226.18

Stock No.  
(5) Cont'd

Commercial Items (Cont'd)

refer to or identify such material by its accepted and complete commercial designation together with the name of the manufacturer.

Contractor's Specifications. - The contractor shall satisfy himself that all commercial articles and/or materials used in the fabrication of the equipment to be supplied on this contract and authorized by the specifications and/or the contracting officer are in fact commercial standard and reasonably available for maintenance and replacement purposes, otherwise all such articles and/or material shall be covered by detailed specifications to be furnished by the contractor and in the same manner as set for in "Quantity" above.

Prints. - The manufacturing drawings and specifications shall be in the form of direct-reading, dark brown negative prints. They shall not have been transparentized and shall be suitable for producing legible blue line prints.

@ \$150.00 each.....  
total..... 150.00

(6) Five (5) each Preliminary Instruction Books for Converter M-209- ( ); to be exact duplicate of those furnished as part of Item 1 above, @ \$1.00 each.....  
total..... 5.00

TOTAL.....\$2,875,381.18

TERMS: Net

ANMB Preference A-1-C for production  
A-1-B for tools

NOTE A: Reference Paragraph C-9c of Tentative Specification No. 72-38 dated 10-3-41, the scratch test for paint shall be made on pieces of scrap metal which shall be of the same material as used in the production of the converters and which shall have been painted at the same time as the production units.

NOTE B: Reference Paragraph A-1b of Tentative Specification No. 72-38 dated 10-3-41, it is understood that the drawings listed are merely for the purpose of outlining the design of the catch which may be different

Hagelin Cryptograph Company  
New Milford, Connecticut

Contract No. W2124-sc-230  
File No. 1499-PHILA-42

**NOTE B: (cont'd)**

in dimensions from the said drawings, and that certain clauses of the specifications shall be changed as shown below:

Clause C-7: By the addition at the end of the clause of the words "hardening shall be deemed satisfactory if the same as in the model referred to in Clause D-2".

Clause C-9c: By the addition of the words "or bonderized" after the words "inhibited primer" at the end of the second sentence in line 2.

Clause D-1a to D-1f: inclusive, comprising general requirements relating to operations shall be deemed to be fulfilled if Converter M-209-( ) as supplied in accordance with this bid shall be capable of meeting the requirements outlined in Clause D-a-f incl. to the same extent that the model referred to in Clause D-2 is capable of meeting said requirements.

Clause D-3: Preproduction samples required under this clause shall be made by hand.

Clause E-3: Relating to ease of operation shall be deemed to be fulfilled if Converter M-209-( ) as delivered pursuant to this bid shall operate in accordance with Clause E-3 as easily as the model referred to in Clause D-2 operates.

**NOTE C:** Preliminary Instruction Books shall be furnished by the manufacturer, to be used until final Instruction Books per Specification 71-823-E are approved. The preliminary books shall include drawings or photographs of all parts and sub-assemblies, designated with the manufacturer's number to facilitate ordering spare parts. A parts list shall also be furnished showing quantity used for each converter, the manufacturer's number and a descriptive statement for each part, such as 10-tooth gear; No. 8-32 screw, 5/8-in. long, etc.

**NOTE D:** Model equipment which is required of the Government by Paragraph D-2 of Signal Corps Tentative Specification No. 72-38 dated 10-3-41 is available at the Signal Corps Laboratories, Fort Monmouth, Red Bank, New Jersey.

**NOTE E:** The Signal Property Officer, Signal Corps Laboratories, Fort Monmouth, Red Bank, New Jersey, is designated as the officer to maintain the necessary property records in connection with this contract as contemplated by AR-35-6520.

**NOTE F:** Contractor will furnish Performance Bond in amount of 15% of total value of contract, i.e., for \$431,307.18

**NOTE G:** Contractor will furnish Advance Payment Bond in full amount of the Advance Payment, i.e., for \$431,307.18, which is 15% of value of contract.

**NOTE H:** The percentage of total dollar value proposed for subcontracting is fifty (50%) percent.

Hagelin Cryptograph Com.  
New Milford, Connecticut

Contract No. W2124-sc-230  
File No. 1499-PHILA-42

Article 26. - Delivery - The contractor agrees to submit for examination and approval to the Director, Signal Corps Laboratories, Fort Monmouth, Red Bank, New Jersey, sample equipment covered by Paragraph D-3 of Signal Corps Tentative Specification No. 72-38 dated 10-3-41, on or before March 15, 1942, and will submit for inspection at its factory the articles covered by Article 25 above, manufactured in strict accordance with the specifications as follows:

500 - Nov. 1942	1,000 - Dec. 1942	2,000 - Jan. 1943
2,000 - Feb. 1943	2,000 - Mar. 1943	2,000 - Apr. 1943
2,000 - May 1943	2,000 - June 1943	2,810 - July 1943

Item 2 - July 1, 1942

Item 3 - 10% of Spare Parts with each Converter M-209-( )

Item 3a - November 30, 1942

Item 3b - November 30, 1942

Item 4 - July 1, 1942

Item 5 - July 1, 1943

Item 6 - For approval on May 1, 1942, Final delivery July 1, 1942

The deliveries schedules above are limiting dates and do not preclude deliveries in advance of such dates. Earlier deliveries are desired whenever possible

Article 27. - Inspection - The factory of the contractor, located at Groton New York, is designated as the place for inspection and acceptance by the Government of the articles covered by Article 25 above. Ten days before material is ready for inspection, the contractor will notify the Officer in Charge, Philadelphia Signal Corps Procurement District, 5000 Wissahickon Avenue, Philadelphia, Pennsylvania, under whose direction the inspection of the above mentioned articles will be made

Article 28. - Packing and Shipment - The articles covered by Article 25 above will be packed in such manner as to reach destinations in satisfactory condition. These articles will be furnished f.o.b. contractor's factory, Groton, New York, and will be forwarded on Government Bills of Lading which will be furnished by the inspecting office.

If packaging for export is required the prices named herein will be increased by the cost thereof and the amount added the contractor as a result of such change will be charged to the Government and entered on vouchers (or invoices) as a separate item.

Special Packing Clause forms a part of this contract.

The contractor will include in the Notice of Shipments the File Number assigned, as required by Article 20.

SHIPPING INSTRUCTIONS WILL BE FURNISHED AT A LATER DATE.

ATB



Procurement Authorities: PHILADELPHIA SIGNAL CORPS  
 (See Note C below) PROCUREMENT DISTRICT  
 5000 Wissahickon Avenue  
 Philadelphia, Pennsylvania

Contract No. W2124-sc-1190  
 Contract No. DA-W2124-sc-428  
 File No. 12453-PHILA-42  
 OCSO-DP-42-M-540  
 (C-454)

Hagelin Cryptograph Company  
 New Milford, Connecticut

Dated April 10, 1942

No Liquidated Damages  
 (Articles 25 to 28 Incl.)

Article 25. - Articles and Supplies Called For - The contractor shall furnish and deliver to the Government all of the following:

Stock No.

<p>EE1009                  (1)</p>	<p>Thirty-four thousand eight hundred twenty-six (34,826) each Converter M-209-A, complete with canvas carrying case, tools, paper tape, message clips; per Signal Corps Tentative Specification No. 72-38 dated 10-20-41 with Tentative Amendment No. 1 dated 3-4-42, except as changed by Note A, as follows:</p>	
	<p>U.S. - Thirty-four thousand seven hundred (34,700) each, @ \$100.00 each.....</p>	<p>total.....\$3,470,000.00</p>
	<p>DA - One hundred twenty-six (126) each, @ \$100.00 each.....</p>	<p>total..... 12,600.00</p>
<p>2</p>	<p>Five (5) each Manuscript of Technical Manual for Converter M-209-A, per Signal Corps Tentative (U.S.) Specification No. 71-1371, except as changed by Note B, @ \$.60 each.....</p>	<p>total..... 3.00</p>
<p>3</p>	<p>One thousand seven hundred forty-one (1,741) groups Spare Parts Group, consisting of the following:</p> <p>1 set Tools, less ink pads and oil; per Paragraph E-6 of Signal Corps Tentative Specification No. 72-38 dated 10-20-41.</p> <p>1 each Handstrap, with snaps; per paragraph E-1e of Signal Corps Tentative Specification No. 72-38 dated 10-20-41.</p> <p>1 set Safety Catches; per Signal Corps Drawing SC-D-2881-F, SC-D-2882-G, SC-D-2883-E, SC-D-2884-F and SC-D-2885-F.</p>	

FORWARD.....\$3,482,603.00

Article 25. - Articles and Supplies Called For - (Continued)

BROUGHT FORWARD.....\$3,482,603.00

Stock No.  
3 (Continued)

40 each Message Clips; per Signal Corps  
Drawing SC-D-6590-C and Paragraph E-5d  
of Signal Corps Tentative Specification  
No. 72-38 dated 10-20-41, as follows:

U.S. - One thousand seven hundred thirty-five (1,735) groups, @ \$2.50 per group.....	
total.....	4,337.50
DA - Six (6) groups, @ \$2.50 per group.....	
total.....	15.00

5  
Seventy thousand six hundred fifty-two (70,652)  
each Preliminary Instruction Books for Converter  
M-209-A; per U.S. Army Specification No. 71-486.  
The preliminary books shall include drawings or  
photographs of all parts and sub-assemblies,  
designated with the manufacturer's number to  
facilitate ordering spare parts, as follows:

U.S. - Seventy thousand four hundred (70,400) each, @ \$.33 each.....	
total.....	23,232.00
DA - Two hundred fifty-two (252) each, @ \$.33 each.....	
total.....	83.16

6  
Three hundred forty-eight (348) sets, Spare Parts  
sets, complete, to include one of each component  
of Converter M-209-A, as follows:

U.S. - Three hundred forty-seven (347) sets, @ \$100.00 per set.....	
total.....	34,700.00
DA - One (1) set, @ \$100.00 per set.....	
total.....	100.00

7  
One (1) set Spare Parts Group, additional, to include  
the following items:

2,090 each Ratchets and ratchet springs  
for pin wheels, @ \$.08 each.....\$167.20

7,000 each all other Springs,  
@ 7.04 each..... 280.00

FORWARD.....\$447.20

FORWARD.....\$3,545,070.66

Hagelin Cryptograph Company  
New Milford, Connecticut

Contract No. W2124-sc-1190  
Contract No. DA-W2124-sc-428  
File No. 12453-PHILA-42

Article 26. - Articles and Supplies Called For - (Continued)

AMOUNT FORWARDED.....\$5,545,070.66

AMOUNT FORWARDED.....\$447.20

Stock No.

7 (Continued)

343 each Alphabet Wheel Assemblies, @ \$4.42 each....	1,538.15
34,826 each Drum Bars, @ \$.20 each..	6,965.20
69,652 each Lugs for Drum Bars, @ \$.14 each.....	9,751.28
543 each Printing Hammers, @ \$.24 each.....	33.52
175,000 each Ink Pads, @ \$55.00 per M.....	<u>9,625.00</u>
(U.S.) total.....	<u>23,410.36</u>
GROSS AMOUNT.....	33,673,431.02
Less 1/4 of 1% discount - 10 days after in- spection at plant of each shipment.....	<u>8,933.70</u>
NET TOTAL.....	\$3,564,547.32

AMNS PREFERENCE: 50% - A-1-A - Code 21  
50% - A-1-B - Code 16

NOTE A: Reference Signal Corps Tentative Specification No. 72-63 dated 10-20-41, the following subsidiary specifications will be used:

- 1 Signal Corps Specification G-185C in lieu of G-135B with Amendment No. 1 with 130-2D
- 2 Federal Specification No. CCC-D-771a with Amendment No. 1
- 3 Federal Specification CCC-T-191a with Amendment No. 1
- 4 Federal Specification V-T-275B with Amendment No. 1

NOTE B: The assigned number for the Technical Manual for Converter M-209-A is TM-11-380-( ): The Manuscript of the Technical Manual for Converter M-209-A shall be in accordance with Signal Corps

Hagelin Cryptograph Company  
New Milford, Connecticut

Contract No. W2124-sc-1190  
Contract No. DA-W2124-sc-428  
File No. 12453-PHILA-42

## NOTE B: (Continued)

Tentative Specification No. 71-1371 dated 2-16-42. However, the contractor will only be required to submit manuscripts of the Technical Manual. No page proof or printed copies will be required. In view of the fact that only a manuscript is required, the information listed in sub-paragraph (1), (2), (3), (4), (5) and (C) of Paragraph E-6e of the above specification will not be furnished the contractor. Shipment of copies of the manuscript will be as specified in Paragraph F-1 of Signal Corps Tentative Specification No. 71-1371 dated 2-16-42 except that two extra copies shall be forwarded to the Office of the Chief Signal Officer, Scheduling Division, Defense Aid Section, attention Lieut. Newton.

