



U.S. Department of Justice

Federal Bureau of Investigation
Washington, D.C. 20535

April 29, 2021

MR. JOHN GREENEWALD, JR.
SUITE 1203
27305 WEST LIVE OAK ROAD
CASTAIC, CA 91384-4520

FOIPA Request No.: 1406983-000
Subject: Varo Corporation

Dear Mr. Greenewald:

You were previously advised we were consulting with another agency concerning information located as a result of your Freedom of Information/Privacy Acts (FOIPA) request.

This consultation is complete and the enclosed material is being released to you with the appropriate exemption noted next to the redacted information pursuant to Title 5, United States Code, Section(s) 552/552a as noted below. Below you will find checked boxes under statute headings indicating the appropriate exemptions asserted to protect information which is exempt from disclosure. The checked exemption boxes used to withhold the information are further explained in the enclosed Explanation of Exemptions.

Section 552

☒ (b)(1)

☐ (b)(2)

☒ (b)(3)

Title 10 U.S. Code § 424

Title 50 U.S. Code § 3024(i)(1)

Federal Rules of Criminal
Procedure Rule 6(e)

☒ (b)(4)

☒ (b)(5)

☒ (b)(6)

☐ (b)(7)(A)

☐ (b)(7)(B)

☒ (b)(7)(C)

☒ (b)(7)(D)

☒ (b)(7)(E)

☐ (b)(7)(F)

☐ (b)(8)

☐ (b)(9)

Section 552a

☐ (d)(5)

☐ (j)(2)

☐ (k)(1)

☐ (k)(2)

☐ (k)(3)

☐ (k)(4)

☐ (k)(5)

☐ (k)(6)

☐ (k)(7)

184 pages were reviewed and 162 pages are being released.



The appropriate redactions were made by the Defense Intelligence Agency (DIA) and the General Accounting Office (GAO).

Please refer to the enclosed FBI FOIPA Addendum for additional standard responses applicable to your request. **"Part 1"** of the Addendum includes standard responses that apply to all requests. **"Part 2"** includes additional standard responses that apply to all requests for records about yourself or any third party individuals. **"Part 3"** includes general information about FBI records that you may find useful. Also enclosed is our Explanation of Exemptions.

For questions regarding our determinations, visit the www.fbi.gov/foia website under "Contact Us." The FOIPA Request Number listed above has been assigned to your request. Please use this number in all correspondence concerning your request.

If you are not satisfied with the Federal Bureau of Investigation's determination in response to this request, you may administratively appeal by writing to the Director, Office of Information Policy (OIP), United States Department of Justice, 441 G Street, NW, 6th Floor, Washington, D.C. 20530, or you may submit an appeal through OIP's FOIA STAR portal by creating an account following the instructions on OIP's website: <https://www.justice.gov/oip/submit-and-track-request-or-appeal>. Your appeal must be postmarked or electronically transmitted within ninety (90) days of the date of my response to your request. If you submit your appeal by mail, both the letter and the envelope should be clearly marked "Freedom of Information Act Appeal." Please cite the FOIPA Request Number assigned to your request so it may be easily identified.

You may seek dispute resolution services by contacting the Office of Government Information Services (OGIS). The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, e-mail at ogis@nara.gov; telephone at 202-741-5770; toll free at 1-877-684-6448; or facsimile at 202-741-5769. Alternatively, you may contact the FBI's FOIA Public Liaison by emailing foipaquestions@fbi.gov. If you submit your dispute resolution correspondence by email, the subject heading should clearly state "Dispute Resolution Services." Please also cite the FOIPA Request Number assigned to your request so it may be easily identified.



See additional information which follows.

Sincerely,



Michael G. Seidel
Section Chief
Record/Information
Dissemination Section
Information Management Division

Enclosure(s)

Please be advised that the Record/Information Dissemination Section (RIDS) is operating at reduced staffing levels amidst the ongoing COVID-19 national emergency. The enclosed FOIPA release represents a work product that could be generated for you under these unprecedented circumstances. We appreciate your patience and understanding as we work to release as much information, to as many requesters as possible, as this emergency continues.

The enclosed documents represent the final release of information responsive to your Freedom of Information/Privacy Acts (FOIPA) request. This material is being provided to you at no charge.

Inquiries regarding your OGA referral(s) designated within the release as "Referral/Direct" may be directed to the following agency(ies) at:

U.S. Department of State
Office of Information Programs and Services
A-GIS-IPS-RL-RC
SA 2
Washington, DC 20522

Department of Justice
Criminal Division
950 Pennsylvania Ave, NW
Criminal Division, OEO, FOIA/PA
JCK Building, Room 1127
Washington DC, 20530-0001

General Accounting Office
Room 7149
441 G Street, NW
Washington D.C. 20548

Department of the Navy
CNO FOIA/PA Program Office & Service Center
Code: CNO DNS-36 - Ms. R. Patterson
1013 O Street SE
Bldg 166 Suite 311
Washington Navy Yard, D.C., 20374

For your information, a search of the indices to our Central Records System reflected there were additional records potentially responsive to your Freedom of Information/Privacy Acts (FOIPA) request. We have attempted to obtain this material so it could be reviewed to determine whether it was responsive to your request. We were advised that the potentially responsive records were not in their expected location and could not be located after a reasonable search. Following a reasonable waiting period, another attempt was made to obtain this material. This search for the missing records also met with unsuccessful results.

This document is made available through the declassification efforts
and research of John Greenewald, Jr., creator of:

The Black Vault



The Black Vault is the largest online Freedom of Information Act (FOIA)
document clearinghouse in the world. The research efforts here are
responsible for the declassification of hundreds of thousands of pages
released by the U.S. Government & Military.

Discover the Truth at: **<http://www.theblackvault.com>**

FBI FOIPA Addendum

As referenced in our letter responding to your Freedom of Information/Privacy Acts (FOIPA) request, the FBI FOIPA Addendum provides information applicable to your request. Part 1 of the Addendum includes standard responses that apply to all requests. Part 2 includes standard responses that apply to requests for records about individuals to the extent your request seeks the listed information. Part 3 includes general information about FBI records, searches, and programs.

Part 1: The standard responses below apply to all requests:

- (i) **5 U.S.C. § 552(c).** Congress excluded three categories of law enforcement and national security records from the requirements of the FOIPA [5 U.S.C. § 552(c)]. FBI responses are limited to those records subject to the requirements of the FOIPA. Additional information about the FBI and the FOIPA can be found on the www.fbi.gov/foia website.
- (ii) **Intelligence Records.** To the extent your request seeks records of intelligence sources, methods, or activities, the FBI can neither confirm nor deny the existence of records pursuant to FOIA exemptions (b)(1), (b)(3), and as applicable to requests for records about individuals, PA exemption (j)(2) [5 U.S.C. §§ 552/552a (b)(1), (b)(3), and (j)(2)]. The mere acknowledgment of the existence or nonexistence of such records is itself a classified fact protected by FOIA exemption (b)(1) and/or would reveal intelligence sources, methods, or activities protected by exemption (b)(3) [50 USC § 3024(i)(1)]. This is a standard response and should not be read to indicate that any such records do or do not exist.

Part 2: The standard responses below apply to all requests for records on individuals:

- (i) **Requests for Records about any Individual—Watch Lists.** The FBI can neither confirm nor deny the existence of any individual's name on a watch list pursuant to FOIA exemption (b)(7)(E) and PA exemption (j)(2) [5 U.S.C. §§ 552/552a (b)(7)(E), (j)(2)]. This is a standard response and should not be read to indicate that watch list records do or do not exist.
- (ii) **Requests for Records about any Individual—Witness Security Program Records.** The FBI can neither confirm nor deny the existence of records which could identify any participant in the Witness Security Program pursuant to FOIA exemption (b)(3) and PA exemption (j)(2) [5 U.S.C. §§ 552/552a (b)(3), 18 U.S.C. 3521, and (j)(2)]. This is a standard response and should not be read to indicate that such records do or do not exist.
- (iii) **Requests for Records for Incarcerated Individuals.** The FBI can neither confirm nor deny the existence of records which could reasonably be expected to endanger the life or physical safety of any incarcerated individual pursuant to FOIA exemptions (b)(7)(E), (b)(7)(F), and PA exemption (j)(2) [5 U.S.C. §§ 552/552a (b)(7)(E), (b)(7)(F), and (j)(2)]. This is a standard response and should not be read to indicate that such records do or do not exist.

Part 3: General Information:

- (i) **Record Searches.** The Record/Information Dissemination Section (RIDS) searches for reasonably described records by searching systems or locations where responsive records would reasonably be found. A standard search normally consists of a search for main files in the Central Records System (CRS), an extensive system of records consisting of applicant, investigative, intelligence, personnel, administrative, and general files compiled by the FBI per its law enforcement, intelligence, and administrative functions. The CRS spans the entire FBI organization, comprising records of FBI Headquarters, FBI Field Offices, and FBI Legal Attaché Offices (Legats) worldwide; Electronic Surveillance (ELSUR) records are included in the CRS. Unless specifically requested, a standard search does not include references, administrative records of previous FOIPA requests, or civil litigation files. For additional information about our record searches, visit www.fbi.gov/services/information-management/foipa/requesting-fbi-records.
- (ii) **FBI Records.** Founded in 1908, the FBI carries out a dual law enforcement and national security mission. As part of this dual mission, the FBI creates and maintains records on various subjects; however, the FBI does not maintain records on every person, subject, or entity.
- (iii) **Requests for Criminal History Records or Rap Sheets.** The Criminal Justice Information Services (CJIS) Division provides Identity History Summary Checks – often referred to as a criminal history record or rap sheet. These criminal history records are not the same as material in an investigative “FBI file.” An Identity History Summary Check is a listing of information taken from fingerprint cards and documents submitted to the FBI in connection with arrests, federal employment, naturalization, or military service. For a fee, individuals can request a copy of their Identity History Summary Check. Forms and directions can be accessed at www.fbi.gov/about-us/cjis/identity-history-summary-checks. Additionally, requests can be submitted electronically at www.edo.cjis.gov. For additional information, please contact CJIS directly at (304) 625-5590.
- (iv) **National Name Check Program (NNCP).** The mission of NNCP is to analyze and report information in response to name check requests received from federal agencies, for the purpose of protecting the United States from foreign and domestic threats to national security. Please be advised that this is a service provided to other federal agencies. Private Citizens cannot request a name check.

EXPLANATION OF EXEMPTIONS

SUBSECTIONS OF TITLE 5, UNITED STATES CODE, SECTION 552

- (b)(1) (A) specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy and (B) are in fact properly classified to such Executive order;
- (b)(2) related solely to the internal personnel rules and practices of an agency;
- (b)(3) specifically exempted from disclosure by statute (other than section 552b of this title), provided that such statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on issue, or (B) establishes particular criteria for withholding or refers to particular types of matters to be withheld;
- (b)(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;
- (b)(5) inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency;
- (b)(6) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;
- (b)(7) records or information compiled for law enforcement purposes, but only to the extent that the production of such law enforcement records or information (A) could reasonably be expected to interfere with enforcement proceedings, (B) would deprive a person of a right to a fair trial or an impartial adjudication, (C) could reasonably be expected to constitute an unwarranted invasion of personal privacy, (D) could reasonably be expected to disclose the identity of confidential source, including a State, local, or foreign agency or authority or any private institution which furnished information on a confidential basis, and, in the case of record or information compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, information furnished by a confidential source, (E) would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law, or (F) could reasonably be expected to endanger the life or physical safety of any individual;
- (b)(8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or
- (b)(9) geological and geophysical information and data, including maps, concerning wells.

SUBSECTIONS OF TITLE 5, UNITED STATES CODE, SECTION 552a

- (d)(5) information compiled in reasonable anticipation of a civil action proceeding;
- (j)(2) material reporting investigative efforts pertaining to the enforcement of criminal law including efforts to prevent, control, or reduce crime or apprehend criminals;
- (k)(1) information which is currently and properly classified pursuant to an Executive order in the interest of the national defense or foreign policy, for example, information involving intelligence sources or methods;
- (k)(2) investigatory material compiled for law enforcement purposes, other than criminal, which did not result in loss of a right, benefit or privilege under Federal programs, or which would identify a source who furnished information pursuant to a promise that his/her identity would be held in confidence;
- (k)(3) material maintained in connection with providing protective services to the President of the United States or any other individual pursuant to the authority of Title 18, United States Code, Section 3056;
- (k)(4) required by statute to be maintained and used solely as statistical records;
- (k)(5) investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment or for access to classified information, the disclosure of which would reveal the identity of the person who furnished information pursuant to a promise that his/her identity would be held in confidence;
- (k)(6) testing or examination material used to determine individual qualifications for appointment or promotion in Federal Government service the release of which would compromise the testing or examination process;
- (k)(7) material used to determine potential for promotion in the armed services, the disclosure of which would reveal the identity of the person who furnished the material pursuant to a promise that his/her identity would be held in confidence.

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1343091-0

Total Deleted Page(s) = 7
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Page 7 ~ b1; b3; b7E;
Page 8 ~ b1; b3; b7E;
Page 9 ~ b1; b3; b7E;
Page 10 ~ b1; b3; b7E;
Page 11 ~ b1; b3; b7E;
Page 12 ~ b1; b3; b6; b7C; b7E;

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FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ ~~TOP SECRET~~
☒ ~~SECRET~~
☐ ~~CONFIDENTIAL~~
☐ UNCLAS E F T O
☐ UNCLAS

~~SECRET~~

Date 12/2/94

(S) FM FBI DALLAS (P)

TO DIRECTOR FBI/PRIORITY/

FBI NEW YORK/PRIORITY/

BT

~~SECRET~~

(S) CITE: //3190: /

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PASS: FBIHQ: SSA NEW YORK: SA

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b7C
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SUBJECT: VARO, INC.,

(S) ELECTRONICS DEVICES DIVISION, GARLAND, TEXAS;

; OO: DALLAS.

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ENTIRE COMMUNICATION CLASSIFIED "SECRET".

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Approved: *Doc/pmr*

Original filename: *JLC003W.336*

Time Received:

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MRI/JULIAN DATE: *2289/336*

ISN: *9*

FOX DATE & TIME OF ACCEPTANCE: *02 Dec 94 / 2124*

Serialize
Index
File
Search

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RE NEW YORK TELETYPE TO BUREAU AND DALLAS, DATED
NOVEMBER 22, 1994, CAPTIONED [REDACTED]

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(S) [REDACTED] OO: NEW YORK."

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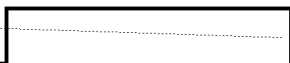
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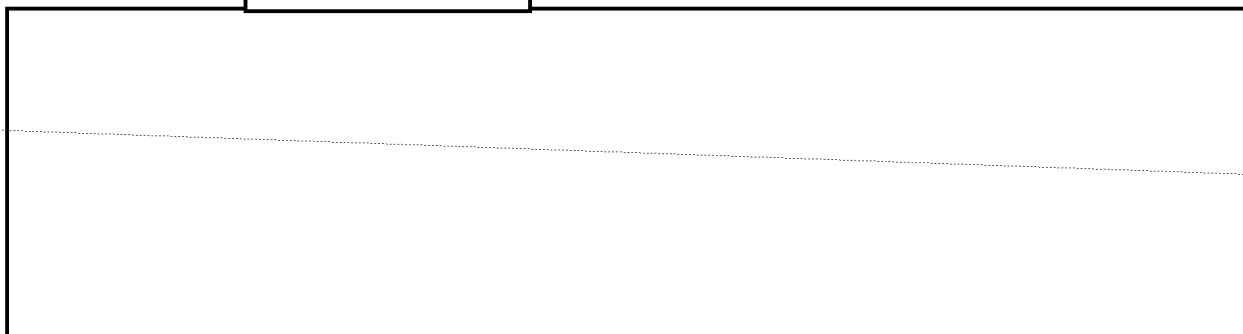
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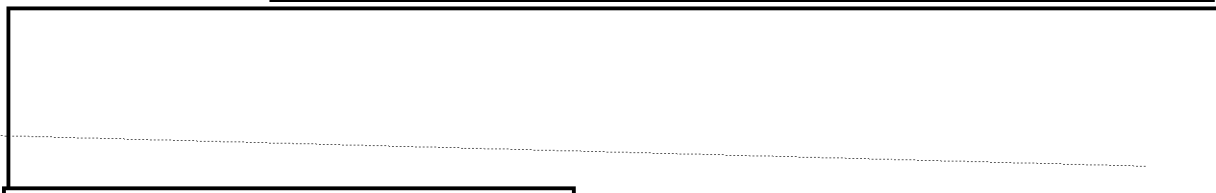


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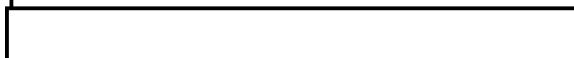
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CONTACT WITH



(S)

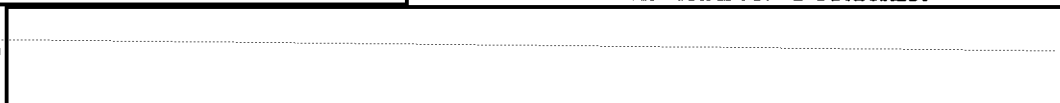
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THIS COMMUNICATION FURTHER

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ADVISED



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DALLAS NOTES THAT VARO, INC., GARLAND, TEXAS, IS THE MAIN UNITED STATES MANUFACTURER OF DEFENSE-RELATED VISION ENHANCEMENT DEVICES, SOLD PRIMARILY TO THE UNITED STATES ARMY.

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WITH A CURRENT DOWNTURN IN UNITED STATES MILITARY PROCUREMENT, VARO, INC., LIKE MOST DEFENSE DEPENDENT FIRMS, IS ATTEMPTING TO LOCATE NEW CONSUMERS FOR ITS PRODUCTS, IN THIS CASE THIRD-GENERATION VISION ENHANCEMENT DEVICES. OUTSIDE OF A LIMITED LAW ENFORCEMENT AND NEWS MEDIA MARKET, THE ARMED FORCES OF OTHER WORLD NATIONS ARE THE ONLY OUTLET FOR THESE SALES. IN THE PAST, VARO, INC. WAS THE SUBJECT OF AN OVERBILLING FRAUD AGAINST THE GOVERNMENT CASE.

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^PAGE 5 DL

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DALLAS DIVISION REQUESTS THAT, IF POSSIBLE, NEW YORK

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SO THAT

DALLAS DIVISION CAN FURTHER IDENTIFY

AND

CLARIFY

DALLAS NOTES THE POSSIBILITY

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NEW YORK DIVISION IS REQUESTED TO ADVISE THE FEASIBILITY

OF

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~~SECRET~~: CLASSIFIED BY: ~~G-3~~; ~~DECLASSIFY ON:~~ OADR.

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FD-36 (Rev. 8-29-85)

~~SECRET~~

CLASSIFIED BY: NSICG [redacted]
REASON: 1.4 (C)
DECLASSIFY ON: 12-31-2019
DATE: 12-02-2016

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FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☒ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 12/12/94

(S) FM FBI DALLAS [redacted] (P)

TO DIRECTOR FBI/ROUTINE/

FBI NEW YORK/ROUTINE/

INFO FBI NEWARK/ROUTINE/

BT

~~SECRET~~

SENT

(S) CITE: //3190: [redacted] //

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PASS: FBIHQ: SSA [redacted] NEW YORK: SA [redacted]
[redacted] NEWARK: SA [redacted]

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SUBJECT: [redacted] VARO, INC.,

(S) ELECTRONICS DEVICES DIVISION, GARLAND, TEXAS; [redacted]

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[redacted]; OO: DALLAS.

~~ENTIRE~~ COMMUNICATION CLASSIFIED "~~SECRET~~".

[redacted]

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[redacted]

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Serialized CRK
Index CRK
File CRK
Search CRK

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WLB
Approved: Doc [signature]

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Time Received: _____

Telprep filename: 2AEO08S1.346 / 2AEO08S2.346

MRI/JULIAN DATE: 1169,1170 / 347 ISN: 12, 13

FOX DATE & TIME OF ACCEPTANCE: 15483, 15492

12/13/94

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RE NEW YORK TELETYPE TO BUREAU AND DALLAS, DATED

(S) 11/22/94, CAPTIONED [REDACTED] OO:

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NEW YORK"; DALLAS TELETYPE TO BUREAU AND NEW YORK, 12/2/94;

(S) AND TELCALs, SA [REDACTED] DALLAS DIVISION, TO SA

[REDACTED] NEW YORK, 12/8-9/94.

REFERENCED NEW YORK AIRTEL CONTAINED INFORMATION [REDACTED]

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FOR INFORMATION OF NEWARK DIVISION, THE FOLLOWING
INFORMATION IS REITERATED:

WITH OTHER INFORMATION [REDACTED]

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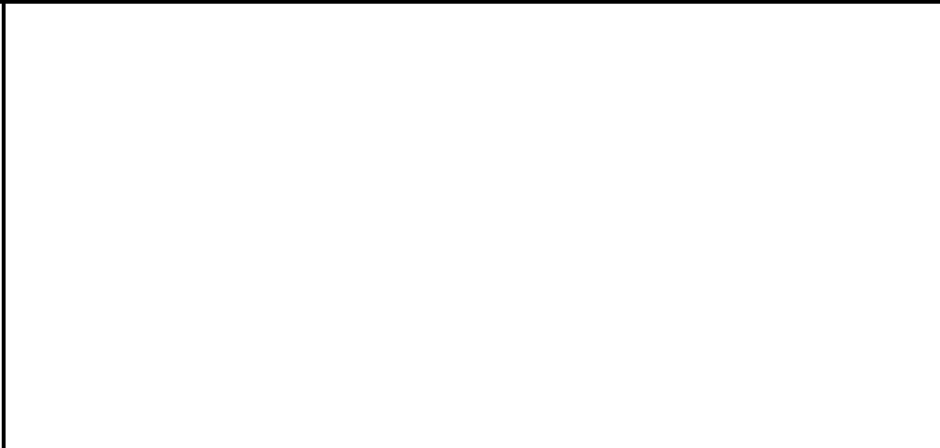
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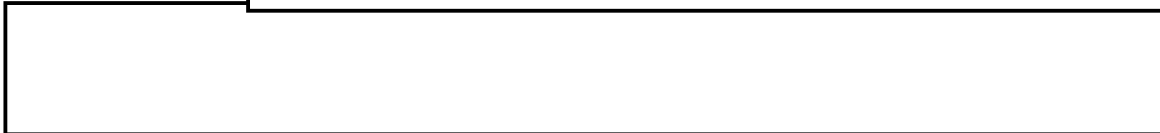
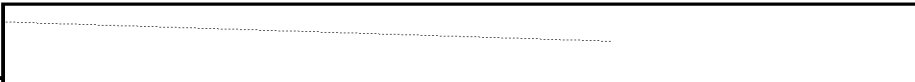


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REFERENCED NEW YORK TELETYPE CONTAINED LEAD TO ESTABLISH

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(S) [REDACTED] THIS COMMUNICATION FURTHER

(S) ADVISED [REDACTED]

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DALLAS NOTES THAT VARO, INC., GARLAND, TEXAS, IS THE MAIN
UNITED STATES MANUFACTURER OF DEFENSE-RELATED VISION
ENHANCEMENT DEVICES, SOLD PRIMARILY TO THE UNITED STATES ARMY.

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b7E

WITH A CURRENT DOWNTURN IN UNITED STATES MILITARY
PROCUREMENT, VARO, INC., LIKE MOST DEFENSE DEPENDENT FIRMS, IS
ATTEMPTING TO LOCATE NEW CONSUMERS FOR ITS PRODUCTS, IN THIS
CASE THIRD-GENERATION VISION ENHANCEMENT DEVICES. OUTSIDE OF A
LIMITED LAW ENFORCEMENT AND NEWS MEDIA MARKET, THE ARMED

~~SECRET~~

~~SECRET~~

(S)

^PAGE 5

~~SECRET~~

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FORCES OF OTHER WORLD NATIONS ARE THE ONLY OUTLET FOR THESE
SALES. IN THE PAST, VARO, INC. WAS THE SUBJECT OF AN
OVERBILLING FRAUD AGAINST THE GOVERNMENT CASE. DALLAS
DIVISION IS ATTEMPTING TO FURTHER IDENTIFY

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DALLAS DIVISION HAS NOTICED A POSSIBLE CONNECTION BETWEEN
THIS MATTER AND NEWARK CASE CAPTIONED,

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PREVIOUSLY, NEWARK

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[REDACTED]

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DIVISION WAS CONTACTED BY HOUSTON DIVISION REGARDING POSSIBLE
ILLEGAL EXPORT OF NIGHT VISION TECHNOLOGY BY VARO, INC., TO

IM
INDIA ✓

[REDACTED]

(PROTECT)

[REDACTED]

[REDACTED]

ADVISED AS FOLLOWS ON 12/7/94.

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~~SECRET~~

~~SECRET~~

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^PAGE 7

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THE MAJORITY OF INFORMATION FROM [REDACTED] PREVIOUSLY
PASSED TO SA [REDACTED] NEW YORK.

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DALLAS DIVISION AT DALLAS, TEXAS: WILL OBTAIN FURTHER
INFORMATION AND ADVISE.

C BY G-3; ~~DECL ON OADR~~

BT

~~SECRET~~

~~SECRET~~

FD-36 (Rev. 11-17-88)

FBI INFO.

CLASSIFIED BY: NSICG [redacted]

REASON: 1.4 (C)

DECLASSIFY ON: 12-31-2020

DATE: 01-18-2017

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b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 1/12/95

TO : DIRECTOR, FBI
(ATTENTION: NSD; [redacted] SSA [redacted])
FROM : SAC, DALLAS [redacted] (P)
SUBJECT : VARO, INC.
ELECTRONIC DEVICES DIVISION,
GARLAND, TEXAS;
[redacted]
OO: DALLAS

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This ~~entire~~ communication is classified "~~SECRET~~".

b7E

Reference Dallas teletype to Bureau, et al, dated December 13, 1994; Dallas airtel to Bureau and New York City, dated December 29, 1994.

