

KDN

Office Memorandum • UNITED STATES GOVERNMENT

TO : J. C. Clarke, Contract Coordinator

DATE: October 11, 1949

FROM : E. Diamond, Assistant General Counsel *ED*

SUBJECT: AMENDMENT NO. 43 TO CONTRACT NO. W-7405-ENG-276 WITH HARSHAW CHEMICAL COMPANY

REFER TO

SYMBOL: GC:CHS

The subject amendment covers the negotiated prices for all items to be produced by Harshaw Chemical Company under Contract No. W-7405-eng-276 during the period from October 1, 1949 to December 31, 1949.

As you may know, payments for items produced under this contract are being withheld due to evidence of possible fraud in connection with certain Chemical HL-7 previously produced and paid for. At the Washington level consideration is now being given to this matter, including the propriety of a resumption of payments for at least some items under the contract. It is expected that the Comptroller General's office will be contacted.

We have no objection to your forwarding the subject amendment to Harshaw for its execution. This procedure would serve to facilitate Commission execution should same be deemed appropriate after conclusion of the study being made in Washington. Pending clarification of the matter, we recommend that Commission execution of this amendment be deferred.

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