

M-158 PRODUCERS

Mr. ROBACK. General Anderson, go back for a moment to tab A, the second page. I notice that Brown Engineering and A. C. Electronics are both in Huntsville. Is that a coincidence or are they connected in any way?

Mr. SCHAEPLI. I can answer that.

There is no connection between the two except that they are suppliers to each other.

Mr. ROBACK. They do supply each other?

Mr. SCHAEPLI. Some parts; yes, sir.

Mr. ROBACK. Are they affiliated?

Mr. SCHAEPLI. No, sir; none whatsoever.

Mr. ROBACK. There is no common ownership of any kind?

Mr. SCHAEPLI. No, sir.

Mr. ROBACK. Have they subcontracted mutually on this contract?

Mr. SCHAEPLI. Yes, they have.

Mr. ROBACK. Is this a joint venture?

Mr. SCHAEPLI. No, sir.

Mr. ROBACK. Was this separate? There was not any bidding on these?

Mr. SCHAEPLI. Oh, yes, sir; not on the Brown. Brown was sole source.

Mr. ROBACK. Why did you go to Brown on a small number for an urgency requirement at this time? Did this follow because of the Chromcraft difficulty?

General ANDERSON. Yes, sir.

First, we did not go to Chromcraft because they had since been debarred.

Mr. ROBACK. In other words, they were on the suspended list?

General ANDERSON. Yes.

Mr. ROBACK. They have not been debarred yet, as I understand it.

General ANDERSON. Yes; so not having that availability, we went to Brown Engineering. One of the reasons was because they were the second low bidder on the previous procurement.

Mr. ROBACK. All right.

General ANDERSON. They were familiar with the drawings. They had production capacity available, and were willing to meet a highly accelerated schedule.

Mr. ROBACK. Was that their bid price?

General ANDERSON. The \$568, sir?

Mr. ROBACK. Were they the second low bidder at \$568?

General ANDERSON. No, sir. They bid \$481.70. But there was quite a difference. The first was for 1,800-odd launchers. The second was for 330, and called for an accelerated schedule.

Mr. ROBACK. How do you account for the rather striking disparity between these two mutual suppliers located in the same town; even though the quantity differences are there, they are not what you would call really decisive.

General ANDERSON. You are speaking of the difference, Mr. Roback, between—

Mr. HOLIFIELD. \$398 and \$568.

General ANDERSON. As between A. C. Electronics. Well, as I mentioned, the Brown Engineering bid on a highly accelerated schedule.