Enclosed for the Bureau are two copies, and for New York City, Newark, and Norfolk Division one copy of the following:

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b7C
b7D

- 3 - Bureau (Enc. 58)
- 2 - New York City (Attn: SA [redacted]) (Enc. 30)
- 2 - Newark (Attn: SA [redacted]) (Enc. 29)
- 2 - Norfolk (Enc. 29)
- 2 - Dallas

b6
b7C
b7E

WLB/eh
(11)

Classified by: G-3
Declassify on: OADR

Serialize [redacted]
Index [redacted]
File [redacted]
Search [redacted]

b1
b3

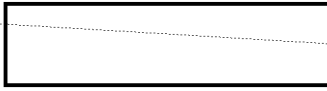
Approved: _____ Transmitted _____
(Number) (Time)

Per _____
[Signature]

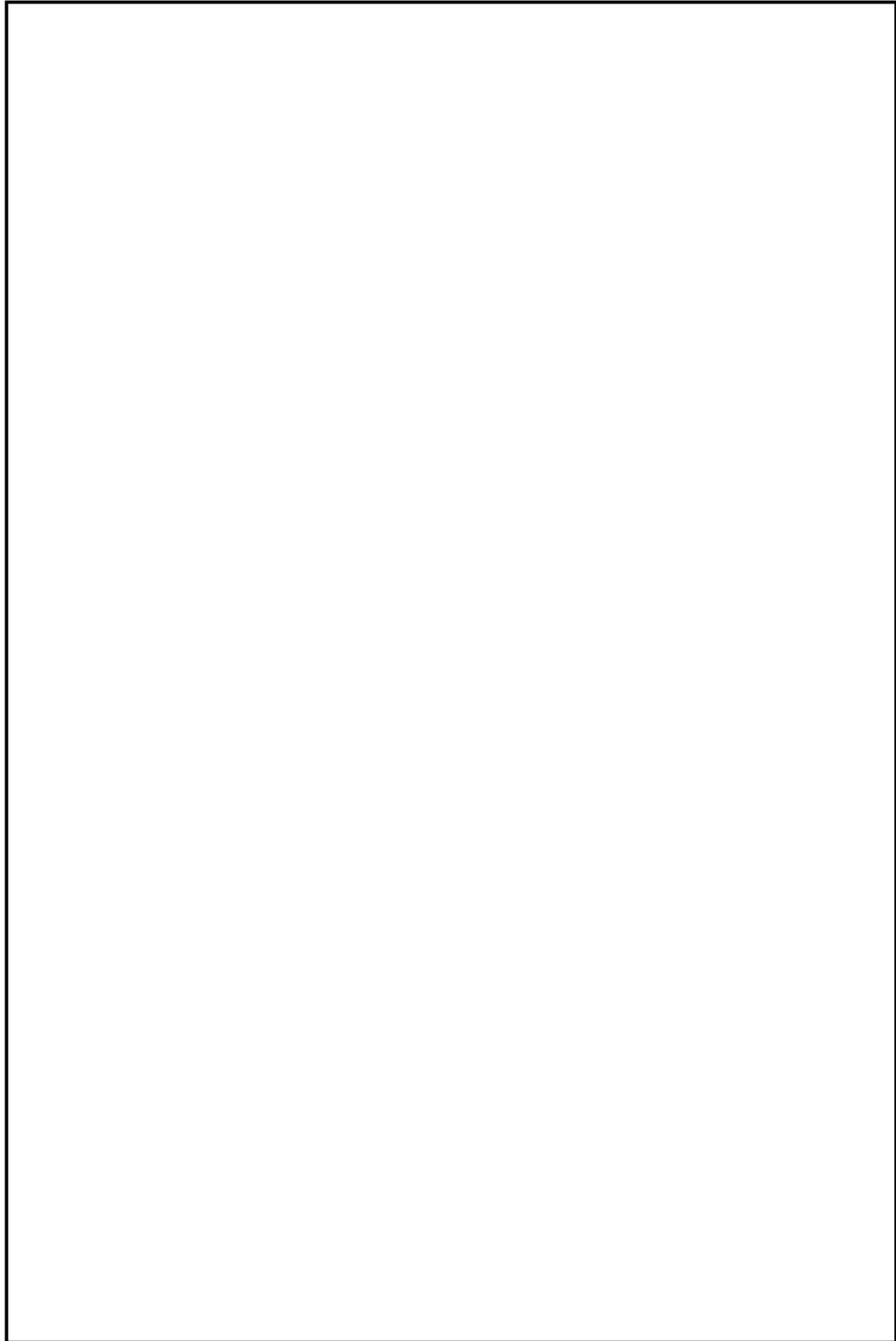
~~SECRET~~

~~SECRET~~

(S)



b1
b3



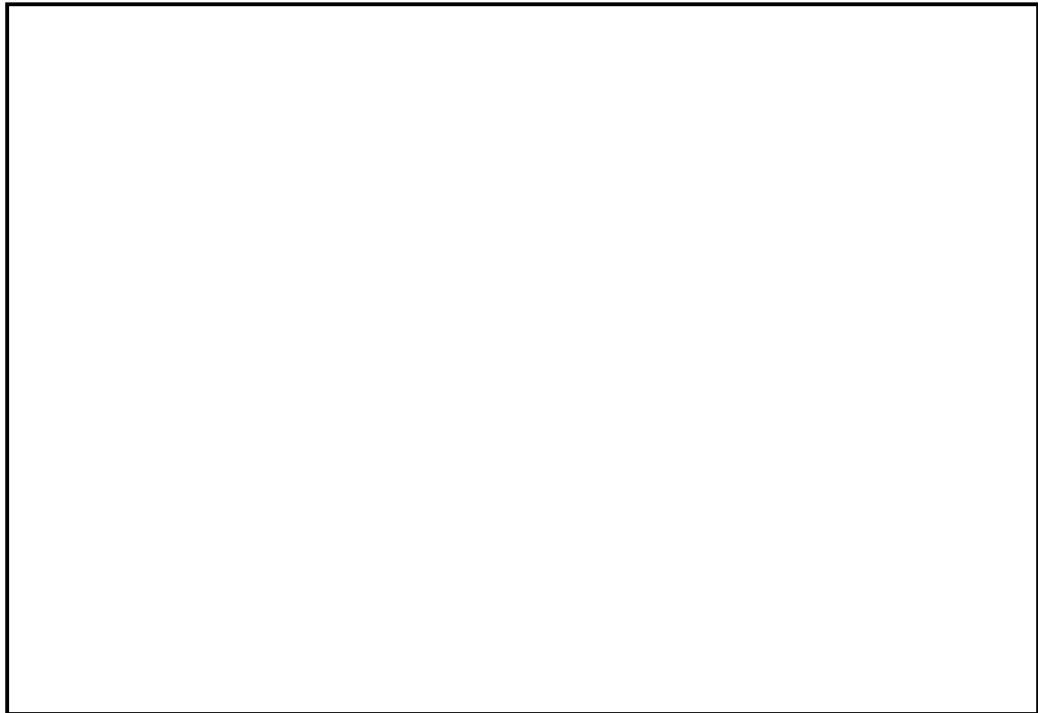
b6
b7C
b7D

~~SECRET~~

~~SECRET~~

(S)

b1
b3



b6
b7C
b7D

Also enclosed for New York City is a 1A envelope containing two copies of photos of [redacted] and [redacted]

b6
b7C

(S) For Newark Division, regarding case [redacted] and Norfolk Division, the following information from referenced Dallas airtel of December 29, 1994 is reiterated:

b1
b3

The following information was obtained from [redacted] [redacted] (protect - by request), [redacted]
[redacted]



b6
b7C
b7D

[redacted] also mentioned that [redacted]
[redacted]

~~SECRET~~

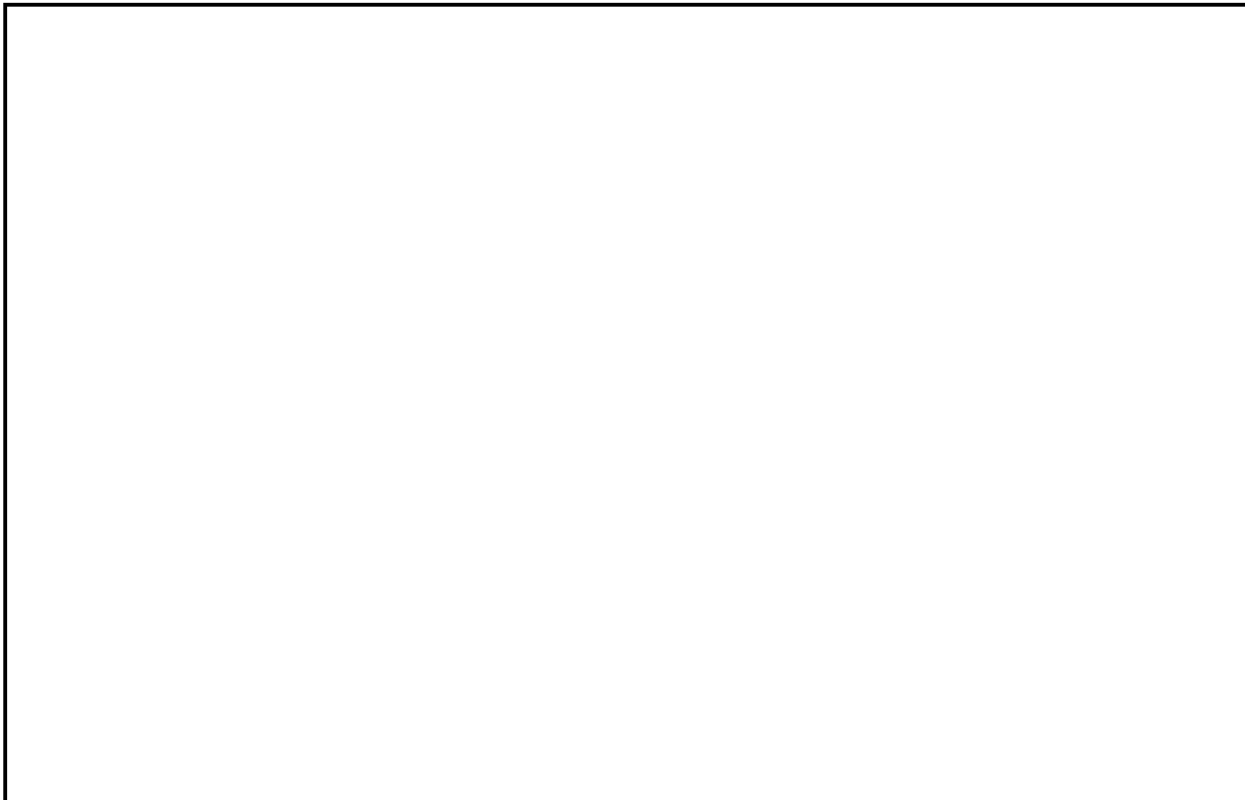
~~SECRET~~

b1
b3

(S)



b6
b7C
b7D



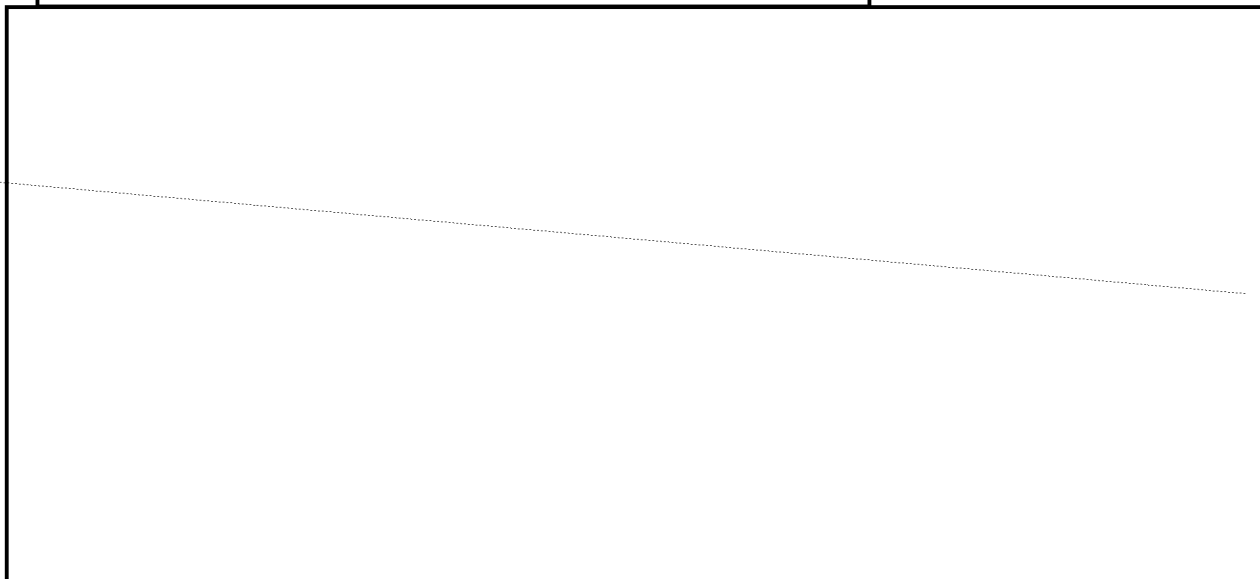
b6
b7C
b7D

In a different context.



advised as follows:

b6
b7C
b7D
b7E



(S)

b1
b3

~~SECRET~~

(S)

[REDACTED]

b1
b3

[REDACTED]

b1
b3

On January 3, 1995, [REDACTED] supra, was re-
contacted. She stated as follows:

b6
b7C
b7D

The above information [REDACTED]

(S)

[REDACTED]

b1
b3
b7E

[REDACTED]

b7D

(S)

[REDACTED]

b1
b3
b6
b7C
b7D

Present at this interview was [REDACTED]

[REDACTED]

[REDACTED] asked if interview of [REDACTED]

[REDACTED]

b6
b7C
b7D
b7E

(S)

[REDACTED]

b1
b3

(S)

[REDACTED]

b1
b3
b6
b7C
b7D
b7E

Dallas Division will produce a summary Letterhead Memorandum (LHM) for dissemination to affected Bureau offices. Dallas will [REDACTED]

(S)

[REDACTED]

b1
b3

LEADS

NEW YORK CITY DIVISION

AT NEW YORK CITY

(S)

[REDACTED]

b1
b3

NORFOLK DIVISION

AT NORFOLK, VIRGINIA

Determine if any companies or individuals in attachments were involved in [REDACTED]

[REDACTED]

b6
b7C
b7E

FD-36 (Rev. 8-29-85)

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☒ ~~SECRET~~
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

~~SECRET~~

Date 3/22/95

(S) FM FBI DALLAS [REDACTED] (P)
TO DIRECTOR FBI/ROUTINE/
FBI NEW YORK/ROUTINE/
FBI NORFOLK/ROUTINE/
BT

b1
b3

~~SECRET~~

(S) CITE: //3190 [REDACTED] /

PASS: FBIHQ: NSD, [REDACTED] SSA [REDACTED] NEW YORK: SA
[REDACTED]

b1
b3
b6
b7C
b7E

SUBJECT: VARO, INC., ELECTRONIC DEVICES DIVISION, GARLAND,

(S) TEXAS; [REDACTED] OO: DALLAS.

b1
b3
b7E

THIS ~~ENTIRE~~ COMMUNICATION IS CLASSIFIED "~~SECRET~~".

b7E

~~SECRET~~

WLB/jr
Approved: Doc/TM

Original filename: JLCOO2W.081

Time Received: _____

Telprep filename: JLCOO2

MRI/JULIAN DATE: 2037/081

ISN: 13

FOX DATE & TIME OF ACCEPTANCE: 22 Mar 95 / 2132

(S) [REDACTED]
Serialize gk
Index gk
File gk
Search gk

b1
b3

(S)

^PAGE 2 DL

~~SECRET~~

b1
b3

RE DALLAS AIRTEL TO BUREAU, NEW YORK AND NORFOLK, DATED
JANUARY 12, 1995; AND NEW YORK AIRTEL TO BUREAU, DALLAS,
NEWARK AND NORFOLK, DATED FEBRUARY 21, 1995.

REFERENCED DALLAS AIRTEL CONTAINED LEAD AT NEW YORK TO

(S)

[REDACTED]

b1
b3
b6
b7C
b7E

[REDACTED] LEAD AT NORFOLK TO DETERMINE

IF COMPANIES OR INDIVIDUALS AS DELINEATED IN ATTACHMENTS TO
REFERENCED DALLAS AIRTEL WERE INVOLVED IN

[REDACTED]

NEW YORK AND NORFOLK DIVISIONS NOTE

[REDACTED]

b7E

[REDACTED]

IN THIS MATTER.

~~SECRET~~: CLASSIFIED BY: G-3; ~~DECLASSIFY ON: OADR.~~

BT

~~SECRET~~

(09/19/94)

(S)

~~SECRET~~

b1
b3

FEDERAL BUREAU OF INVESTIGATION

Precedence: PRIORITY

Date: 03/17/1995

To: National Security
Division
✓ Dallas

Attn: [redacted] Unit

SSA [redacted]

(S) **Attn:** [redacted]

From: Norfolk
LSH/KKC Squad 4

Contact: SA [redacted] Extension 2533

(S) **File Number(s):** [redacted] (RUC)

b1
b3
b7E

Document Content: Documents enclosed requested by Dallas concerning Norfolk case, [redacted]

b7E

Title: VARO, INCORPORATED
ELECTRONIC DEVICES DIVISION
(S) CARLAND TEXAS.
[redacted]

b1
b3
b7E

Classification: This document is classified "~~SECRET~~" in its entirety unless otherwise marked.

b7E

Reference: Dallas airtel to FBIHQ dated 1/12/95.

Enclosure: Enclosed for Dallas are various communications dealing with the [redacted] case, and Dallas' request of information concerning [redacted]

b6
b7C
b7E

Details: Norfolk's above-mentioned case was opened on 7/30/91, and was closed on 1/6/94.

Due to the fact that no further investigation is warranted by Norfolk, Norfolk is placing this case in a RUC status.

Drafted By: [redacted] kkb

b6
b7C

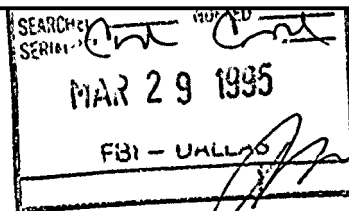
Approved By: [redacted]

Classified by: 3490
Declassify on: OADR

(S)

b1
b3

~~SECRET~~



~~SECRET~~

To: FBIHQ From: Norfolk

(S) Re: [redacted] 03/17/1995

CC: 1 - SA [redacted]

♦♦

b1
b3

b6
b7C

~~SECRET~~

~~SECRET~~

FD-36 (Rev. 11-17-88)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE

CLASSIFIED BY: NSICG J36J55T41
REASON: 1.4 (C)
DECLASSIFY ON: 12-31-2020
DATE: 12-05-2016

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 6/5/95

~~SECRET~~

TO : DIRECTOR, FBI
(ATTN: NSD, [redacted] SSA [redacted])
FROM : SAC, DALLAS [redacted] (Kc) *Close on this, [redacted] 6/30/95*
SUBJECT : VARO, INC.,
ELECTRONIC DEVICES DIVISION,
GARLAND, TEXAS;
[redacted]

OO: DALLAS

Entire communication classified "Sec" [redacted] b7E

Reference Dallas airtel to Bureau, et al, dated 1/12/95; New York airtel to Bureau, et al, dated 2/21/95; Norfolk airtel to Bureau and Dallas, dated 3/17/95; New York teletype to Bureau, et al, dated 4/12/95.

Referenced Dallas airtel of 1/12/95 advised Bureau, New York City, and Newark Divisions of [redacted] b7D

3 - Bureau
2 - New York (Attn: SA [redacted])
2 - Newark (Attn: SA [redacted]) (Info)
② - Dallas
WLB/sts [redacted]
(9)

~~SECRET~~
CLASSIFIED BY G-3
DECLASSIFY ON OADR

Serialize [redacted]
Index [redacted]
File [redacted]
Search [redacted]

Approved: Doc/TAW/mse

Transmitted

(Number) (Time)

Per

~~SECRET~~

(S)

[REDACTED]

~~SECRET~~

b1
b3

Referenced New York City airtel of 2/21/95 advised
of that division's preliminary efforts to [REDACTED]

(S)

[REDACTED]

b1
b3

Referenced Norfolk airtel of 3/17/95 supplied
information from [REDACTED]

[REDACTED]

[REDACTED] No obvious
congruities were seen with present case.

b6
b7C
b7E

Referenced NYO teletype of 4/12/95 stated [REDACTED]

[REDACTED]

b1
b3

Recent contact with [REDACTED] (protect) [REDACTED]

[REDACTED]

b7D

Dallas Division is closing present case.

~~SECRET~~

(06/01/1995)

FBI INFO.
CLASSIFIED BY: NSICG [REDACTED]
REASON: 1.4 (C)
DECLASSIFY ON: 12-31-2020
DATE: 01-18-2017

b6
b7C

~~SECRET~~

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 11/09/1995

To: Dallas

Attn: SAC [REDACTED]
SSA [REDACTED]

From: SA [REDACTED]

FCIT Squad

Contact: SA [REDACTED] Ext. 7347

b6
b7C

Approved By: [REDACTED]

Drafted By: [REDACTED] eh

(S) Case ID #: [REDACTED] (Closed)

b1
b3
b7E

Title: VARO, INC.
ELECTRONIC DEVICES DIVISION,
GARLAND, TEXAS;

(S)

b1
b3
b7E

Synopsis: Asset contact.

Classification: This document is classified "~~SECRET~~" in its
entirety unless otherwise marked.

b7E

Details: On 11/08/1995, [REDACTED] (protect/reliable) was

[REDACTED] He/She advised as follows:

b7D

Classified by: G-3
Declassify on: OADR

(S)

b1
b3

1

~~SECRET~~

SENT

11/15/95

U.T.E.

NOV 15 1995

FBI - DALLAS

313ENH02.6C

(06/01/1995)

~~SECRET~~
~~SECRET~~

FEDERAL BUREAU OF INVESTIGATION

To: Dallas From: SA [redacted]

Re: [redacted] 11/09/1995

b6
b7C

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b3
b7D
b7E

♦♦

~~Classified by:~~ G-3
~~Declassify on:~~ OADR

~~SECRET~~
~~SECRET~~

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1343091-0

Total Deleted Page(s) = 2
Page 2 ~ b1; b3;
Page 3 ~ b1; b3;

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X No Duplication Fee X
X For this Page X
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~~SECRET~~

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0037 MRI 02028

RR FBIDL

DE RUCNFB #0138 2622317

ZNY CCCCC

R 192237Z SEP 95

FM DIRECTOR FBI (S)

TO FBI DALLAS [REDACTED] ROUTINE/

BT

~~CONFIDENTIAL~~

CITE: //0522// (S)

SUBJECT: VARO INC; [REDACTED] OO: DALLAS.

~~THIS ENTIRE COMMUNICATION IS CLASSIFIED CONFIDENTIAL~~

(S)

b1
b3
b7E

b1
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b1
b3

(S)

INDEXED
SERIALIZED FILED *SLA*
SEP 19 1995
FBI - DALLAS
TXU/SS

~~SECRET~~

~~SECRET~~

PAGE FOUR DE RUCNEB 0138 ~~CONFIDENTIAL~~

b1
b3

(S)

ABOVE IS PROVIDED FOR INFORMATION.

POC IS IOS FBIHQ, NS-2B, TELEPHONE (202)
324-8213.

b6
b7C

~~C BY G-3; D OADR~~

BT
#0138

NNNN

~~SECRET~~

~~SECRET~~

0-93 (Rev. 01/25/91)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

142

TRANSMIT VIA:

☒ Teletype

DATE: 3/10/95

^PAGE 1 OF 6

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☒ ~~SECRET~~
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

FM DIRECTOR FBI

(S) TO FBI NEW YORK [REDACTED] /PRIORITY/

BT

~~SECRET~~

~~SECTION 1 OF 1~~

CITE: //0522//

SUBJECT: VARO, INC., ELECTRONIC DEVICES DIVISION, GARLAND,

(S) TEXAS: [REDACTED] 00: DALLAS.

THIS ~~ENTIRE~~ COMMUNICATION IS CLASSIFIED ~~SECRET~~.

RENYAIRTEL, FEBRUARY 21, 1995.

REFERENCED AIRTEL REQUESTED THAT FEDERAL BUREAU OF

INVESTIGATION HEADQUARTERS (FBIHQ) EXAMINE THE FEASIBILITY OF

(S) [REDACTED]

(S) [REDACTED]

***** FOR COMM CENTER USE ONLY *****

NOTE: Copy Designations Are On The Last Page Of This Teletype!!!

Approved By Mr. [REDACTED] 3/13/95

MRI/JUL 1717/72

Transmitted in 2355

MAR 13 1995

ISN 117

~~SECRET~~

b6
b7C

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b3
b7E

b1
b3

b1
b3

b6
b7C

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

^PAGE 2 ~~SECRET~~

FBIHQ HAS REVIEWED NEW YORK'S REQUEST

(S)

b1
b3

~~SECRET~~

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

^PAGE 3 ~~SECRET~~

(S)

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b3

~~SECRET~~

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

^PAGE 4 ~~SECRET~~

(S)

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b3

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~~SECRET~~

0-93A (Rev. 01/25/91)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

^PAGE 5 ~~SECRET~~

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~~SECRET~~

0-93A (Rev. 01/25/91)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

^PAGE 6 ~~SECRET~~

(S)

[REDACTED]

b1
b3

NEW YORK IS REQUESTED TO RE-EXAMINE ITS PROPOSAL IN THE
CONTEXT OF THE ABOVE OPERATIONAL CONCERNS. SHOULD NEW YORK

(S)

DESIRE [REDACTED]

b1
b3

[REDACTED]

THE REATTENT A

DETAILED PROPOSAL IS TO BE SUBMITTED TO FBIHQ, UNDER SEPARATE

(S)

CAPTION, FOR REVIEW [REDACTED]

b1
b3

[REDACTED]

SHOULD BE DIRECTED TO THE

ATTENTION OF SSA [REDACTED]

UNIT, TELEPHONE

b1
b3
b6
b7C
b7E

{202} 324-8216. [REDACTED]

(S)

ALL COMMUNICATIONS SHOULD CONTINUE TO BE DIRECTED TO

IOS [REDACTED]

UNIT, {202} 324-8213.

(S)

NO

COPY OF INSTANT COMMUNICATION HAS BEEN PROVIDED TO THE DALLAS
DIVISION.

b1
b3

C BY ~~G-34~~ D OADR.

BT

////

~~SECRET~~

~~SECRET~~

0-93B (Rev. 01/25/91)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

PAGE 7

ADMINISTRATIVE NOTE/TICKLER COUNT:

[REDACTED]

b1
b3
b6
b7C
b7D

(S) By referenced airtel, New York requested that FBIHQ examine the feasibility of [REDACTED]

b1
b3

(S) Instant communication advises New York that FBIHQ is not opposed to [REDACTED]

IRS

has advised that [REDACTED]

b1
b3
b6
b7C
b7E

~~SECRET~~

~~SECRET~~

0-93B (Rev. 01/25/91)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

PAGE 8

(S)

b1
b3
b6
b7C
b7E

New York is requested to re-examine its proposal in the
context of the above noted operational concerns. New York is

(S)

b1
b3

Drafted By: VJZ/DLM:dln {4} Room/TL #: 4094 Phone No: 8213

COPY DESIGNATIONS:

2 - []

{Attn: []
{Attn: []

1 - []

{Attn: []

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~~SECRET~~

RECEIVED
TELETYPE
UNIT

3 DEC 94 05 46 z

FEDERAL BUREAU
OF INVESTIGATION

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE

CLASSIFIED BY: NSICG [REDACTED]
REASON: 1.4 (C)
DECLASSIFY ON: 12-31-2020
DATE: 01-17-2017

Dep. Dir.	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Serv.	
Training	
Off. of Liaison & Int. Affs.	
Off. of Public Affs.	
Telephone Rm.	
Director's Office	

b6
b7C

0296 MRI 02289

PP RUCNFB FBIIVY

DE FBIDL #0009 3362124

ZNY SSSSS

P 022123Z DEC 94

(S) FM FBI DALLAS [REDACTED] (P)

b1
b3

TO DIRECTOR FBI/PRIORITY/

FBI NEW YORK/PRIORITY/

BT

~~SECRET~~

(S) CITE: //3190 [REDACTED]

b1
b3

PASS: FBIHQ: SSA [REDACTED] NEW YORK: SA

b6
b7C
b7E

SUBJECT: [REDACTED] ; VARO, INC.,

b1
b3
b6
b7C
b7E

(S) ELECTRONICS DEVICES DIVISION, GARLAND, TEXAS; [REDACTED]

(S) [REDACTED] OO: DALLAS.

b1
b3
b7E

ENTIRE COMMUNICATION CLASSIFIED "~~SECRET~~".

(S)

b6
b7C

RE NEW YORK TELETYPE TO BUREAU AND DALLAS, DATED

~~SECRET~~

100-103-00

~~SECRET~~

PAGE TWO DE FBIDL 0009 ~~SECRET~~

(S) NOVEMBER 22, 1994, CAPTIONED [REDACTED]

[REDACTED] OO: NEW YORK."

