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26 June 1956

MEMORANDUM FOR : Director of Central Intelligence

SUBJECT : Additional Funds Required, Project AQUATONE, FY 1956

1. It is recommended that DCI approval be granted to supplement Project AQUATONE 1956 FY money from \$15,800,000 to \$19,405,000, or a net increase of \$3,605,000, to permit the execution of contracts prior to 30 June 1956, which are essential to the continued operation of the project.

2. As you are aware the project, for the most part, was to perform a mission with equipments still in the research and development stages and while we had estimates from our suppliers indicating their best thoughts concerning the costs of manufacturing, several setbacks have been encountered which resulted in expanding considerably more than originally contemplated. For example the highly specialized communication gear and ELINT equipment it was thought could be manufactured at a cost of \$3,750,000, whereas these equipments are now costing us \$6,969,939, thereby precluding us from ordering necessary film and other essential items unless supplemental funds are made available. The funds requested would be utilized for the purpose and in the amounts stated as follows:

(a) Film, including the costs of chemicals and paper for duplicates	\$2,296,911.00
(b) Additional costs communication gear and ELINT equipment (included in the \$6,969,939 figure above)	1,203,328.00
(c) Additional costs Ryoan camera contract	99,261.00
	\$3,605,000.00

3. The 1957 FY Operational Budget will be reduced by the amount of \$3,605,000.00 when your approval is granted.



Deputy Project Director

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CONCURRENCE:

*151*  
Deputy Director (Support)

APPROVED:

*151*  
Director of Central Intelligence

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