

Mr. MONAGAN. First I will ask counsel, do you have any questions?

Mr. ROMNEY. I have a broad question I might ask pertaining to assignments which apparently have been approved for the further GAO study which you stated would be ready by the end of August.

Mr. DiGIORGIO. This is just one. There have been approved for further review two which we have currently underway. One of the two currently underway is MLS and also one dealing with a review of the disposal actions relating to FRELOC.

Mr. ROMNEY. May I ask you to comment on the purpose of your making these studies with respect to FRELOC, and I would like you to address yourself to this question in addition: Is FRELOC unique, and if the purpose of the GAO's inquiry relates to a unique happening, is the purpose perhaps in this regard academic?

Mr. DiGIORGIO. We have tussled with this from the start, as you can imagine, going back to September. Our concern is not with the fact it is unique in terms of the function involved in moving this property, but in terms of the time in which it has to be done. Also, as we all know, and it is trite to say so, but haste does make waste, and my personal feeling is they have had too much to do in a short time to do it without problems. The outgrowth of these activities, which are normal, is something that goes on daily and routinely. The custody and accounting of the property is daily and routine, and the storage of the property is daily and routine, but in FRELOC each was an expedited action and required a high degree of coordination as to the best use of the equipment in France, and this is where it is unique, essentially, not in any other terms, and I think the assignments we are currently undertaking are really not to review a new area of activity but to determine the extent to which what has occurred up to now may not have been correct and may have resulted in the retention of equipment that should not have been retained in the European theater but rather redistributed to other theaters; to others like AID or MAP, or sold.

Mr. MONAGAN. How about the question of whether it might have resulted in the disposal of property that might otherwise have been utilized?

Mr. DiGIORGIO. This is part of the work we are doing. We are concerned with dispositions that have occurred in the past and that will occur. Our concern will be with how the military determines it should be disposed of. In other words, we are in the process now of trying to establish the criteria for giving an item at a base or perhaps as excess to PDO, and the values received for this property are traditionally very low. We are aware of that. Our concern will be not only with the value assigned to it but with the actual factors that are considered, and one of our prime concerns, which I mentioned before, is to understand whether or not all factors that should be considered in setting a fair value are considered or are considered thoroughly prior to a sale. Our ability in this area is limited. In the MLS sales this can be a long protracted activity even after the signing of a contract document.

Mr. MONAGAN. Have most of the sales of the excess property been completed by now?

Mr. DiGIORGIO. I think they have moved physically most of the stock. There is much in terms of asset value that remains.

Mr. MONAGAN. But not in France?