REFERENCED NEW YORK AIRTEL CONTAINED INFORMATION [REDACTED]

b1
b3
b7E

(S)

b1
b3

~~SECRET~~

~~SECRET~~

PAGE THREE DE FBIDL 0009 ~~SECRET~~

(S)

b1
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b6
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b7D

REFERENCED NEW YORK TELETYPE CONTAINED LEAD TO ESTABLISH

(S)

CONTACT WITH

(S)

b1
b3
b6
b7C
b7E

THIS COMMUNICATION FURTHER

(S)

ADVISED

DALLAS NOTES THAT VARD, INC., GARLAND, TEXAS, IS THE MAIN
UNITED STATES MANUFACTURER OF DEFENSE-RELATED VISION
ENHANCEMENT DEVICES, SOLD PRIMARILY TO THE UNITED STATES ARMY.

~~SECRET~~

~~SECRET~~

PAGE FOUR DE FBIDL 0009 ~~SECRET~~

b3
b6
b7C
b7E

WITH A CURRENT DOWNTURN IN UNITED STATES MILITARY PROCUREMENT, VARD, INC., LIKE MOST DEFENSE DEPENDENT FIRMS, IS ATTEMPTING TO LOCATE NEW CONSUMERS FOR ITS PRODUCTS, IN THIS CASE THIRD-GENERATION VISION ENHANCEMENT DEVICES. OUTSIDE OF A LIMITED LAW ENFORCEMENT AND NEWS MEDIA MARKET, THE ARMED FORCES OF OTHER WORLD NATIONS ARE THE ONLY OUTLET FOR THESE SALES. IN THE PAST, VARD, INC. WAS THE SUBJECT OF AN OVERBILLING FRAUD AGAINST THE GOVERNMENT CASE.

DALLAS DIVISION REQUESTS THAT, IF POSSIBLE, NEW YORK

(S)

DALLAS DIVISION CAN FURTHER IDENTIFY

SO THAT

AND

b1
b3
b6
b7C

~~SECRET~~

~~SECRET~~

PAGE FIVE DE FBIOL 0009 ~~SECRET~~

CLARIFY [REDACTED]

[REDACTED] DALLAS NOTES THE POSSIBILITY

b6
b7C
b7E

NEW YORK DIVISION IS REQUESTED TO ADVISE THE FEASIBILITY

(S)

OF [REDACTED]

b1
b3

~~SECRET~~: CLASSIFIED BY: ~~G-3~~; DECLASSIFY ON: OADR:

BT

#0009

NNNN

~~SECRET~~

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1343091-0

Total Deleted Page(s) = 8
Page 8 ~ b6; b7C; b7D; b7E;
Page 9 ~ b6; b7C; b7D; b7E;
Page 36 ~ b5; b6; b7C; b7D; b7E;
Page 37 ~ b5; b6; b7C; b7D; b7E;
Page 50 ~ b5; b6; b7C; b7D; b7E;
Page 51 ~ b3; b5; b6; b7C; b7D; b7E;
Page 52 ~ b3; b5; b6; b7C; b7D; b7E;
Page 53 ~ b5; b6; b7C; b7D; b7E;

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X Deleted Page(s) X
X No Duplication Fee X
X For this Page X
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FD-340 REV. (6-14-77)

Field File No.

00 and File No. WFO 205-10-1A ①

Date Received 3/5/79

From

USOJ Fraud Sect.

(ADDRESS OF CONTRIBUTOR)

WDC

By SA

To Be Returned ☐ Yes

Receipt Given ☐ Yes

☒ No

☒ No

Description:

[Redacted Description Box]

b6
b7C

b6
b7C

b5
b7D

Field File No. WF-205-10-1A-2

OO and File No. WFO 205-10

Date Received 3/19/79

From FBI

(NAME OF CONTRIBUTOR)

WDC

(ADDRESS OF CONTRIBUTOR)

By SA

(NAME OF SPECIAL AGENT)

To Be Returned ☐ Yes

Receipt Given ☐ Yes

☒ No

☒ No

Description:

Notes From interview
OF 4505,
on 3/19/79.

b6
b7C

b6
b7C

Field File No. _____
OO and File No. WFO 205-10-1A-3
Date Received 3/19/79
From FBI
(NAME OF CONTRIBUTOR)
WFO
(ADDRESS OF CONTRIBUTOR)
WDC
By SA
(NAME OF SPECIAL AGENT)

To Be Returned ☐ Yes Receipt Given ☐ Yes
☒ No ☒ No

Description:

2 License applications
From VARO Inc. to
U.S. State Dept. dated
5-15-78 and 1-12-79.

b6
b7C

UNITED STATES GOVERNMENT

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Memorandum

TO SAC, WFO (205-10) (P)

DATE: 3/9/79

FROM SA

b6
b7C

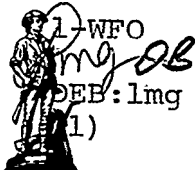
SUBJECT: V ARO CORPORATION
FOREIGN CORRUPT PRACTICES ACT
(OO:WFO)

ReBuairtel to WFO, dated 2/16/79

Special Agent of the FBI

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205-10-3



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

SEARCHED	INDEXED
SERIALIZED	FILED
MAR 11 1979	
FBI WASH. F.O.	

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 3/27/79

[redacted] Office of Munitions Control,
U.S. Department of State (USDS), 1701 Ft. Meyers Drive,
Arlington, Virginia, telephone number [redacted]
was interviewed concerning his knowledge of a transaction
between [redacted] and Varo Inc.,
2201 Walnut Street, Garland, Texas. [redacted] provided the
following information:

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[redacted]

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[redacted] stated that as far as his office and
USDS was concerned, the application and subsequent
transaction was entirely proper and there were no
violations to his knowledge.

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Attached to the applications were letters from
Varo stating that no political contributions over \$5,000.00
or fees or commissions over \$100,000.00 were paid or offered
in respect to the transactions. [redacted] advised that if
these amounts were exceeded, an additional form is
required by USDS.

Investigation on 3/19/79 at Arlington, Virginia File # WFO 205-10-4
by SA [redacted] :kao Date dictated 3/22/79

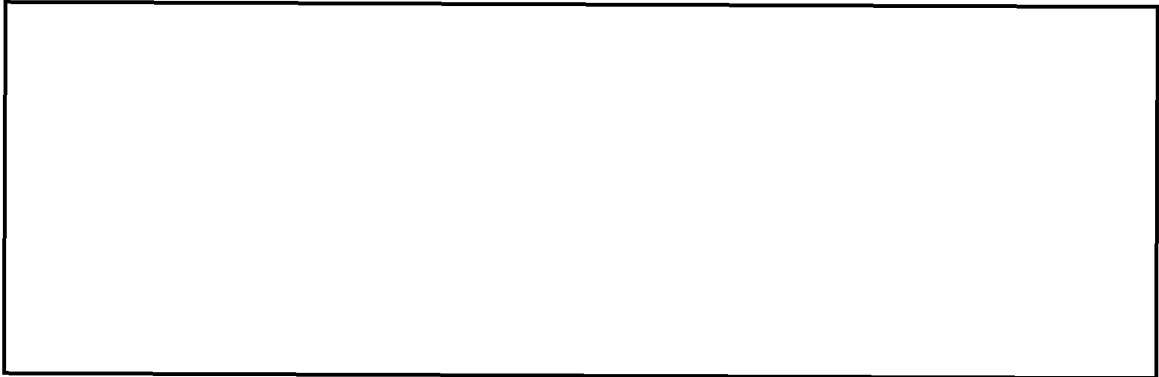
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WFO 205-10

2

[] further advised that they receive several applications from Varo Inc. throughout the year, and there was nothing unusual or out of the ordinary relating to these two applications. [] did state, however, that Varo deals primarily in the sale of night vision devices, and this request was unusual in that respect.

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[] further advised that any records held by the USDS concerning Varo could be obtained by submitting a letter requesting a search to be made of Varo applications.

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Memorandum

TO : SAC, WFO (205-10) (P)

DATE: 3/28/79

FROM : SA [REDACTED]

b6
b7CSUBJECT: VARO CORPORATION
FOREIGN CORRUPT PRACTICES ACT
(OO:WFO)

On 3/26/79, [REDACTED] ~~Attorney, Fraud Section~~
~~USDI~~ was contacted regarding the subpoena of [REDACTED]

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[REDACTED] advised that a Federal Grand Jury for the
District of Columbia ^{would} convene [REDACTED] ^{and}
~~at this time~~ [REDACTED] ^{would} begin presenting evidence and
~~would~~ ^{would} issue a Grand Jury subpoena for [REDACTED]

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It is anticipated that evidence will be presented to a Grand Jury for the District of Columbia as long as there is an indication that a violation occurred in this District. A possibility exists that venue may lie in Garland, Texas, and if subpoenaed records indicate so, appropriate action will be taken.

①-WFO

DEB:sfw
(1) *[Signature]*

205-10-5

SEARCHED	INDEXED
SERIALIZED <i>RG</i>	FILED <i>RG</i>
MAR 28 1979	
FBI - WASH. FIELD OFFICE	

[Signature]

X AIRTEL

4/10/79

TO: SAC, DALLAS

FROM: SAC, WFO (205-10) (P)

VARO CORPORATION
FOREIGN CORRUPT PRACTICES ACT
(OO:WFO)

Enclosed for Dallas are the original and one copy of a Federal Grand Jury subpoena for the District of Columbia calling for [REDACTED]

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For information of Dallas, [REDACTED]

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The possibility exists that venue may lie in Garland, Texas and after reviewing subpoenaed records, a determination will be made. If so, appropriate action will be taken by WFO.

Due to the expeditious nature of captioned matter it is requested that Dallas execute enclosed subpoena.

LEAD

DALLAS DIVISION

[REDACTED] Will serve subpoena on [REDACTED] and return original to WFO. Questions should be directed to Department of Justice attorney on front of subpoena.

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2-Dallas (Enc. 2)

①-WFO

DEB:kao *Kao E-3*

(3)

JM CB

205-10-6

Searched _____
Serialized *Kao*
Indexed _____
Filed *Kao*

Memorandum

TO : SAC, WFO (205-10) (P)

DATE: 5/7/79

FROM : SA [REDACTED]

b6
b7CSUBJECT: VARO CORPORATION
FOREIGN CORRUPT PRACTICES ACT
(OO:WFO)

On 4/30/79 [REDACTED] ~~Fraud Section,~~
~~U.S. Department of Justice,~~ advised he had been in
contact with [REDACTED] regarding a Federal
Grand Jury subpoena calling for [REDACTED]

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[REDACTED] advised [REDACTED] expressed
a desire to cooperate with the investigation, and ~~will~~ *would*
comply fully with the subpoena. [REDACTED] further stated
that because of the [REDACTED]

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[REDACTED] he had granted an extension to 5/15/79,
at which time [REDACTED] *would* comply.

205-10-8

SEARCHED	INDEXED
SERIALIZED <i>RO</i>	FILED <i>kg</i>
MAY 07 1979	
FBI WASH. F. O.	

[Signature]

①-WFO

DEB:kao
(1)*Kao JS*

Memorandum

TO : SAC, WFO (205-10) (P)

DATE: 5/23/79

FROM : SA [REDACTED]

b6
b7CSUBJECT: VARO CORPORATION;
FOREIGN CORRUPT PRACTICES ACT
(OO:WFO)

On 5/6/79, [REDACTED] Attorney, Fraud Division, U.S. Department of Justice, telephonically contacted SA [REDACTED] and advised [REDACTED] had complied with previously served subpoena, [REDACTED] a Federal Grand Jury, District of Columbia, on [REDACTED]

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[REDACTED] further advised that [REDACTED] were presently in the possession of [REDACTED] Fraud Section, to whom ~~this case has~~ been reassigned. [REDACTED] ~~can be~~ reached at [REDACTED]

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(1)-WFO

DEB:df
(1)

*Reassign
6/6/79 CERRA*

205-10-9

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 23 1979	
FBI - WASH. FIELD OFFICE	



Memorandum

TO : SAC, WFO (205-10) (P)

DATE: 6/18/79

FROM : SA BERNARD D. CERRA

SUBJECT: VARO CORPORATION
FCPA

Special Agent BERNARD D. CERRA
On 6/11/79, ~~the writer~~ met with Departmental Attorneys

[redacted] and thereafter reviewed subpoenaed

[redacted] Upon completion of the review

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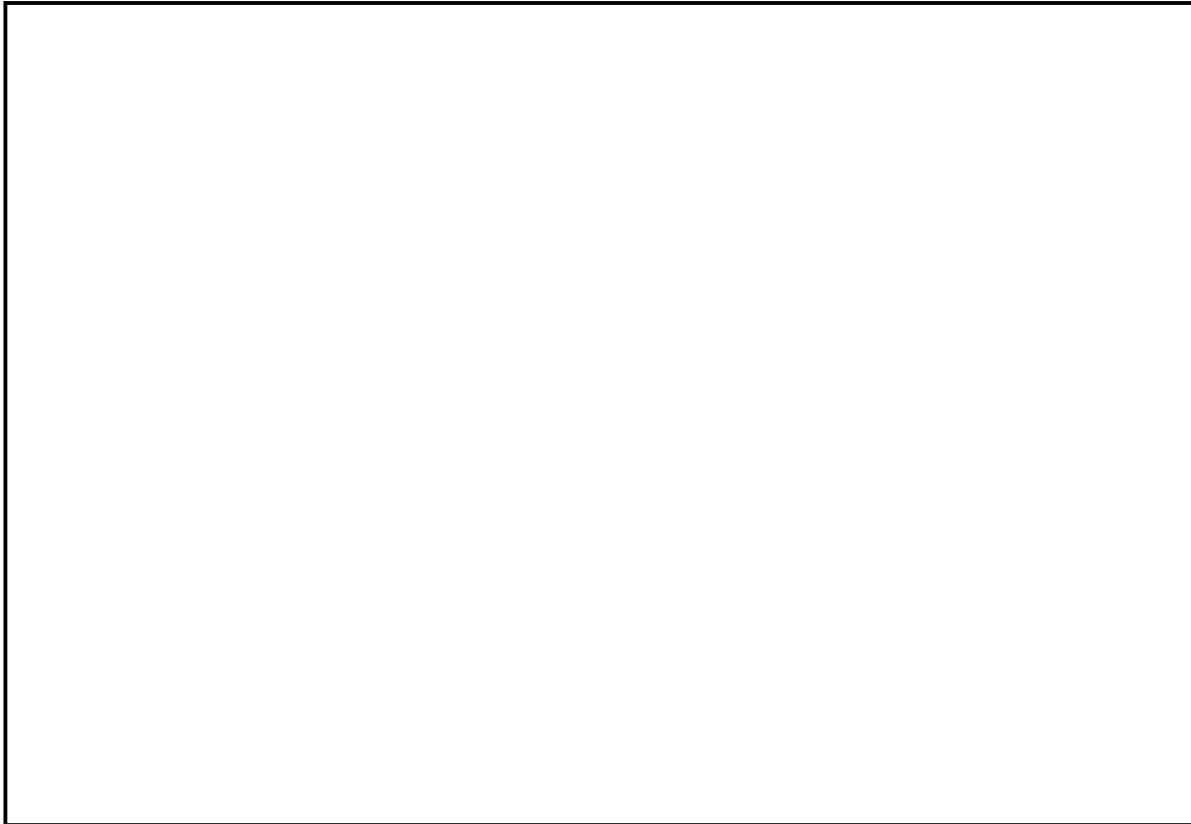
205-10-10

SEARCHED	INDEXED
SERIALIZED <i>Ray</i>	FILED <i>Ray</i>
JUN 20 1979	
FBI WASH. F. O.	
<i>Cerra</i>	



Washington, D. C. 20535
June 22, 1979

VARO CORPORATION
FOREIGN CORRUPT PRACTICES ACT



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This document contains neither
recommendations nor conclusions of
the FBI. It is the property of
the FBI and is loaned to your agency;
it and its contents are not to be
distributed outside your agency.

4-Bureau
1-Dallas
1-WFO

TEM:kao
(6)

CERRA *Bu*

205-10-11
Searched _____
Serialized _____
Indexed _____
Filed _____

XX

6/22/79

TO: DIRECTOR, FBI
FROM: SAC, WFO (205-10) (C) (C-1)

VARO CORPORATION
FOREIGN CORRUPT PRACTICES ACT
(OO:WFO)

ReBureau airtel dated 2/16/79.

Enclosed for the Bureau are the original and three copies of an LHM regarding captioned matter. One copy of LHM enclosed for Dallas.

Based upon contents of enclosed LHM, WFO is placing this matter in a closed status, as no outstanding request for investigation by the FBI presently exists.

C (4) 5 yrs.
[Signature]
6/22/79

2-Bureau (Enc. 4)
2-Dallas (205-3) (Enc. 1) (Info)
①-WFO

TEM:kaos *Kao*
(5)

CEPPA *Bz* FILE STRIPPED
Date: _____

Initials: _____

205-10-12
Searched _____
Serialized _____
Indexed _____
Filed _____

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1343091-0

Total Deleted Page(s) = 5
Page 2 ~ b5; b6; b7C; b7D; b7E;
Page 3 ~ b5; b6; b7C; b7D; b7E;
Page 4 ~ b3; b5; b6; b7C; b7D; b7E;
Page 5 ~ b3; b5; b6; b7C; b7D; b7E;
Page 6 ~ b5; b6; b7C; b7D; b7E;

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X Deleted Page(s) X
X No Duplication Fee X
X For this Page X
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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ ~~TOP SECRET~~
☐ ~~SECRET~~
☐ ~~CONFIDENTIAL~~
☐ E F T O
☐ CLEAR

Date 6/22/79

TO: DIRECTOR, FBI

FROM: SAC, WFO (205-10) (C) (C-1)

VARO CORPORATION
 FOREIGN CORRUPT PRACTICES ACT
 (OO:WFO)

ReBureau airtel dated 2/16/79.

Enclosed for the Bureau are the original and three copies of an LHM regarding captioned matter. One copy of LHM enclosed for Dallas.

Based upon contents of enclosed LHM, WFO is placing this matter in a closed status, as no outstanding request for investigation by the FBI presently exists.

Supr. [redacted] called & discussed attached 6/22/79. I agree w/ his stand. FBI would be better off if Customs got all these PCPA cases.

REC-109

DE-78

205-26-3

7 JUN 26 1979

2-Bureau (Enc. 4)
 2-Dallas (205-3) (Enc. 1) (Info)
 1-WFO

ENCLOSURE

TEM:kao
 (5)

2cc - Criminal Division
 Fraud Section

Jthw/Co

6/26/79

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62 JUN 26 1979
 Approved: [signature]

Transmitted

(Number)

(Time)

Per

13

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE NEWARK	OFFICE OF ORIGIN NEWARK	DATE 9/8/67	INVESTIGATIVE PERIOD 6/26 8/24/67
TITLE OF CASE UNSUB; <u>Varo Company,</u> <u>Garland, Texas</u>		REPORT MADE BY SOLOMON F. QUINN, JR. (A)	TYPED BY ims
		CHARACTER OF CASE FAG	

REFERENCES:

New Orleans letter to Bureau dated 6/26/67
 Newark airtel to Bureau dated 8/24/67.

(C)

ADMINISTRATIVE:

Copies of this report are being furnished to Dallas and New Orleans for information inasmuch as the complaint originated in the New Orleans Division and the company involved is located in the Dallas Division.

ACCOMPLISHMENTS CLAIMED						ACQUIT- TALS	CASE HAS BEEN:
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		
							PENDING OVER ONE YEAR <input type="checkbox"/> YES <input type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input type="checkbox"/> NO
APPROVED <i>[Signature]</i> SPECIAL AGENT IN CHARGE						DO NOT WRITE IN SPACES BELOW	
COPIES MADE: 4 - Bureau 1 - USA, Newark 1 - New Orleans (46-2303) (Info) 1 - Dallas (Info) 1 - Newark (46-6438)						46-56049-3 REC-65 13 SEP 11 1967 EX 101	
Dissemination Record of Attached Report						Notations	
Agency	1-PMG	2-BAO				SIX STATE SECT.	
Request Recd.							
Date Fwd.							
How Fwd.							
By	55 SEP 20 1967					C.W.L. 9/19/67 COVER PAGE	

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Newark

Report of: SOLOMON F. QUINN, JR.(A) Office: Newark, New Jersey
Date: 9/8/67

Field Office File #: 46-6438 Bureau File #:

Title: UNKNOWN SUBJECT; Varo Company,
Garland, Texas

Character: FRAUD AGAINST THE GOVERNMENT

Synopsis:

[redacted]
[redacted]
[redacted] alleges that contract number DAA-B07-67-R0520, in the amount of over Two million dollars for production of Metascopes was scheduled to be awarded to the successful bidder on June 19, 1967; however, it was delayed 30 days by the contracting officer at Fort Monmouth, N.J. [redacted] belief was that the new award date was set to give the Varo Company an opportunity to catch up on its work and submit a lower bid on the new work. Review of contract file and interview of knowledgeable personnel at Fort Monmouth Procurement Division revealed no indication of irregularity in awarding contract to Varo Company. AUSA, Newark, N.J., declined prosecution.

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- C -

DETAILS:

On June 22, 1967, [redacted]

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telephonically furnished the following information:

[redacted]

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NK 46-6438

Contract # DAA-B07-67-R0520, in the amount of over two million dollars, for production of metascope, was to be awarded June 19, 1967. The bidders included RCA, ITT, Control Science of Chicago, and the Varo Company. The award has been postponed 30 days by the contracting officer at Fort Monmouth, New Jersey, because of changes in delivery schedule and requirements. The Varo Company is presently behind schedule on several military contracts, and it is [redacted] belief the new award was delayed to give the Varo Company an opportunity to catch up on its work and submit a lower bid on the new work. He supplied no names of military or contractor personnel who might be involved in the alleged irregularities in bidding.

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FEDERAL BUREAU OF INVESTIGATION

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9/1/67

Date _____

[redacted] Fort Monmouth, Procurement Division, Fort Monmouth, New Jersey, advised on August 16, 1967, that he would make available the contract file for request for Procurement # DAA-B07-67-R0520 for review.

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On August 21, 1967, [redacted] made available contract # C0617, which pertained to the above request for procurement number.

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The contract was for the purchase of metascope, and 42 firms were solicited. Nine firms responded and it was determined that all nine who responded were technically acceptable. One of the nine firms was a late bidder. This was Dyan Electron Corporation, Washington, D.C.

The bid opening was on April 20, 1967.

The contract was for a multi-year purchase of metascope.

The solicitation for a bid was for a firm fixed price for both a one year purchase and a two year purchase. However, the solicitations requested a firm fixed price on the hardware (the equipment) and an estimated price on the software (manuals and literature), and because of this error a teletype went out to the nine bidders requesting a firm fixed price on the software.

Closing on this bid was to be June 21, 1967.

Six companies responded to the teletype of June 17, 1967, and the original bids of the other three companies were assumed as their amended bids.

Manst Corporation was low bidder for a one year purchase and Varo Company was low bidder for a two year purchase. By using Manst Corporation low bid for one year

On 8/16&21/67 at Fort Monmouth, New Jersey File # Newark 46-6438
SA SOLOMON F. QUINN, JR. (A) :ims 8/25/67
by _____ 3 _____ Date dictated _____

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NK 46-6438

and applying it to a two year purchase as compared with Varo's bid for a two year purchase, it was determined that by using Varo's two year price a savings to the Government would be by \$70,633.92.

Manst Corporation bid including software was

[REDACTED]

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Varo's bid including software was

[REDACTED]

These figures represented both companies two year purchase bids.

The fiscal project manager from Fort Monmouth, New Jersey, went to Army Material Command, Washington, D.C., and briefed them on all the actions before awarding the contract.

The contract was awarded to Varo Company on June 30, 1967.

The contracting officer on this contract was

[REDACTED]

who is presently on leave.

[REDACTED]

advised that he definitely could see nothing irregular in the awarding of this contract.

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NK 46-6438

The facts of this case were discussed with Assistant
United States Attorney [redacted], Newark, New Jersey.
[redacted] stated that he would decline prosecution in this
matter [redacted]
[redacted]

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE WASHINGTON FIELD	OFFICE OF ORIGIN PHILADELPHIA	DATE APR 5 1968	INVESTIGATIVE PERIOD 3/15 - 29/68
TITLE OF CASE VARO COMPANY, INC., GARLAND, TEXAS; DAYTON T. BROWN COMPANY, BOHEMIA, LONG ISLAND, NEW YORK; UNSUBS, Employees Naval Air Systems Command, Washington, D.C.; UNSUBS, Employees Naval Aviation Supply Office, Philadelphia, Pennsylvania		REPORT MADE BY SA ANDREW J. SHANNON	TYPED BY skt
		CHARACTER OF CASE FAG - CONSPIRACY	

REFERENCES: PHairtel to Bureau dated 2/28/68;
Bulet to PH dated 3/4/68.

- RUC -

ENCLOSURES

Documents, memoranda, letters, and photographs obtained from the files of the General Accounting Office relating to allegations made by [redacted]

against Varo Company, Incorporated, Garland, Texas, Dayton T. Brown Company, Bohemia, Long Island, New York, and UNSUBS, Department of the Navy, in instant case.

ACCOMPLISHMENTS CLAIMED NONE						ACQUIT- TALS	CASE HAS BEEN: PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		

APPROVED

COPIES MADE:

SPECIAL AGENT
IN CHARGE

DO NOT WRITE IN SPACES BELOW

- ④ - Bureau
3 - Philadelphia (Enc. 18)
(1 - USA, Philadelphia) (EDPA)
(ATTN: AUSA [redacted])
1 - WFO (46-9017)

46-56049-7 REC-42

4 APR 8 1968

EX-116

Dissemination Record of Attached Report				Notations STAT. SECT.
Agency	1 cc DVI 2 cc RAO			
Request Recd.				
Date Fwd.				
How Fwd.				
By	CWL 4/17/68			

6 APR 19 1968

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WFO 46-9017

ADMINISTRATIVE

A review of the records made available by the General Accounting Office (GAO) related to several allegations made by [REDACTED]

[REDACTED] against the Varo and Brown Companies as well as personnel of the Department of the Navy. The review of the records encompassed all of the allegations as WFO is not aware of the results of the interview with [REDACTED] by the Philadelphia Office and the records and facts made available by him in instant case.

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No leads are being set out by WFO to conduct investigation concerning the alleged fraud or conspiracy allegations in this case, pending contact by the Philadelphia Office with the USA, EDPA, for his decision in this matter.

It is to be noted that the information in this report concerns [REDACTED] allegation of infringement of patents by Varo which matter according to rePHairtel the AUSA, EDPA, had previously advised [REDACTED]
[REDACTED]

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Philadelphia (Eastern District of Pennsylvania)
(Attention: AUSA [redacted])

Report of: SA ANDREW J. SHANNON
Date: APR 5 1968

Office: Washington, D.C.

