

DEPARTMENT OF THE AIR FORCE
WASHINGTON

OFFICE OF THE UNDER SECRETARY

1-2 CIA
3. Dup Sec
4. SS-1
5. SS-10
6. SS-6
7. RFI

June 14, 1965

Dear Red,

Early in August of 1964 the DCI and the Deputy Secretary of Defense agreed to certain changes in the contract structure of the CORONA program affecting the conduct of systems integration and systems engineering. Specifically, it was agreed that Aerospace Corporation would be given responsibility for overall systems engineering, and that the Director, Program A, (Gen. Greer) would establish a systems integration contract with Lockheed. This latter contract was to be a modification, reflecting the establishment of an overall systems engineer, of a continuing contract with Lockheed which had previously been labelled "systems engineering", although it in fact covered little more than integration of AGENA and payload. This particular Lockheed contract had, through FY 1963, been handled by an Air Force contracting officer on Gen. Greer's staff, and during FY 1964 by a CIA contracting officer detailed to Gen. Greer.

Unfortunately, none of the terms of the agreement on this matter have been fully complied with by the CIA. This is a problem that we will want to discuss at some appropriate time. The purpose of this letter is not to initiate such a discussion, but to inform you of actions that I must take in this connection and to ask your cooperation to insure the continuity of necessary work on the CORONA project.

Following the agreement in August, Gen. Greer's CORONA project director negotiated a systems integration contract with Lockheed. About the 15th of September, a CIA employee, by telephone, instructed Lockheed contracting personnel not to sign this contract, citing two considerations which I will note later

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The work called for by this contract is essential to the conduct of the CORONA project. It has been continued by Lockheed, without signed contractual coverage, since last August. Despite discussions with the DCI, and a written request from me to the Deputy DCI, the CIA injunction against signing this contract has not been lifted.

Clearly, this situation cannot be allowed to continue. I intend to instruct ██████████ of Lockheed, to sign the contract he has negotiated so that the Government can legally pay the contractor for the work that has been accomplished. The contract in question expires on 30 June. To insure continuity of the work, I will instruct the Director, Program A, to initiate a continuation of this contract for FY 1966.

I am dissatisfied with many aspects of the CORONA contract structure. It is evident that your people are also dissatisfied. I ask your cooperation, however, to insure that disagreement on these matters does not intrude upon proper relations between the Government and its contractors. I assure you that, if later we reach agreement on some different structure, we can rearrange this particular contract accordingly. Meanwhile, the work must continue, work done in FY 1965 must be paid for with FY 1965 funds, and both the Government and the contractor must be protected by a properly negotiated instrument.

In instructing Lockheed not to sign the contract at issue, the CIA representative stated as a reason that the contract specified security procedures not consistent with the practices being followed on CIA contracts at Lockheed. This turned out to be the case, and the Deputy DCI later agreed that CIA practices at Lockheed would be brought into full conformity with the requirements of the BYEMAN system, thus removing the inconsistency. I am informed that this change has taken place.

The systems integration contract at issue, by its nature, must deal with parts of the system that are provided under several different contracts, some of them held by CIA. These

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CIA contracts provide that no methods, materials, or equipment generated thereunder may be used for other work by the contractor without permission of the CIA. The CIA representative cited this provision to Lockheed as preventing Lockheed from engaging in the systems integration work under the proposed contract with Gen. Greer without permission from the CIA. In fact, such permission had been granted by the CIA contracting officer who is detailed to Gen. Greer's office, and the work itself has been going on for the last ten months, albeit not covered by definitive contract, in much the same manner as for some years previously.

In sum, there cannot now be objections by the CIA to the signing by Lockheed of this systems integration contract, except as may be occasioned by dissatisfaction with the agreement Mr. McCone made. You have my assurance that, if changes in the overall structure are later agreed upon, this particular contract will be adjusted accordingly. I trust, therefore, that your people will not interpose further obstruction to the signing by Lockheed of this contract and to the signing of its continuation for FY 1966.

There is another contract negotiated by Gen. Greer with Lockheed which suffered exactly the same fate as the systems integration contract just discussed. In this case, the work is not of a continuing nature, and has been completed. The contractor must be paid, and I shall ask [redacted] to sign this one also, so that the whole matter can be cleared up.

Sincerely,


Brockway McMillan

Vice Admiral William F. Raborn, USN (Ret)
Director
Central Intelligence Agency

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As you know, on 19 June, I wrote Adm. Raborn about two contracts at Lockheed which ^{are still} ~~have~~ remained unsigned for over two months. On 17 June he called Gen. Stewart to say that these contracts should not be signed, promising to clear this with you. They have not been signed.

~~Do not believe that this Government should tolerate such a situation any longer.~~
A My letter to Raborn said:

"I assure you that, if later we reach agreement on some different structure, we can rearrange this particular contract accordingly."

It also said:

"You have my assurance that, if changes in the overall structure are later agreed upon, this particular contract will be adjusted accordingly."

If Raborn believes this promise, he has no ~~basis~~ ~~objection~~ for objection. If he does not, ~~he should declare his disbelief~~ ~~he should declare his disbelief~~

he should declare his disbelief. ~~and the help~~ he should furthermore be obliged to make a construction proposal on how we are to do business with him if he

is our basis for

In either case, I feel that these contracts must be signed.

doing business with him on any subject seems rather terrible. ~~In this case, we must certainly agree without him~~

Lockhead has put about [redacted] of their stockholders' money into this endeavor so far with no protection for a return. A junction critical to the NRP is not properly being contracted for. As a statutory appointee, I cannot ~~be~~ acquiesce in the first, and as Director, NRO, responsible to the Secretary of Defense, who is Executive Agent, I cannot accept the record I have today called [redacted] and instructed him to sign the contracts in question.