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OP-215

Micronesia Metal and Equipment Company, Inc. contract; status of

- Ref: (a) Contract No. T.T. 17. An agreement made on 30 November 1951 by the Government of the Trust Territory of the Pacific Islands and the Micronesia Metal and Equipment Co., Inc.
- (b) Supplemental Agreement made on 13 August 1953 by the Government of the Trust Territory of the Pacific Islands and the Micronesia Metal and Equipment Co., Inc.
- (c) Administrative Agreement between the Department of the Navy and the Department of the Interior with respect to the Transfer of Responsibility for the Administration of the Government of Saipan District of the Trust Territory of the Pacific Islands effective 1 January 1953

Encl: (1) Proposed ltr to CINCPACFLT

1. Reference (a) authorized sale of certain property in the Trust Territory (scrap metal, supplies, machinery, equipment, etc.) for a period of two years from 30 November 1951.

2. Supplemental Agreement negotiated on the 13th day of August 1953 (reference (b)) amended the reading set forth in paragraph 1 to ". . . within three years from the date of this agreement, and continuing thereafter, subject to termination after November 30, 1954, by either party giving to the other at least sixty days written notice of such desire and intention to so terminate . . ." This agreement was signed by Frank E. Midkiff and Bruce Aitchison, the latter being President of Micro Metal.

3. Article I, Section B, paragraph 5 of OPNAVNOTE 5430 of 4 December 1953 (reference (c)) states "Effective on the date of transfer, the Navy Department will assume the authority and responsibility of the Government of the Trust Territory with respect to all contracts which relate wholly to property located in the Saipan District including contracts for the disposal of residual and abandoned surplus property. With respect to contracts relating to property both within and outside the Saipan District, the Department of the Navy will assume the authority and responsibility of the Government of the Trust Territory in the administration of the contracts insofar as the contracts relate to property located within the Saipan District, provided that no action will be taken by the Navy Department or the Government of the Trust Territory which could be grounds for termination of such contracts or any part thereof unless previously agreed upon by the High Commissioner and CinCPacFlt."

4. I have been informally advised by CDR Law, in answer to my query, that after 30 November 1954 the contract continues to run, subject to 60 days notice by

either the Government of the Trust Territory or Micro Metal. As he puts it ". . . . NAVAD Saipan and COMNAV MARIANAS were outvoted on this deal. We wanted a separate contract for the Saipan District with a definite termination date." If this is the case it is in variance with the provisions of reference (c) which was approved by both SECNAV and SECINTERIOR.

5. Enclosure (1), prepared for your signature, requests CINCPACFLT to provide CNO with specific information regarding the status of this contract.

Very respectfully,

L. G. FINDLEY