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Field Office File #: 46-9017

Bureau File #:

Title: VARO COMPANY, INCORPORATED, GARLAND, TEXAS;
DAYTON T. BROWN COMPANY, BOHEMIA, LONG ISLAND, NEW YORK;
UNKNOWN SUBJECTS, Employees Naval Air Systems
Command, Washington, D.C.;

~~Subject:~~ UNKNOWN SUBJECTS, Employees Naval Aviation Supply
Office, Philadelphia, Pennsylvania

Character: FRAUD AGAINST THE GOVERNMENT - CONSPIRACY
Synopsis:

At the request of Congressman RICHARD S. SCHWEIKER in August, 1967, General Accounting Office (GAO) conducted an investigation surrounding the procurement of nitrogen receivers by the Department of the Navy. A GAO draft report dated 1/22/68 was prepared regarding the formal protest of the [redacted] [redacted] regarding the award of contract NO0383-67-C-2962 dated 2/23/67 to Varo, Inc., Garland, Texas, for 1500 nitrogen receivers. [redacted] Assistant General Counsel, GAO, stated investigation related to questions concerning the legality of contract procedures and whether good contracting procedures were followed. Replies were received regarding the draft report from the [redacted] Varo, and Brunswick Corporations; GAO is still awaiting completion of Navy's reply. [redacted] said on 2/20/68 representatives of GAO and Navy met with [redacted] and Congressman SCHWEIKER's Administrative Assistant, at which time [redacted] alleged fraud and collusion between Navy and then nitrogen receiver test contractor, Dayton T. Brown Company in the conduct of the September, 1967, gunfire tests of nitrogen receivers. [redacted] alleged the tests were conducted in a manner to assure failure of the [redacted] receiver and satisfactory performance of the Varo and Brunswick receivers. On March, 19,

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WFO 46-9017

1968, Congressman SCHWEIKER advised the Comptroller of the GAO that Department of Justice and FBI officials were aware of the nature of [] allegations and requested GAO to make available all information to them in files of GAO. [] said GAO would withhold any opinion regarding results of their investigation pending completion of investigation by FBI regarding the fraud allegation. Review of GAO files set out; copies of pertinent documents relating to GAO's investigation and [] documentation regarding the fraud allegation obtained. GAO files also contain allegations by [] of collusion between Navy and Varo and illegally using [] confidential information and nitrogen receiver designs. GAO correspondence records disclosed GAO personnel reviewed files of Anti-Trust Division, Department of Justice, regarding [] complaint that Varo was seeking to monopolize the field of nitrogen receiver production. Their review disclosed Anti-Trust Middle Atlantic Division, Philadelphia, has information regarding this [] allegation. Anti-Trust Division files did not indicate [] had written agreement with Varo placing restrictions on use of Varo receivers which [] turned over to Varo. Anti-Trust Division representative told GAO personnel he concluded there was no evidence to support action under anti-trust laws; however, decision was subject to review.

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- RUC -

DETAILS: AT WASHINGTON, D.C.

On March 15, 1968, [] [] Defense Division, General Accounting Office (GAO), advised that he would have to contact the office of Congressman RICHARD S. SCHWEIKER of Pennsylvania before any information in the files of the GAO could be released.

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On the same date, [] [] GAO, stated that the GAO had been working on certain legal aspects concerning allegations made by the [] [] in this case and had meetings with representatives of Congressman SCHWEIKER's

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office. He stated that the previous week there had been discussions with a Congressman SCHWEIKER's office regarding matters to be turned over to the Federal Bureau of Investigation (FBI) regarding possible fraud matters or matters that would come under the jurisdiction of the FBI. He said that contact should be made with [] Assistant General Counsel, GAO, regarding a review of the files and records of GAO pertaining to GAO investigation in this case as well as a review of documents, and material in the files of the GAO.

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On March 15, 1968, a meeting was held with [] Assistant General Counsel; [] Attorney Advisor, General Counsel's Office; and [] Defense Division, GAO.

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[] said that [] had contacted Congressman SCHWEIKER's office and had made certain allegations concerning the Varo Company, Incorporated (Varo). The matter was first looked into by Congressman SCHWEIKER's office, according to [] who in July, 1967, met with representatives of the Naval Aviation Supply Office (ASO) in an effort to resolve the matter without success. In August, 1967, Congressman SCHWEIKER by letter requested the GAO to institute an investigation of the contract involving the procurement of nitrogen receivers by the ASO, Philadelphia, as previously discussed with a GAO legislative liaison representative. According to [] was questioning the validity of the contract with Varo and the questions referred to the GAO were whether contracting procedures were legal and whether good contracting practices were followed.

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[] made available on March 15, 1968, a draft copy dated January 22, 1968, of the GAO "Report on Review of the Circumstances Surrounding the Procurement of Nitrogen Receivers - Department of the Navy" (enclosure one). This report indicated that [] had formally protested the award by the ASO of Philadelphia, Pennsylvania, of Contract N00383-67-C-2962 dated February 23, 1967, to Varo of Garland, Texas, for 1500 nitrogen receivers. [] stated that replies had been received from the [] Varo, and Brunswick Corporations

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WFO 46-9017

concerning this report. He advised that a partial reply had been received from the Department of the Navy, but they were awaiting a completion of the reply expected on April 22, 1968.

[redacted] as previously stated said the GAO's inquiry into the matter was whether contracting procedures were legal and good contracting practices followed. He stated that on February 20, 1968, representatives of GAO met with [redacted] Administrative Assistant to Congressman SCHWEIKER, at which time [redacted] made the first real allegation of fraud in this case. He stated that it concerned the manner in which the nitrogen receiver of the [redacted] was tested by the test contractor, the Brown Company.

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On March 15, 1968, arrangements were made with [redacted] to begin a review of the files of the GAO on March 18, 1968.

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FEDERAL BUREAU OF INVESTIGATION

1

Date 4/2/68

On March 18, 1968, [redacted] Assistant General Counsel, General Accounting Office (GAO), made available for review documents, material, letters, and photographs in the files of the GAO relating to allegations made by the [redacted], against the Varo Company, Incorporated (Varo), the Dayton T. Brown Company (Brown), and personnel of the Department of the Navy. A review of the GAO "Report on Review of the Circumstances Surrounding the Procurement of Nitrogen Receivers - Department of the Navy," a copy of which was made available on March 15, 1968, disclosed that pursuant to the request of Congressman SCHWEIKER dated August 23, 1967, as well as in supplementary correspondence the GAO reviewed circumstances surrounding the procurement of nitrogen receivers by the Department of the Navy. The report indicated that Congressman SCHWEIKER's letter of September 12, 1967, indicated that the law firm of Techner, Rubin and Shapiro in behalf of [redacted] had formerly protested the award by the Aviation Supply Office (ASO), Philadelphia, Pennsylvania, in Contract N00383-67-C-2962 dated February 23, 1967, to Varo, Garland, Texas, for 1500 nitrogen receivers. The report stated that a Comptroller General Decision concerning this protest would be rendered shortly and a copy of the decision would be furnished to the office of Congressman SCHWEIKER. According to the report, the principal questions at issue appeared to be (1) whether the Varo receiver approved by the Navy met all the production approval test requirements as delineated in the Government specifications; (2) whether the receiver delivered by Varo under the contract was the same as that specified by ASO in its request for proposals and, also, whether it was the Varo receiver which had been tested for and approved by the Navy, and (3) whether the Varo receiver was a safe project which will withstand gunfire. The report indicated that the Naval Air Systems Command, Washington, D.C. (WDC), has technical responsibility for the LAU-7/A launcher system including the

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On 3/18-29/68 Washington, D.C. File # WFO 46-9017

by SA ANDREW J. SHANNON:skt Date dictated 4/1/68

WFO 46-9017

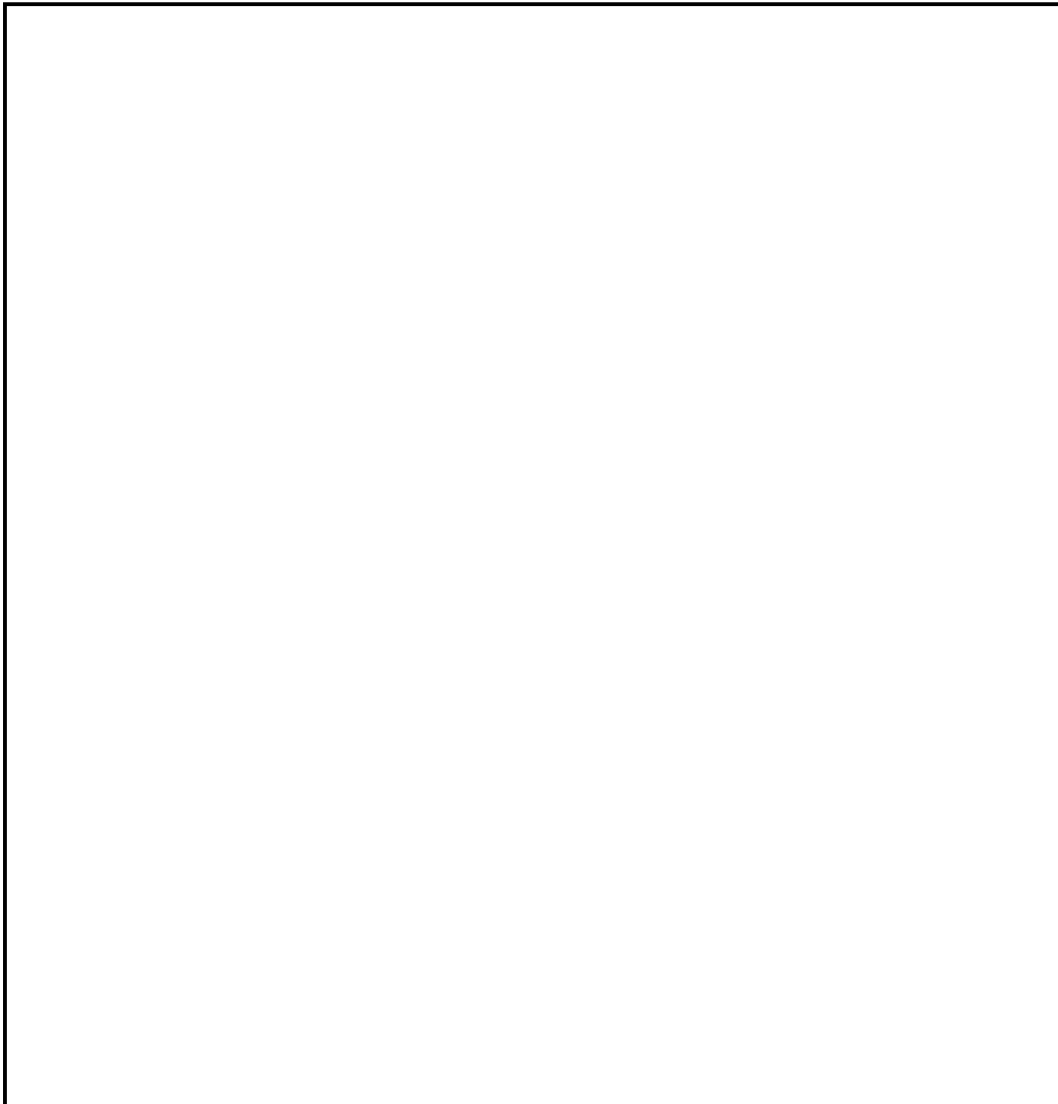
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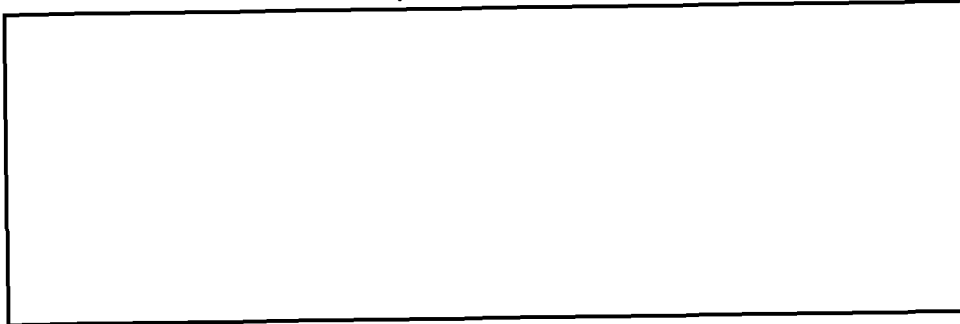
approval of the types of components which will be procured. The launcher is used with the Sidewinder air-to-air missile. The Aviation Supply Office has responsibility for procuring the Navy's replenishment requirements for the nitrogen receivers used in the launcher system. The nitrogen receiver according to [] is a bottle wrapped in fiberglass loaded with nitrogen gas which is used in the launcher system.

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The draft report indicated that the conclusions of the GAO investigation were as follows:

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[redacted] said that a copy of the draft report was given to [redacted] however, [redacted] draft copy would not have included Appendix II which related to the "Comparison of Varo and Military Specifications" and "Results of Laboratory Tests Performed on Nitrogen Receivers by Dayton T. Brown, Inc."

By letter dated February 1, 1968, [redacted] furnished the comments of [redacted] concerning the GAO draft report (enclosure two). In his letter, [redacted] claimed that in addition to his comments regarding the GAO draft report he had requested [redacted] Assistant Chief, Middle Atlantic Office, Anti-Trust Division, United States (U.S.) Department of Justice, to turn over to the GAO the department's records pertaining to this matter to further aid GAO in their investigation. [redacted] also claimed in the letter that Varo did in fact try to infringe a U.S. Patent and failing this did use proprietary information gained from [redacted] by fraud and deceit and illegally passed information to others which caused irreparable damage to [redacted]. He said this could not have been accomplished without the cooperation of certain individuals in the employ of the U.S. Government, namely the ASC (Naval Air Systems Command) and the ASO (Naval Aviation Supply Office). [redacted] included as attachments to his comments to the draft report the following:

- (1) Telephone conversation with [redacted] Brunswick Corporation, January 24, 1968.
- (2) telephone conversation with [redacted] Peerless Manufacturing Company, January 25, 1968;
- (3) letter dated May 3, 1967, from [redacted] in which [redacted] said the work on the nitrogen receivers was of a proprietary nature, and he was not in a position to quote nitrogen receivers to [redacted]
- (4) license

agreement between [redacted] dated October 21, 1965, regarding U.S. Patent 3214506 and U.S. Patent Serial Number 252863; (5) license agreement dated December 16, 1966, regarding U.S. Patent 3214506 and U.S. Patent Serial Number 252863 and 532476; (6) letter dated March 22, 1967, from [redacted] Contracting Officer, ASO, to [redacted] regarding drawings used in connection with Contract N00383-67-C-2961; (7) letter dated March 23, 1967, from [redacted] regarding the monthly production lot testing as required by military specification MIL-R-81202.

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In connection with his comments, [redacted] requested GAO to supply him the serial number of the [redacted] receiver which was alleged to have failed the gunfire test in September, 1967, and also to furnish two copies of BUWEPS (Bureau of Naval Weapons) Drawings 58A164D555 and 556 including all revisions A, B, and C. [redacted] stated that upon receiving the above requested material he would forward further comments to the GAO for their review.

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Files contained a copy of a letter dated February 1, 1968, from Varo, 800 West Garland Avenue, Garland, Texas, signed by [redacted] (enclosure three). [redacted] stated in his letter that they found that the draft report was generally consistent with the facts as they knew them, and they had no additional comments or information to present.

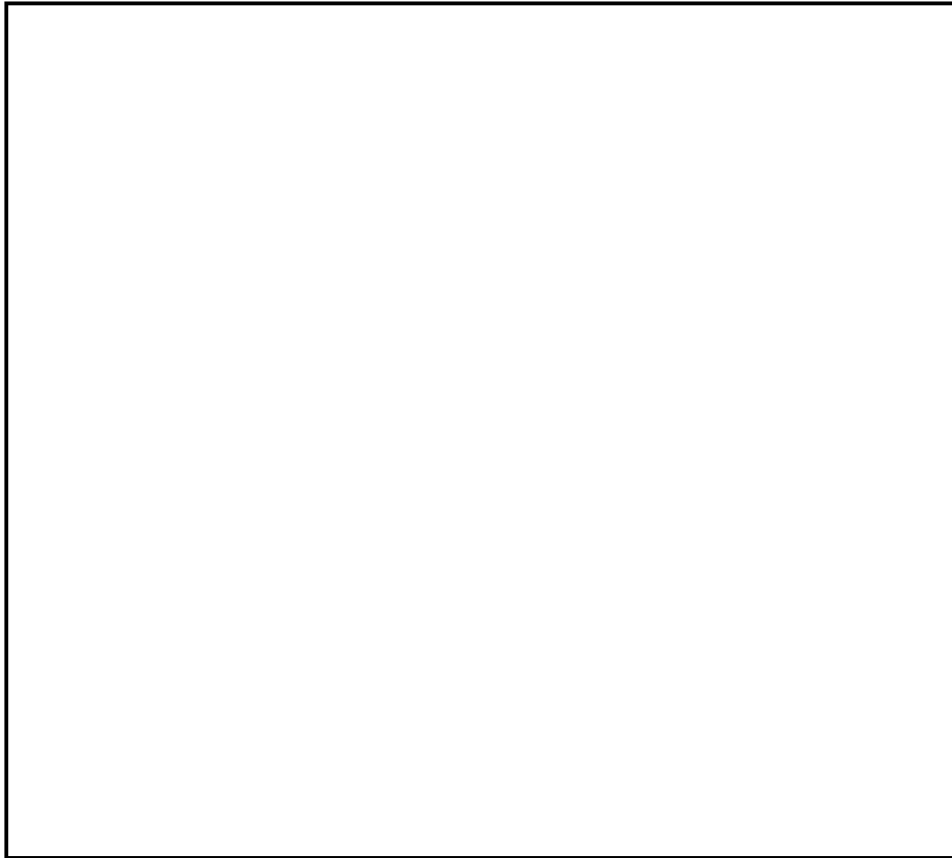
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Files also contained copy of a letter dated March 11, 1968, from the Brunswick Corporation signed by [redacted] Marketing Defense Products, commenting on the draft report (enclosure four). The Brunswick comments were summarized as follows:

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[redacted]

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On March 6, 1968, [redacted] Assistant Secretary of the Navy (Financial Management), furnished the Navy's reply concerning the draft report (enclosure five). The letter indicated that the Navy concurred generally in the GAO conclusions with respect to the three principal questions listed by GAO. Insofar as the procedural weaknesses discussed by GAO are concerned, [redacted] stated that the Navy is continuing its investigation and evaluation of procedures currently being followed. It is expected the GAO can be advised of the results of the examination and of the action to be taken by Navy about April 22, 1968.

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On January 23, 1968, [redacted] requested the GAO as previously reported in his draft comments to supply the serial number of the [redacted] receiver alleged to have failed gunfire tests at the Brown Company in September, 1967, and copies of BUWEPS drawings 58A164D555 and 556 revisions A,

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B, and C (enclosure six). The files also contained [redacted] comments on the September, 1967, gunfire test at Brown (enclosure seven. Attached to [redacted] comments were photographs exhibit "A" and exhibit "B" relating to the [redacted] nitrogen receiver which was used in the gunfire test by Brown. Concerning this test, [redacted] raised the following questions and furnished his opinion and conclusion regarding the test:

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- "(1) By what authorization did D.T. Brown test by gunfire and destroy [redacted] [redacted] property, nitrogen receiver serial number 529 in Sept. 1967? (a production unit delivered under the contract was supposed to have been used for this test.)
- "(2) Why does it appear in this receiver (failure area) that filaments were notched as described above prior to gunfire test? (see photo marked exhibit 'A')
- "(3) Why was the wire lock broken and the charging valve removed from this receiver?
- "(4) Why was a high pressure line connected directly to the receiver where the charging valve had been removed during the gunfire test? (see photo marked exhibit 'B')
- "(5) Why was this test done without concerned parties in attendance in light of the protest filed by [redacted]?
- "(1) It is [redacted] opinion that certain persons in the employ of the U.S.

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Government did dictate the results desired to be reported by D.T. Brown prior to the test being conducted.

- "(2) It is [] opinion that this receiver was deliberately notched prior to gunfire test to assure failure in the gunfire test.
- "(3) It is [] opinion that the above action made it necessary (for safety of personnel at D.T. Brown) to remove the charging valve and attach a high pressure line directly to the receiver during the gunfire test.
- "(4) It is [] opinion that this receiver was charged far in excess of 3250 PSIG. as called for in Mil R-81202 (wp) and that the reason for the high pressure line being attached directly to the receiver during the test would indicate this receiver was pressurized after it was set up in position for the gunfire test in the pit and could not injure any personnel if it should blow prior to being struck by the projectile. It seems the above is a precaution that would be taken only if the receiver was deliberately notched to assure failure and therefore not safe to handle and charge in the normal manner for the gunfire test.
- "(5) It is [] opinion that this test was conducted for the sole purpose to discredit [] because of his complaint to Congressman SCHWEIKER and his filing a formal protest with the Navy.

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"(6) In final conclusion according to [redacted] records, receiver S.N. 529 was at least 3500 PSIG stronger than the [redacted] receivers successfully tested at D.T. Brown in the summer of 1966 in that receiver S.N. 529 had (2) more helical layers and (2) more 90 degree layers of glass filaments. Therefore, it does not seem logical that a stronger receiver would show a poorer test result. The normal constant of variation in this type of vessel has been proven to be less than 2%."

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There was also contained in the files the following photographs of the nitrogen receivers used in the gunfire test by the Brown Company:

Varo, Incorporated (enclosure eight); Brunswick Corporation (enclosure nine); and [redacted] (enclosure ten).

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By letter dated February 19, 1968, [redacted] Legislative Affairs Officer, Naval Air Systems Command, Department of the Navy, to GAO (enclosure eleven) concerned making copies of BUWEPS drawings available to [redacted] noted since the drawings were property of the U.S. Government and the purpose of the [redacted] may be concerned with a possible patent infringement he stated that it was required that representatives of the Command Counsel and Patent Counsel be present when the drawings were turned over to [redacted].

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The files also contained a memorandum dated November 1, 1967, filed by [redacted] of Varo, to the Commander, Naval Air Systems Command (enclosure twelve). This memorandum enclosed a copy of a test report TR-8877 and noted that the Varo - Military Systems Division did expend considerable time and money in developing the LAU-7/A fiberglass nitrogen (nickel-lined) receivers mentioned in the test report on a fixed price contract and the technical know-how gained by

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this effort was considered to be information which was to be utilized by Varo and its customer. The memo stated it would be considered inappropriate for copies of the report or the report itself be provided to individuals or concerns other than representatives and agencies of the U.S. Government.

By letter dated February 26, 1968, [] enclosed for the attention of the GAO (enclosure thirteen) additional [] comments to the draft report since receiving a copy of previously requested drawing 58A164D555 revision B.

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By letter dated March 5, 1968; the Office of the General Counsel, Department of the Navy, furnished to [] copies of previously requested drawings (enclosure fourteen).

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By letter dated March 8, 1968, [] by letter to [] enclosed copies of the drawings received from the Department of Navy mentioned in enclosure fourteen and stated that it was "obvious that no engineer could come up with the drawing 58A164D555 as now shown on revision B from the ECN information." In his letter to [] stated that this was another classic example of the collusion which existed between Varo and the U.S. Navy to steal and use [] proprietary information which [] refused to supply the Navy under its contract.

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On March 8, 1968, [] also furnished to the GAO (enclosure sixteen) two recent taped phone conversations he had with [] Contracting Officer, ASO. On March 21, 1968, [] made available a handwritten copy of an agreement between [] and Varo (enclosure seventeen) in which it was stated that in consideration of one dollar and other valuable considerations the stockholders of [] granted to Varo the option to purchase from the [] stockholders 100% of the outstanding common stock of [] at a price of \$10,000. This said option was to be in full force and effect for a period of ten days from the date of the agreement. This agreement was neither dated nor signed but contained places for the signature of []

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WFO 46-9017

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and [] for Varo. [] also made available on the same date a copy of a typewritten agreement dated August 2, 1966, relating to the same option agreement (enclosure eighteen). This typewritten agreement was signed by [] however, this typewritten agreement said the option was to be in full force and effect for a period of thirty days from the date of agreement.

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Concerning the above-mentioned option agreements, [] Attorney Advisor, GAO, advised that [] originally prepared the handwritten option; however, at the time of the visit of [] that while [] was showing one of the Varo representatives around the [] the other representative remained with [] name unknown, who typed up the option agreement that had previously been prepared in long hand by [] According to [] the Varo representative told [] to change the option date period from ten days to thirty days and that her father was aware of this change and had approved it.

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FEDERAL BUREAU OF INVESTIGATION

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Date 4/3/68

On March 21, 1968, [] Attorney Advisor, General Accounting Office (GAO), made available copies of following correspondence concerning GAO contacts with Congressman RICHARD S. SCHWEIKER's office, [] and various other Government representatives and agencies in connection with allegations made by [] against Varo Company, Incorporated (Varo); Dayton T. Brown Company (Brown); and the Department of the Navy.

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The files contained a memorandum dated February 8, 1968, concerning a meeting between [] Procurement Defense Division, GAO, and [] Administrative Assistant to Congressman SCHWEIKER, on February 5, 1968. [] inquired whether there were any revisions subsequent to revision C of Varo drawings 58A164D556 and 58A164D555. He was informed that Varo was manufacturing (nitrogen receivers) to revision C of 58A164D556. [] inquired as to the progress in obtaining the revisions and the serial number of the [] nickel-lined receiver that was subject to gunfire test by Brown in September, 1967.

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Also contained in the files was a memorandum dated February 15, 1968, regarding contact between [] of the Defense Division, GAO, and [] on February 14, 1968. At this contact, [] was advised of the identity of the serial number of the [] receiver that was used in the gunfire test (Serial Number 529) and a copy of the test report was furnished to [] and the units tested were identified.

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A memorandum dated February 23, 1968, disclosed that on February 20, 1968, a meeting was held with [] and [] in Congressman SCHWEIKER's office which was also attended by representatives of the GAO, General Counsel of the Air Systems Command, and Patent Counsel in the Office of Chief of Naval Material. At this meeting, [] was

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On 3/21/68 at Washington, D.C. File # WFO 46-9017

by SA ANDREW J. SHANNON:skt Date dictated 4/1/68

furnished copies of revisions A and B of drawing 58A164D556. It was at this meeting according to the memorandum that [] alleged fraud and collusion between Navy and test contractor in the conduct of the 1967 gunfire test in a manner to assure failure of [] receiver and satisfactory performance of the Brunswick and Varo receivers. [] complained that he was subsequently referring to the deliberate tampering with his unit prior to the gunfire test thus resulting in improperly conducting gunfire tests under which his unit failed." [] furnished GAO a copy of his brief and it was pointed out that after receiving Department of Defense's (DOD's) reply to the GAO draft report dated January 22, 1968, GAO would again meet with []

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The files contained a memorandum dated February 28, 1968, concerning a telephone call received by [] from [] [] said that the matter regarding [] allegation of fraud and collusion between the Navy and Dayton T. Brown Company had been discussed with the GAO General Counsel's Office, and it was felt that the information concerning this allegation should be turned over to the Federal Bureau of Investigation (FBI). [] proposed that Congressman SCHWEIKER should send a letter to the FBI informing the FBI that he was asking the GAO to turn over [] information, and it was suggested to [] that a copy of this letter should be sent to the Comptroller General in order that the GAO could proceed in the matter.

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A memorandum dated March 12, 1968, disclosed that on March 11, 1968, [] called [] regarding Navy's reply dated March 6, 1968, to the draft report of January 22, 1968, prepared by GAO. [] indicated that Congressman SCHWEIKER had expressed displeasure concerning Navy's reply and that SCHWEIKER had suggested that contact be had with the Navy to expedite the completion of their reply which Navy stated would be forwarded on April 22, 1968. It was also pointed out at this time that GAO was going to review the Department of Justice records regarding the [] and Varo Companies. The memorandum indicated that the Navy was contacted by GAO to expedite their reply.

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A memorandum dated March 14, 1968, disclosed that on March 13, 1968, [] in contacting [] discussed Navy's reply which would be furnished on March 22, 1968. The memorandum also pointed out that [] had commented that a company who was supplying 2500 nitrogen receivers to Varo had also been contacted by Varo concerning an additional 4,000 valves. According to the memorandum, [] was not sure if these additional 4,000 units were for the whole launcher or nitrogen receivers. [] according to the memorandum said this raised certain questions and a major concern that Navy was continuing to do business solely with Varo, particularly when other qualified sources at least for nitrogen receivers were available. [] asked GAO to review the circumstances concerning the contract award or potential contract award to Varo. A memorandum indicated that GAO contacted a Navy liaison representative to arrange a meeting.