NOTE C: The cost of the above materials is charged to the following Procurement Authorities:

	Gross Amount	Discount	Net Total
DC-2509-P-5-30-A-060b-23.	\$3,580,632.86	\$3,901.70	\$3,581,791.16
DA-343-0001-P-430-30-A-0024-13, (Defense Aid Project) (Defense Aid Appropriation)	12,798.16	32.00	12,766.16

NOTE D: This formal contract confirms and is based upon "Letters of Intent", dated March 9, 1942, and accepted on March 18, 1942, by the contractor.

NOTE E: The requirements of paragraph D-1c of Specification 72-38 are amended to require that the weight of the converter shall not exceed seven (7) pounds in view of the fact that other materials will be substituted for aluminum.

NOTE F: The tax clause herein is modified as follows:

Prices herein are exclusive of any Federal, State and Local tax or charge heretofore imposed which is applicable to the supplies or work covered hereby. Prices herein do not include any Federal taxes imposed by Chapter 29, Sub-Chapter A, Internal Revenue Code, as amended. Prices herein do not include any State and Local taxes imposed directly on the sale of supplies.

NOTE G: The percentage of total dollar value proposed for subcontracting is approximately one hundred (100%) percent.

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Hagelin Cryptograph Company  
New Milford, Connecticut

Contract No. W2124-sc-1190  
Contract No. DA-W2124-sc-428  
File No. 12453-PHILA-42

Article 26. - Delivery - The contractor agrees to submit for inspection at its factory the articles covered by Article 25 above, manufactured in strict accordance with the specifications, as follows:

	<u>September 1, 1942</u>	<u>October 31, 1942</u>	<u>November 30, 1942</u>	<u>December 31, 1942</u>
Stock No. 6E1009		5,000 each	15,000 each	14,826 each
Item 5	1,000 each (2 each of Item 5 will be packed with one each of Stock No. 6E1009)	10,000 each	30,000 each	29,652 each
Item 2	Not later than May 11, 1942.			
Item 3	Not later than October 31, 1942.			

Items 6 and 7 will be delivered concurrently and proportionately with Stock No. 6E1009.

The deliveries herein scheduled are limiting dates and do not preclude deliveries in advance of such dates. Earlier deliveries should be made whenever possible.

Article 27. - Inspection - The factory of the contractor located at Groton, New York, (Corona Plant of L. C. Smith and Corona Typewriters, Incorporated), is designated as the place for inspection and acceptance by the Government of the articles covered by Article 25 above. At the option of the Contracting Officer, upon request of the Contractor in writing, Items 3, 5 and 7 of Article 25 may be inspected and accepted at the point of manufacture. Ten days before material is ready for inspection, the contractor will notify the Officer in Charge, Philadelphia Signal Corps Procurement District, 5000 Wissahickon Avenue, Philadelphia, Pennsylvania, under whose direction the inspection of the above mentioned articles will be made.

Article 28. - Packing and Shipment - The articles covered by Article 25 above will be packed in such manner as to reach destinations in satisfactory condition. These articles will be furnished f.o.b. contractor's factory, Groton, New York, (Corona Plant of L. C. Smith and Corona Typewriters, Incorporated), or at the option of the Contracting Officer, f.o.b. point of manufacture, if other than Groton, New York, provided no additional shipping costs to the Government are involved, and will be forwarded on Government Bills of Lading which will be furnished by the inspecting office.

Special Packing Clause forms a part of this contract.

The following apply to DA quantities only:

Note 1: The contractor agrees to supervise the packing of all material for war-aid shipments so far as to prevent the placement of unauthorized material in the packing cases. He will maintain accurate records of the persons performing such packing and such supervising which will be available for examination by the Government.

Article 28. - Packing and Shipment - (Continued)

Note 2: Approximate Displacement and Weight

1. Number of units packed in one container 12 or 24 .
2. Displacement of container (cubic feet) 3 1/2 or 7 .
3. Weight of container and contents (pounds) 100 or 200.

AFTER INSPECTION AND ACCEPTANCE OF MATERIAL, such shipments will be made as follows:

- |  |   |
|--|---|
| <u>a.</u> 500 copies of Item 5   | TO: Signal Property Officer<br>War Department Message Center<br>Room 1115, Munitions Building<br>Washington, D. C.<br>Marked: "For Training Division,<br>File No. 12453-PHILA-42" |
| <u>b.</u> 2,000 each of Item 1<br>100 groups of Item 3<br>500 copies of Item 5 | TO: Signal Supply Officer<br>Philadelphia Signal Depot<br>5000 Wissahickon Avenue<br>Philadelphia, Pennsylvania<br>Marked: "File No. 12453-PHILA-42"                              |
| <u>c.</u> 10,000 each of Item 1<br>500 groups of Item 3                        | TO: Commanding Officer<br>Lexington Signal Depot<br>Avon, Kentucky<br>Marked: "File No. 12453-PHILA-42"   |
| <u>d.</u> 1,000 each of Item 1<br>50 groups of Item 3                          | TO: Signal Supply Officer<br>Chicago Quartermaster Depot<br>1819 West Pershing Road<br>Chicago, Illinois<br>Marked: "File No. 12453-PHILA-42"                                     |
| <u>e.</u> 1,000 each of Item 1<br>50 groups of Item 3                          | TO: Signal Supply Officer<br>Utah General Depot<br>Ogden, Utah<br>Marked: "File No. 12453-PHILA-42"   |
| <u>f.</u> 1,000 each of Item 1<br>50 groups of Item 3                          | TO: Signal Supply Officer<br>San Antonio General Depot<br>Fort Sam Houston<br>San Antonio, Texas<br>Marked: "File No. 12453-PHILA-42"   |
| <u>g.</u> 1,000 each of Item 1<br>50 groups of Item 3                          | TO: Signal Supply Officer<br>Atlanta General Depot<br>Atlanta, Georgia<br>Marked: "File No. 12453-PHILA-42"   |

Hagelin Cryptograph Co. Inc.  
New Milford, Connecticut

Contract No. W2124-sc-1190  
Contract No. DA-W2124-sc-428  
File No. 12453-PHILA-42

SHIPPING INSTRUCTIONS: (Continued)

h. 18,700 each of Item 1  
935 groups of Item 3

TO: Signal Supply Officer  
New Cumberland General Depot  
New Cumberland, Pennsylvania  
Marked: "File No. 12453-PHILA-42"

SHIPPING AND MARKING INSTRUCTIONS FOR 126 EACH OF STOCK  
NO. 6E1009, AND 6 GROUPS OF ITEM 3 WILL BE FURNISHED  
AT A LATER DATE.

SHIPPING INSTRUCTIONS FOR ITEMS 6 & 7 WILL BE FUR-  
NISHED AT A LATER DATE.

MH

June 10, 1941

Chief of the Bureau of Ships  
Navy Department  
Washington, D. C.

Dear Sir:

Following our telephone conversation of today, we  
desire to confirm that we will supply

(1)	20,000 Hagelin Converters, your refer- ence CSP 1500 at \$100.00 per unit, making.....	\$2,000,000.00
(2)	2,000 sets of tools (screw driver, ink container, tweezers and oil con- tainer; ink and oil containers empty, at \$0.41, making.....	820.00
(3)	200 complete sets of parts (200 com- plete unassembled machines) at \$100, making.....	20,000.00
(4)	200 alphabet wheel assemblies at \$0.42, making.....	84.00
(5)	200 printing hammers at \$0.24, making.	48.00
(6)	1,200 ratchets and ratchet springs for pin wheels at \$0.08, making.....	96.00
(7)	4,200 springs of each type, approx- imately 23 different springs at \$0.04, making.....	4,232.00
(8)	20,000 drum bars at \$0.20, making.....	4,000.00
(9)	40,000 lugs for drum bars at \$0.14, making.....	5,600.00
(10)	22,000 25" to 50" adjustable carrying straps at \$0.45, making.....	9,900.00
(11)	500 Safety Catches at \$0.48, making.....	245.00
	TOTAL	\$2,045,825.00

F.O.B. Groton, N. Y.



Chief of the Bureau of Ships -2-

June 10, 1948

We understand that you will assign us an A-1-A(1) priority rating.

We have noted that the deliveries as agreed upon by your office and the Office of the Chief Signal Officer are to be as follows:

500	-	July
1,500	-	August
3,000	-	September
1,500	-	October
2,500	-	November
3,500	-	December
2,100	-	January
3,500	-	February

We are, dear Sir

Very truly yours,

REGILIE CRYPTOGRAPH COMPANY

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178:MM

In reply address not the signer of this letter, but the Bureau of Supplies and Accounts and Refer to No.

NAVY DEPARTMENT  
BUREAU OF SUPPLIES AND ACCOUNTS  
WASHINGTON, D. C.

NXS-7390(SPC)

~~CONFIDENTIAL~~

10 June 1942

S i r s :

This is to confirm the advice given you that it was anticipated that the Navy Department would place with your company an order for code and signal equipment as follows:

<u>Item</u>	<u>Quantity</u>
1. Equipments Type CSP-1500 (Army M-209 Converters)	20,000
2. One lot of stock spare parts for CSP-1500 equipments	1

Deliveries are to be made as follows:

<u>Month</u>	<u>Quantity</u>
July 1942	400
August 1942	1,500
September 1942	3,000
October 1942	1,500
November 1942	3,500
December 1942	3,500
January 1943	3,100
February 1943	<u>3,500</u>
TOTAL	20,000

The cost of the above will be defrayed from funds appropriated and now available for use by the Navy Department or under authorization for the consummation of contracts.

The Secretary of the Navy finds that in the interest of National Defense it is necessary that work be not delayed awaiting the placing of the aforesaid order. You are hereby authorized to purchase such materials as are necessary for the manufacture of these equipments and to proceed with the manufacture thereof in anticipation of the placing of the order subject to the receipt by the Purchasing Officer of notification of material to be purchased with estimated maximum prices and confirmation by the Purchasing Officer of authorization to proceed with such purchases.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

10 June 1942

- 2 -

NXs-7390(SFC)

In the event that the order for these equipments is not placed with you prior to 15 August 1942, the Government will, upon action made prior to 15 September 1942, reimburse you for the cost incurred by you and will assume your obligation for any commitment which you have made in this connection. Upon payment and assumption by the Government, title to such material, including rights under commitments assumed, will vest in the Government.

You will agree in connection with the purchase of such materials as aforesaid that you will comply with all laws pertaining or relating to the purchase of such materials. All applicable contract clauses required by Federal law to be incorporated in contracts for articles of the kind herein contracted for are hereby incorporated herein by reference. Your attention is invited to the clause "Reports of Espionage, Sabotage, or Subversive Activities", included in present classified contracts.

Army-Navy Munitions Board preference rating A-1-a(1) will be assigned to this equipment.

If the foregoing is acceptable to you, will you kindly so indicate on the enclosed three (3) copies of this letter and return to the Purchasing Officer on or prior to 30 June 1942, thereby constituting this letter a contract until the execution of a formal contract at which time this Letter of Intent will become null and void.

Yours very truly,

*George F. Moran*  
 GEORGE F. MORAN  
 Purchasing Officer  
 Bureau of Supplies and Accounts

APPROVED:

*W. B. Young*  
 W. B. YOUNG  
 PAYMASTER GENERAL OF THE NAVY

ACCEPTED: *June 23rd*, 1942

HAGELIN CRYPTOGRAPH COMPANY

By *[Signature]*  
 \_\_\_\_\_  
 (Title)

The above acceptance is conditional upon there being no penalty for failure to meet the July delivery in full. Any failure to meet the July delivery will be made up in August and September in addition to the regular deliveries in those months.

