tially higher than the 10 percent he represented to the Government.

The General Accounting Office considered that the contractor was not entitled to these excessive profits under the circumstances. The Navy and the Department of Defense agreed with the General Accounting Office. In July 1962 the Navy withheld payment to the contractor of about $4 million, to recover the excess profit. In November 1964 the Navy Auditor, after an extensive and thorough review, made a formal determination that the $4 million was not reimbursable under the Government's contracts. In January 1965 the contractor appealed the Navy Auditor's decision. This appeal was ultimately turned over to the Defense Contract Audit Agency and, in February 1966 the Defense Auditor responsible for auditing this contract, issued a preliminary decision substantiating the Navy's prior action in disallowing the $4 million. In June 1967 the contractor made a further appeal of the case to Defense Contract Audit Agency Headquarters.

Now, in April 1968, the Defense Contract Audit Agency has completed a new audit of these 10-year-old-orders. This new audit concluded that the contractor is entitled to be paid the excess profit he obtained, despite his submittal of these breakdowns.

I cannot understand what caused this reversal. Apparently, the contractor's lawyers came up with a line of reasoning that the Defense Auditor has been able to accept as adequate to support the contractor's claim to these excess profits.

The contractor's lawyer and the Defense Auditor now argue that the Navy closely supervised the contractor's operations and was fully cognizant of the facts concerning these contracts at the time the contracts were let. They argue that because the Navy agreed to the contractor's use of a fixed-price contract instead of a cost-type contract, the Navy, rather than the contractor, was at fault for the higher profits. With respect to the contractor's breakdowns showing a 10-percent profit, they state that the Navy's purpose in requesting these breakdowns "was not clear" and the breakdowns "served no real purpose."

Apparently, the contractor and the Defense Auditor have concluded that a contractor's breakdown doesn't mean anything. Apparently, it is proper to tell the Government 10 percent when you expect to make 45 to 60 percent.

When a corporation submits a price or cost breakdown to the Government, I believe the corporation and the officials involved should be held responsible for its accuracy. Since the corporation has won the rights as a citizen under law, why, then, shouldn't it and its officials have the corresponding obligations and responsibilities of a citizen? It is one of the glories of Anglo-Saxon jurisprudence that every official is responsible for his acts. It was not the corporation but its officials that gave the Government this information. However, it appears that they will now be excused for their actions.

If an ordinary citizen were treated the way the Government was treated in this case, I don't think he would consider he had received a "square deal"; I think he would consider he had been subjected to sharp practices.

What is even more disturbing is the manner in which the matter is being handled. It was only indirectly from one of my field representatives that I learned a new audit had been made. I had to request an opportunity for the Navy to review the Defense Auditor's recommen-