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The files contained a memorandum dated March 20, 1968. This memo disclosed that on March 19, 1968, [] Office of the General Counsel, and [], both of the GAO, visited the offices of the Anti-Trust Division, Department of Justice, as suggested by Congressman SCHWEIKER's office to examine files on the complaint made by [] that Varo was seeking to monopolize the field of nitrogen receiver products and with the assistance of the Department of Navy had specifically sought to prevent [] from competing in the field.

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The memorandum disclosed that an examination of the Anti-Trust Division files concerning [] complaint consisted of memorandum with the Middle Atlantic Division report, what [] had told the Department of Justice. According to the memorandum, there was no documentary evidence contained in the file. There was contained in the file a memorandum dated June 1, 1967, from the Assistant Chief to the Chief of the Middle Atlantic Office regarding the first telephone call from [] on April 25, 1967, complaining about Varo. This memo disclosed that [] was requested to come in; and on April 27, 1967, [] conferred with [] (Middle Atlantic Office). According to the memo,

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there were several conversations and conferences. The memorandum disclosed that there was no indication that [] had a written agreement with Varo placing restrictions on the use by Varo of receivers (nitrogen) which [] turned over to Varo. The memorandum disclosed that on the option agreement the memorandum indicated that two Varo representative visited [] plant (company) and that [] wrote up an agreement draft with a ten day period; that [] young daughter typed the final agreement with a thirty day period; and according to [] one of Varo's representatives, [] told [] daughter that thirty days should be used instead of ten days as contained on the handwritten agreement prepared by [] and that her father had approved the change. The typing of this agreement was accomplished while [] was showing the other representative around the [] plant, and [] admitted that he failed to read the typed agreement and did not detect the change from ten days to thirty days at the time he signed the option agreement.

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The memorandum also disclosed that [] had furnished to the Department of Justice a copy of the GAO draft report (January 22, 1968) and other correspondence including a copy of a Navy statement to Congressman SCHWEIKER following an August 11, 1967, meeting with Navy representatives at which [] and his attorney were present and learned that Varo and Brunswick receivers had successfully passed gunfire tests required by military specifications. It was noted a Navy report of August 24, 1967, contained no additional information other than the Navy had flatly stated that no indications were made to [] as he alleges that he would receive the award of the remaining 1500 units (nitrogen receivers) after he had performed his contract for the 300 receivers previously made.

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According to the memorandum, the last action by the Middle Atlantic District was to review the GAO draft report. The memorandum also noted that [] (Anti-Trust Division, Department of Justice) was asked if any decision had been made regarding the [] allegation and complaint.

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WFO 46-9017

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He stated that he had concluded that there was no evidence to support any action under the anti-trust laws and had, therefore, recommended to the Attorney General that the matter be referred to the GAO as being within its jurisdiction. He stated that his action was subject to review and approval at a high level and he estimated that such review and approval would be made within two weeks. [] also stated that any communications by Congressman SCHWEIKER's office should be had with the Middle Atlantic Office since the case originated there and the file is in that office. The memorandum pointed out that there was one factor of interest in that [] had advised the Middle Atlantic Office that he had not brought his attorney into the matter since his attorney had advised him not to approach the Department of Justice on this issue.

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The files contained a letter dated March 19, 1968, to the Comptroller of the GAO from Congressman SCHWEIKER in which letter SCHWEIKER stated that "Justice and FBI officials are aware of nature of [] allegation." He requested that the GAO make available to the personnel of Department of Justice any and all information in the GAO files.

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WFO 46-9017

[redacted] Assistant General Counsel, GAO, advised on March 21, 1968, that the GAO would probably withhold any opinion in connection with the investigation that had been conducted and as set forth in their draft report dated January 22, 1968, pending the completion of the FBI investigation into the allegations of fraud and conspiracy made by [redacted] in this case.

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE PHILADELPHIA	OFFICE OF ORIGIN PHILADELPHIA	DATE 4/9/68	INVESTIGATIVE PERIOD 2/27 - 3/29/68
TITLE OF CASE VARO COMPANY, INC., GARLAND, TEXAS; DAYTON T. BROWN COMPANY, BOHEMIA, L. I., NEW YORK; UNSUBS, Employees U. S. Naval Air Systems Command, Washington, D. C.; UNSUBS, Employees U. S. Naval Aviation Supply Office, Philadelphia, Pa.		REPORT MADE BY <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	TYPED BY ds b6 b7C
		CHARACTER OF CASE FAG - CONSPIRACY	

REFERENCES

Philadelphia airtel to Bureau dated 2/28/68.
 Bureau letter to Philadelphia dated 3/4/68.
 Dallas report of SA JOHN K. HOFFMAN, dated 3/15/68.
 New York letter to Philadelphia dated 3/22/68 (IO).
 WFO report of SA ANDREW J. SHANNON, dated 4/5/68.

- P -

LEADS

DALLAS, NEW YORK AND WFO

ACCOMPLISHMENTS CLAIMED NONE						ACQUIT-TALS	CASE HAS BEEN:
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		
							PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
APPROVED COPIES MADE: <ul style="list-style-type: none"> 4 - Bureau 1 - USA, EDPA. (JRG) (Enc. 2) 1 - Dallas (46-2642) (Info.) 1 - New York (46-7349) (Info.) 1 - WFO (46-9017) (Info.) 2 - Philadelphia (46-4651) 						DO NOT WRITE IN SPACES BELOW <div style="font-size: 2em; font-weight: bold;">46 - 56049 - 8</div> <div style="font-weight: bold; float: right;">REC-48</div> <div style="text-align: center; margin-top: 20px;">15 APR 15 1968</div>	
Discontinuation Record of Attached Report Agency 1cc ONI 2cc RAO Request Recd. Date Fwd. 4-24-68 How Fwd. By 54 MAY 1968						Notations <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> STATE SECT. <i>Leg. Asst. P. Long</i> <i>Schwartz</i> 5-3-68 </div>	

Information copies of this report furnished to Dallas, New York and WFO since subject companies are within those Divisions and since if AUSA [] might be violation, leads will be set forth for those offices.

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PHILADELPHIA:

AT PHILADELPHIA, PA.

Maintain contact with AUSA [] concerning his prosecutive opinion and handle or set forth any appropriate leads to resolve instant allegations.

ADMINISTRATIVE DATA

For the information of Bureau and each office, on 3/11/68 First AUSA [] EDPa., reviewed the information supplied by [] in considerable detail and he stated []

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It is noted that numerous attempts were made to discuss this matter with [] Antitrust Division, Philadelphia, between 3/12/68 and 3/29/68. He was unavailable on 3/12/68 and 3/14/68 and on sick leave from 3/18/68 to 3/29/68.

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On 3/6/68 SA WILLIAM F. MARTIN determined that there was no file identifiable to Dayton T. Brown, Inc., Bohemia, N. Y., at Dun and Bradstreet, New York City.

A review of New York Office indices fails to disclose any prior allegations concerning FAG or Bribery involving Dayton T. Brown, Inc. []

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A review of this file discloses that in 1951, firm was known as Brown and Mole, Inc. On 1/11/56, name was changed to Dayton T. Brown, Inc. As of 12/4/52, the officers of company were DAYTON T. BROWN, President, DOB 5/23/98, Social Security Number 098-01-4037, and [] There was no derogatory information in this file.

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The New York Office furnished a xerox copy of a credit report for Dayton T. Brown, Inc., obtained from the Credit Bureau of Greater New York by IC [] on 3/5/68.

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PH. 46-4651

This credit report was dated 2/17/55, and a considerable portion of the report was illegible, therefore, was not felt pertinent to include in this report.

- C* -
COVER PAGE

**UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION**

Copy to: 1 - USA, EDPa. (JRG) (Enc. 2)

Report of: [REDACTED]

Date:

April 9, 1968

Office: PHILADELPHIA, PENNSYLVANIA

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Field Office File #: 46-4651

Bureau File #:

Title:

VARO COMPANY, INC., GARLAND, TEXAS;
DAYTON T. BROWN COMPANY, BOHEMIA, L. I., NEW YORK;
UNKNOWN SUBJECTS, EMPLOYEES U. S. NAVAL AIR SYSTEMS
COMMAND, WASHINGTON, D. C.;
UNKNOWN SUBJECTS, EMPLOYEES U. S. NAVAL AVIATION
SUPPLY OFFICE, PHILADELPHIA, PA.

~~UNKNOWN~~

Character:

FRAUD AGAINST THE GOVERNMENT - CONSPIRACY

Synopsis:

[REDACTED] advised that his company developed at its own expense, a Nitrogen Receiver (Pressurized Metal Bottle) to be used by the U. S. Navy on missiles (sidewinder). [REDACTED] claims he has developed only Nitrogen Receiver that passed a gunfire test, thereby being only safe receiver. [REDACTED] alleges that Varo Company, Inc., obtained the design of his Nitrogen Receiver under Proprietary Information Disclosure Agreement and has since had a receiver produced by a subcontractor which is supplied to U. S. Navy. [REDACTED] has solicited the aid of Congressman RICHARD SCHWEIKER of Pennsylvania and the General Accounting Office (GAO) has conducted investigation into the matter. Preliminary draft report by GAO set forth and comments by [REDACTED] concerning that investigation. [REDACTED] furnished information to Middle Atlantic Office of Antitrust Division, which in turn forwarded the information to the Department and no prosecution is anticipated as to a violation of Antitrust. [REDACTED] alleges that subjects and unknown employees of the U. S. Navy have committed fraud by preventing him from being awarded contracts, but he has no specific information as to acts of fraud by particular persons. [REDACTED] alleges that one of his receivers submitted to Dayton T. Brown Company for testing was damaged after part of test completed and before gunfire test, so that the receiver failed the gunfire test. [REDACTED] furnished copies of letters and other documents relating to his allegations and same are set forth in details of report. AUSA, EDPa., advised that [REDACTED]

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by Letter 3-21-68

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ENCLOSURES

TO UNITED STATES ATTORNEY

Copy of Naval Air Systems Command drawings of Receiver, Nitrogen, Drawings 58A164D555, Rev. "A" and Rev. "B."

Details: This investigation is predicated upon receipt of a letter dated February 14, 1968, from the United States Attorney [redacted] Eastern District of Pennsylvania, Philadelphia, advising that on that date [redacted], had contacted that office to explain a situation in which he was involved concerning an alleged conspiracy by Government Officers in the assigning of Government contracts and the implementation of contracts already assigned.

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On February 27, 1968, Assistant U. S. Attorney [redacted] Eastern District of Pennsylvania, advised that he talked with [redacted] for about two and one-half hours on February 14, 1968, and obtained the following information:

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[redacted] advised that his company developed, at his own expense, a Nitrogen Receiver (pressurized metal bottle product) to be used by U. S. Navy in missiles. He was unsuccessful in being awarded contracts to supply his product to Navy but was told he could get contracts if he was subcontractor for Varo Company, Inc. (VARO), and his product passed the specifications test. VARO signed a ten-day option with [redacted] to purchase [redacted] and a Proprietary Information Disclosure Agreement (AGREEMENT) was signed by both companies. VARO failed to purchase [redacted] claiming that the [redacted] product did not pass test by Dayton T. Brown, CO. (BROWN); however, [redacted] subsequently learned the product did pass the test prior to the

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by Letter 3-21-75
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signing of the agreement. VARO has since been having sub-contractor produce the product based on information it received in the agreement. The Naval Air Systems Command (NASC) and Naval Aviations Supply Office (NASO) have refused to award contracts to [] for its product claiming the product did not pass the test. [] claims he has now learned his product was damaged prior to the test being conducted by BROWN.

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[] advised that he took the matter to Congressman RICHARD SCHWEIKER, of Pennsylvania, and Mr. SCHWEIKER caused General Accounting Office (GAO) to conduct investigation into the situation. [] has a preliminary draft of a report prepared by GAO which was sent to him and a copy to Congressman SCHWEIKER; by [] Defense Division, GAO, Washington, D. C., by letter dated January 22, 1968. [] requested [] to review the preliminary report and within 30 days to furnish his comments.

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[] has also furnished [] Assistant Chief, Middle Atlantic Office, Antitrust Division, Philadelphia, with all facts and copies of all pertinent documents concerning the matter. [] states [] has advised him the matter is being referred to Antitrust Division for appropriate action against VARO.

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[] alleges that employees of NASC and NASO have conspired with VARO and possibly with BROWN to prevent his being awarded contracts or at least in the assigning of contracts.

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Assistant U. S. Attorney [] requested that FBI conduct sufficient investigation to determine if subjects and Unknown subjects have violated statutes within its jurisdiction.

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FEDERAL BUREAU OF INVESTIGATION

(1)

Date 3/11/68

[redacted]
[redacted]
[redacted] appeared at the Philadelphia Office of the Federal Bureau of Investigation advising that his company was incorporated on [redacted] under the laws of the State of Pennsylvania. The [redacted] and [redacted] is listed as [redacted]. The plant was closed on [redacted] and on [redacted] there was a sheriff's sale of most of the assets. He noted that The Fidelity Bank, Philadelphia, has first lien on all the assets and equipment of the company.

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[redacted] stated his company developed, at his own expense, a Nitrogen Receiver (pressurized metal bottle) to be used by the U.S. Navy and other military branches to cool the guidance system in missiles such as the Sidewinder. He explained that the Sidewinder has a guidance system which is attracted to heat, therefore when it is released by a pilot it is guided to the jet tail pipe of the enemy plane. He noted that due to the fact the jets fly so fast there is a heat buildup in the missile and so it is necessary to use nitrogen to cool the guidance system when the plane is in flight. The Nitrogen Receiver is in the missile launcher and there is a tube running to the missile, which detaches when the missile is launched. The problem with such Nitrogen Receivers has been that they explode when hit by light firearms projectiles such as .50 caliber machine guns. The light firearms projectiles normally would not be enough to disable an airplane but the explosion of

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On 3/1/68 at Philadelphia, Pa. File # Philadelphia 46-4651

by SA [redacted] :ELS Date dictated 3/7/68

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PH 46-4651
(2)

the Nitrogen Receiver is usually enough force to diable the airplane and probably result in death of the pilot. He stated the Nitrogen Receiver his company developed is the only one which has passed a gun fire test.

He made available a xerox copy of the following items which are set forth below and which in his opinion show violations of the laws of the United States:

1. Letter dated January 22, 1968, directed to him by [redacted] United States General Accounting Office.
2. 11-page preliminary draft report referred to in above letter.
3. Letter dated August 23, 1967, from Congressman RICHARD S. SCHWEIKER to Comptroller General of the United States.
4. [redacted] letter dated February 1, 1968, directed to the United States General Accounting Office and enclosing 17 pages of comments concerning the preliminary draft report forwarded to him by [redacted]
5. Three additional pages of comments by [redacted] on the preliminary draft report forwarded to him by [redacted]

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by Letter 3-21-75

PH 46-4651

[redacted] stated that on about December 14, 1966, he went to the office of [redacted] Procurement Division, Aviation Supply Office (ASO), Robbins Avenue, Philadelphia, after being called in by [redacted] Contracting Officer, ASO, for purpose of discussing a contract for 1,800 Nitrogen Receivers. While he was waiting in the lobby at ASO for [redacted] he talked with [redacted] Small Business Advisor, ASO, who told him he would get a contract for some Nitrogen Receivers, but that he would be chewed out for pushing so hard for a contract. [redacted] recommended he take the chewing out and keep his mouth shut if he wanted to get the contract.

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[redacted] then took him into the Conference Room in the Procurement Section where they were joined by [redacted]

[redacted]. Both [redacted] told him they did not feel his company had the capacity to deliver 1,800 Nitrogen Receivers due to his financial position and they doubted he could make the Nitrogen Receivers on a production basis. He related after much talk about his ability to deliver, [redacted] told him they would give him a contract for 300 and if he delivered the first 150 of that contract they would then talk about a contract for the balance of the 1,500 receivers.

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[redacted] shook his finger in front of [redacted] face and told him in words to the effect if he did not call off the dogs and never go to another congressman, he, [redacted] would see to it that he [redacted] never got another contract from ASO or the U.S. Government. [redacted] told him they did not like politicians breathing down their backs. This was the last time he saw [redacted]

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In September or October 1966 he was at ASO talking with [redacted] both of the Technical Group, about the Nitrogen Receivers. Both [redacted] expressed statements previously made to him that if he wanted to get contracts with the Government he should get a manager or representative who knew his way around the Government. They pointed out he was a design and engineering man and that a manager or representative would know who to

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by Letter 3-21-75 *ji*

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PH 46-4651

talk with and how to talk to the proper persons in Government in order to get Government contracts.

He recalled [redacted] at this time suggested he contact [redacted] telephone [redacted] who formerly worked at ASO and left "under a cloud."

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Subsequent to the conversation with [redacted] did call him and informed him that Belock Instruments, College Park, N.Y., would be willing to invest \$200,000 in [redacted] without taking control. [redacted] also mentioned he was an old friend of [redacted] who works in the office with [redacted] Naval Air Systems Command (NASC), Washington, D.C.

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He did call [redacted] of Belock Instruments and told him [redacted] had referred him to [redacted] told him when he knew what [redacted] needs would be and the size of any contracts awarded by the Navy, he should recontact [redacted] He did not get any contracts of size and did not again contact [redacted]

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[redacted] advised that in view of the information set forth above, he believes employees of Varo, Inc., and employees of the ASO and/or NASC have been in a conspiracy to defraud the Government and deny his company contracts. He stated he has no specific information as to the identity of these individuals or specific acts by the individuals but the past circumstances of events lead him to this conclusion. He feels that Varo, Inc., could not have taken such advantages of his company if the employees of the Navy had not aided Varo, Inc.

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He stated if anyone at Dayton T. Brown Company is in on the conspiracy he would probably be [redacted] [redacted] who performed the test on the Nitrogen Receiver.

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Persons at Varo, Inc., with whom he has dealt are as follows:

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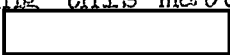
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JH

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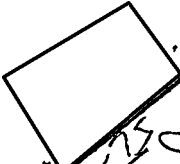

PH 46-4651



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He stated he has a suitcase and a brief case full of papers and documents concerning this matter, copies of which he has already furnished to  Anti-Trust Division, Philadelphia, Pa.

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by Letter  3-21-75 

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FEDERAL BUREAU OF INVESTIGATION

(1)

Date 3/7/68

[redacted]
[redacted]
[redacted] appeared at the Philadelphia Office of the Federal Bureau of Investigation and personally handed to Special Agent [redacted] his letter dated March 2, 1968, addressed to Special Agent [redacted] and enclosing a five-page letter, each of which is self-explanatory, and set forth below:

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by Letter 3-21-75 *gt*

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On 3/4/68 at Philadelphia, Pa. File # Philadelphia 46-4651

by SA [redacted] :ELS Date dictated 3/4/68

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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March 2, 1968

[redacted]
Federal Bureau of Investigation
Widner Building
1339 Chestnut Street
Phila., Pa.

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Dear [redacted]:

Attached is a copy of a letter I just received today from [redacted] counsel, [redacted] to G.A.O. in response to G.A.O. Draft as requested by G.A.O. [redacted] letter further expounds on the criminal acts committed by Varo representatives to suppress and destroy [redacted]

I mentioned in your office on Friday the intentions of ASO to make a direct sole source procurement to [redacted] in August 1966 for nitrogen receivers (an intent by ASO which has since been ignored by Navy when raised by [redacted] and overlooked in the preliminary draft by G.A.O.)

This proposed direct negotiation, proposed by ASO to [redacted] was interfered with by Varo representatives (one of which was [redacted] who contacted in person [redacted] in the stock control section of ASO in August or September 1966.) Varo representatives maliciously, deliberately, planned and conspired, lied, and misrepresented to the U.S. Government that they had at that time capabilities to manufacture and supply the safe nitrogen receiver. When in fact, they were at that time delinquent on two launcher contracts to the U.S. Navy because they did not, in fact, have such a safe nitrogen receiver or the capabilities of making it.

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I charge that such an act to further their own selfish interest at a time when the U.S. Government is engaged in open conflict in Vietnam amounts to deliberate sabotage against the United States of America.

The Varo representatives interference in this direct procurement to [redacted] by ASO resulted in U.S. pilots and aircraft being denied the use of the only safe nitrogen receiver for almost a year (it cannot be established how many pilots were killed or how many planes were lost as a direct result of this sabotage of the U.S. War effort by Varo for their own selfish gain.) I charge this action and interference by Varo representatives is criminal and in fact, is an act of sabotage during the time of War. I feel people like this are a greater enemy of our country than the enemy we are actually fighting in the field.

Again may I say that I stand ready to cooperate in any way with the FBI to aid and expedite any resulting investigation.

Sincerely,

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by Letter 3-2-75

cc: [redacted] Esq.

43

LAW OFFICES

TECHNER, RUBIN & SHAPIRO

SIXTH FLOOR, 1200 WALNUT STREET

PHILADELPHIA, PA. 19107

MARTIN TECHNER
HOWARD I. RUBIN
BERNARD L. SHAPIRO

MARTIN J. RESNICK
LARRY H. GLASS
B. ALAN YULSMAN

February 26, 1968.

United States Accounting Office,
Washington, D. C. 20548

Att: [REDACTED] Assistant General Counsel

SUBJECT: B-162166 REQUEST OF [REDACTED]
[REDACTED]

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Gentlemen:

Reference is made to your letter dated February 15, 1968, directed to this office, wherein you requested additional comment from me relative to the copy of GAO draft, dated January 22, 1968, to which [REDACTED] has raised certain questions. Accordingly, I have the following comments:

1. Initially, it should be observed that Varo was awarded a contract to produce a receiver which did not meet the specifications as requested by the Government in its request for proposal. This is clear from the General Accounting Office's draft. In this context, certainly [REDACTED] did not receive a chance to bid on the same type of proposal. It must be emphasized that the only receiver that met the specification was the receiver manufactured by [REDACTED] indicated in my letter dated September 6, 1967, it is much more expensive to build to the A1640553 drawing which was cited in the Request for Proposal, than to build to the 561640556, revision B drawing, which is what Varo built its receiver to. It is incomprehensible to the undersigned to understand how the Government can justify an award made to a manufacturer who ostensibly bids on a specific drawing and a specific specification, when that particular manufacturer has never qualified its receiver and when the only receiver which has been qualified, is one made by another manufacturer. Page 5 of the GAO draft makes abundantly clear that the Request for Proposal provided for one thing, and that Varo, the bidder to whom the contract was awarded, not only intended to supply, but did in fact supply something completely different than that which was requested by the Request for Proposal.

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United States Accounting Office
February 26, 1968.

Since the issue before the General Accounting Office is whether the award was made properly, the General Accounting Office must answer specifically the question as to whether [] was given a fair chance to bid when in fact the procuring activity allowed the successful bidder in this case to bid based on a different drawing, and without any knowledge that the receiver intended to be supplied by Vero in fact met the necessary specifications.

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It is submitted that the investigation of the General Accounting Office verifies the basic point that the handling of the Request for Proposal and the actual award to Vero, was completely without sanction under the Regulations.

2. In further substantiation of this position, there is enclosed herewith copies of the legal proceeding commenced by Vero against [] in the United States District Court for the Eastern District of Pennsylvania. Said action is Civil Action No. 41270, and said documents are submitted for the specific purpose of showing that Vero was unable to produce a receiver which met Government requirements. The Complaint of Vero indicates that Vero does not have any receiver which will meet Government requirements. In essence, the Complaint is an attempt on the part of Vero to compel [] to assign all right, title and interest in [] over to Vero. The Complaint alleges that Vero will be subject to default by the Government in the event that this is not done, since Vero was unable to produce receivers meeting Government specifications. Paragraph 8 of the Complaint states as follows:

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"One of the essential components of the LAU-7 Launcher is a "nitrogen receiver" (hereafter called the "Nitrogen Bottle"), which is used as a container for nitrogen under extremely high pressure. The nitrogen is used to cool the guidance system of the missile prior to launching.

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The specifications of the latest government contracts awarded to plaintiff add a new requirement that the Nitrogen Bottle be so constructed that it will not explode when penetrated by a 50 caliber projectile. Plaintiff has made diligent efforts to obtain a Nitrogen Bottle that will meet the Government requirements, all without success until recently."

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United States Accounting Office
February 26, 1968.

Paragraph 9 of the Complaint then goes on to indicate that in June, 1966, plaintiff obtained from [redacted] a new type of Nitrogen Bottle which showed promise of meeting the government requirements.

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Paragraph 16 of the Complaint states:

"Defendant [redacted] is the only manufacturer in the United States with a Nitrogen Bottle which has successfully completed preproduction tests required by the specifications of the Government contracts with plaintiff."

The significance of the above is that as of October 4, 1966, the date the Complaint was filed, Varo is admitting that it had no receiver that meets the requirements of the Government specification. It should be noted that the specification involved in the procurement being protested by [redacted] is the same specification which Varo in a suit lodged in a Federal Court, is alleging it cannot meet. Certainly, the statements contained in the Civil Action commenced by Varo are an admission ^{against} interest and would be so construed in any Court in the land. It would appear that the draft report of the General Accounting Office made no mention of the Civil Action. This is difficult to understand, since the admissions contained in this Complaint were specifically pointed out to the General Accounting Office.

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3. We next address ourselves to the gunfire tests conducted by Dayton T. Brown, in order to establish the safety of the Varo produced receiver. In this connection, it must be emphasized that as of the time of the award to Varo of the procurement under protest, Varo had not furnished the United States Government with any evidence that its receiver would pass the necessary gunfire tests in accordance with the applicable specification. Nevertheless, the procuring activity saw fit to make an award of the contract to Varo. It did this specifically in the face of the continued delinquency of Varo in connection with its other Launcher contracts of which a satisfactory receiver was an integral part. It must be remembered that Varo was delinquent on its Launcher contracts because of its inability to produce a satisfactory receiver. Not only was Varo awarded the contract under protest, but it was awarded the contract on the basis

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Revised Copy Sent
by Letter 3-2-68

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United States Accounting Office
February 26, 1958.

that its receiver could pass applicable gunfire tests and in fact, at the time of the award, its receiver had never passed the necessary gunfire tests.

The draft report of the General Accounting Office would appear to be quite confusing as to whether the receivers presently being manufactured by Varo will meet the necessary gunfire tests. At no time has a Navy representative ever witnessed such tests. The only test which is being utilized by Varo to justify waiver of gunfire tests is a doubtful test conducted by the Dayton T. Brown Company, witnessed only by Dayton T. Brown personnel. This test was conducted at the specific request of the Navy after the protest of [] was entered. Despite the necessity of Navy personnel witnessing such a test, it would appear that the Dayton T. Brown Company conducted such test only with their own personnel present, and with no Navy people present. The Dayton T. Brown report which has yet not been published, would indicate that [] receiver did not pass test, although this would fly in the face of all prior tests ever conducted.

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Enclosed herewith as a further exhibit is a statement from [] together with applicable pictures, which would tend to throw suitable doubt if not discredit on Dayton T. Brown tests.

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Although the GAO draft report would indicate that under the specification it is not necessary to conduct gunfire tests with the receiver outside the Launcher, there is considerable doubt that this in fact is the case. The GAO report does indicate that the [] receiver is the only one that passes the gunfire tests when subjected to such tests outside the Launcher. In any event, it would appear to be abundantly clear that as of the time of the award to Varo, that Varo had never passed any gunfire tests that would justify a waiver of such gunfire tests by the procuring activity. The Government has never produced any tests report which would indicate the basis on which it waived any gunfiring testing or justified its award to Varo in the face of its continued delinquency on its Launcher contracts and in the face of its express admission that it did not have a receiver which met the applicable Government specification in the procurement in question.

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Letter 3-21-75

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United States Accounting Office
February 26, 1968.

4. The net result of the actions of the procuring activity is that Varo, Inc. has wound up as the only available supplier to the Navy of the receivers utilized in the Guided Missile Launcher LAV-7A.