Hagelin Cryptograph Company  
 44 Wall Street  
 New York, New York

~~CONFIDENTIAL~~

In reply address not the signer of this letter, but the Bureau of Supplies and Accounts and Refer to No.

NAVY DEPARTMENT  
BUREAU OF SUPPLIES AND ACCOUNTS

WASHINGTON, D. C.

13 August 1942

NIs-7390(SPN-6)

~~CONFIDENTIAL~~

S i r s :

In the Navy Department's letter of 10 June 1942, you were advised of an anticipated order to your company for type CSP-1500 equipments and spare parts.

In the foregoing letter, it was stated that in the event that the order had not been placed with you prior to 15 August 1942, the Government would, upon demand made prior to 15 September 1942, reimburse you for the cost incurred by you and would assume your obligation for any commitment which you might have made in this connection.

Due to circumstances beyond control, it will not be feasible to consummate a formal contract within the limiting date prescribed. With your consent the time for the consummation of the contract will be extended to 1 November 1942 with a like extension in the time for filing a demand for reimbursement for the cost incurred by you to 1 December 1942.

If the foregoing is acceptable to you, will you kindly so indicate on the enclosed three (3) copies of this letter and return to the Purchasing Officer, thereby constituting this letter a contract to extend the time for the consummation of the contract brought into being by the letter of 10 June 1942.

APPROVED: 

W. J. CARTER  
Acting Chief of Bureau

W. B. YOUNG  
Paymaster General of the Navy

ACCEPTED: \_\_\_\_\_, 1942

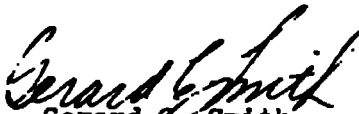
Hagelin Cryptograph Company

By 

(Title)

Hagelin Cryptograph Company  
44 Wall Street  
New York, N. Y.  
825-FL

Yours very truly,



Gerard E. Smith  
Purchasing Officer  
Bureau of Supplies and Accounts

29

KNOW ALL MEN BY THESE PRESENTS that the undersigned James Kirke Paulding, exclusive licensee for the United States under U.S. Patent No. 2089603, issued pursuant to U.S. patent application No. 701404 filed December 7, 1933 and U.S. Patent No. 2247170, issued pursuant to U.S. patent application No. 37594 filed August 23, 1935, for good and valuable consideration receipt of which is hereby acknowledged, hereby irrevocably transfers and assigns to Hagelin Cryptograph Company, a co-partnership of New Milford, Conn., of which Stuart Hedden of New Milford, Conn. and J.K. Paulding of 4 East 70th St., N.Y. are partners, the exclusive license to manufacture and sell within the United States devices according to said United States Patent No. 2089603 and United States Patent No. 2247170.

WITNESS the hand and seal of the undersigned JAMES KIRKE PAULDING this 20<sup>th</sup> day of December, 1941.

*J.K. Paulding*

State of New York :  
County of New York : SS.

On this 20<sup>th</sup> day of December, 1941 before me personally appeared James Kirke Paulding to me known and known to me to be the person described in and who executed the foregoing instrument, who being duly sworn acknowledged to me that he executed the same.

*Elizabeth E. Hamilton*  
Notary Public

RECORDED  
U. S. PATENT OFFICE  
DEC 23 1941

*Conway P. Coe*  
Commissioner of Patents

LICENSE

LIBER A192 PAGE 348

This agreement made this twenty-sixth day of September, 1942 between Boris Caesar Wilhelm Hagelin of Greenwich in the county of Fairfield in the state of Connecticut, a subject of the King of Sweden, party of the first part, and the United States of America, party of the second part,

WITNESSETH:

That, WHEREAS, letters patent of the United States #2,247,170 for an improvement in a Ciphering Machine were granted to the said Boris Caesar Wilhelm Hagelin on the twenty-fourth day of June, 1941, that,

WHEREAS the said Boris Caesar Wilhelm Hagelin is the owner of the entire right and title to said letters patent, and

WHEREAS the United States of America is desirous of obtaining certain legal rights thereunder;

Now, THEREFORE, in consideration of ~~the sum of one dollar (\$1.00)~~ *FM* *ma* and other good and valuable considerations set forth in the Agreement of Sale, License Agreement and Assignment simultaneously executed with this License all as part of the same transaction and of even date herewith the receipts of which are hereby accepted, the parties have agreed as follows:

The said Boris Caesar Wilhelm Hagelin hereby grants a royalty-free non-exclusive license to the party of the second part to manufacture, use and sell the machine disclosed in United States letters patent #2,247,170 granted to the said Boris Caesar Wilhelm Hagelin on the twenty-fourth day of June, 1941, to the end of <sup>the term for which</sup> the said letters patent were granted.

In witness whereof the parties above named have hereunto set their hands the day and year first above written.

RECORDED  
U. S. PATENT OFFICE  
OCT 19 1942  
Conway R. E. Cole  
Commissioner of Patents  
LIBER A192 PAGE 348

Donald H. Rippincott  
Witness Lt. Col., Signal Corps

W. L. Moore  
W. B. S. Cooper  
Witness

J. P. Adams  
151 Lt. Col., Corps. - CONTRACTING OFFICER

Boris Caesar Wilhelm Hagelin

RECORDED UNDER GENERAL LICENSE No. 42

A G R E E M E N T

This agreement between Boris Hagelin of Stockholm, Sweden, party of the first part, and J. K. Paulding, 44 Wall Street, New York City, party of the second part, witnesseth:

WHEREAS on Dec. 15, 1936 at Stockholm, Sweden, Hagelin in consideration of certain royalty agreements assigned to Paulding the exclusive right to manufacture and sell in the United States cryptograph machines according to certain inventions and patent applications and improvements of Hagelin, and

WHEREAS Paulding immediately sailed for the United States, and with Hagelin's consent Paulding on January 12, 1937 at New York associated one Stuart Hedden with him in this enterprise, and

WHEREAS on Dec. 15, 1936 before the U. S. Consul, the parties hereto made an agreement involving as consideration for the assignment from Hagelin to Paulding of the patent rights a perpetual royalty to Hagelin of not less than 60% of the price at which Paulding might buy machines made according to Hagelin's invention from manufacturers, and

WHEREAS after extensive effort Paulding and Hedden have interested the United States Government in adopting Hagelin's cryptographer but find the agreement of December 1936 unadaptable to the conditions under which the Government desires to pursue this business, and

WHEREAS Paulding has indicated to Hagelin the necessity in dealing with the U. S. Government of quoting fixed prices regardless of whether manufacturing costs or purchase prices (if the manufacturing is subcontracted) are definitely known, and

WHEREAS Hagelin has represented that his cryptograph machine represents approximately fifteen years of his continuous inventive effort and believes, but does not represent, that this work has involved a total cost of development of over \$500,000, and

WHEREAS Hagelin is willing to revise his royalty schedule so that Paulding may quote the United States Government prices based upon a fixed and minimum royalty basis;

NOW, THEREFOR, THIS AGREEMENT WITNESSETH:

(1)

All earlier agreements between the parties except the assignment of Dec. 15, 1938 to Paulding referred to in the first recital above, are hereby cancelled without further liability or obligation from one party to the other. Hagelin hereby confirms the assignment to Paulding of an exclusive license under Hagelin's United States patents, and confirms Paulding's right to exercise this license through licensees.

(2)

Paulding agrees to pay Hagelin a minimum royalty of \$1,000,000, on or before January 1, 1943, and unless Paulding shall cancel this agreement as provided below, said minimum royalty is to be paid in any event on January 1, 1943 and is to be paid prior thereto at the rate of \$125.00 a machine for each of the first 5,000 cryptograph machines sold by Paulding to the United States Government and at the rate of \$75.00 a machine for each of the next 5,000 machines so sold by Paulding, whether such machines are manufactured by Paulding or subcontracted by him.

(3)

In the event that Paulding shall contract with the U. S. Government for the delivery of C-38 and C-38A machines in quantities in excess of 10,000 units, the royalty payable to Hagelin on such machines in excess of 10,000 shall be at the rate of \$25.00 a machine.

Paulding shall pay to Hagelin all royalties which may become due under this paragraph (3), quarterly on April 1st, July 1st, October 1st and December 31st in each year, such payment to include all sums which shall become due by reason of machines paid for by the U. S. Government during the three months ended on each such date.

(4)

Paulding agrees to render reasonable periodic accountings to Hagelin of all business transacted by Paulding and any licensees of Paulding relating to cryptograph machines and parts. Such accounts shall, if Hagelin demands it, be certified by an independent accountant satisfactory to Hagelin, and Hagelin shall at any time be entitled personally or through an independent accountant satisfactory to Paulding to inspect and examine Paulding's account books and other documents having a bearing upon the manufacture and sale of cryptograph machines and parts.

(5)

Hagelin agrees to assist Paulding in every possible way,

*J.M.  
J.H.P.*



and at Hagelin's own expense, in presenting Hagelin's machines to the United States; and if an order is obtained, so long as Hagelin shall remain in the United States he shall act as advisor in manufacturing or preparing for manufacture of machines whether Paulding elects to manufacture directly or through subcontractors. To this end Hagelin agrees, subject to the approval, if necessary, of the Swedish Government, to supply Paulding with drawings, dies, jigs, tools and machine parts; parts for production of machines, and if possible trained engineers, all at a reasonable and fair cost to be agreed upon between the parties at the time of requested delivery; but nothing herein shall make Hagelin liable to Paulding if the act of any government, or world conditions interfere with or render impossible Hagelin's performance hereunder. Paulding agrees to advance to Hagelin if requested sufficient sums to pay the living expenses of Hagelin and such members of his direct family as may be in the United States, so long as Hagelin shall remain in the United States at Paulding's request.

(6)

Hagelin agrees at his own expense to carry all pending patent applications through the United States Patent Office until final patents are granted and to make application for patent protection and so far as he is able to obtain patents on any and all improvements and inventions relating to cryptograph machines which he may develop or acquire and Paulding's exclusive license to manufacture and sell machines according to Hagelin's inventions in the United States shall be deemed to include all such new improvements and inventions. Hagelin agrees upon demand of Paulding from time to time to execute such further instruments of assurance as may be necessary to evidence Paulding's exclusive license under any patent applications, patents, improvements or invention of Hagelin relating to cryptograph machines in the United States. Paulding agrees without any further payment to put at Hagelin's disposal for exploitation in other parts of the world any inventions and improvements relating to cryptograph machines made by Paulding or made by licensees or subcontractors of Paulding in the United States during the term of this agreement and to which Paulding may be entitled.

(7)

Hagelin agrees to indemnify and hold harmless Paulding, any licensee of Paulding, any subcontractor manufacturing machines for Paulding and any person or persons associated by Paulding with him in the exploitation of machines according to Hagelin's invention from any liability or claim of third parties arising out of alleged infringement of patents of such third parties. Paulding agrees promptly to notify Hagelin of any infringement of Hagelin's patents coming to Paulding's attention and upon Paulding's demand Hagelin agrees to take such action against the infringement of his patents as counsel may advise.

*W.H. J.N.P.*

(8)

Should Paulding fail to render accountings required by Hagelin hereunder, or to pay royalties required hereunder or otherwise be guilty of any breach of this agreement, Hagelin shall be entitled to cancel and terminate it forthwith. Should Hagelin commit any breach of this agreement Paulding shall be entitled to cancel and terminate it forthwith.

(9)

Paulding may cancel this agreement at any time prior to January 1, 1942 by notice in writing to Hagelin in which event Paulding shall be relieved of further obligation under Paragraph (2) above. In the event Paulding shall so cancel this agreement the exclusive license granted by Hagelin to Paulding shall revert to Hagelin and Paulding hereby agrees to execute and deliver such further instruments as may be necessary to effect this intention, but in such event Hagelin shall pay to Paulding 10% of all royalties or profits realized by Hagelin from the sale of cryptograph machines in the United States for ten years immediately succeeding such cancellation and by such payments Hagelin shall have been deemed fully to reimburse Paulding for his efforts and expenditures in connection with Hagelin's business in the United States. If Paulding does not cancel his agreement under this paragraph, his obligation to Hagelin under Paragraph (2) above shall be absolute and shall be payable to Hagelin on or before January 1, 1943 regardless of whether Paulding's contracts for the sale of machines leaves him a profit over and above this amount, and regardless of whether or not Paulding shall have any contracts for the sale of machines.

