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...the report, the contract  
...gross income. From this amount  
...business expenses incurred by him in preparing  
...and other expenses which  
...is subject to Federal income taxation.

As an alternative to the report the contract could be re-written as  
...\$500. Under this method Dr. Heath would  
...incurred by him in the experiments  
...necessary to produce the report. As this full amount would be completely  
...would not have to report it on his Federal income tax  
return. This method is not recommended because it ties us in writing too closely  
with the actual experimentation to be done by Dr. [redacted]. If something should  
happen as a result of his performing experiments on human beings, the contract  
would be an admission of liability to the experimentation that is presently  
being performed. It is not only, but it is proper, to  
report the results of the experiments. It would be  
...of the report.

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... [redacted] ...  
... [redacted] ...  
... [redacted] ...

His reporters would also like to know where [redacted] University fits in the picture. It was our understanding that the contract would be drawn directly between CIA and Dr. [redacted] and that the office is at [redacted] would not even be sitting. The message from the CO writer indicated some sort of a role when [redacted] or University is to play in this arrangement. We would like it clarified so as to know how to proceed with any necessary revision of the contract because of [redacted] participation therein.

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