

revealed that the quality of JAMC's rehabilitation work was not at an adequate level. More importantly, it clearly indicated that JAMC was charging AID for work not actually performed. All of the inspected vehicles were reworked to acceptable standards at JAMC's expense before being shipped to Korea. The freeze on payments to JAMC remained.

"ALLEGATIONS OF NONPERFORMANCE BY JAMC"

Third, during April, the subcommittee's inspection team arrived in Tokyo after visiting several other AID countries. In these countries, the subcommittee staff heard allegations of nonperformance by JAMC. These allegations appeared to be confirmed by the Army's inspection of the 2½-ton trucks. The subcommittee staff recommended that further payments to JAMC be stopped and that a full-scale investigation of the contract and of AID's Tokyo office be undertaken.

Fourth, on April 29, AID dispatched a special investigation team to Tokyo. This team—with special help from the Department of Defense and a private contractor named ARENCO—inspected the inventory of completed equipment at JAMC; JAMC's accounting and management methods used on the contract; AID's supervision of the JAMC contract; and the management of the Tokyo Excess Property Office. During this inspection, the AID team also had the benefit of a

AID'S MISMANAGEMENT OF THE EXCESS PROPERTY PROGRAM 31

CORRECTIVE ACTIONS TAKEN PROVE BENEFICIAL

Once aware of our management problems, we instituted corrective actions covering not only the JAMC contract, but also the entire management of the advance acquisition program.

We made claims against JAMC and recovered over \$59,000 in payments to JAMC from August 1966, through January 1967. Our settle-

NEW BIDS SOLICITED FOR NEXT SPRING

We are not extending the existing JAMC contract when it expires next March. Instead, we intend to resolicit Japanese industries for new bids. In the meantime, we are (1) increasing the authorized onsite supervision of the contract from one to two Americans (this may be on the basis of an evaluation now being made for us