

Mr. MONAGAN. Could I ask something here. In the case of the trucks for which you were getting \$495, have you any figures there as to what percentage either of acquisition value or of market value that \$495 would represent?

Colonel DAVID. I really cannot answer that question specifically, but I will give you—the \$495 offer that we got from the company was the same company that offered us only \$75 on the group of vehicles; the reason for the low offer was that as a result of the first transaction the manufacturer determined that they were not worth \$495 and he couldn't sell them, and it cost too much to get them repaired. So in considering the second group of vehicles the best offer he would make was \$75 or scrap value.

Mr. MONAGAN. What you are saying is that this was probably close to a sort of market value of the equipment at that time. The reason I ask is that there is another consideration that we are interested in, and that is the possible use of equipment in the donable program. When the return falls to a certain level, it might well be more important from the public welfare point of view that it be donated and be sold, and that is why I wondered if you had any information as to that.

Colonel DAVID. Well, it turned out to be more than fair market value because he could not sell the same vehicles for the amount of money he gave us for the first group of vehicles.

Mr. MONAGAN. Mr. Copenhaver.

Mr. COPENHAVER. Colonel David, on the first item of the \$475 or \$490 per truck, was that offer for a sale or exchange under competitive bid?

Colonel DAVID. Yes, it was.

Mr. COPENHAVER. And the second also?

Colonel DAVID. Yes; it was.

Mr. ROMNEY. The implementing instructions which I have seen do not make clear who specifically determines whether in a given case the item would warrant the expense and effort of exchange/sale in view of the expected return, and I am still not clear as to what is the procedure now as these implementing instructions begin to move into effect. Who is going to make the specific decision, at what level?

Colonel DAVID. Mr. Romney, a contracting officer in the Department of Defense has a moral responsibility of obtaining the best prices that he can either if he is buying something or selling something. And we in accordance with the Armed Forces procurement regulations have actually delegated the responsibility of making this determination to a certified contracting officer, when it comes to the fair market value of a particular item. There may be other judgments taken into consideration, as I tried to explain on this 3,000 vehicle deal where it came all the way up to the Secretary of Defense level. But in most cases it is left to the judgment of the individuals who have the requirement and the person who has the selling responsibility, or the trade-in responsibility. When it comes to the sale, that is entirely different, because sales are accomplished by competitive bid through the normal invitation for bid procedures. The trade-in is the only area where judgment basically takes effect.

Mr. ROMNEY. You say it does not occur in the DOD sales because the history of the prior sales prices is a basis for making this decision?