

As indicated earlier in my statement a system is currently under joint development to provide better identification of shelf life items. As a byproduct of this study we expect to be able to pass on to the initial purchaser some shelf life information such as the shelf life expiration date which applied to use of the item for military purposes. We believe such information would be helpful if passed on to the ultimate purchaser but we know of no practical way for us to insure that it is passed on.

Question VI.—Your letter also asked about the rejection and sales of coffee produced by the Hixson Coffee Co.

The Defense Supply Agency purchased coffee from the H. H. Hixson Co., Chicago, Ill., in 1962 and 1963. There were customer complaints and information was received from the Veterans' Administration indicating that the company had willfully delivered nonspecification coffee to that Agency; therefore, inspection was performed of the coffee still on hand in our warehouses.

This inspection revealed that the coffee contained a "robusta" coffee not permitted by specifications. The circumstances were reported to the Department of Justice and all stocks of the nonconforming coffee were frozen. I don't mean that literally. Just held.

In February 1965 the Department of Justice entered into an agreement with the company concerned whereby title reverted to the company which agreed to pay the Government settlement. The coffee was held as collateral to be released to the company, in increments, as reimbursement was effected.

In January 1967 the Department of Justice advised the Defense Supply Agency that the company was undergoing bankruptcy proceedings and requested that DSA sell the remaining coffee by public sale to recoup as much of the Government's loss as possible. Although the coffee did not meet Government specifications, a determination was made that it was marketable because it could be rebledended with other coffee strains to produce an acceptable blend.

Accordingly, we sold the remaining 626,371 pounds. The invitation for bids, used in the sale, contained information alerting prospective purchasers that the coffee contained varying amounts of robusta. They also included a condition of sale—article Y—requiring the purchaser to warrant he would not represent the coffee as meeting Government specifications.

Six buyers purchased the coffee. Two buyers rebledended the coffee, one buyer blended some and sold some as it was, and three sold all of the coffee as it was.

All six buyers were reminded of the obligation with respect to article Y of the contract. We also advised the Federal Trade Commission of the sales of the coffee. The Federal Trade Commission in turn advised the Food and Drug Administration.

This was done immediately when it was called to our attention that the coffee was being sold without being rebledended.

As I stated earlier, our defense surplus sales offices do not normally become involved in disposition actions of this type.

Mr. ROSENTHAL. You say in this statement that all the buyers were told they could not represent the coffee as meeting Government specifications.