(10)

Nothing in this agreement shall be deemed to apply to the large, keyboard cryptographer invented by Hagelin, which will be made the subject of another agreement between the parties, recognizing Paulding's exclusive rights to manufacture and sell such machines in the United States, subject to reasonable royalties.

(11)

Hagelin agrees from time to time upon the request of Paulding to use his best efforts to obtain cryptograph machines from Sweden for sale in the United States to customers of Paulding, pending the time when Paulding shall be in a position to manufacture or cause the manufacture of such machines in the United States. Upon all machines so delivered to customers in the United States from Hagelin's plant in Sweden, Hagelin agrees to pay Paulding a commission of 15% of the selling price of such machines.

(12)

In the event that Paulding shall arrange for the manufacture of cryptograph machines in the United States it is agreed that Hagelin may obtain such machines for the account of other licensees for sale to customers outside of the United States subject to such sales not interfering with Paulding's requirements for machines inside the United States. All such machines so sold to other licensees shall be exempted from royalties hereunder and shall be sold to such licensees at Paulding's cost plus 25%. Paulding's cost for this purpose shall be deemed to be the price at which a complete machine is manufactured for Paulding by a subcontractor in the event that Paulding elects to subcontract the manufacturing or the net manufacturing cost under good accounting practice with proper allowance for overhead in the event that Paulding elects to manufacture the machines directly.

(13)

This agreement may be assigned by Paulding only with the consent of Hagelin and only to a party or parties which shall undertake the fulfillment of Paulding's obligations hereunder. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs and assigns.

(14)

Any notices which may be required to be given to Hagelin shall be deemed to have been duly given if addressed and sent to Hagelin at 62 Nordenflychtvaegen, Stockholm, Sweden, with a copy thereof to Hagelin at his last known address in the United States and any notices required to be given to Paulding hereunder shall be deemed to have been duly given if addressed and sent to Paulding at 44 Wall Street, New York, New York.

This agreement shall remain in force for the longest period during which any patent of Hagelin relating to cryptograph machines or any part thereof shall be valid within the United States of America including any patents which may be issued on any new inventions or improvements, for which patents have not heretofore been applied for.

As Hagelin has not had an opportunity of studying taxation in the United States, Hagelin reserves the right of having the form of this agreement revised so that without it being altered in respect to the subject matter it will place Hagelin

*WJH*  
*1/1/12*

the best possible legal position with respect to taxes as regards his rights as inventor and owner of the patents, and as payee of royalties.

IN WITNESS WHEREOF the parties have hereunto fixed their hands and seals this 3rd day of April, 1941.

James H. Hagen

J. R. Walding

September 25, 1942

MEMORANDUM FOR: Procurement Branch

SUBJECT: Hagelin Cryptograph Company

1. There is forwarded herewith a proposed draft of a contract between the Government and the Hagelin Cryptograph Company, which provides for the procurement by the Government of all patent rights to Converter M-209. This draft is forwarded for preliminary review and comment of Procurement Branch on its provisions and the several matters associated therewith.
2. The present procurement of M-209 with Hagelin Cryptograph Company consists of 51,929 each M-209 being procured by the Signal Corps under existing contracts and 20,000 each M-209 being procured by the Navy under letter of intent.
3. Under the terms of this contract, the Government instead of paying royalties on this procurement to the Hagelin Cryptograph Company will secure all patent rights to this equipment for a consideration equal in amount to the royalties which would otherwise have been paid on the present outstanding contracts to Army and Navy. This means that the equipment now under contract would be obtained by the Government at no additional cost, and that any future procurements may be made at a considerably lesser cost (approximately 25 per cent).
4. Under a single contract in order to execute the sale to the Government of the patent rights, it is required that the Navy procurement be transferred to the Army in order to protect consideration which the Army will be obligated to make.
5. To accomplish the above, the following action must be simultaneously taken with the execution of the contract:
  - a. The Letter of Intent by the Navy will be canceled, and requisition from the Navy accepted by the Signal Corps for the 20,000 sets involved.
  - b. The Signal Corps will (by this contract) cancel its procurement with Hagelin Cryptograph Company and substitute therefor a prime contract with L. C. Smith Company for 71,929 each M-209.
6. In connection with the acceptance of the Navy requisition, Scheduling Branch has made application to Headquarters, Services of Supply, for approval of its procurement by the Signal Corps, and its addition to the Army Supply Program. The execution of this contract

COPY

is contingent upon this SOS approval.

7. The necessary re-allocation of materials to the Signal Corps, which were originally allocated to the Navy, is being coordinated by Captain Walker of Facilities and Materials Division.

8. Coordination has been made with Colonel Bush, ANCPFA, and he sees no objections from the standpoint of his Agency to the proposed contractual procedure.

9. Photostatic copy of the Navy requisition is attached herewith. It will be noted that this requisition calls for an amount equal to the procurement cost of the equipment plus the consideration for the patent purchase price.

Inster R. Kleinknight,  
Major, Signal Corps.

1 Incl--Proposed draft of contract between the Government and Hagelin Cryptograph Company.

COPY

Contract No. \_\_\_\_\_

WAR DEPARTMENT

CONTRACT

*TO FILE*

*1477-PA-22*

Approval recommended

*Clayton L. Hill*, 1942  
Major General, Army of the United States  
Director, Signal Supply Service

Approved October 2, 1942  
By direction of the Under Secretary of War

(See Article *1*)  
*Mario Rushton*  
MARIO RUSHTON,  
Colonel, J.A.G.D.,  
Assistant Executive.

September 26, 1942  
SIGNAL CORPS

W. C. Smith & Corona Typewriters, Inc. of Groton, New York

Hagelin Cryptograph Co. of New Milford, Connecticut  
(Contractors)

Contract for supplies, services and patent rights ----- Amount, \$ 1,613,000.00

Place Groton, New York

The Finance Officer, U. S. Army, Philadelphia, Pennsylvania is designated as the officer to make payments in accordance with this contract.

This contract is authorized by the provisions of the First War Powers Act, 1941, December 16, 1941, and Executive Order No. 9001, (December 27, 1941).

Supplies and Services to be obtained by this instrument are authorized by, are set forth in, and are chargeable to Procurement Authority SC-2509-P-5-30-A-0605-2; SC-2509-P-5-30-A-0605-23; DA-343-0001-P-430-30-A-0024-13, the available balance of which is sufficient to cover cost of same.

To be paid from the appropriation the "Signal Service of the Army 1942-43".

*PA 10/2/42  
Lester  
Camm...*

September 26, 1942  
(date)

\_\_\_\_\_

AGREEMENT OF SALE

This agreement, between Boris Hagelin of Stockholm Sweden, hereinafter referred to as Hagelin, party of the first part; Hagelin Cryptograph<sup>ph</sup> Company, a Connecticut partnership of which James Kirke Paulding and Stuart Hodden are sole partners, hereinafter referred to as the Cryptograph Company, party of the second part; L. C. Smith Corona Typewriters, Inc., a corporation organized and existing under the laws of the State of New York, hereinafter referred to as Corona, party of the third part; and The United States of America, represented by W. Williams, 1st Lt. S. G. C., an authorized Contracting Officer<sup>t</sup>, and hereinafter referred to as the Government, party of the fourth part.

## WITNESSETH, THAT:

Whereas Hagelin is the owner of U. S. Patents No. 2,089,603 granted August 10, 1937, for Ciphering Machine maturing from application Ser. No. 37, 594 filed August 23, 1935, No. 2,247, 170, granted June 24, 1941 for Ciphering Machine and U. S. Patent. Application Ser. No. 701, 404, filed December 7, 1933; and the Cryptograph<sup>ph</sup> Company is exclusive licensee under said patent No. 2,089,603, pursuant to a license granted by Boris Hagelin to James Kirke Paulding, December 15, 1935, recorded in the U. S. Patent Office December 23, 1941, Liber D190, Page 420, (a copy of which<sup>ch</sup> is hereto annexed and marked Exhibit A), and pursuant to the assignment of that license by assignment dated December 9, 1941 from James Kirke Paulding to Hagelin Cryptograph Company, recorded in the U. S. Patent Office December 23, 1941, Liber D190, Page 422, (a copy of which is hereto annexed and marked Exhibit B); and

WHEREAS, simultaneous with the execution of this agreement, Hagelin and the Cryptograph Company are each fully and finally<sup>ly</sup> releasing the other from all



liabilities arising out of Paulding's obligations under his agreement of April 3, 1941, with Hagelin, hereto annexed and marked Exhibit D, providing for royalty payment from Paulding to Hagelin, or which might be asserted against the Cryptograph Company because of its partnership agreement, hereto annexed and marked Exhibit C, which contained Paragraph 4 thereof an assumption by the Cryptograph Company of the said obligation of Paulding; and

WHEREAS, THE Government has adopted for its use cryptographic machines (hereinafter called Converters) manufactured pursuant to said patent No. 2,089,603, and is desirous of acquiring the said <sup>id</sup> patent and the license of the Cryptograph Company thereunder; and

WHEREAS, the Government has entered into U. S. Signal Corps Contract No. W2124-sc-230, (consideration \$2,998,273.30 net), dated November 27, 1941, File No. 1499-Phila-42, and U. S. Signal Corps Contract Nos. DA-W2124-sc-428, and W2124-sc-1190, (consideration \$3,570,691.92 net), dated April 10, 1942, File No. 12453-Phila-42 with the Cryptograph Company, for the acquisition by the Government of an aggregate of 51,929 Converters, together with certain Carrying Cases, Spare Parts, Technical Manuals and Recording Tape, more fully described in said contracts, for an aggregate consideration of \$ 6,568,965.22; and the Government through the U. S. Navy has issued a Letter of Intent dated June 10, 1942, (U. S. Navy Contract NXs-7390), for the acquisition of 20,000 of said Converters with appurtenant Carrying Straps, Spare Parts and Recording Tape. Said Letter of Intent contemplating a contract for an aggregate consideration of \$2,045,825.00, making the total of 71,929 Converters with appurtenant and Spare parts which the Government has agreed to purchase from the Cryptograph Company for an aggregate consideration of \$ 8,614,790.22; and

WHEREAS, Corona is actually manufacturing said Converters as a subcontractor, pursuant to a subcontract with the Cryptograph Company, modified by three supplemental letters from L. C. Smith & Corona Typewriters, Inc. to Hagelin Cryptograph Company, all hereto annexed and marked Exhibits E, dated November 7, 1941, E1, December 23, 1941, E2, dated March 19, 1942, and E3, dated June 23, 1942, respectively, and whereas Corona is in a position to fulfill all obligations of the Cryptograph Company to the Government pursuant to the Cryptograph Company's contracts with the Government, referred to above, and whereas Corona is acceptable to the Government for that purpose, and

WHEREAS, the Cryptograph Company has offered, without increasing the cost, namely \$ 8,514,790.22, to which the Government is now obligated for the purchase of said Converters, spare parts and appurtenances, to obtain for the Government (a) the sale, transfer and delivery by Boris Hagelin to the Government of his Patent No. 2,009,603; (b) the sale, transfer and conveyance to the Government of the license pursuant to said patents held by the Cryptograph Company all as <sup>more</sup> ~~were~~ particularly set forth hereinafter; (c) the direct assumption by Corona of all obligations of the Cryptograph Company to the Government under Cryptograph's contracts and said Letter of Intent of the Navy, Navy Licenses for patent infringement; and (d) the transfer by the Cryptograph Company to the Government of full title to all tools, dies, jigs and fixtures manufactured and used for the Cryptograph Company relating to the manufacture of those Converters, all as more particularly set forth hereinafter; and

WHEREAS, the Government <sup>is</sup> ~~is~~ willing to terminate the Cryptograph contracts and the Navy Letter of Intent <sup>to</sup> ~~and~~ simultaneously herewith, <sup>and</sup> ~~and~~ to substitute therefore a contract with Corona as prime contractor, to be entered into through the Signal Corps for the same equipment and materials contemplated by the Cryptograph contracts

and the Navy Letter of Intent; and

WHEREAS, Cryptograph Company is will<sup>ing</sup> to terminate its contract with Corona as modified for the manufacture of such converters upon the execution by Corona of this agreement.