Enclosed herewith is a copy of IFB-000-1967-B-0083 from Naval Air Systems Command, which has been awarded to Varo, Inc. Under the method of procurement utilized under the IFB, the Launchers will be supplied by Varo, together with the special support equipment including repair parts and spares. This means that all of the receivers are procured through Varo and each receiver will not be procured by separate procurement. This is the case despite the fact that Varo has still not yet demonstrated the acceptability of the receiver under the applicable specification.

5. Finally, there is enclosed herewith the comments by [redacted] in connection with the draft report by General Accounting Office. It is the opinion of the undersigned that such comments should be read carefully, since they have direct applicability to the draft report and raise questions which will have to be answered. For example, Peerless Manufacturing Co., which is specified on the 58A164D556 drawing, refuses to sell its stainless steel receiver to any other manufacturer other than Varo, Inc. However, the procuring activity continues to specify this drawing and the manufacturer thereon (Peerless). The question that is legitimate here is, even assuming that the 556 drawing is satisfactory for the specification, and it is submitted, how does the Government justify perpetuating a sole source situation?

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Also enclosed as part of the comments of [redacted] is an exhibit in the form of a letter from [redacted] Contracting Officer, dated 22 March, 1967, which clearly indicates that drawings 58A164D554, 58A164D555, and 58A164D556 have no connection with the LAV-7A Launcher contract or the receiver contract performed by [redacted] and ostensibly, by necessary inference, the receiver contract which is being protested, which was awarded to Varo.

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It is submitted that on the whole record, the contract awarded by the procuring activity to Varo, Inc. was improper. If I can be of any further assistance, please don't hesitate to call.

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By Letter 3-21-1

FEDERAL BUREAU OF INVESTIGATION

(1)

Date 3/15/68

[redacted] on March 6, 1968, telephonically contacted Special Agent [redacted] advising that early on that date he had telephonically contacted [redacted] Contracting Officer, Aviation Supply Office (ASO), Philadelphia, on number [redacted]. He engaged [redacted] in a conversation about contracts for Nitrogen Receivers and about the time [redacted] shook his finger in his, [redacted] face and told him if he ever went to another congressman he would see to it that [redacted] would not get another Government contract. He stated in his opinion [redacted] acknowledged this conversation did take place. He recorded the conversation on tape and then he will write out in longhand and have [redacted] type it.

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[redacted] appeared at the Philadelphia Office of the Federal Bureau of Investigation on March 7, 1968, and made available a xerox four-page copy of the telephone conversation he had had on the previous day with [redacted]. [redacted] also made available a copy of a four-page letter dated March 6, 1968, to United States General Accounting Office from his attorney, [redacted]. Both are set forth below:

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On 3/6 & 7/68 at Philadelphia, Pa. File # Philadelphia 46-4651

by SA [redacted] :ELS Date dictated 3/13/68

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LAW OFFICES
TECHNER, RUBIN & SHAPIROSIXTH FLOOR, 1200 WALNUT STREET
PHILADELPHIA, PA. 19107MARTIN TECHNER
HOWARD I. RUBIN
BERNARD L. SHAPIROMARTIN J. HESNICK
LARRY H. SLASH
B. ALAN YULSMAN

March 6, 1968.

United States General Accounting Office,
Washington, D. C. 20548.Atts: [REDACTED] Esquire
Assistant General CounselSUBJECT: B-161166
Protest of [REDACTED]
[REDACTED]b6
b7C

Gentlemen:

Reference is made to your letter of February 15, 1968, directed to this office, wherein you requested additional comment from me relative to the copy of GAO draft dated January 22, 1968, to which [REDACTED] has raised certain questions. Further reference is made to my letter of February 25, 1968, addressed to your office. This letter supplements my most recent letter dated February 14, 1968, which should be incorporated into your evaluation of this entire matter.

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General Accounting Office
March 6, 1968.

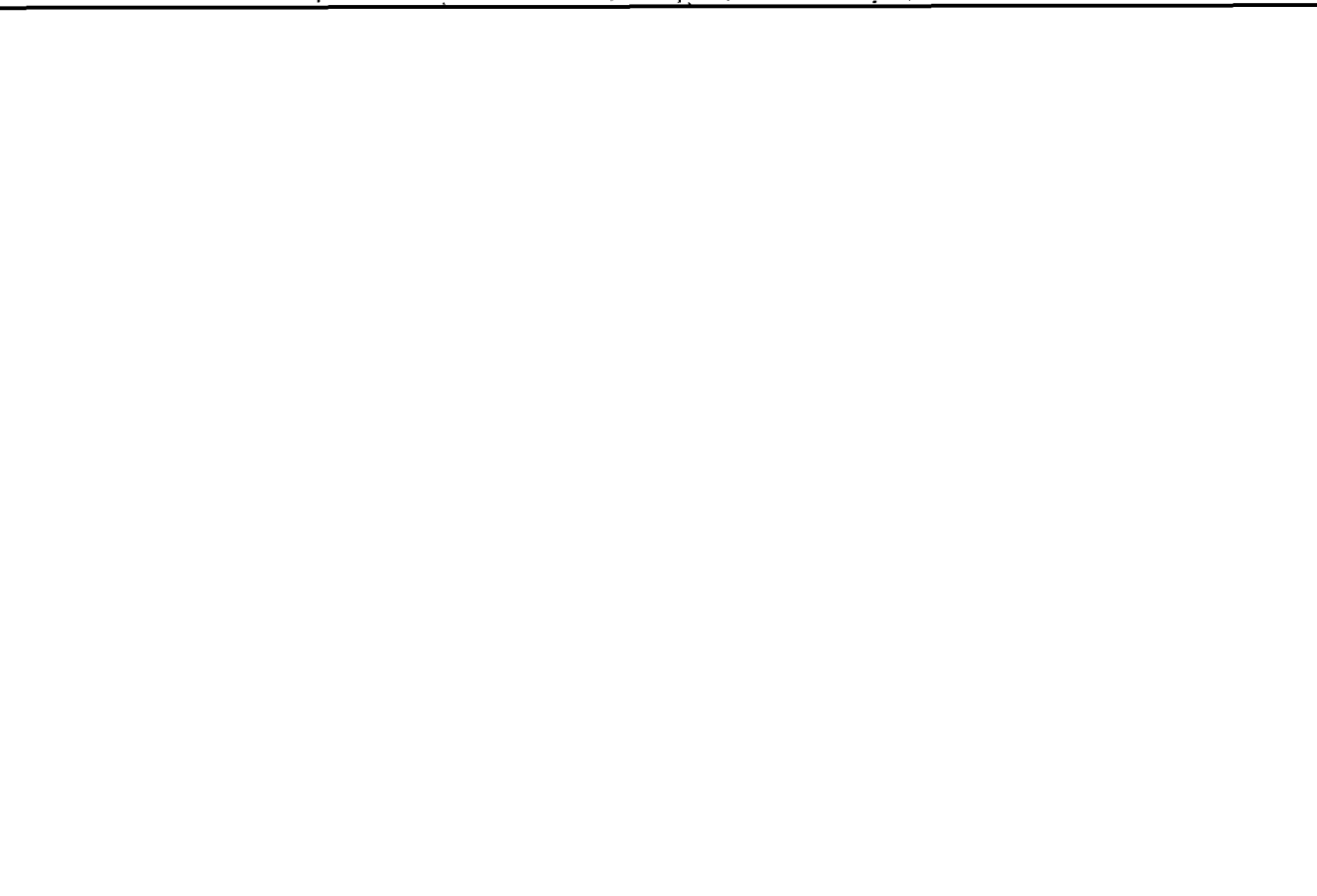
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by Letter 3-21-75

General Accounting Office
March 6, 1968.

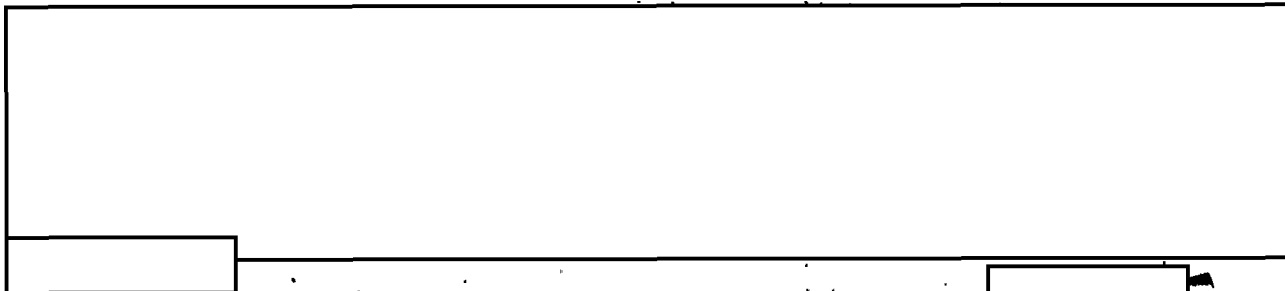
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[redacted] contends that the [redacted] design was misappropriated by Varo and that such action is being condoned by ACO and NASC. Even with such misappropriation, however, the Varo supplied receivers will not meet the military specifications as has hereinabove been stated.

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by Letter 3-21-72 gfh

General Accounting Office
March 6, 1968.

It is interesting to note that NAVAIR drawing 58A164D555, revision "B" now shows a suggested source of supply as Varo, Inc. instead of Peerless Manufacturing Co. However, Peerless Manufacturing Co. will only manufacture the receiver exclusively for Varo, Inc. because the designs were supplied to Peerless by Varo after they were obtained in confidence from [redacted]. The net result is that ASO and NASC are still persisting in what amounts absolutely to a sole source procurement policy by their actions.

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It is contended that ASO has so modified the procurement so as to allow Varo to meet lower specification requirements, and the higher specification requirements have already been met by [redacted]. They have done this and continue to do this in the face of the past history of this procurement and in particular, in the face of the clear admission by Varo that they could not meet the specification.

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Again, it is requested that the General Accounting Office rule that the procurement has been erroneously placed with Varo, and that said procurement should now be terminated. Under the circumstances of this case, it is submitted that a complete injustice has been done to [redacted]. This injustice will not be corrected by any ruling on the part of the General Accounting Office that the procurement was mishandled, but that the matter is too far gone to effectively terminate the procurement. We do not believe this to be the case, and in any event, the factual circumstances of this procurement are so shocking as to justify a firm course of action on the part of General Accounting Office.

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[redacted]

Very truly yours,

TECHNER, RUBIN & SHAPIRO

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by letter 3-21-68

BY: [redacted]

ELS:N

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Tape 9-B
3-6-68

[redacted] called [redacted] ASO (Phone [redacted])

Secretary

- The buying branch.

[redacted]

- [redacted] please.

Secretary

- Who is calling please?

[redacted]

- [redacted]

Secretary

- just a minute please.

Secretary

- did you say [redacted]?

- [redacted]

- Hello

- Hello, [redacted]

- yes sir

- [redacted] how are you?

- fine, how are you?

- Oh not too bad.

- attaboy

- Hey [redacted] did you get any requisition to buy any N₂ receivers yet?
on an RFQ

- No, you mean more bottles

- Yea, ugh huh

- No, why?

- I think I uncovered the reason why you probably didn't, you
remember back when I was in negotiations on the 14 Dec 1966 with
you and

- in 66

- Yea

- I can't remember what I had for breakfast this morning.

- Ha Ha Ha ah, when [redacted] and you were in the
office there you know

- Yea.

- and old [redacted] got in a rage and was shaking his finger at me
for going to the congressman

- Ha Ha Ha

- and he said that if I ever went back to him again, if I didn't
call the dogs off and went back again that he would fix me and I
would never get another contract with the government.

- ugh huh.

- remember that?

- yeah

- ah there is an IFB that came out for new [redacted]

- ugh huh

- ah, 000-1967-B-0083 out of Air Systems Command

- ugh huh

- and Varo was the successful bidder

- ugh huh

- and that IFB it ah says that the additional spares and replace-
ments will be procured ah requested by ASC and procured by ASO by
direct negotiations with the supplier of the original equipment
it would be only Varo and therefore you wouldn't go out with any
more RFQ's so this ah

- an odd ball isn't it

- yea, after all the controversy

- yea

- and this makes Varo sole source and this shows me that [redacted]
is living up to his promise.

- Ha Ha Ha Ha

- that if I ever did go back to a congressman that he'd fix it and
I'd never get another opportunity to get another government contract.

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Deleted Copy Sent [redacted]
by Letter 3-21-75 [redacted]

yea
what number 34 or what is it?
the LAU-7 the LAU-7/A
the LAU-7, ugh huh
so this proves that [redacted] meant what he said
Ha Ha Ha, no [redacted] is a, [redacted] is so far removed from you know
Washington
ugh huh
ah, the LAU-7 is bought out of Washington as you know.
Right, the complete launcher, Right
yea
but the spares were always bought by RFQ from ASO
that's right
and now this contract says that spares will be now purchased by
direct negotiations with the supplier of the original equipment
ugh huh
ah, this tells me that [redacted] meant what he said
no, he wouldn't be responsible, you know he couldn't control that if
he wanted to and he sure wouldn't want to
ugh huh
no
I don't know but he said it you know and that is what ah
ugh huh
started me thinking
ugh huh, no I haven't seen anything of these ah
well I don't guess you will any more after that
well it would come to me
You'd have to do the negotiating with Varo then huh?
I would like fun
huh?
I'd have to have a damn good reason cause I know I've got two sources
and they want me to go to one and that's true if they said you and not
the other guy.
well the contract says, you know, that resulted from this IFB says that
this is the method of procurement
ugh huh
that they will be procured, it says it right in there
yea
they will be procured by direct negotiation with the supplier of the
original equipment
ugh huh
period
all I can give you is assurance that we have not bought, up til now.
ugh huh
and ah, what are we talking about in terms of quantity [redacted] is it ah
well this was 1500 launchers.
is that right?
with an add on option, yea.
is that right?
well they already had at the time, they had 2360
ugh huh
and ah, what ASC told me when they came out with this IFB
ugh huh
was they were coming out with this IFB because Varo was delinquent on
their two contracts
ugh huh
and they were trying to establish another source
yea
and then what happens? Ha, Varo got it.

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by letter 3-21-75

- yea, did you bid it [redacted]
- No, I couldn't bid it.
- no you're not.
- I declined to bid but ah on the bids, we followed the bids and
Gulf Aerospace was dollar wise, low bidder
- ugh huh
- and it was still given to Varo
- is that right?
- yea, you see after this it started me to thinking that
- yea
- what [redacted] cause he was in a rage that day, remember, he was
shaking his finger in my face and ah
- yea
- I was the dirtiest Son of a Gun in the world because I promised 30
day delivery and I couldn't possibly do it and ah.
- yea, well, I'm sure that nothing has been bought because as I say it
would come through me, so at this point in time you haven't lost a thing
- ugh huh, no all we lost was the 1500 to Varo
- Ah Ha Ha Ha
- you know I finally got that drawing in a meeting down in Washington
ah on the 20th or ah no
- what was that
- the 13th of February this ah
- Their drawing, you mean the one they made it to the 556 or something
like that
- yea, the 555 and 556
- yea
- and you know they contended that it was a Varo drawing
- ugh huh
- so finally they produced the drawing for me at that meeting and ah,
boy, I nearly fell off the chair, it was just like looking at my
own drawing
- is that right?
- yea, its an exact
- They just changed the name plate down at the bottom huh?
- its an exact copy of my drawing except that now its a NAVAIR Drawing
- ugh huh
- and they contend that this is what Varo is delivering
- ugh huh
- but, well I don't know [redacted] but the way [redacted] was in a rage that
day and shaking his finger at me and telling that if I ever went to
a Congressman again that this is what would happen and boy this is ah
- no
- and boy this is just what has happened
- yea, you can rest assured that isn't so [redacted]
- ugh huh
- how about letting me look into it from this end ah I want to talk to
our commodity people and see if you know they are you know initiating
a buy to support these LAU-7's
- ugh huh
- and ah
- well it was supposed to be, ah according to what GAO dug up at the
time of the RFQ you know that we were involved in there was a zero
balance and an urgent need
- ugh huh
- and you know damn well the 300 that we made that was spread over 5
destinations in the United States sure didn't help Vietnam very much
- no I don't know what happened to those things, I thought you know
they were real urgent and there would be a follow on buy but
- ugh huh
- you know we don't go looking for requisitions down here

[REDACTED]

- yea well see there wouldn't be any follow on buy if ah if this is the
way the [REDACTED] going to negotiate the procurements b6
yea [REDACTED] b7C
- and ah
- let me look into it [REDACTED] and call me
- O.K. but it still sticks with me that [REDACTED] sure knew what he was
talking about
- Ha Ha Ha, well I'm sure that
- maybe he had some word from Washington that I didn't know about
- I doubt it ah
- cause this originated in ASC you know ah
- yea, ugh huh
- they say they have complete control of everything and ah
- who's the boy down there [REDACTED] just out of curiosity
- ah in the procurement section or in the ah
- yea the guy that would be aware of this down there
- in the procurement section, I think his name is [REDACTED]
[REDACTED]
- yea, does that ring a bell with you, do you know any of them down
there?
- no, no we have very little contact
- ugh huh
- give me this number again that ah
- the IFB?
- yea
- ah IFB 000-1967-B-, (B as in Boy) -0083
- I see
- that was out of ASC
- yea
- and when I saw this I felt [REDACTED] was living right up to his
promise to the letter
- ugh huh, Ha Ha Ha
- cause you know he was really ranting up and down when he was shaking
his finger at me and ah
- ugh huh
- sounding off
- ugh huh
- course that's when [REDACTED] said I should have grabbed him by
the collar and marched him Ha Ha into his office
- Ha Ha Ha Ha
- and you could just see me trying to do something like that I'd a
been in jail
- Ha Ha Ha Ha Ha, O.K. [REDACTED] call me back
- O.K. [REDACTED]
- if you can find out anything I would appreciate it if you would let
me know
- yea, I'm much interested in this
- O.K.
- all right
- right, thank you, bye. [REDACTED]

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by letter 3-21-75

FEDERAL BUREAU OF INVESTIGATION

(1)

Date 3/18/68

[redacted], telephonically contacted Special Agent [redacted] inquiring if Special Agent [redacted] had received in the mail a copy of his letter dated March 8, 1968, directed to his attorney, [redacted]. He was advised the letter with the enclosures described in the letter had been received. His self-explanatory letter and enclosures, except NASC drawings 58A164D555 Rev. "A" and Rev. "B" are set forth below:

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[redacted] also inquired if Special Agent [redacted] had received a copy of five pages of telephone conversation he had had with [redacted] on March 8, 1968, and which was typed from his rough draft notes by [redacted]

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[redacted] He was advised that this was received via the mails and it is set forth below:

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by Letter 3-21-73 *ju*

On 3/11/68 at Philadelphia, Pa. File # Philadelphia 46-4651

by SA [redacted] ELS Date dictated 3/14/68

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b7C

Alt
Federal Bureau of Investigation

215 OLFIELD 9-1295

b6
b7C

8, March 1968

Esq.

1200 Walnut Street
Phila, Pa.

Dear

Enclosed is a copy of ECN-AM-257 and ECN-AM-258 received from NASC today. I requested this at a meeting in Washington (see cover letter from [redacted]). I am also enclosing a copy of NASC drawing 58A164D555 Rev. "A" and Rev. "B".

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It is obvious that no engineer could come up with the drawing 58A164D555 as now shown on Rev. "B" from this ECN information.

The ECN states: "INCORPORATE THE FOLLOWING SELF-EXPLANATORY DESCRIPTION OF CHANGE".

- 1) REDRAW RECEIVER ASSEMBLY TO SHOW METAL LINING AND ELIMINATION OF TAPER ON SKIRT END.

Rev. "A" already showed a metal liner, therefore, the only change that could be made by DIRECTION OF THIS ECN would be the removal of the taper on the skirt end.

Anyone can see by comparing Rev. "A" and Rev. "B" drawing that this is not all that was changed.

This is only another classic example of the collusion that exist between [redacted] and the U.S. Navy to steal and use [redacted] proprietary information which [redacted] refused to supply the Navy under its contract (cite deletion of disclosure clauses in the [redacted] contract).

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I now have much doubt in my mind that these ECN'S supplied me by Navy are in fact the true ECN'S that created Rev. "B".

Sincerely,

cc: Cong. [redacted] (1)
Justice Dept. (2)
GAO (1)

ENCLOSURES:

ECN-AM-257, ECN-AM-258 (with cover letter)
NASC DRAWING 58A164D555 Rev. "A"
NASC DRAWING 58A164D555 Rev. "B"

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by Letter 3-21-68

TAPE 9-B
3-8-68

[redacted] called [redacted] ASO (phone [redacted])

Secretary

- The buying branch
- Good Morning, [redacted] please

Secretary

- Whos' calling please?

Secretary

- just a minute please

- Hi [redacted]

- Hi

- How are you?

- all right, how are you?

- Oh not too bad, did you find out anything about that IFB yet?

- yea, that came out of a NAVAIR - I found that much out

- right

- and ah it covers the LAU-7 the end item, they're furnished with bottles aren't they [redacted]

- Yea, each new launcher has to have a bottle in it, see that's where we get steered to Varo in the beginning.

- um-m, that sort of leaves you out in left field on bottle buys don't it unless you go in, unless you go into LAU-7's.

- well you mean they can go ahead and buy by direct negotiations with the supplier of the original equipment?

- no, I'm saying that your interest in the LAU-7 is only a sub-contractor, you don't make the LAU-7 as such huh?

- no, I don't make the complete launcher but we supply the bottles

- oh yea

- so see but this contract now says they're going to buy them by direct negotiation with the supplier of the original equipment.

- well it doesn't mention bottles does it as such

- well it says all spares and replacement parts

- will be negotiated with the prime

- yea

- I think this is standard language but ah

- well it wasn't before [redacted] because before it was you know the spares were bought by ah negotiation or RFQ out of ASO

- yea, I mean the contracts that came out of Washington don't they always have this language in them?

- not that I know of

- ugh huh, well I didn't get to find out too much ah ASO purchase, we're not in it at all and ah and this is contracts made out of Washington

- ugh huh, yea I understand on the launcher bid on the complete launcher that they handle that out of the Washington procurement office.

- yea, so did you talk to them down there?

- no I haven't been back to them because of all the investigation and everything down there you know and ah

- ugh huh

- but see in the beginning before the RFQ came out on the 1800 ah, ASO wrote a letter to ASO requesting a direct procurement negotiation with [redacted] for 1000 bottles because of the situation Brunswick was in and all you know

- ugh huh

- that they weren't able to meet the spec. and deliver and ah then when Varo found this out, they went into ASO and asked them to

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by letter 3-21-72

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hold up 30 days and they would make a competitive bid item instead of a sole source negotiation.

- ugh huh
- and then this is what resulted in the RFQ and all this stink
- ugh huh, and now you're afraid we're back again where we were before then huh?
- yea and now we're back, we're out of business you might as well say
- say and ah and Varo is using our information and ah now it appears on Navy drawings when in our contract we refused to ah and the disclosure clauses were stricken out remember?
- ugh huh
- sonnow it appears on Navy drawings and Varo is stated on the drawing as a source of supply

- yea
- and you know as well as I do, those people never made a bottle
- yea
- and they still don't
- ugh huh, yea I don't know what to tell you to do [redacted] other than I think your, your questions should be directed to the guy that put it in the contract you know

- ugh huh
- what's the intent
- yea on this IFB yea
- yea
- ugh huh

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by Letter 3-21-12 JH

- yea cause as I say I don't have any buy here and ah, I didn't make the contract and I just can't talk intelligently can't talk on it you know
- ugh huh
- I don't know, all I know about it is what you're telling me
- ugh huh, well you remember back in the meeting, that when I got the 300 the whole contention there on ASO's part was that I couldn't financially handle the whole 1500
- ugh huh
- you know and the implication was that when I proved production capabilities that ah then we would sit down and see where we went from there
- ugh huh
- and I never dreamed at that time that ah it was already planned that they were going to give the 18 - other 1500 to Varo you know
- ugh huh
- and ah gee this is the reason I went out and stuck my neck out and buying the equipment and
- yea
- showing you I could produce them on a production basis
- yea and now you
- and then after I did all this it was to no avail it was already gone
- yea, now you're afraid the door is being closed on you even tighter
- its its - yea and ah
- yea yea yea
- back in May you know I wrote to you and told you that we had increased our capabilities and invited you or anybody from ASO to come and see our facilities and all this jaz
- ugh huh
- and then in June according to GAO ah you granted Varo another 60 days delay in delivery and ah and then reduced the delivery schedule
- ugh huh
- which ah, well it was a heck of a thing after you know we'd already

- proven production capabilities higher than
- yea
- than what you were giving them
- ugh huh, didn't they make their own [redacted]
- no, no Peerless is still making them
- are they?
- yea
- ugh huh
- they went to Studebaker and I stopped Studebaker ah Studebaker
- respected my cease and desist request
- ugh huh, I see
- and then after Studebaker stopped with them then ah then they went
- back to Peerless
- yea
- and see that's when last March ah you came out with a letter you
- know, reducing the test requirements for the production lot samples
- ugh huh
- well apparently they couldn't even meet the production lot sample re-
- quirements and
- ugh huh
- in order to enable them to deliver
- yea, well that's pretty far behind now
- yea
- your main concern is future
- right
- that's where you are now
- yea
- no I can't help you [redacted] I would suggest you deal direct with the
- people down there, [redacted] I think you mentioned
- ugh huh, yea, I think he must be the contracting officer I guess
- yea
- on this IFB
- yea
- but I ah
- all I can tell you is I have no buy in my shop but if I do or if one
- does come through I see no reason why they won't solicit you
- ugh huh, well its not going to do any good for them to solicit me
- if Varo's going to deliver, be able to deliver junk, that's what really
- hurts [redacted]
- ugh huh, you still feel your unit is superior huh
- well I know it, I know it from tests and ah there's no doubt about it
- I don't believe in the peoples mind down at ASC either because
- ugh huh
- after we had met the Specs. is when they did the reduction in the test
- requirements
- ugh huh
- its obvious that they only did this so Varo could ah, they could accept
- what Varo is delivering
- ugh huh
- this is what really hurts you know
- yea
- after you've spent all your time and money and effort
- yea
- in developing something for the government at your own costs and then
- you get smacked right in the face with it
- yea, well that's the technical end of it and I know from nothing about
- that

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by Letter 3-8-72

ugh huh

- no I can't help you much [] I'm sorry to say other than I'll sure police this thing if it comes over my desk they better have a good reason why they wouldn't go to you

- ugh huh, well that's what I couldn't understand you know, why ASO even went to Varo when at the time they were delinquent on two contracts you know when the RFQ came out

- ugh huh

- and boy, that's something I've never been able to understand, why the Navy insist on going to somebody that's delinquent that, just for this very item and admitted it and

- yea

- and I showed you and Commander [] and the whole gang in the office that day the Federal suit from Varo against us and the answer and

- ugh huh

- they stated right there that they didn't have it and that [] was in fact the only one that could make it

- yea

- then they get the contract, its unbelievable, you know []

- Ha Ha Ha, well I don't know what to tell you to do, I can let you talk to [] if you're interested

- Ha Ha, you think he's ready to chew me out again

- he's in today, oh no, I doubt it

- huh - Ha Ha Ha

- I doubt it

- what is he, is he your boss or what?

