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SECURITY CLASSIFICATION (if any)

~~SECURITY INFORMATION~~EO 3.3(h)(2)
PL 86-36/50 USC 3605

FILE NO.

SUBJECT

Developments in Case

TO AFSA-OOT

FROM AFSA-O2T

DATE 18 Sept 1952

COMMENT NO. 1

1. As you requested on 16 September 1952, I am forwarding copies of correspondence concerning latest developments in the case: the AFSA-O2 memo of reply.

2. For your information, Dr. Hugh F. Gingerich arrived AFSA Field Activity, Europe, 11 September 1952.

3. Please return the attached correspondence to this office for filing.

A. Sinkov

A. SINKOV
Technical Director
Office of Operations

Enclosures:

a/s

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Declassified and approved for release by NSA on 11-13-2014 pursuant to E.O. 13526

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6 August 1952

TO: Capt. J. S. Harper, USN
Attn: Mr. A. V. Foley, AFSA-202L

SUBJECT: [REDACTED]

EO 3.3(h)(2)
PL 86-36/50 USC 3605

1. Reference is made to [REDACTED] in which are given the terms [REDACTED]

2. The [REDACTED] has advised that, with the exception of paragraph 2(f) of the reference, these terms are acceptable. In lieu of 2(f), they propose that [REDACTED] would contact some U.S. commercial firm, such as Westera Electric, for arranging U.S. production of the following:

[REDACTED]

They further propose that [REDACTED]

3. In addition to the foregoing, the [REDACTED] also agrees that the U.S. review all future developmental items prior to their submission to a third party other than [REDACTED]

4. In regard to the construction of the [REDACTED] the purchase of which is now being negotiated, they indicate that immediate construction of this unit is possible with delivery estimated within ninety days. They also request that the U.S. technicians who are to participate in its construction dress in civilian clothes and use [REDACTED] for all travel in connection with the actual construction work.

5. If AFSA concurs with the foregoing, our representative in [REDACTED] will be instructed accordingly in order that the negotiations may be continued to effect an early delivery of [REDACTED]

[REDACTED]

OGA

[REDACTED]

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22 August 1952

TO: Capt. J.S. Harper, USN

Attn: Mr. A.W. Foley, AFSA-202L

SUBJECT: [redacted]

EO 3.3(h)(2)
PL 86-36/50 USC 3605

1. Reference is made to [redacted] of 6 August 1952.

[redacted]

3. It is requested that AFSA advise this office at an early date if this proposal of the [redacted] is acceptable.

OGA

[redacted]

[redacted]

Attachment: 2 pp

cc; [redacted]

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~~15 July 1952~~

SUBJECT: [redacted]

EO 3.3(h)(2)
PL 86-36/50 USC 3605

REF: Your letter Nr. 4922 of 5 June 1952

1) On behalf of the [redacted] we accept your proposal of 5 June for the purchase of [redacted] as follows:

a) One unit will be purchased at a cost of [redacted]

b) Two American technicians will participate in the construction of the machine. Place suggested: [redacted]

[redacted] or vicinity daily, can take part in the construction almost unnoticed.

Date: The construction can start immediately if requested, approx. time required: 2 - 3 months.

c) The [redacted] has the assurance of the United States Government that the patent rights in the United States will be protected.

d) One third of the sum to be paid at conclusion of agreement, one third 3 months later; the final payment upon delivery. Should the machine be ready before the second payment becomes due, then the remaining two thirds of the sum become due, after the machine has been approved of by the US experts.

[redacted]

e) [redacted] provide circuit diagrams and operating instructions with

f) The machine will be delivered in [redacted]

g) As arranged verbally we have taken up negotiations with [redacted] which is going to manufacture the direct line, i.e., a small electric apparatus for producing punched tape (one-time pad) and the two apparatus which are added to the telewriter for the automatic coding and de-coding. It will take at least one year before production can start. It is suggested that [redacted]

[redacted]

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The [redacted] (the large machine for producing key material plus punched tape as indicated in 1) a) is not suitable for a commercial proposition and is going to be produced in small quantities in such a manner that the [redacted] will produce most of the individual parts, the assembling to be done by the [redacted]. It is however, expected that the price will be very much reduced by such a procedure.