NOW, THEREFORE, in consideration of the premises and of the undertakings of the several parties hereinafter set forth, it is agreed:

I.

(a). Hagelin has granted, bargained, sold, transferred, assigned, set over and delivered and by these presents does hereby grant, bargain, sell convey, transfer, assign, set over and deliver unto the Government all of the seller's right, title and interest in and to, all and singular, the Letters Patent of the United States No. 2,089,603, granted August 10, 1937, for the Ciphering Machine.

II.

(a) The Cryptograph Company has granted, bargained, sold, conveyed, transferred, assigned, set over and delivered, and by these presents does hereby grant, bargain, sell, convey, transfer, assign, set over and deliver, unto the Government all of the Cryptograph Company's right, title and interest in and to all and singular its license for the United States under U. S. Patent No. 2,089,603, which license is evidenced by assignment dated Stockholm, Sweden, December 15, 1936 from Doris Hagelin to James Kirke Paulding, recorded in U. S. Patent Office December 23, 1941, Liber D190, Page 420, and by assignment from James Kirke Paulding to Hagelin Cryptograph Company dated December 20, 1941, recorded in U. S. Patent Office, December 23, 1941, Liber D190, Page 422, the misstatement in Exhibit "B" that Patent No. 2,089,603 issued pursuant to U. S. patent application No. 701,404 filed December 7, 1933, if such be a misstatement, being waived by the parties.

(b). The Cryptograph Company also hereby grants, bargains, sells, conveys, transfers, assigns, and sets over to the Government all the Cryptograph Company's

rights, title and interest in and to, all and singular, all tools, dies, jigs and fixtures, wheresoever situated, manufactured and all more fully described in Schedule No. 1 hereto annexed. The Cryptograph Company warrants that it has full title and ownership, and the immediate right of possession subject to Corona's right to use to fulfill its contract for the manufacture of converters, to all such tools, dies, jigs and fixtures.

## III

(a) Hagelin and the Cryptograph Company warrant that the transactions in Articles I and II will and do vest the entire right, title and interest in U. S. Patent 2,089,603 in the Government, and that there are no outstanding adverse rights or interests of any kind in, to or under said patent.

(b) Hagelin and the Cryptograph Company further warrant that the tools, dies, jigs, jigs, and fixtures hereby transferred, as listed in said annexed Schedule No. 1, comprise all the special equipment necessary for the manufacture of the Converters involved herein, it being expressly understood that standard machine tool equipment is <sup>not</sup> ~~not~~ included within this warranty. ~~insofar as such standard equipment is unmodified and is required only to support and to operate the special equipment.~~

(c) The Cryptograph Company also promises and agrees to deliver to the Government, at the time of execution hereof, two complete sets of manufacturing shop drawings, and design specifications, of the complete converter Unit contemplated in the supply contracts of the Cryptograph Company, together with a complete list of machine tool equipment necessary to operate the special equipment, the above to include <sup>de</sup> all information necessary to the successful manufacture <sup>of</sup> said converters in the most satisfactory and desirable manner.

## IV.

a. Corona hereby unconditionally undertakes and agrees fully to assume and

to perform all obligations of the Cryptograph Company to the Government pursuant to the Cryptograph contracts No. W2124-sc-230, File No. 1499-Phila-42 dated Nov. 27, 1941; DA W2124-sc-428, W2124-sc-1190, file no. 12453-Phila-42, dated ~~Nov. 27, 1941~~ <sup>Apr. 10, 1942</sup> with the U. S. through the Signal Corp., and the Cryptograph Contract with the U. S. through the Navy, as No. NXs-7390, confirmed by Letter of Intent of the U. S. Navy dated June 10, 1942, and Corona agrees to deliver to the Government all of the items the purchase of which by the Government is provided for pursuant to said U. S. Navy Letter of Intent and said U. S. Signal Corps Contracts except, however, that the provision of Article 29 in contract No. W2124-sc-230 relating to an advance payment, and the obligation of providing an advance payment bond therefore, will be omitted; and Item 4 of Article 25 of that contract, involving recorder tape will be omitted, that item already having been delivered to the Government by Cryptograph Company and paid for. And, since the Government hereby acquires ownership of the U. S. Patent No. 2,009,003, Corona does not assume the obligation of the Cryptograph Company to indemnify the Government for patent infringement.

b. Corona agrees to accept as full and final consideration and payment for the sale and delivery to the Government of all the items provided for in said contracts and Letter of Intent, except said Item 4 above, and in lieu of and in substitution for the consideration provided in said contracts, the consideration to be paid to Corona pursuant to Paragraph V (b), below, of this agreement. It is understood and agreed that Corona and the Government will and both parties hereby agree to enter into a substitute agreement substantially in the form of War Department Supply Contract Form <sup>To clarify</sup> 11, the obligations hereunder, provided, however, that such agreement shall not place upon Corona any greater obligation or burden as regards performance than has been undertaken by the Cryptograph Company in said U. S. Signal Corps contracts and pursuant to said Letter of Intent and the offer of the Cryptograph Company to the U. S. Navy, dated June 10, 1942, hereto annexed and

marked Exhibit F, pursuant to which said U. S. Navy Letter of Intent was issued, ~~AAAA~~, and shall give to Corona all rights and benefits now given to Cryptograph Company in said contracts and Letter of Intent **EXCEPT AS OTHERWISE PROVIDED HEREIN.** Said New Corona agreement shall, however, omit Article 29 in Contract W 2124--sc--230, 1499 Phila 42, relating to an advance payment and shall contain no advance payment clause; shall omit article 29 relating to patents in Contract DA W 2124--sc--428, W 2124--sc--1190, and shall not contain any similar patent clause whereby Corona is to hold the Government harmless by reason of the infringement of any patented or unpatented <sup>invention,</sup> ~~manufactured~~ article or appliance; shall provide for a modified delivery schedule as set forth in exhibit G hereto annexed and shall contain <sup>a clause</sup> affording use of the tools, dies, and fixtures set forth in Schedule 1 to Corona during <sup>the</sup> a period of any converter contract with the Government.

c. Corona acknowledges the present full right, title and interest of the Cryptograph Company in all tools, dies, jigs and fixtures listed in Schedule 1, in the possession of Corona and presently employed by Corona in the manufacture of the Converters contemplated herein for the Cryptograph Company, for the benefit of the Government.

d. Corona also accepts this contract as notice of the sale, assignment, transfer, and of delivery of title and of the right of possession, by the Cryptograph Company to the Government, of all the tools, dies, jigs and fixtures listed in Schedule 1 relating to the manufacture of the Converters, that are now, or that may be in the future, in the possession of Corona; and Corona acknowledges the title and right of possession of the Government subject to use by Corona on converter contracts with the Government and hereby assumes and agrees to perform, for the benefit of the Government, without any further cash consideration beyond that set forth in article V (b), below, all

the obligations heretofore assumed by Corona for the benefit of the Cryptograph Company relative to said tools, dies, jigs and fixtures; and Corona hereby further agrees, upon demand, after completion or termination of all government contracts, on such converters, to which Corona shall become party, to deliver all said tools, dies, jigs and fixtures to the Government.

## V.

a. Contemporaneously with the execution of this agreement, the Government and Corona will enter into a substitute contract, through an authorized procurement officer of the U. S. Signal Corps, which will embody all of the provisions and obligations of the above contracts and of the Letter of Intent, to the extent set forth in Article IV, above, and which will obligate Corona to supply all the items, converters, articles and supplies recited therein, except the recorder tape, Item 4, of Contract W2124-sc-230.

b. That substitute contract will provide for payment by the Government to Corona, of a gross total sum of \$ 5,158,572.12, to be payable as and when deliveries pursuant to said substitute contract shall have been made and accepted by the Government, and payment shall be made at the substitute rate of \$69.00 for each converter unit, described in Item 1 of said Cryptograph Company contracts and in said Navy Letter of Intent, and at the same previous rates as the unit prices already set forth in said Cryptograph Company contracts and in said Navy Letter of Intent for all other Items, namely, Items 2 to 7, inclusive, in the contracts, and Items 2 to 10, inclusive, in the Letter of Intent, provided that all deliveries of converters and other materials and supplies made to the Government before the execution of such substitute agreement shall be promptly paid <sup>for</sup> by the Government to Corona at the unit prices set forth in this paragraph without waiting for the execution of said agreement.

## VI.

a. The Government hereby agrees to pay the total amount of \$ 8,613,290.72

the same aggregate consideration already provided for in said contracts and in said Letter of Intent, (representing \$ 8,614,790.22 less the \$1,500. already paid by the Government for the recorder tape, Item 4 of Contract W2124-sc-230 already received by the Government), which amount shall be the full and final cash consideration and payment for the undertakings warranties and complete performances by Hagelin, Cryptograph Company and Corona of all matters herein specified.

b. The payment of the above total amount by the Government shall be made as follows:

1. To Corona as set forth in paragraph V (b), above.
2. Immediately upon the execution of this agreement, the sum of \$431,307.18 shall be payable to the Cryptograph Company and the check therefor shall immediately be endorsed by the Cryptograph Company to the Finance Officer, Philadelphia Signal Corps Procurement District, in full reimbursement of an Advance Payment of \$431,307.18 granted under said Contract No. W2124-sc-230, File No. 1499-Phila-42. The Government will upon receipt of such reimbursement release to the Cryptograph Company any balance then remaining in the Advance Payment Special Account, Contract No. W2124-sc-230 of Hagelin Cryptograph Company at Central Hanover Bank & Trust Co.
3. The remaining balance, namely, the sum of \$ 3,023,410.92 shall be payable to Hagelin Cryptograph Company promptly upon the execution of this agreement and performance by Hagelin and Cryptograph, of which sum \$ 2,548,225.00 shall be for the account of <sup>Hagelin</sup> Hagelin, and \$ 475,185.92 for the account of the Cryptograph Company in full and final settlement and discharge of all obligations of the Government to the Cryptograph Company under and pursuant to said Contracts W2124-sc-230, File No. 1499-Phila-42, DA-W2124-sc-428, W2124-sc-1190, File No. 12453-Phila-42, and U. S. Navy Contract NXs-



7390, endorsed by said Letter of Intent of June 10, 1942.

### VII

At the request of the Government, Hagelin and the Cryptograph Company agree to execute such further instruments of assurance as the Government may request for the purpose of recording in the U. S. Patent Office the assignment of patents and licenses hereinabove granted, bargained, sold, conveyed, transferred, set over and delivered to the Government.

### VIII

The Government hereby fully and finally releases and discharges Stuart Hedden and James Kirke Paulding, jointly and severally as individuals and as co-partners in Hagelin Cryptograph Company, respectively, from all liability arising out of or which may be asserted under U. S. Signal Corps Contracts No. W2124-sc-230, File No. 1499-Phila-42, U. S. Signal Corps Contracts Nos. DA-W2124-sc-428 and W2124-sc-1190, File No. 12453-Phila-42 and U. S. Navy Contract No. NAs-7390, and accepts in their stead, the Corona Company which shall be bound to the Government with the same original sureties and to the same extent as the Hagelin Company might have been bound by the original contracts, except for the matters involving or arising from the advance payment matter of Contract W2124-sc-230 and liabilities for patent infringement and except as those contracts and Letter of Intent are to be modified and supplemented in the substitute agreement provided for herein.

### IX

This contract shall be subject to the written approval of the Under Secretary of War, or his duly authorized representative and shall not be binding until so approved.

### X

No member of or delegate to Congress or resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom,

but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

### XI

The parties hereto warrant that they have not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fees. The warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the parties for the purpose of securing business.

### XII

Except as otherwise specifically provided in this contract, all disputes concerning questions of fact arising under this contract shall be decided by the Contractor's Officer, subject to written appeal by the parties within 30 days to the Secretary of War or his duly authorized representative, whose decision shall be final and conclusive upon the parties hereto. In the meantime the parties shall diligently proceed with performance.

### XIII

It is understood that the contracts to be entered into by the L. C. Smith & Corona Typewriters, Inc., calling for manufacture and delivery of the supplies now being manufactured and delivered under the contracts in which the Hagelin Cryptograph Company is the prime contractor will contain all applicable contract clauses required to be incorporated therein by Federal laws, Executive orders and Army regulations, specific reference being had, among others to a renegotiation clause.