- yea, yea, he's civilian head in charge of the buying

- oh he's the civilian head of the buying

- yea and I'm only the head of a little section

- ugh huh, what does he do compare with Captain [] I mean yea

- no Captain [] heads up the entire purchase operation

- ugh huh

- that includes the you know the production of the contracts and the bid lists and all that stuff

- ugh huh

- [] heads up the buying

- ugh huh

- like myself the buying operation only

- ugh huh, well he was big enough to do a good job on chewing me out, I'll tell you I've never been chewed out like that since I got out of the Army

- that right Ha Ha Ha

- I'll never forget that []

- ugh huh Ha Ha Ha well I don't know what to tell you to do [] unless contact Washington to see what they mean by that little clause

- well all I can hope [] is that some day the truth will out like the Dutchmen say, you know

- yea Ha Ha

- I don't know, I can't believe that this whole thing isn't just a big nightmare

- ugh huh, some day you'll wake up and find its all a bad dream

- ugh huh, I wish it would happen that way

- yea

- but I can't see that it will

- ugh huh, you're still in business huh

- just about hanging on yea

- ugh huh

- but what can I do when everybody goes back to the Navy and when I cite ASC you know and the qualifications ah after they talk to them

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by Letter 2-21-72

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they seem to lose all interest

ugh huh

so what's being said about me or about my product I don't know

yea, the technical aspects of the thing I should think, you'd be dealing with who, [redacted]

yea, he's the one that's supposed to have all the responsibility of it

yea

and the cognizance

yea, yea I guess they're the two guys to deal with

yea

Reeves on the contract and [redacted] on the technical aspects of it

yea, the only trouble is ah I don't have the money to hire a manager or negotiator like was suggested that knows his way around

yea

and who to talk to and how to em ah

now there you

this takes money to talk like that

right, you're talking 15 grand at least

yea and ah I just don't have, I put all my money in the development

I don't have any money to give anybody or spread around

ugh huh

besides that I don't think that this is the way to play the game

now, well, all I can tell you [redacted] if a requisition crosses my desk I'll sure want some answers if its you know, sole source knowing

ugh huh

that we've got, actually three guys that make it in apparently an acceptable bottle

ugh huh, why is Brunswick still supposed to be acceptable now?

as far as I know

well [redacted]

they apparently shipped and ah

they told me [redacted] wrote them out of the specification

is that right

yea

ugh huh

right after they bought 2160 of them Ha Ha Ha that doesn't make sense either

no, no

cause Brunswick has not been mentioned at all in all this discussion and all

yea

so

so, play it by ear

O.K. [redacted]

alright [redacted]

well thanks any way

right

right, bye bye

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by Letter 3-21-72

Date March 20, 1968

[redacted] appeared at the Philadelphia Office of the Federal Bureau of Investigation accompanied by [redacted] of the company which closed its plant on December 1, 1967.

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[redacted] had a tape recording in his possession which he stated was of a telephone conversation he had had earlier in the day with [redacted] Hydro-Pneumatic Products Group, SEALOL, Inc., Providence, R.I., on telephone number 401-ST 1-4700. [redacted] advised that at one time [redacted] had been interested in the Nitrogen Receivers developed by his company and was familiar with the awarding of contracts by the United States Navy. He stated that [redacted] has had conversations with various employees of the United States Navy who are familiar with his having had difficulties in obtaining contracts with the Navy. [redacted] advised that [redacted] did not furnish him any specific information or reasons why he did not get contracts from the U. S. Navy, but did express some opinion that [redacted] had not been treated fairly by the employees of the Navy.

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[redacted] was advised that Assistant United States Attorney [redacted] Philadelphia, had stated that his office did not desire that he record telephone conversations and did not at this time want to have any additional transcriptions of the recorded telephone calls furnished to the Government.

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[redacted] stated that when he first met with Special Agent [redacted] he furnished Xerox copies of his comments about the gunfire test on his Nitrogen Receiver #529, which was in response to the draft report by General Accounting Office. He stated that he still has the Nitrogen Receiver #529 in his possession and would make same available for a Laboratory examination by the FBI. He pointed out that he contends the Nitrogen Receiver was damaged prior to the test being performed by DAYTON T. BROWN, Inc., and he feels that since the United States Government paid for this test that the damage, if intentional, would be a fraud against the government. He pointed out that he does not know when the Nitrogen Receiver could have been damaged or who might have damaged the receiver. He did state that it must have been done after part of the test was performed on the receiver at

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On 3/12/68 at Philadelphia, Pa. File # Philadelphia 46-4651
by SAs [redacted] and
EDWARD J. KAIL, Jr.:MMcG Date dictated 3/18/68

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PH 46-4651

Dayton T. Brown, Inc., because the receiver would not have passed the other test if it had been damaged, as he alleges, prior to these tests.

[redacted] advised that [redacted] are

[redacted]

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by letter 3-27-75
[signature]

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FEDERAL BUREAU OF INVESTIGATION

(1)

Date 3/29/68

The two-page copy of a self-explanatory letter dated March 23, 1968, addressed to Captain [redacted] [redacted] U.S.N., from [redacted] was received by Special Agent [redacted] and is set forth below:

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Deleted Copy Sent
by Letter 2-21-75 [signature]

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On 3/26/68 at Philadelphia, Pa. File # Philadelphia 46-4651

by SA [redacted] ELS Date dictated 3/27/68

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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March 23, 1968

Captain [REDACTED] U.S.N.
 Director, Armament Division
 Naval Air Systems Command
 Washington, D.C. 20360

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Dear Captain [REDACTED]

b6
b7C

This is to inform you of a conversation I had this week with [REDACTED] Project Engineer at NAFL in regard to the new NASC Drawing 58A164D555 Rev "B" in which he suggested I direct certain questions to [REDACTED] I understand he is under your command at NASC. [REDACTED] told me that in his opinion, the [REDACTED] NICKEL LINED RECEIVER WOULD NOT BE CONSIDERED ACCEPTABLE TO THE NEW REV "B" DRAWING. And when I asked why the Navy would WRITE OUT THE QUALIFIED [REDACTED] RECEIVER and make VARCO, INC. A SOLE SOURCE, [REDACTED] said, "I couldn't answer that and suggested I take it up with [REDACTED] at NASC."

When I pointed out to [REDACTED] the welded design as now shown on the Rev "B" Drawing was admitted and proven to be an impossible design many years ago by the Navy, he again suggested I would have to take this up with [REDACTED] at NASC.

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In light of this conversation with [REDACTED] and the sequence of events that have taken place since August 1966 which clearly shows questionable and unthinkable action by certain people under your command, I ask the following questions:

1. Why did NASC either ignore or refuse a request from ASO in August 1966 to negotiate a direct procurement with [REDACTED] for nitrogen receivers when it was known that [REDACTED] was in fact the only qualified source and the inventory balance at the time was zero?
2. Why did NASC hold up an urgent procurement of nitrogen receivers in October 1966 (ASO-RFQ) when at that time [REDACTED] was in fact the only proven qualified source of this urgently needed item for four months?
3. Why did NASC discriminate against [REDACTED] by never showing [REDACTED] as a qualified source on NASC Drawings, but, did in fact name as sources- Peerless Mfg. Co., Brunswick Corp., and Varo, Inc. all of which never truly met the specs of MIL-R 81202 (wp) without many waivers of testing by NASC?
4. Why did NASC permit ASO to Change the drawing, part number, stock number, increase weight, and further reduce test requirements and make a direct procurement to Varo, Inc. for 1500 units after awarding only 300 units to [REDACTED] to be supplied precisely as requested and quoted to the RFQ?

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by Letter
3-21-68

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Captain [redacted] U.S.N.
March 23, 1968

page 2

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5. Why has [redacted] never been allowed access to, or ever been supplied with any test report on its receiver tested at Dayton T. Brown?
6. Why has NASC made this [redacted] test information available to [redacted] competition, while denying it to [redacted]?
7. Why has NASC changed the method of procurement for spare nitrogen receivers from RFQ at ASO to direct negotiations with the supplier of the launcher? Was this deliberate action by NASC to eliminate [redacted] as a supplier and create Varo, Inc. as a sole source?
8. Why has NASC changed the drawing 58A164D555 to Rev "B"? Rev "A" welded construction is an admitted impossible design - and Rev "B" clearly shows the same welded designs and materials, therefore, it must as well be an impossible design? (of course if NASC is willing to continue to waive testing for Varo, Inc. you could really accept anything)
9. How can NASC justify such procurement practices when one contractor must bid to conform to RFQ and specs. and another favored contractor knows the tests and specs. will be reduced in his favor after the contract is awarded and an inferior item will be accepted by NASC? This is not fair competitive procurement practice but amounts to collusion between NASC and a favored contractor, Varo, Inc.

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There are many more questions that still remain unanswered, however, I would appreciate your immediate attention and reply to these particular questions. These actions by NASC have caused great damage and hardship on [redacted] however, I can assure you I will never give up the fight until this whole matter is completely resolved and proper corrective action has been taken by the Department of the Navy.

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Sincerely,

[redacted]

cc: [redacted]
Congressman Richard S. Schweiker

[redacted] Esq., Justice Dept., Antitrust Div.
[redacted] Justice Dept., FBI
[redacted] Esq.

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by letter 3-21-75

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On March 4, 7, and 11, 1968, Assistant U. S. Attorney [redacted] Eastern District of Pennsylvania, was advised of results of information obtained from [redacted]

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On March 7, 1968, [redacted] advised that any transcripts of recorded telephone conversations voluntarily furnished by [redacted] should be accepted. He stated he was still reviewing matter before rendering prosecutive opinion.

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On March 11, 1968, Assistant U. S. Attorney [redacted] advised [redacted]

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[redacted] requested that [redacted] be advised

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On March 15, 1968, Assistant U. S. Attorney [redacted] advised that [redacted]

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On March 29, 1968, [redacted] Assistant Chief, Middle Atlantic Office, Antitrust Division, Custom House, Philadelphia, advised that [redacted]

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE WASHINGTON FIELD	OFFICE OF ORIGIN PHILADELPHIA	DATE 4/25/68	INVESTIGATIVE PERIOD 4/19/68
TITLE OF CASE VARO COMPANY, INC., GARLAND, TEXAS; DAYTON T. BROWN COMPANY, BOHEMIA, LONG ISLAND, NEW YORK; UNSUBS, Employees Naval Air Systems Command, Washington, D. C.; UNSUBS, Employees Naval Aviation Supply Office, Philadelphia, Pa.		REPORT MADE BY SA ANDREW J. SHANNON	TYPED BY laa
		CHARACTER OF CASE FAG - CONSPIRACY	

REFERENCES: Report of SA [redacted] dated 4/9/68,
at Philadelphia.
Report of SA ANDREW J. SHANNON dated 4/5/68,
at Washington, D. C.

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- RUC -

ENCLOSURE

TO PHILADELPHIA One (1) copy of Supplemental Reply
of the Navy dated 4/12/68, to the General Accounting Office (GAO)
Draft Report dated 1/22/68, re Procurement of Nitrogen Receivers
by the Dept. of the Navy.

ACCOMPLISHMENTS CLAIMED <i>NONE</i>						ACQUIT- TALS	CASE HAS BEEN:	
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
							PENDING PROSECUTION OVER SIX MONTHS	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
APPROVED <i>[Signature]</i> COPIES MADE:						SPECIAL AGENT IN CHARGE		
④ - Bureau 3 - Philadelphia (46-4651) (Enc. 1) (1 - USA, Eastern District of Penna.) 1 - Dallas (46-2642) (info) 1 - New York (46-7349) (info) 1 - WFO (46-9017)						DO NOT WRITE IN SPACES BELOW		
						46-56047-9 ST 1007		
						10 APR 26 1968 REC-28		
Dissemination Record of Attached Report						Notations		
Agency	1 cc OMT		2 cc RAO					
Request Recd.								
Date Fwd.	3/6							
How Fwd.	55 MAY 7 1968				WB: [Signature]			
By					5/7/68			

WFO 46-9017

ADMINISTRATIVE

For the information of the Bureau, referenced report of SA SHANNON pointed out that the GAO would probably withhold any opinion in connection with the investigation that had been conducted by GAO and as set forth in their Draft Report dated 1/22/68, pending the completion of the FBI investigation into the allegations of fraud and conspiracy made by [] in this case. []

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[] Attorney-Advisor, General Counsel's Office, GAO, advised that the GAO would follow the progress of the FBI investigation in this matter through the GAO liaison representative, who would maintain contact with the Bureau

LEADS

DALLAS AND NEW YORK

AT DALLAS, TEXAS AND NEW YORK, NEW YORK. Information copies to Dallas and New York since subject companies are located within these divisions and these offices may be requested to conduct investigation in this case.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, Philadelphia (Eastern District of Pennsylvania)

Report of: SA ANDREW J. SHANNON
Date: 4/25/68

Office: Washington, D. C.

Field Office File #: 46-9017

Bureau File #:

Title: VARO COMPANY, INCORPORATED, GARLAND, TEXAS;
DAYTON T. BROWN COMPANY, BOHEMIA, LONG ISLAND, NEW YORK;
UNKNOWN SUBJECTS, Employees Naval Air Systems
Command, Washington, D. C.;

~~XXXXXX~~ UNKNOWN SUBJECTS, Employees Naval Aviation Supply
Office, Philadelphia, Pennsylvania

~~XXXXXX~~

Character: FRAUD AGAINST THE GOVERNMENT - CONSPIRACY

Synopsis:

Copy of Supplemental Navy Reply dated 4/12/68, to GAO
Draft Report of 1/22/68, on "Review of the Circumstances
Surrounding the Procurement of Nitrogen Receivers" set out.

- RUC -

DETAILS: AT WASHINGTON, D. C.

[redacted] Attorney-Advisor, General
Counsel's Office, General Accounting Office (GAO), made
available a copy of the Supplemental Navy Reply dated April 12,
1968, to the GAO Draft Report of January 22, 1968, on the
"Review of the Circumstances Surrounding the Procurement of
Nitrogen Receivers." The Navy reply furnished by [redacted]
[redacted] Assistant Secretary of the Navy, is set out in its
entirety.

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UNITED STATES GOVERNMENT

Memorandum

Leg
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TO : DIRECTOR, FBI (46-56049)

DATE: MAY 6 1968

FROM : SAC, PHILADELPHIA (46-4651)

SUBJECT: VARO COMPANY, INC.,
GARLAND, TEXAS;
DAYTON T. BROWN COMPANY,
BOHEMIA, L.I., NEW YORK;
UNSUBS, Employees U.S. Naval
Air Systems Command,
Washington, D.C.;
UNSUBS, Employees, U.S. Naval
Aviation Supply Office,
Philadelphia, Pa.
FAG-CONSPIRACY
(OO: PHILADELPHIA)

①
ST

Re Philadelphia report of SA [redacted]
dated 4/9/68; WFO report of SA ANDREW J. SHANNON dated
4/5/68.

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On 4/22/68 AUSA [redacted] EDPa [redacted]
Philadelphia, Pa., advised that he had reviewed [redacted]

[Large redacted area]

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- 2-Bureau (46-56049)
- 2-New York (46-7349)
- 2-WFO (46-9017)
- 2-Philadelphia (46-4651)

WFK:MPJ
(8)

59 MAY 13 1968

REC 616-56049-10

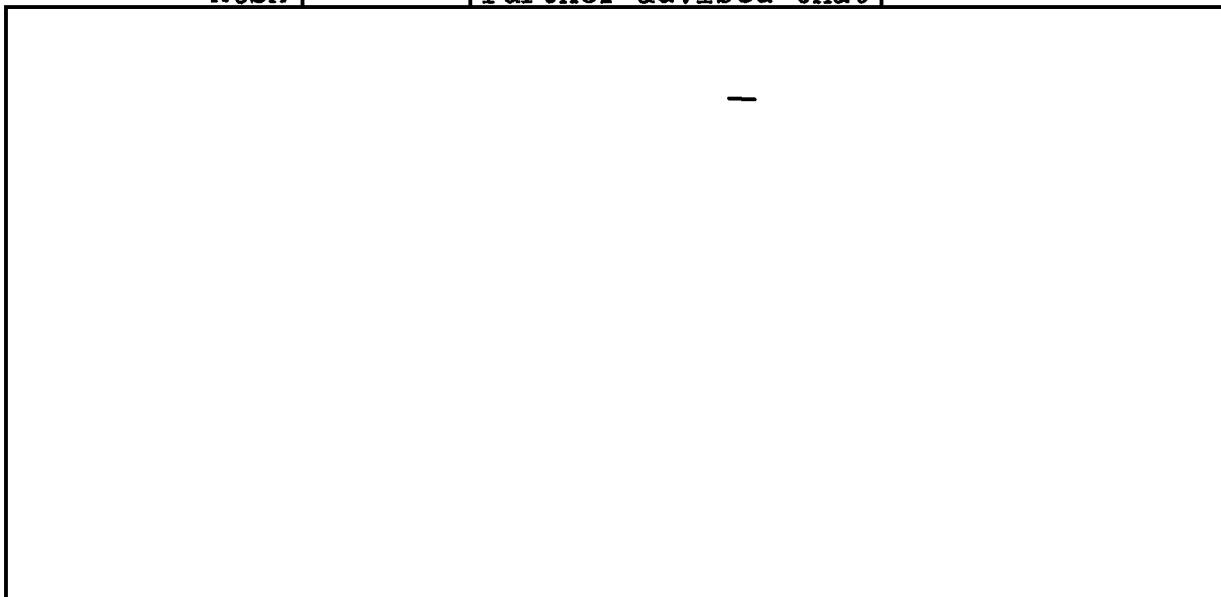
EX-105

11 MAY 6 1968



PH 46-4651

AUSA [] further advised that []



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Leads

NEW YORK:

At Bohemia, L.I.

2. Will conduct investigation at Dayton T. Brown Company concerning its examination of the nitrogen receiver #529 manufactured by [] referred to pages 38 - 39 and 70 of referenced report concerning the allegation made by []

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2. Will determine from Dayton T. Brown Company the basis for making this test; if government owned testing equipment that was used to make the test; if U.S. Government funds paid for the test; and if tests were made prior to the gunfire test, would the test have been satisfactory if the nitrogen receiver had been damaged as alleged by []

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WFO:

At Washington, D.C.

Will recontact [] Assistant General Counsel, GAO, and obtain the information and reports as requested above by AUSA []

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PH 46-4651

PHILADELPHIA:

At Willow Grove, Pa.

Will contact [REDACTED]

[REDACTED] to obtain nitrogen
receiver #529 for submission to FBI Lab.

At Philadelphia, Pa.

Maintain contact with AUSA [REDACTED]

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE WASHINGTON FIELD	OFFICE OF ORIGIN PHILADELPHIA	DATE MAY 23 1968	INVESTIGATIVE PERIOD May 13, 1968
TITLE OF CASE VARO COMPANY, INC., GARLAND, TEXAS; DAYTON T. BROWN COMPANY, BOHEMIA, L. I., NEW YORK; UNSUBS, Employees U. S. Naval Air Systems Command, Washington, D. C.; UNSUBS, Employees U. S. Naval Aviation Supply Office, Philadelphia, Pennsylvania		REPORT MADE BY SA ANDREW J. SHANNON	TYPED BY cjb
		CHARACTER OF CASE FAG - CONSPIRACY	

REFERENCES: Rep of SA ANDREW J. SHANNON dated 4/25/68, at WDC.
PHlet to Bureau dated 5/3/68

- P -

ADMINISTRATIVE

The supplemental reply of the Navy dated 4/12/68, to the GAO draft report dated 1/22/68, regarding the procurement of nitrogen receivers by the Department of the Navy was furnished to PH and the USA, EDPA, in the referenced report of SA SHANNON dated 4/25/68, at Washington, D. C.

ACCOMPLISHMENTS CLAIMED NONE						ACQUIT- TALS	CASE HAS BEEN: PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		
APPROVED COPIES MADE: ④-Bureau (46-56049) 3-Philadelphia (46-4651) (1-USA, EDPA ATTN: AUSA [redacted]) 1-New York (46-7349)(Info) 2-WFO (46-9017)						SPECIAL AGENT IN CHARGE DO NOT WRITE IN SPACES BELOW 46-56049-12 REC-30 MAY 24 1968 EX-103 STAT. SECT. b6 b7C	
Dissemination Record of Attached Report						Notations	
Agency	1 cc ONI		2 cc RAO				
Request Recd.							
Date Fwd.	5/1/68						
How Fwd.	9/1/68		FJB:fy				
By	70 JUN 6 1968		6/4/68				

WFO 46-9017

LEADS

NEW YORK

AT NEW YORK, NEW YORK (INFORMATION). Information copy to NY since that office has been requested to conduct investigation at the Dayton T. Brown Company, Bohemia, Long Island.

WASHINGTON FIELD

AT WASHINGTON, D. C. Will obtain from [redacted] [redacted] Assistant General Counsel, GAO, the final GAO report concerning the [redacted] protest of the award of a negotiated contract by Navy to Varo Company, Inc., entitled, "Report on Review of the Circumstances Surrounding the Procurement of Nitrogen Receivers - Department of the Navy", when it is made available around the first week of June, 1968, and forward the report to PH for review by the USA, EDPA.

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

1-USA, EDPA (ATTN: AUSA [REDACTED])

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b7C

Report of:

SA ANDREW J. SHANNON

Office: Washington, D. C.

Date:

MAY 23 1968

Field Office File #: 46-9017

Bureau File #: 46-56049

Title:

VARO COMPANY, INCORPORATED, GARLAND, TEXAS;
DAYTON T. BROWN COMPANY, BOHEMIA, LONG ISLAND, NEW YORK;
UNKNOWN SUBJECTS, EMPLOYEES UNITED STATES NAVAL AIR
SYSTEMS COMMAND, WASHINGTON, D. C.;

~~Character:~~ UNKNOWN SUBJECTS, EMPLOYEES UNITED STATES NAVAL AVIATION
SUPPLY OFFICE, PHILADELPHIA, PENNSYLVANIA

~~XXXX~~
Synopsis:

Character: FRAUD AGAINST THE GOVERNMENT - CONSPIRACY

Synopsis:

[REDACTED] Assistant General Counsel, General Accounting
Office (GAO), said final GAO report on the protest of the [REDACTED]
[REDACTED] of the award of a negotiated con-
tract by the Department of the Navy to Varo Company, Inc., in
instant case will not be available until the first week in June,
1968. [REDACTED] advised GAO's decision on [REDACTED] protest will be
deferred pending receipt of advice from FBI regarding results of
fraud allegations concerning conduct of tests of various nitrogen
receivers, as these results could be relevant to the merits of
[REDACTED] protest.

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DETAILS: AT WASHINGTON, D. C.

FEDERAL BUREAU OF INVESTIGATION

1

Date May 22, 1968

[redacted] Assistant General Counsel, General Accounting Office (GAO), advised after checking with the Defense Division, GAO, that the final GAO report regarding the protest of the [redacted] of the award of a negotiated contract by the Department of the Navy to the Varo Company, Incorporated, in the matter entitled, "Report on Review of the Circumstances Surrounding the Procurement of Nitrogen Receivers - Department of the Navy" would not be completed until approximately the first week in June, 1968. He said he would make available a copy of the completed GAO report.

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[redacted] advised that the GAO's position regarding the furnishing of a legal opinion regarding the protest of [redacted] after the GAO investigation is completed would be the same as that furnished by him to [redacted] attorney for [redacted] in the following letter dated April 19, 1968, which is set out in its entirety:

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On 5/13/68 at Washington, D. C. File # WFO 46-9017
by SA ANDREW J. SHANNON:cjb Date dictated 5/16/68

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE PHILADELPHIA	OFFICE OF ORIGIN PHILADELPHIA	DATE MAY 27 1968	INVESTIGATIVE PERIOD 4/22 - 5/9/68
TITLE OF CASE OVARO COMPANY, INC., GARLAND TEXAS; DAYTON T. BROWN COMPANY, BOHEMIA, L.I., NEW YORK; UNSUBS; Employees, U. S. Naval Air Systems Command, Washington, D.C.; UNSUBS; Employees, U. S. Naval Aviation Supply Office, Philadelphia, Pennsylvania		REPORT MADE BY [REDACTED] CHARACTER OF CASE FAG - CONSPIRACY	TYPED BY AED b6 b7C

REFERENCES

Philadelphia report of SA [REDACTED] dated 4/9/68.
WFO reports of SA ANDREW J. SHANNON 4/5/68 and 4/25/68.
Philadelphia letters to Bureau 5/3/68 and 5/14/68.

-P-

LEADS

Information copy of this report being furnished to
Dallas since subject company is within that Division and if AUSA
desires additional investigation, Dallas will be requested to

ACCOMPLISHMENTS CLAIMED NONE (PH)						ACQUIT- TALS	CASE HAS BEEN:
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		
							PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

APPROVED

SPECIAL AGENT
IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:

- 4 - Bureau (46-56049)
- 1 - USA, EDPa. (JRG)
- 1 - Dallas (46-2642) (Info)
- 2 - New York (46-7349)
- 2 - WFO (46-9017)
- 2 - Philadelphia (46-4651)

46-56049-13	REC-32
MAY 28 1968	EX 106

Dissemination Record of Attached Report

Agency	1cc OM/ 2cc RAO
Request Recd.	
Date Fwd.	
How Fwd.	
By	

Notations

STAT. SECT.

JUN 10 1968

PH 46-4651

handle interviews at subject company.

NEW YORK

AT BOHEMIA, L.I.:

1. Will conduct investigation at Dayton T. Brown Company concerning its examination of the nitrogen receiver #529, manufactured by [redacted] referred to in pages 38, 39 and 70 of referenced report concerning the allegation made by [redacted]

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2. Will determine from Dayton T. Brown Company the basis for making this test; if Government owned testing equipment was used to make the test; if U. S. Government funds paid to the test; and if tests were made prior to the gunfire test, would the test have been satisfactory if the nitrogen receiver had been damaged as alleged by [redacted]

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WFO

AT WASHINGTON, D.C.:

Will recontact [redacted] Assistant General Counsel, General Accounting Office (GAO), concerning the obtaining of the GAO final report as requested by AUSA [redacted]

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PHILADELPHIA

AT PHILADELPHIA, PA.:

Will report results of FBI Laboratory examination of nitrogen receiver #529 and maintain contact with AUSA [redacted]

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, EDPa. (JRG)

Report of: [REDACTED]
Date:Office: PHILADELPHIA, PENNSYLVANIA b6
b7C

MAY 27 1968

Field Office File #: 46-4651

Bureau File #: 46-56049

Title: VARO COMPANY, INC., GARLAND TEXAS; DAYTON T. BROWN
COMPANY, BOHEMIA, L.I., NEW YORK; UNSUBS; Employees,
U. S. Naval Air Systems Command, Washington, D.C.;
UNSUBS; Employees, U. S. Naval Aviation Supply
Office, Philadelphia, Pennsylvania

Character: FRAUD AGAINST THE GOVERNMENT - CONSPIRACY

Synopsis: AUSA, EDPa., advised that after a review of
reports in instant matter, [REDACTED][REDACTED] AUSA [REDACTED] requested that
[REDACTED]b5
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DETAILS: On April 22, 1968, Assistant U. S. Attorney [REDACTED]
[REDACTED] Eastern District of Pennsylvania, Philadelphia,
Pa., advised that he had reviewed reports in instant
matter and at this time [REDACTED]b5
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b7C[REDACTED] Assistant U. S. Attorney
[REDACTED] advised [REDACTED][REDACTED] further advised that [REDACTED]
Assistant General Counsel, General Accounting Office (GAO),b6
b7C

PH 46-4651

Washington, D.C., be advised that his office is desirous of having the final report and opinion of GAO before he will render his final prosecutive opinion. [redacted] stated that he feels that his office should have the final report and opinion of GAO before the final prosecutive opinion can be rendered as to the FBI investigation. He noted that GAO conducted its investigation in this matter prior to the time the FBI started its investigation.

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Assistant U. S. Attorney [redacted] further advised that he feels desirous that [redacted]

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FEDERAL BUREAU OF INVESTIGATION

Date 5/16/68

[redacted] made available for examination by the FBI Laboratory, a nitrogen receiver #529 which was manufactured by [redacted]

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[redacted] stated that this nitrogen receiver #529 was delivered by his company on June 8, 1967, to Dayton T. Brown, Inc., Bohemia, L.I., New York. [redacted] further advised that on January 25, 1968, [redacted]

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[redacted] went to Dayton T. Brown, Inc., and picked up nitrogen receiver #529 which had undergone a gunfire test at Dayton T. Brown, Inc.,

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[redacted] stated that he had been writing letters to Naval and Marine Corps installations which had used the nitrogen receiver manufactured by his former company seeking their comments and recommendations.