- 2) According to previous oral information, the best hand coding machine known so far is the one produced by HAEELIN, as far as the mechanical parts are concerned. The de-coding safety has been inadequate and was repeatedly turned down by [redacted]. To construct a new machine not only be a matter of at least 2 years loss in time but also considerable efforts would have to be made in order to circumvent the many patents for purely mechanical parts in the HAEELIN machine.

The [redacted] has a patented device, a [redacted] which if applied to the HAEELIN machine would improve the safety degree of the coding machine from about 60% at present to about 90% with this new device. The HAEELIN machine being well known and widely used among the Western states in spite of its inadequacy we thought it advisable to combine the mechanical qualities of this machine without device, thereby having an excellent machine for the Western defense system. We have made arrangements with HAEELIN to this effect and shall keep you informed of the progress of the combined efforts.

- 3) Regarding the 2 remaining points of the present programme, i.e. a large electrically operated coding machine with a very high degree of safety and the speech scramble we agree to your proposal para 2 of your letter of 5 June 1952, i.e. for these two items or any other item developed in future [redacted] the U.S. government will have the opportunity to review them prior to their being submitted to any other third party other than [redacted].
- 4) As this is an arrangement with the US government we do not consider it necessary to make a formal contract with [redacted] but suggest that this letter and your confirmation be sufficient for the deal, being more in the nature of a gentleman agreement.

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25 August 1952

EO 3.3(h)(2)
PL 86-36/50 USC 3605

TO: Capt. J.S. Harper, USN

Attn: Mr. A.W. Foley, AFSA-202L

SUBJECT: [redacted] Cryptographic Device

REF: [redacted] 6 August 1952

1. In reference to the [redacted] cryptographic device noted in KJ-3809(1), [redacted] it is believed that the [redacted] [redacted] is a cryptographic device designed for commercial exploitation. During the last meeting with [redacted] technicians, the device was described as consisting of a single generator producing random tapes to be used with equipment similar to TOT (131 B 2 and 79 EY). The [redacted] differ only in utilization, [redacted] being intended for use where limited crypto material production is required. In contrast the [redacted] is primarily designed for production of a large quantity of deversified types of crypto material.

OGA

[redacted]

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[redacted]

[redacted]

cc: [redacted]

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17 September 1952

SUBJECT: [redacted]

EO 3.3(h)(2)
PL 86-36/50 USC 3605

TO: [redacted]

Attention: [redacted]

Reference: [redacted] dated 23 May 1952, same subject

OGA

1. Reference is made to [redacted] dated 22 August 1952, subject as above which forwarded a copy of a letter from the representative of [redacted]

2. With one exception the proposal of [redacted] for the purchase of the [redacted] is acceptable to this Agency. That exception relates to item 1 b. subject proposal which reads:

"Two American technicians will participate in the construction of the machine....."

3. In this regard, the AFSA position is essentially that which was stated earlier in our memorandum referenced above. In effect we are prepared to send a technician for a brief period, say 30 days, to participate in the construction of the machine. Based upon the recommendation of this technician, we will consider sending one or two additional technicians for possibly a longer stay.

4. In consideration of the foregoing I have designated Dr. Hugh F. Gingerich of this Agency as the initial U. S. representative for this mission. Dr. Gingerich is at present assigned to the USIO Office where he has just completed a six months tour of duty with that unit at GCHQ. He is being directed by the USCIB Coordinator to proceed to [redacted] as soon as possible and [redacted]

[redacted] Upon completion of his assignment he will return to the U.S. and report to the Chief, Office of Operations, AFSA.

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J. R. DENNIS
Captain, U. S. Navy
Acting Chief
Office of Operations

[redacted]

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