'CON'

The term "Secretary of War" as used herein shall include the Under Secretary of War, and the term "his duly authorized representative" shall mean any person on board authorized by the Secretary of War to act for him other than the Contracting Officer.

Except for the original signing of this contract, and except as otherwise stated herein, the term "Contracting Officer" as used herein shall include his duly appointed successor or his authorized representative.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written,

SEAL Boris Caesar Wilhelm Hagelin  
Boris Caesar Wilhelm Hagelin

Hagelin Cryptograph Company,  
a partnership, by

Witnesses

Donald K. Cipriotti

SEAL James Kirke Paulding  
James Kirke Paulding (partner)

Richard C. P. Sumner

SEAL Stuart Hedden  
Stuart Hedden (partner)

SEAL James Kirke Paulding  
James Kirke Paulding (as Individual)

SEAL Stuart Hedden  
Stuart Hedden (as Individual)

L. S. S. Corona  
Manufacturers, Inc.

Witness  
Attest

William L. Pool

William L. Pool  
Capt US Army

C. D. Brown, Vice Pres.

UNITED STATES OF AMERICA

Stuart Hedden  
Contracting Officer

CRYPTOGRAPH CONVERTER M - 209

## Manufacturer's Schedule for Delivery of Units

<u>1942</u>	<u>Monthly</u>
September	2500
October	8000
November	8000
December	8000
<u>1943</u>	
January	5429
February	5000
March	5000
April	5000
May	5000
June	5000
July	5000
August	5000
September	5000
	<hr/>
	71929

APPENDIX "A"

Page 3 et seq.

Contract W 2124--sc--230 \$2,875,381.18

Change "A"

\$138,006.46

-18,413.46

793 x \$23.22 = \$18,413.46

Corrected Change "A"

119,593.00

\$2,994,974.18

Change "G"

23 x 3749 @ .04 originally

\$149.96 corrected by

addition \$3,299.12 making

total spring item \$3,349.08

3,299.12

\$2,998,273.30

\$2,998,273.30

Contract DA W 2124--sc--425;

W 2124--sc--1190

\$3,573,481.02

Correction for springs

23 x 7000 x .04 originally

\$280.00 corrected by

addition \$6,160 making

total spring item \$6,440

6,160.00

\$3,579,641.02

Discount of  $\frac{1}{4}$  of 1%-8,949.10

\$3,570,691.92

\$3,570,691.92

\$6,568,965.22

Navy Letter of Intent No. NXS--7390, 6/10/72

\$2,045,325.00

TOTAL

\$8,614,790.22

APPENDIX "B"

Section V b, page 10

Payment to Corona -

\$5,158,572.12

Comprised of--

71,929 units @ \$69.00

\$4,963,101.00

Spare parts group

Contract W 2124--sc--230

Item 2 \$11,163.90

3 4,077.50

3a 24,450.00

3b 8,816.58

Change order "G"

5 150.00

6 5.00

Change order "A"

Item 2 363.00

3 200.00

4 75.00

6 5.00

\$ 52,605.10

Contract DA W 2124--sc--428;

W 2124--sc--1190

Item 2 \$ 3.00

3 4,337.50

3(DA) 15.00

5 23,232.00

5(DA) 83.16

6 34,700.00

6(DA) 100.00

7 28,410.36

Change order

springs 6,160.00

\$ 97,041.02

Navv Letter

Item 2 \$ 220.00

3 20,000.00

4 884.00

5 48.00

6 96.00

7 4,232.00

8 4,000.00

9 5,600.00

10 9,900.00

11 245.00

\$ 45,825.00

\$ 5,158,572.12

APPENDIX "C"

Page 11, VI b--Payment to Cryptograph ✓

Total contracts	\$8,614,790.22
Less Payment on tape	<u>1,500.00</u> ✓
Net amount payable	\$8,613,290.22

Deduct	
Advance payment	\$ 431,307.18
Dus Corona	<u>5,158,572.12</u>
	\$5,589,879.30

Balance to Cryptograph

\$ 3,023,410.92


Share to Hagelin	\$2,548,225.00
Share to Cryptograph	<u>475,185.92</u>
	\$3,023,410.92



## CERTIFICATE OF AUTHORIZATION OF SIGNATURE.

I, John M. Clare, certify that I am the Assistant Secretary of L C Smith & Corona Typewriters Inc; that Carleton F. Brown, who signed the contract dated September 23, 1942, between the United States of America, James K. Paulding and Stuart Hedden, individually and as co-partners of Hagelin Cryptograph Company, Boris Hagelin and L C Smith & Corona Typewriters Inc., on behalf of L C Smith & Corona Typewriters Inc. was then Vice President of said corporation ; that said contract was duly signed on behalf of said corporation by authority of its governing body, is within the scope of its corporate powers.

IN WITNESS WHEREOF I have hereunto affixed my hand and the seal of said corporation this 28th day of September, 1942.

  
John M. Clare

LICENSE

LIBER A192 PAGE 346

RECORDED UNDER GENERAL LICENSE NO. 42

This agreement made this twenty-sixth day of September, 1942, between James Kirke Paulding, of 4 East 70th Street, New York City, and Stuart Hedden of New Milford, Connecticut, both as individuals and as partners in the Hagelin Cryptograph Company, a co-partnership of New Milford, Connecticut, being all the partners and the United States of America, party of the second part,

WITNESSETH:

That, WHEREAS, the Hagelin Cryptograph Company by mesne assignment holds an exclusive license to make, use and sell the device disclosed in United States patent #2,247,170 granted June 27, 1941, and

WHEREAS, the United States of America is desirous of obtaining an interest thereunder:

Now, THEREFORE, the parties have agreed as follows:

In consideration of ~~one dollar (\$1.00)~~ and other good and valuable considerations the receipts of which are hereby acknowledged, the parties of first part, both as individuals and as co-partners grant to the party of the second part a non-exclusive royalty-free license for the term of the said letters patent to make, use and sell the device disclosed and claimed therein.

*make  
the  
gen*

In witness whereof the parties above named have herewith set their hands this twenty-sixth day of September, 1942.

*Donald M. Rippincott*  
Witness *1st Lt., Signal Corps*

*J. K. Paulding*  
JAMES KIRKE PAULDING (partner) SEAL

*Richard C. Plummer*  
Witness

*Stuart Hedden*  
STUART HEDDEN (partner) SEAL

*J. K. Paulding*  
\_\_\_\_\_  
JAMES KIRKE PAULDING (as individual) SEAL

*Stuart Hedden*  
\_\_\_\_\_  
STUART HEDDEN (as individual) SEAL

ASSENT GIVEN:

*Boris Caesar Wilhelm Hagelin*  
\_\_\_\_\_  
BORIS CAESAR WILHELM HAGELIN

*J. Adams*  
\_\_\_\_\_  
1ST LT. SIG. CORPS. - CONTRACTING OFF

RECORDED  
U. S. PATENT OFFICE

OCT 21 1942

*Conway P. Coe*  
Com. Commissioner of Patents

\*2\*

LIBER A192 PAGE 346

LICENSE

This agreement made this 26<sup>th</sup> day of September, 1942, between BORIS CAESAR WILHELM HAGELIN of GREENWICH, in the county of FAIRFIELD in the state of CONNECTICUT, a subject of the King of Sweden, party of the first part and the United States of America, party of the second part,

WITNESSETH:

That, WHEREAS, Boris Caesar Wilhelm Hagelin has invented a certain improvement in Cipherring Machines, on which an application for letters patent of the United States was filed by me the seventh day of December, 1933 and assigned Serial Number 701,404 and the United States of America is desirous of acquiring certain legal rights thereunder;

Now, THEREFORE, in consideration of ~~the sum of one dollar (\$1.00)~~ <sup>JM</sup> and other good and valuable considerations, Boris Caesar Wilhelm Hagelin hereby grants a royalty-free license without limitation as to time to the party of the second part and its legal representatives, under the disclosure set forth in the said application or any patent into which said application or a continuation thereof may mature, to manufacture, use and sell or have manufactured, used, and sold, the machine disclosed in United States letters patent #2,089,603 granted August 10, 1937, and improvements thereon and a <sup>WITHOUT LIMITATION AS TO TIME</sup> royalty-free license ~~for the duration of hostilities with any country with which the United States of America is now at war and for six months thereafter~~ to the party of the second part and its legal representatives, under the disclosure set forth in the said application or any patent into which said application or a continuation thereof may mature to manufacture, use and sell or have manufactured, used or sold the machine disclosed in United States Letters patent #2,247,170 granted June 24, 1941 and improvements thereon. <sup>JM</sup>

RECORDED UNDER GENERAL LICENSE NO 42

LIBER A192 PAGE 350

In Witness whereof the parties above named have hereunto set their hands this day and year first mentioned above.

Witness - Helen Moore  
Capt 5 Coy

Foris Caesar Wilhelm Hagelin  
Foris Caesar Wilhelm Hagelin

UNITED STATES OF AMERICA

RECORDED  
U. S. PATENT OFFICE

OCT 21 1942

Rowley P. Coe  
Commissioner of Patents

By Adams  
1st Lt. Jg  
Coors Contracting Officer

LIBER A192 PAGE 349

ASSIGNMENT

LIBER A.192 PAGE 344

KNOW ALL MEN BY THESE PRESENTS THAT the Undersigned, James Kirke Paulding of 4 East 70th Street, New York City, and Stuart Hedden of New Milford, Connecticut, partners and doing business as the Hagelin Cryptograph Company, a co-partnership of New Milford, Connecticut, the above being all the partners, parties of the first part are exclusive licensees under United States Patent #2,089,603, issued pursuant to United States Application Serial Number 37,674, filed August 23, 1935, by mesne assignments, and the United States of America, party of the second part,

WHEREAS the United States of America is desirous of obtaining rights under said patent,

Now, THEREFORE, in consideration of ~~one dollar (\$1.00) and other~~ good and valuable considerations, receipts of which are hereby acknowledged, the parties of the first part hereby irrevocably transfer and assign to the United States Government the exclusive license to manufacture and sell within the United States devices according to said United States patent #2,089,603, thereby forming a merger of the entire interest in said patent in the United States of America.

WITNESS the hands and seals of the undersigned, JAMES KIRKE PAULDING and STUART HEDDEN, this 26th day of September, 1942.

*J. K. Paulding*  
 \_\_\_\_\_ SEAL  
 JAMES KIRKE PAULDING (individual)

*Stuart Hedden*  
 \_\_\_\_\_ SEAL  
 STUART HEDDEN (as individual)

HAGELIN CRYPTOGRAPH COMPANY

by  
*J. K. Paulding*  
 \_\_\_\_\_ SEAL  
 JAMES KIRKE PAULDING (co-partner)

*Stuart Hedden*  
 \_\_\_\_\_ SEAL  
 STUART HEDDEN (as co-partner)

RECORDED UNDER GENERAL LICENSE No. 68

ASSELT GIVEN

*Boris Caesar Wilhelm Hagelin*

BORIS CAESAR WILHELM HAGELIN

*J. Williams*  
1ST LT. SIG. CORPS - CONTRACTING OFF.

Washington, D. C. 1942.

The above signatories appeared before me, a notary public, and acknowledged the above to be their free act and deed, this \_\_\_\_\_ day of \_\_\_\_\_, 1942.

\_\_\_\_\_

RECORDED  
U. S. PATENT OFFICE

OCT 21 1942

*Q. Williams*  
Commissioner of Patents

-2-

LIBER A192 PAGE 314

ASSIGNMENT

LIBER A192 PAGE 343

WHEREAS, I, BORIS CAESAR WILHELM HAGELIN, of Greenwich,  
county of Fairfield, and State of Connecticut,  
did obtain letters patent of the United States for an improvement in  
Ciphering Machines, numbered 2,069,603, and dated the tenth day of August,  
1937; and

WHEREAS I am now the sole owner of said patent save for an out-  
standing license to the Hagelin Cryptograph Company; and

WHEREAS the United States of America, is desirous of acquiring  
the entire interest in the same:

Now, THEREFORE, in consideration of ~~one dollar (\$1.00) and other~~ <sup>TSM</sup>  
good and valuable considerations the receipt of which is hereby acknowledged, <sup>pm</sup>  
I, Boris Caesar Wilhelm Hagelin, by these presents do sell, assign, and  
transfer unto the said United States of America, the whole, right, title,  
and interest in and to the said letters patent therefor aforesaid including  
the right to damages for all past infringements insofar as it is in my  
power to do so; the same to be held by the said United States of America  
for its own use and behoof, and for its legal representatives, to the full  
end of the term for which said letters patent are granted, as fully and  
entirely as the same would have been held by me had this assignment and sale  
not been made.