[redacted] made available a copy of the self-explanatory letter set forth below:

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Deleted Copy Sent
by Letter 3-21-75 JH

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On 5/9/68 at Willow Grove, Pa. File # Philadelphia 46-4651
by SA JOHN W. REINHARD and
SA [redacted] WFK/lam 3 Date dictated 5/10/68

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PH 46-4651

[REDACTED]
requested by Assistant U. S. Attorney [REDACTED]

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE PHILADELPHIA	OFFICE OF ORIGIN PHILADELPHIA	DATE JUN 21 1968	INVESTIGATIVE PERIOD 5/22 - 6/10/68
TITLE OF CASE VARO COMPANY, INC., GARLAND TEXAS; DAYTON T. BROWN COMPANY, BOHEMIA, L.I., NEW YORK; UNSUBS; Employees, U.S. Naval Air Systems Command, Washington, D.C.;		REPORT MADE BY [REDACTED]	TYPED BY KMD b6 b7C
UNSUBS; Employees, U.S. Naval Aviation Supply Office, Philadelphia, Pennsylvania		CHARACTER OF CASE FAG - CONSPIRACY	

REFERENCES

Philadelphia report of SA [REDACTED] dated 5/27/68.

WFO report of SA ANDREW J. SHANNON dated 5/23/68.
New York letter to Philadelphia dated 6/4/68.
Bureau letter to Philadelphia dated 6/10/68.

- P -

LEADS

ACCOMPLISHMENTS CLAIMED: NONE						ACQUIT- TALS	CASE HAS BEEN:
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
APPROVED COPIES MADE:						DO NOT WRITE IN SPACES BELOW	
4 - Bureau (46-56049) 1 - USA, EDPa. (JRG) 1 - Dallas (46-2642) (INFO) 1 - New York (46-7349) (INFO) 1 - WFO (46-9017) (INFO) 2 - Philadelphia (46-4651)						46-56049-14 REG-78 JUN 24 1968 EX 109 STAT. SECT.	
Dissemination Record of Attached Report						Notations	
Agency	1 cc JRG 2 cc JRG						
Request Recd.							
Date Fwd.							
How Fwd.	LRK:KP						
By	6/27/68						

57 JUN 28 1968

PH 46-4651

Information copies of this report being furnished to Dallas, New York and WFO as those offices may again be requested to conduct investigation and so that they will be aware that the USA, EDPa., has subpoenaed records which Dayton T. Brown Company refused to furnish the FBI.

PHILADELPHIA

AT PHILADELPHIA, PA.

Will maintain contact with AUSA [] as to his prosecutive opinion and as to his opinions of any investigation that need be conducted to establish violation.

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**UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION**

Copy to: 1 - USA, EDPa. (JRG)

Report of: [REDACTED]

Date:

JUN 21 1968

Office: PHILADELPHIA,
PENNSYLVANIA

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Field Office File #:

46-4651

Bureau File #: 46-56049

Title:

VARO COMPANY, INCORPORATED, GARLAND TEXAS;
DAYTON T. BROWN COMPANY, BOHEMIA, L.I., NEW YORK;
UNSUBS; EMPLOYEES, U.S. NAVAL AIR SYSTEMS COMMAND,
WASHINGTON, D.C.; UNSUBS; EMPLOYEES, U.S. NAVAL
AVIATION SUPPLY OFFICE, PHILADELPHIA, PA.

Character:

FRAUD AGAINST THE GOVERNMENT - CONSPIRACY

Synopsis:

[REDACTED]
[REDACTED] Dayton T. Brown Company, refused to
make available to FBI Agents any information
pertaining to tests made on Nitrogen receivers
and suggested such information should be obtained from
the U.S. Navy. [REDACTED] did not confirm or deny that
this company performed a gun-fire test on Nitrogen r
receiver 529, manufactured by [REDACTED]
because of policy of obtaining clearance prior to
releasing information. AUSA, EDPa., advised that he

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[REDACTED]
[REDACTED] FBI Laboratory
report set forth information concerning examination of
Nitrogen receiver bottle 529. The Laboratory report
advised that no visible evidence that glass filaments
have been cut prior to gun-fire test.

- P -

Details:

FEDERAL BUREAU OF INVESTIGATION

Date 5/31/68

[redacted]
[redacted] Dayton T. Brown Company, 555 Church Street, Bohemia, New York, advised that prior to submitting to interview and making available any information regarding testing performed by the Dayton T. Brown Company Laboratory on any nitrogen receiver which might include nitrogen receiver numbered 529 tested for the United States Navy or Varo Company, Incorporated, that contact be made by the Federal Bureau of Investigation with representatives of the United States Navy Bureau of Weapons, Munitions Building, Washington, D.C., and with the Varo Company, Incorporated, in Garland, Texas.

[redacted] advised that he considered on behalf of his company, the tests, the results of such tests, to be privileged information and therefore he declined to make available such information until permission is first received from the United States Navy and the Varo Company, Incorporated. He stated that contact with the United States Navy for such clearance should be made with [redacted] who is located in Room 222 in the Munitions Building, Washington, D.C. He stated that contact at Varo Company, Incorporated, for the same reason, should be made with [redacted] who is located with the firm in Garland, Texas.

[redacted] volunteered that he is very familiar with the matter relating to the testing of the nitrogen receiver manufactured by [redacted] and that the tests performed by the Dayton T. Brown Company and the results of such tests were furnished to the United States Navy which would be the identical information that would be furnished to the Federal Bureau of Investigation.

[redacted] volunteered that the Dayton T. Brown Company Laboratory's roll was strictly a testing one and that tests are performed for all the military services and for private industry. He stated that the results of such tests are then furnished either to the military or to private industry and therefore the results of any tests are as a matter of policy of his company considered privileged information which is

On 5/22/68 at Bohemia, New York File # NY 46-7349

by SA [redacted] /axb - 2 - Date dictated 5/22/68

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

NY 46-7349

2.

the reason for making the request for clearance as set forth earlier during this interview. He further stated that Dayton T. Brown Company does not in any way concern itself as to which firm is awarded Government contracts on the items tested and is only concerned with performing the tests according to specifications and furnishing the results of the tests to the interested party requesting that the tests be performed.

[redacted] advised that he would not confirm or deny that Dayton T. Brown Company performed the gunfire test on a nitrogen receiver numbered 529 manufactured by [redacted] because of existing policy in obtaining clearance relative to furnishing such information as mentioned earlier during this interview.

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PH 46-4651

On June 3, 1968, Assistant United States Attorney
(AUSA) [redacted] Eastern District of Pennsylvania
(EDPa.), advised that [redacted]

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On June 10, 1968, AUSA [redacted] was advised of

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REPORT
of theFEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C.

To: FBI, Philadelphia

Date: June 10, 1968

FBI File No. 46-56049

Re: VARO COMPANY, INC., GARLAND, TEXAS;
DAYTON T. BROWN COMPANY, BOHEMIA,
L.I., NEW YORK; UNSUBS; Employees, U.S.
Naval Air Systems Command, Wash., D.C.;
UNSUBS; Employees, U.S. Naval Aviation
Supply Office, Philadelphia, Pa.; FAG - CONSPIRACY

Lab. No. PC-A6477 CW

Specimens received

5/20/68

Q1 Nitrogen receiver bottle, SN 529, broken into two pieces

Also Submitted: Military specification sheets for nitrogen
receiver assembly

Results of examination:

An examination was made of the ruptured ends of the two pieces of the Q1 nitrogen receiver bottle to determine if there is any evidence that the bottle had been damaged in the now ruptured area prior to the time it was struck in that area by a 50mm projectile during the gunfire test. The gunfire test caused a complete severance of the bottle at the point of impact.

The Q1 nitrogen receiver is in the shape of a cylinder which is normally used to store compressed gasses such as oxygen and nitrogen. The evidence container consists of a thin magnetic metal liner which is covered with multiple wrappings of glass filaments to a thickness of approximately 1/8 inch. The layers of glass filaments crisscross each other in a manner similar to the way the cords do in an automobile tire. The longer Q1 piece of the ruptured bottle has a maximum length of approximately 32 inches, the shorter piece has a maximum length of approximately 23 3/4 inches and the outside diameter is nearly 3 1/2 inches.

There is no visible evidence to indicate that the glass filaments had been cut in the ruptured area prior to the gunfire test.

The "Also Submitted" specification is being returned herewith. Specimen Q1 is being returned to your office under separate cover by Railway Express.

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FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

DATE:

June 10, 1968

Re:

TO:

SAC, Philadelphia (46-4651)

VARO COMPANY, INC., GARLAND,
TEXAS; DAYTON T. BROWN COMPANY,
BOHEMIA, L.I., NEW YORK; UNSUBS;
Employees, U.S. Naval Air
Systems Command, Wash., D.C.;
UNSUBS; Employees, U.S. Naval
Aviation Supply Office, Philadelphia,
Pa.; FAG - CONSPIRACY

Invoice of Contents

Q1

Railway Express

Special Instructions:

Mail Room: Show shipment date and registry number.
Shipping Room: Show shipment date; bill of lading number;
initial invoice; return to Section checked in block; after
initialing in block, invoice to be placed in administrative file.

FBI File No.

46-56049

6/10/68

PC-A6477 CW

54 JUN 13 1968

- ☐ Crypt.-Trans.
- ☐ Document
- ☒ P & C
- ☒ Radio Engineering
- ☐ LFPS

Returned
6-11-68
I I

Handwritten:
Sent 6-11-68
8/1-E-8934-243
16

Handwritten:
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UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI (46-56049)

DATE: 7/11/68

FROM: SAC, WFO (46-9017) (P)

SUBJECT: VARO COMPANY INC., GARLAND, TEXAS:
DAYTON T. BROWN COMPANY, BOHEMIA, L. I. NEW YORK:
UNSUBS; Employees U. S. Naval Air Systems Command,
Washington, D. C;
UNSUBS; Employees U. S. Naval Aviation Supply Office,
Philadelphia, Pennsylvania
FAG - CONSPIRACY
(OO:PH)

Re report of SA ANDREW J. SHANNON, dated 5/23/68
at Washington, D. C.

On 7/10/68, [redacted] Assistant General
Counsel, GAO, advised he was presently receiving the draft
of the final GAO report concerning the [redacted]
[redacted] protest of the award of a negotiated contract by
Navy to Varo Company, Inc. He said his review would be com-
pleted shortly and a copy of the final GAO report would be
available in approximately ten days.

WFO will maintain contact with [redacted] and forward a
copy of the final GAO report to Philadelphia when it is made
available.

- ② - Bureau
- 2 - Philadelphia (46-9017)
- 1 - WFO

AJS:jmg
(5)

15 JUL 15 1968

57 JUL 18 1968



F B I

Date: 7/30/68

Transmit the following in _____
(Type in plaintext or code)Via AIRTEL _____
(Priority)

Mr. Tolson	_____
Mr. DeLoach	_____
Mr. Mohr	_____
Mr. Bishop	_____
Mr. Casper	_____
Mr. Callahan	_____
Mr. Conrad	_____
Mr. Felt	_____
Mr. Gale	_____
Mr. Rosen	_____
Mr. Sullivan	_____
Mr. Tavel	_____
Mr. Trotter	_____
Tele. Room	_____
Miss Holmes	_____
Miss Gandy	_____

TO: DIRECTOR, FBI (46-56049)

FROM: SAC, WFO (46-9017) (RUC)

VARO COMPANY INC., GARLAND, TEXAS:
 DAYTON T. BROWN COMPANY, BOHEMIA, L.I., NEW YORK:
 UNSUBS; Employees U.S. Naval Air Systems Command,
 Washington, D.C.:
 UNSUBS; Employees U.S. Naval Aviation Supply Office,
 Philadelphia, Pennsylvania
 FAG; CONSPIRACY
 (OO:PH)

Re WFO airtel to Bureau dated 7/11/68.

Enclosed for the PH office is a copy of the
 final GAO report, "Review of the Procurement of Nitro-
 gen Receivers for Sidewinder Air-To-Air Missiles - De-
 partment of the Navy", dated July 25, 1968, made avail-
 able on 7/26/68 by _____ Assistant General
 Counsel, GAO.

REC 27

- ② - Bureau
 2 - Philadelphia (46-4651) (Enc. 1)
 1 - WFO

AJS:kte
 (5)

AIRTEL

Approved: 51 AUG - 8 1968
 Special Agent in Charge

Sent _____

RECEIVED - FBI
 M Per _____

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE Philadelphia	OFFICE OF ORIGIN Philadelphia	DATE AUG 27 1968	INVESTIGATIVE PERIOD 7/10 - 8/12/68
TITLE OF CASE VARO COMPANY, INC., GARLAND, TEXAS; DAYTON T. BROWN COMPANY, BOHEMIA, L.I., NEW YORK; UNSUBS; Employees, U.S. Naval Air Systems Command, Washington, D.C.; UNSUBS; Employees, U.S. Naval Aviation Supply Office, Philadelphia, Pennsylvania		REPORT MADE BY EDWARD J. KAIL, JR.	TYPED BY lam
		CHARACTER OF CASE FAG - CONSPIRACY	

References

Philadelphia report of SA [redacted] 7/21/68;
WFO letter to Bureau, 7/11/68;
WFO airtel to Bureau, 7/30/68.

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Leads

PHILADELPHIA

At Philadelphia, Pa.

Will maintain contact with AUSA [redacted]
EDPA, for a definite prosecutive opinion and further investigation
desired by him.

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ACCOMPLISHMENTS CLAIMED						NONE	ACQUIT- TALS	CASE HAS BEEN:
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES			
								PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

APPROVED

SPECIAL AGENT
IN CHARGE

COPIES MADE:

- 4 - Bureau (46-56049)
1 - USA, EDPA (JRG)
2 - Philadelphia (46-4651)

DO NOT WRITE IN SPACES BELOW

46-56049-18	REC 44
15 AUG 28 1968	EX-100

Dissemination Record of Attached Report

Notations

Agency	1000/1 La RPO
Request Recd.	
Date Fwd.	
How Fwd.	277
By	JSif 9/5/68

59 SEP 6-1968

SIX
STAT. SECT.

PH 46-4651

Administrative Data

When returning the nitrogen bottle #529 to [redacted] upon the completion of the examination by the FBI Laboratory, it was learned from [redacted] that he had previously had the bottle examined by a private concern to wit [redacted]

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[redacted] was admonished for not making the fact of the previous examination known at the time he made the bottle available particularly since he was specifically asked by the agents receiving the bottle if it had ever been out of his possession since its return from Government testing. [redacted] had indicated at that time that the bottle had been continually in his possession. [redacted] apologized for his failure to make the information available claiming that he was acting upon the advice of his attorney who advised him to tell no one of the examination by the afore-mentioned firm.

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, EDPA. (JRG)

Report of: EDWARD J. KAIL, JR.

Office: Philadelphia, Pennsylvania

Date: AUG 27 1968

Field Office File #: 46-4651

Bureau File #: 46-56049

Title: VARO COMPANY, INC.,
GARLAND, TEXAS;
DAYTON T. BROWN COMPANY,
BOHEMIA, L.I., NEW YORK;
UNSUBS; Employees, U.S. Naval
Air Systems Command,
~~CHARACTERS~~ Washington, D.C.;
UNSUBS; Employees, U.S. Naval
Aviation Supply Office,
~~SYNOPSIS~~ Philadelphia, Pennsylvania

Character: FRAUD AGAINST THE GOVERNMENT - CONSPIRACY

Synopsis: AUSA [] EDPA, advised that he would subpoena the records of Dayton T. Brown Company in view of the General Accounting Office's report being forthcoming. He stated he would not subpoena the records until he had a chance to review the report. The General Accounting Office's report was made available by [] assistant general counsel, The nitrogen bottle was returned to []

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Details:

PH 46-4651

WFK/lek

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On July 10, 1968, [redacted] Assistant General Counsel, General Accounting Office, advised he was presently reviewing the draft of the final General Accounting Office report concerning [redacted] protest of the award of a negotiated contract by Navy to Varo Company, Incorporated. He said his review would be completed shortly and a copy of the final General Accounting Office report would be available in approximately ten days.

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On July 17, 1968, Assistant U. S. Attorney [redacted] Eastern District of Pennsylvania, Philadelphia, Pa., was advised by SA [redacted] of the above information furnished by [redacted] stated that

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[redacted]

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[redacted] report was furnished to Assistant U. S. Attorney [redacted]

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On July 25, 1968, [redacted] was telephonically contacted at Willow Grove, Pa., to arrange for the return of his Nitrogen bottle. Arrangements were made to meet him on Monday, August 5, however, he subsequently canceled this appointment and after several conflicts in schedules, arrangements were made to return the bottle on August 12, 1968.

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FEDERAL BUREAU OF INVESTIGATION

Date August 22, 1968

was contacted at his place of business in Willow Grove, Pa., at which time nitrogen bottle #529, which he had previously made available, was returned to him.

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On 8/12/68 at Willow Grove, Pa. File # Philadelphia 46-4651

by SA EDWARD J. KAIL, JR. and
SA EJK/lam Date dictated 8/16/68

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

- 3* -

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE PHILADELPHIA	OFFICE OF ORIGIN PHILADELPHIA	DATE 12/19/68	INVESTIGATIVE PERIOD 10/9/68 - 12/17/68
TITLE OF CASE Varo Company, Inc., Garland, Tex.; Dayton T. Brown Company, Bohemia, L.I., New York; UNSUBS; Employees, U.S. Naval Air Systems Command, Washington, D.C.; UNSUBS; Employees, U.S. Naval Supply Office, Philadelphia, Pa.		REPORT MADE BY EDWARD J. KAIL, JR. (A)	TYPED BY ELC
		CHARACTER OF CASE FAG - CONSPIRACY	

References

Philadelphia letters to Director, 10/21/68 and
12/5/68.

Bureau letter to Philadelphia, 12/12/68.

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Leads

PHILADELPHIA:

AT PHILADELPHIA, PA.

Will, upon receipt of the reasons for declination
from AUSA [] submit a closing report.

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ACCOMPLISHMENTS CLAIMED						NONE	ACQUIT- TALS	CASE HAS BEEN:
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES			
								PENDING OVER ONE YEAR <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO PENDING PROSECUTION OVER SIX MONTHS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

APPROVED

SPECIAL AGENT
IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:

4 - Bureau (46-56049)

1 - USA, EDPa.

2 - Philadelphia (46-4651)

46-56049 21 REC 1

16 DEC 24 1968

EX 106

Dissemination Record of Attached Report				Notations
Agency	1 cc ONI	2 cc RAO		
Request Recd.				
Date Fwd.				
How Fwd.				
By	56 JAN 6	1969		

STAT. SECT.

D. W. B. [Signature]
R. [Signature]

PH 46-4651

Administrative Data

The extended period of investigation is due to instant report containing contact dates set out in referenced Philadelphia letters.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, EDPa.

Report of: EDWARD J. KAIL, JR. (A) Office: Philadelphia,
Date: December 19, 1968 Pennsylvania

Field Office File #: 46-4651 Bureau File #: 46-56049

Title: VARO COMPANY, INC., GARLAND, TEXAS;
DAYTON T. BROWN COMPANY, BOHEMIA, L.I., NEW YORK;
UNKNOWN SUBJECTS; EMPLOYEES, U.S. NAVAL AIR
SYSTEMS COMMAND, WASHINGTON, D.C.;
UNKNOWN SUBJECTS; EMPLOYEES, U.S. NAVAL SUPPLY
Office, PHILADELPHIA, PA.

Character:

Synopsis: FRAUD AGAINST THE GOVERNMENT - CONSPIRACY

AUSA [] advised that he was declining prosecution in this matter and was in the process of formulating his reasons for his declination. He stated he was advising the Department of Justice of the reasons and would make a copy of the letter available to this office.

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DETAILS: On October 9, 1968, Assistant U.S. Attorney [] [] was contacted regarding this matter whereupon he advised that due to a rather heavy trial calendar these past weeks he has been unable to review the matter sufficiently to formulate a definite prosecutive opinion. He related he contemplated reviewing the matter thoroughly within the next two or three weeks after which he would furnish a definite prosecutive opinion.

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On October 29, 1968, and November 6, 1968, an attempt was made to contact Assistant U.S. Attorney [] concerning an opinion in this matter; however, he was unavailable.

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PH 46-4651

On November 12, 1968, [] was contacted and advised he had not had an opportunity to review the case; however, he intended to do so in the immediate future and indicated he would do so during the week of November 18, 1968.

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On November 22, 1968, an attempt was made to contact Assistant U.S. Attorney [] and again he was not available. On December 3, 1968, Assistant U.S. Attorney [] was contacted and advised that he was in the process of reviewing the case and would furnish an opinion in the immediate future.

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On December 17, 1968, Assistant U.S. Attorney [] was contacted whereupon he advised he had been contacted by the Department of Justice and requested to render an opinion in this matter. He stated he has reviewed the matter in detail and has decided to decline prosecution; however, was in the process of formulating his reason for declination and would make a copy of his reply to the Department available to this office.

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE PHILADELPHIA	OFFICE OF ORIGIN PHILADELPHIA	DATE 1/31/69	INVESTIGATIVE PERIOD 1/14/69
TITLE OF CASE Varo Company, Inc., Garland, Tex.; Dayton T. Brown Company, Bohemia, L.I., New York; UNSUBS; Employees, U.S. Naval Air Systems Command, Washington, D.C.; UNSUBS; Employees, U.S. Naval Supply Office, Philadelphia, Pa.		REPORT MADE BY EDWARD J. KAIL, JR.	TYPED BY TAM
		CHARACTER OF CASE FAG - CONSPIRACY	

REFERENCE

Report of SA EDWARD J. KAIL, JR., 12/19/68.

*Reg. Act. & Gen. Schwaicher.
submitted by USA [unclear]
2-11-69
DWB/B*

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- A* - COVER PAGE

ACCOMPLISHMENTS CLAIMED NONE						ACQUIT- TALS	CASE HAS BEEN:
CONVIC.	AUTO.	FUG.	FINES	SAVINGS	RECOVERIES		

APPROVED

COPIES MADE:

SPECIAL AGENT
IN CHARGE

DO NOT WRITE IN SPACES BELOW

④ - Bureau (46-56049)

1 - USA, EDPA

1 - Philadelphia (46-4651)

46-56049-22	REC-39
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 6 JAN 31 1969 </div>	

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Dissemination Record of Attached Report				Notes
Agency	Request Recd.	Date Fwd.	How Fwd.	<i>JS: [unclear] Rm [unclear]</i> <i>2/11/69</i>
By				

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to: 1 - USA, EDPA

Report of: EDWARD J. KAIL, JR.
Date: January 31, 1969Office: PHILADELPHIA,
PENNSYLVANIA

Field Office File #: 46-4651

Bureau File #: 46-56049

Title: VARO COMPANY, INC., GARLAND, TEXAS;
DAYTON T. BROWN COMPANY, BOHEMIA, L.I., NEW YORK;
UNKNOWN SUBJECTS; EMPLOYEES, U.S. NAVAL AIR
SYSTEMS COMMAND, WASHINGTON, D. C.;
UNKNOWN SUBJECTS; EMPLOYEES, U.S. NAVAL SUPPLY
Character: OFFICE, PHILADELPHIA, PA.

FRAUD AGAINST THE GOVERNMENT - CONSPIRACY

Synopsis:

AUSA [] made available a copy of his letter to the Department of Justice setting forth his reason for declining prosecution in this matter. Details of this letter are set out.

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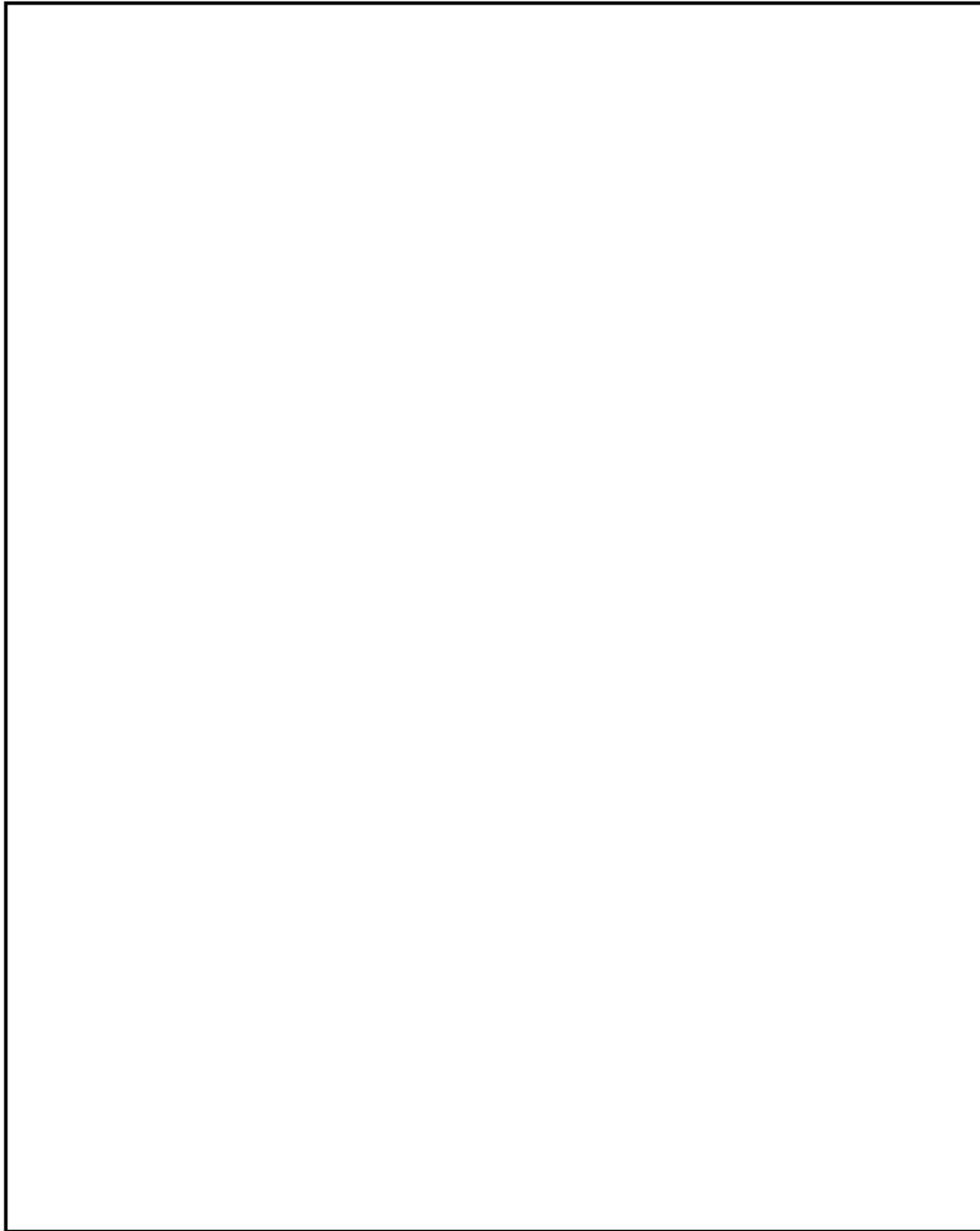
- C -

DETAILS:

On January 14, 1969, Assistant U.S. Attorney [] made available a copy of the letter he forwarded to the Department of Justice setting forth his reasons for declining prosecution in this matter. Set out below are [] reasons as set forth in the above letter.

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PH 46-4651



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In view of the above, no further investigation is being conducted by this office and this matter is being considered closed.