RECORDED UNDER GENERAL LICENSE NO. 42

J.P. Adams  
1ST. LT. SIG. CORPS. - CONTRACTING OFF.  
Boris Caesar Wilhelm Hagelin  
Boris Caesar Wilhelm Hagelin

Washington, :  
District of Columbia : SS:

Before me personally appeared said Boris Caesar Wilhelm Hagelin  
and acknowledged the foregoing instrument to be his free act and deed  
this U.S. PATENT OFFICE day of \_\_\_\_\_, 1942.

RECORDED  
OCT 21 1942  
Conway P. Cole  
Commissioner of Patents

LIBER A192 PAGE 343



UNDER D190 PAGE 420

KINGDOM OF SWEDEN  
 CITY OF STOCKHOLM  
 CONSULATE GENERAL OF THE  
 UNITED STATES OF AMERICA } SS

I, the undersigned, Boris Hagelin, owner of all rights to the American (U.S.A.) patent applications No. 701404, filed the 7th of December 1933, and No. 37594, filed the 23rd of August 1935, hereby confirm, that according to special agreement I have assigned to Mr. James Kirke Paulding the sole rights for United States of America to manufacture and sell machines according to the above mentioned inventions with right for Mr. Paulding to exercise this rights through sublicensees.

Stockholm, the 15th of December 1936.

*Boris Hagelin*

Certificate of Acknowledgment of Execution of Document.

LIBER D190 PAGE 421

(Country )  
KINGDOM OF SWEDEN  
CITY OF STOCKHOLM  
CONSULATE GENERAL OF THE  
UNITED STATES OF AMERICA } SS  
(Name of consular office )

I, F. C. Sigmund

*Vice Consul*

of the United States of America at Stockholm, Sweden

do hereby certify that on this 15th  
day of December 1941, before me personally appeared

*Boris Hagelin*

whom I personally know, and known to me to be the individual described  
whose name is subscribed to, and who executed the annexed instru-  
ment, and being informed by me of the contents of said instrument. he  
acknowledged to me that he executed the same freely and volun-  
tarily for the uses and purposes therein mentioned.

RECORDED  
U. S. PATENT OFFICE  
DEC 23 1941  
*Conway P. Cole*  
Commissioner of Patents

In witness whereof I have hereunto set my hand and seal this

AMERICAN CONSULATE GENERAL  
DEPARTMENT OF STATE  
TWO DEPARTMENT STREET  
STOCKHOLM, SWEDEN  
FEE STAMP

the day and year last above written.

*F. C. Sigmund*  
F. C. SIGMUND  
VICE CONSUL of the United States of America.

NOTE: Whenever practicable all signatures to a document should be included in one certificate. 1-178

Fee No. 6457  
\$2.00 - Ex. 8.02

September 26, 1942.

MEMORANDUM FOR: The Under Secretary of War

SUBJECT: License Contract Converter M-209

1. Attached hereto is a contract dated September 26, 1942, between the United States of America and Boris Hagelin, owner of United States patent controlling Converter M-209, Hagelin Cryptograph Company, and L. C. Smith Corona Typewriters, Inc.

2. The attached contract is a substitute for United States Signal Corps Supply Contract No. W2124-sc-230, dated November 27, 1941, File No. 1499-Phila-42, between Hagelin Cryptograph Company and the United States Signal Corps; Contract No. W2124-sc-1190, dated April 10, 1942, File No. 12453-Phila-42, same parties; and United States Navy Contract NMs-7390, Navy Letter of Intent dated June 10, 1942, to Hagelin Cryptograph Company.

3. The original contract for which the attached contract is substituted was approved by Major General Dawson Olmstead for the United States Signal Corps, and approved by Honorable Robert P. Patterson, Under Secretary of War.

4. The attached contract, without increasing the aggregate consideration of the three contracts referred to in paragraph 2, above, provides for the acquisition by the United States of all items the delivery of which is provided for in the previous contracts, (the obligation for which is assumed by the L. C. Smith Corona Typewriters, Inc., in substitution for Hagelin Cryptograph Company) and in addition:

a. The title to United States Patent No. 2089603 under which Converter M-209 is manufactured;

b. A royalty free non-exclusive license for the term of the patent under United States Patent No. 2247170 covering a keyboard cryptographic machine. This patent is governed by the patent

referred to in sub-paragraph g, above, and Hagelin Cryptograph Company is retaining a license under said patent for the limited purpose of manufacturing this keyboard device.

g. Title to all tools, dies, jigs, and fixtures required for the manufacture of Converter M-209, other than standard machine tool equipment.

5. It is recommended that the contract submitted herewith be approved.

For the Chief Signal Officer:

Conrad E. Snow,  
Colonel, Signal Corps.

14 Incls -

- Incl 1 - Cy contract dated 9-26-42
- Incl 2 - Cy Manufacturer's Schedule
- Incl 3 - Exhibit "A"
- Incl 4 - " " "B"
- Incl 5 - " " "C"
- Incl 6 - " " "D"
- Incl 7 - " " "E"
- Incl 8 - " " "F"
- Incl 9 - Schedule I
- Incl 10- List of Machine Tools
- Incl 11- List of Manufacturers Drawings
- Incl 12- Appendix "A"
- Incl 13- " " "B"
- Incl 14- " " "C"

Positive detent

COVENANT NOT TO SUE

WHEREAS I, BORIS CAESAR WILHELM HAGELIN, of Greenwich, Connecticut, on 26 September 1942, entered into an agreement with the United States of America, and others, involving the sale and transfer of my United States Patent No. 2,089,603 to the United States, together with other rights, equipment, etc., for the manufacture of a cryptographic device identified as the M-209; and

WHEREAS in the M-209 as made, there were, or were to be embodied, certain details, specifically identified as "positive detent", upon which I may procure one or more improvement patents, to which no reference was made in said agreement;

NOW, THEREFORE, for the consideration already received and intended to be complete, and with the intent to be legally bound hereby,

I hereby set forth and record my then and present intent that any inventions otherwise embodied in the M-209 beyond the patents and application recited in the said agreement were to be also licensed to the United States for use in said M-209 devices;

And, to that end, I hereby promise and agree not to assert any claim directly or indirectly, nor sue nor cause or permit any suit to be brought against the United States, based upon the

use of any invention, in the M-209 device, upon which I may procure patent coverage subsequent to the main agreement of 26 September 1942 with the United States relative to the M-209 device.

*Boris Caesar Wilhelm Hagelin*  
Boris Caesar Wilhelm Hagelin

State of Connecticut )  
                                  ) ss:  
County of Fairfield )

Before me, a notary public in and for the county of Fairfield in the State of Connecticut, on the first day of September, 1943, came Boris Caesar Wilhelm Hagelin, and known to me to be the individual referred to above, and he acknowledged to me that he had executed the above covenant not to sue of his own free will for the purpose therein set forth.

*Henry L. Gacks*  
NOTARY PUBLIC

L. S.

**Hagelin Cryptograph Company**

1

Lt. Col.  
Donald K.  
Lippincott,  
Legal Branch

1. The following is written pursuant to conferences with yourself and Captain Moore, and as a supplement to R & W Sheet directed to you by me on August 26, 1942.

2. The proposed contract will necessarily deviate from standard and approved contract provisions, and under P & C Directive No. 81 issued by the Secretary of War December 17, 1941, should be submitted to the Secretary of War for approval. An added reason is that the Navy Department is also interested in the matter.

3. The following clauses are mandatory under procurement regulations as revised Sept. 5, 1942, and must, therefore, be inserted in the contract:

<u>Subject</u>	<u>Paragraph of P.R. 3</u>
Officials not to Benefit	322
Covenant against Contingent Fees	323
Disputes	326

4. There are other mandatory clauses in P R 3 of which Paragraph 325, Anti-discrimination, is an example. The draftsman of the contract, who is familiar with the background and surrounding circumstances, will have to decide respecting the advisability of inserting these clauses, keeping in mind their applicability and the possible effect in the General Accounting Office if any of them are left out in violation of a specific mandate contained in a regulation or statute. He should review Article VI of P R 3 in coming to a conclusion as to what particular provisions should be included. One of the problems relates to renegotiation pursuant to Section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942. It is my understanding that a conference with a representative of Headquarters, Services of Supply, has been arranged respecting this and some of the other matters.



**Hagelin Cryptograph Company**

(Cont'd)

1  
(Cont'd)Lt. Col.  
Donald K.  
Lippincott,  
Legal Branch

5. It is requested that the Substation on Contract Review, Purchase Section, Procurement Branch, be furnished with a copy of the conclusion reached relating to the clauses mentioned in paragraph 4 above, and the conference with Headquarters, Services of Supply, so that they will be available when the contract is processed for approval by the Secretary of War.

6. Pursuant to paragraph 2 hereof, the contract should contain the following articles:

ARTICLE      Approval. This contract shall be subject to the written approval of the Secretary of War, or his duly authorized representative, and shall not be binding until so approved.

ARTICLE      Definitions. (a) The term "Secretary of War" as used herein shall include the Under Secretary of War, and the term "his duly authorized representative" shall mean any person or board authorized by the Secretary of War to act for him other than the Contracting Officer.

(b) Except for the original signing of this contract, and except as otherwise stated herein, the term "Contracting Officer" as used herein shall include his duly appointed successor or his authorized representative.

7. There has been some discussion as to the provisions of the contracts that will be executed by L.C. Smith & Corona Typewriters, Inc., calling for manufacture and delivery of the supplies now being manufactured and delivered by Hagelin Cryptograph Company. The appropriate articles of the draft of instrument

## Hagelin Cryptograph Company

(Cont'd)

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(Cont'd)Lt. Col.  
Donald E.  
Lippincott,  
Legal Branch

here being considered, should be revised so as to distinctly provide that said contracts and all subcontracts thereunder to be so executed by L.C. Smith & Corona Typewriters, Inc., will contain all applicable contract clauses required to be incorporated therein by Federal laws, Executive orders, and Army regulations.

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Richard C. Plummer  
Major, Sig. C.  
SP5IA-9  
9-21-42

L I C E N S E

This agreement made this twentieth day of March, 1943, between Boris Caesar Wilhelm Hagelin of Greenwich, in the county of Fairfield in the state of Connecticut, a subject of the King of Sweden, party of the first part, and the United States of America, party of the second part,

WITNESSETH:

That, WHEREAS, an application for United States letters patent for a Teletype Ciphering device Serial No. 286,286 filed by Boris Caesar Wilhelm Hagelin, and

WHEREAS the said Boris Caesar Wilhelm Hagelin is the owner of the entire right and title to said application, and

WHEREAS the said application has been held secret under an order of secrecy dated February 22, 1943, and

WHEREAS the United States is desirous of obtaining certain legal rights thereunder;

Now, THEREFORE, in consideration of the surrounding circumstances the parties have agreed as follows:

The said Boris Caesar Wilhelm Hagelin hereby grants a royalty-free non-exclusive license to the party of the second part to manufacture, use and sell the machine disclosed in the said application for United States letters patent. This license shall be in effect during hostilities with any country with which the United States is now at war and for six months thereafter, but it shall cover the completion of all contracts executed before the termination of hostilities.

The said Boris Caesar Wilhelm Hagelin hereby waives any claim which he may have arising from the holding of the said application secret in the United States Patent Office.

In witness whereof the parties above named have hereunto set their hands and seals.

Signed this twentieth day of March, 1943.

(Seal)

Ernst Casar Wilhelm Heggen  
Ernst Casar Wilhelm Heggen

Subscribed and sworn to before me this 20 day of March, 1943.

(Seal)

Henry S. Gads  
Notary Public

(Seal)

H. Col. Willard B. Willard  
Contracting Officer

TREASURY DEPARTMENT

WASHINGTON

OFFICE OF  
COMMISSIONER OF INTERNAL REVENUE

September 11, 1942

Mr. Boris Hagelin,  
69 Dearfield Drive,  
Greenwich, Connecticut.

Sir:

Reference is made to your letters of July 30, 1942 and August 12, 1942, requesting a ruling and closing agreement under the provisions of section 3760 of the Internal Revenue Code to the effect that the proposed transfer of a United States patent, after you shall have become a resident of the United States, will constitute a sale of a capital asset under the provisions of section 117 of the Internal Revenue Code.

You state that you are a resident of Stockholm, Sweden, and you are in the United States as a temporary visitor. You are the owner of two American patents, one of which is designated as U. S. Patent No. 2089603. You further state that on December 15, 1936, you executed exclusive license to Mr. James Kirke Paulding, the assignment evidencing such license being recorded in the U. S. Patent Office on December 23, 1941, Mr. Paulding has assigned this license, with your consent, to Hagelin Cryptograph Company, a partnership of which Mr. Paulding and Mr. Stuart Hedden are sole partners. Under the license agreement you are entitled to royalties on the sale of any machines manufactured and the partnership has entered into contracts with the United States Army and Navy for the sale of machines manufactured under your patents. These machines are being manufactured for the partnership by L. C. Smith and Corona Typewriters, Inc.

It is disclosed that you came to this country so as to be available to give advice in the event that any difficulties were encountered in the manufacture of the devices pursuant to your patent and that you have received "no compensation whatsoever in this connection", your "only connection with the manufacture of the devices and this sale to the U. S. Army and the U. S. Navy being to receive royalties as and when machines are sold." Negotiations are now under way for the sale by you of U. S. Patent No. 2089603 and by the partnership of its license thereunder to the U. S. Army and the U. S. Navy which have expressed a desire to purchase the patent. It appears that the proposed purchase price to be paid will be approximately the amount which you are now entitled to receive as royalties on machines under contract. Therefore, the Army and Navy will be relieved of obligations to pay royalties on the machines acquired.

Mr. Boris Hagelin.

Prior to entering into any sale contract, however, you wish to enter into a closing agreement with respect to your Federal tax liability on the basis that any gain derived from the sale of the patents will be considered "capital gain" to you, if you are at the time of the sale a resident of the United States. You have pointed out that under the terms of a convention with the Swedish Government you, as a nonresident alien, would not be subject to United States income tax.

Based solely on the facts and circumstances set forth in your letters of July 30, 1942 and August 12, 1942, this office will recommend the approval of closing agreements on the following basis:

The proposed transfer by you during the year 1942 of U. S. Patent No. 2089603 to the United States Government, after you shall have become a resident of the United States, will constitute a sale or exchange of a "capital asset" within the meaning of section 117 of the Internal Revenue Code and the gain derived from such transaction shall constitute capital gain subject to Federal income tax.

The closing agreement form has been prepared in duplicate and is enclosed. In pursuance of the Bureau's policy with respect to such agreements, it contains a stipulation to the effect that any subsequent change or modification of applicable statutes will render the agreement ineffective to the extent that it is dependent on such statutes.

It is necessary that both copies of the agreement be dated and signed, as indicated.

The closing agreement, executed in duplicate, should be returned to this office, for the attention of IT:EV:Se:FBR.

After the agreement is signed by the Commissioner of Internal Revenue and approved by the Secretary of the Treasury, the Under Secretary, or an Assistant Secretary, the duplicate copies will be forwarded to you for retention.

Respectfully,

Guy T. Helvering (signed)

Commissioner.

Enclosure:

Closing agreement in duplicate

FORM 906  
 TREASURY DEPARTMENT  
 Internal Revenue Service

IT:EV:Se  
 EBR

CLOSING AGREEMENT AS TO FINAL DETERMINATION  
 COVERING SPECIFIC MATTERS

THIS AGREEMENT, made in duplicate under and in pursuance of section 3760 of the Internal Revenue Code, by and between the taxpayer, Mr. Boris Hagelin, 69 Dearfield Drive, Greenwich, Connecticut, and the Commissioner of Internal Revenue.

WHEREAS, it has been determined that (under the circumstances stated in the Commissioner's letter to said taxpayer dated September 11, 1942, a copy of which is attached hereto and made a part hereof, and which is based on information contained in taxpayer's letters dated July 30, 1942, and August 12, 1942, requesting a ruling and closing agreement under the provisions of section 3760 of the Internal Revenue Code, and in the absence of other material facts):

The transfer by said taxpayer during the year 1942 and after he shall have become a resident of the United States, of U. S. Patent No. 2089603 to the United States Government, will constitute "the sale or exchange of a capital asset", within the meaning of section 117 of the Internal Revenue Code and the gain derived from such transaction will constitute capital gain subject to Federal income taxes.

WHEREAS, this determination is hereby agreed to by said taxpayer.

NOW, THIS AGREEMENT WITNESSETH, that said taxpayer and said Commissioner of Internal Revenue hereby mutually agree that, under ~~the provisions of section 3760 of the Internal Revenue Code~~ the condition set forth above shall be final and conclusive, if this agreement is approved by the Secretary of the Treasury, the Under Secretary, or an Assistant Secretary, within three months from

The date it is signed by the taxpayer, provided that any subsequent change or modification of the applicable statutes will render this agreement ineffective to the extent that it is dependent upon such statutes.

IN WITNESS WHEREOF, the above parties have subscribed their names to these presents in duplicate.

Signed this            day of            , 19    .

.....  
Taxpayer.

.....

Signed.....  
(Date)

.....  
Commissioner of Internal Revenue



SPSLG-3b

SPSLG 095-Hagelin

May 11, 1943.

MEMORANDUM FOR: Price Renegotiation Board, ASF.

Attention: Mr. Maurice Hirsch, Room 3D-626, Pentagon.

Subject: Contract No. W2124-sc-8396 with L. C. Smith Corona Typewriters, Inc., and the Hagelin Cryptograph Company.

1. It is understood that the Price Adjustment Board, ASF, is considering the question whether or not Contract No. W2124-sc-8396 with L. C. Smith Corona Typewriters, Inc., and the underlying contracts should be renegotiated, and desires a memorandum from the Signal Corps setting forth the relevant facts.

2. The above contract was signed by the parties September 26, 1942, and approved by the Under Secretary of War. Final payments were made about the 20th of October, 1942.

3. The above contract was made with Mr. J. Kirke Paulding and Mr. Stuart Hedden, co-partners in the Hagelin Cryptograph Company, speaking for themselves and Mr. Boris Hagelin, the inventor of the M-209, cryptograph device, to replace and substitute for contracts W 2124-sc-230, dated November 27, 1941, File No. 1499-Phila-42 and Nos. DA W 2124-sc-428; W 2124-sc-1190, dated April 10, 1942, File No. 12453-Phila-42 and Navy Letter of Intent No. NIS-7390 dated June 10, 1942. Mr. Hagelin was not a party to the contracts of November, 1941, and April, 1942, or the Navy Letter of Intent.

4. The proposal involved the substitution of the L. C. Smith Corona Typewriters, Inc., for the Hagelin Cryptograph Company as prime contractor to furnish the same number of equipments for the same consideration called for by the original contracts. Hagelin Cryptograph Company, with the consent of and joined by Mr. Hagelin, was prepared to transfer to the Government the entire right, title and interest in Patent No. 2,089,603 covering M-209, and a non-exclusive license under U. S. Patent No. 2,247,170 covering the adaptation of the M-209 to a typewriter keyboard. The proposal was made contingent upon a closing agreement with the Commissioner of Internal

Revenue that the disposal of the patents be determined to be a capital gain, and with the understanding that as all the facts were before the Government representatives any agreement reached would finally dispose of the matter. (See clause VIII of contract).

5. It was represented by the proposers that under the terms of an existing and relevant convention with the Swedish Government, Mr. Hagelin would not be taxable in the United States on any income payable to him by virtue of the above contracts. Mr. Hagelin agreed to subject himself to a tax liability of some \$700,000.00 by becoming a resident of the United States should the proposed agreement be accepted. (See letter of September 11, 1942, to Boris Hagelin, signed by the Commissioner of Internal Revenue.)

6. The Government representatives taking part in the arrangement were of the opinion that Mr. Hagelin was not subject to renegotiation.

a. In September 1942: Because Mr. Hagelin was not a party to the supply contracts listed above. It was not believed that he could properly be classified as a subcontractor since he had not agreed, "to perform any part of the work, or to make, or furnish any article, material, part, assembly, machinery, equipment or other personal property, required for the performance of another war contract or subcontract." Paragraph 1203.1 (2) Procurement Regulations.

b. At the present time: For the same reason and also because of the following provisions, "The Chief of a Supply Service may exempt from some or all of the provisions of Section 403, as amended, any contract granting to the Government a license under a patent or a patent application or transferring a patent or patent application to the Government, if the aggregate royalty payable under the contract for its duration or for any stated period is ----- a fixed amount determinable at the time of the execution of the contract-----". Paragraph 1204.6 Procurement Regulations.

7. The participation of the Hagelin Cryptograph Company, the partnership, was regarded as fair and reasonable, being 5% of the contract price and since this percentage represented the sole return to the partners for some six years of joint effort and expenditures.

8. The patents are of substantial value to the Government.

a. The patents cover equipment used and on order by the Army and Navy. After a search and examination it was found they adequately cover the apparatus K-209 and were valid over any combination of all art found.

b. There was indication of future procurement. About 7,500 additional units have been subsequently added to the program. There may be more required.

c. The proposed licenses covered a permanent large keyboard machine now used by the State Department. C.W.I + D.S.S.

d. Mr. Hagelin had "represented that his cryptograph machine represents approximately fifteen years of his continuous inventive effort and believes, but does not represent, that this work has involved a total cost of development of over \$500,000.00". See seventh paragraph of page 1 of Agreement of April 3, 1941, between Faulding and Hagelin as shown in red (Exhibit D.) It was on the basis of this representation that a guaranteed sum of \$1,000,000.00 to Hagelin was included by Mr. Faulding in Article 2 of Exhibit D of the contract of September 26, 1942.

9. Mr. Hagelin, Mr. Hadden and Mr. Faulding, in reliance on the agreement made with the Government, have changed their position.

a. The proposed agreement was presented as a final settlement of all questions between the parties. The partners stated that otherwise it would not be offered. This was understood by everyone concerned, and agreed to at the time.

b. Upon the acceptance of the contract by Government representatives, Mr. Hagelin in reliance on the foregoing immediately mailed letters to the Governmental authorities concerned declaring his intention to be deemed a resident and thereby subjected himself to tax liability to the United States.

10. The following factors were considered in the acceptance of the agreement.

a. The Government would be waiving its right to reduce royalties to Hagelin by curtailment of procurement.

b. The agreement proposed a present and final determination of the rights of the parties.

c. The Government received entire right and title to one patent and a license for the life of another on two important pieces of apparatus.

d. There would be no increase of the presently contracted purchase price and no decrease of quality or quantity of apparatus or devices to be received.

e. The Government would receive \$700,000.00 in taxes which it would not otherwise receive.

f. Mr. Hagelin made the offer because he otherwise would be subject to a very much higher tax in Sweden. Mr. Faulding and Mr. Hadden joined because it definitely determined their share at a specific figure and eliminated serious risks and contingent liabilities to which they were subject.

11. It is the opinion of the Legal Director, Office of the Chief Signal Officer, that renegotiation is not appropriate in this case.

For the Chief Signal Officers:

*Conrad E. Snow*  
 Conrad E. Snow,  
 Colonel, Signal Corps,  
 Legal Director.

Concurred in:

*D. H. C.*  
 Donald H. Lippincott,  
 Lieut. Colonel, Signal Corps,  
 Counsel, Office of Legal Director.

*R. C. P.*  
 Richard C. Flumer,  
 Lieut. Colonel, Signal Corps,  
 Counsel, Office of Legal Director.

*N. M.*  
 Nelson Moore,  
 Major, Signal Corps,  
 Attorney, Office of Legal Director.

\*-72416  
 2 Incls.  
 1-Cy ltr fm Com. Int. Rev., Sept. 11, 1942  
 2-Photostat cy Agreement, Exhibit D

