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it can be determined can meet INSCOM's requirements at the least possible cost. ~~INSCOM also desires to develop personnel in the areas of concentration and focus. Cost of this training is not yet available.~~ (NOTE: DIA proposal states $120K from Army INSCOM all to be funded for an SRI effort. DIA maintains that Army had previously agreed verbally to provide $150K, then $120K and now possibly even less than $120K. Both LTC Watt and MAJ Stoner disagree and LTC Watt has a Memorandum for Record to back up statement.) .

(2) (S/NOFORN) DIA Made a unilateral decision to send the DIA primary contract monitor to SRI, Menlo Park, CA on Thursday 21st or Friday 22d of August. This was done prior to the MOU being approved by Director, DIA; Army, and Air Force ACSIs. NOTE: DIA states no one objected to the primary contract monitor going to the West Coast at the 18 Aug 80 meeting. Both LTC Watt and MAJ Stoner have gone on record previously objecting to the need for the contract monitor to physically locate himself at SRI for the following reasons:

(a) (S/NOFORN) If the GRILL FLAME Committee is in fact joint, the DIA has no right to make a unilateral decision such as they have prior to the MOU being signed. NOTE: DIA feels since DIA is funding [redacted] move it is no one else's problem. We feel if this decision is critized, DIA, Army, and Air Force will jointly be held responsible since we are a joint committee.

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(b) (S/NOFORN) If the primary contract monitor is located on the West Coast with SRI, we question how he can best monitor all additional contract efforts elsewhere. NOTE: DIA feels since SRI is best qualified in this project they will now, and probably continue to receive most of the contracts, therefore, it makes sense to maintain the contract monitor at that location.

(c) (S/NOFORN) The move of the primary contract monitor to SRI totally disregards the recommendation of the Department of the Army GRILL FLAME Scientific Evaluation Committee Report, dated December 79, page 10, para 3b. "Dependence on the SRI approach should be phased out." NOTE: DIA feels the Gale Report is biased and GRILL FLAME was doomed before it started, therefore, no one is going to accept its recommendations (especially when we are using Program III funds vice Program VI.

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(d) (S/NOFORN) The move of the contract monitor to SRI potentially decreases the operational security of the project. Hal Puthoff and Russ Targ are well known as so-called experts in the PSI area. To move a DIA contract monitor to work closely with them makes it difficult to deny DOD interest in PSI. NOTE: It appears DIA believes both LTC Watt and MAJ Stoner "have it in" for Dr. Verona's office, specifically [redacted] and all of these objections are directed at [redacted] At the risk of being accused of parochialism, MAJ Hay does not believe this to be the case. Both LTC Watt and MAJ Stoner believe that [redacted] from the very beginning constructed himself a position at SRI for personal gains, and that he skillfully sold the idea that he should be the "man" at SRI. has continuly misrepresented facts to Dr Verona.

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3. (U) IMPACT:

a. (S/NOFORN) If our proposed draft MOU is approved, INSCOM will likely fund $70K for contracts with SRI. SRI initially felt that it would be necessary to fund $500K to maintain an adequate program in PSI but reduced that figure to $450K. That figure was further reduced to $390K for FY 81 by the GRILL FLAME Committee. According to DIA, this will cause SRI to reduce the number of personnel working the project. If Army INSCOM further reduces the dollar figure ~~by $50K~~, SRI may pull out of the program. DIA firmly believes SRI, as configured with current personnel, is a national asset. MAJ Hay thinks that is stretching things a bit far, but does believe SRI efforts should continue if they can produce DOD requirements better than any other contractor at the least possible cost to DOD. If SRI did pull out, DIA's primary contract monitor would be left on the West Coast to monitor nothing, possibly causing the contract monitor to bring civil suit against ~~DOD~~ DIA for creating family hardships, loss of funds, etc. This would cause an embarrassing situation for LTG Tighe and Dr. Verona. Although Army and Air Force are not formally a part of the Joint Services GRILL FLAME Committee (no signed MOU) we have been very informally involved since 1978. This could cause some embarrassment to Army/Air Force.

b. (S/NOFORN) If SRI does not "pull out" and the DIA monitor remains at SRI, there may be at a later date some question dealing with the objections listed in paragraph 2(a)(b)(c)(d) above. Additionally, there is the potential for questions to arise dealing with possible conflict of interest, e.g., other contractors question the DIA primary contract monitor located at SRI offering work to other contractors without bias.

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4. (U) CONCLUSION:

a. (S/NOFORN) Dr. Verona is angry because he believes Army INSCOM is backing out of its commitment of $120K. His main concern appears to be the loss of the $120K from Army to go with the SRI program for FY 81. He feels strongly SRI will pull out if Army reduces the $120K further.

b. (S/NOFORN) The changing of the proposed MOU does not appear to bother Dr. Verona, except he does not feel, as program manager, he has to clear through the GRILL FLAME Committee before talking with Congress or anyone else about the program.

5. (U) OPTIONS:

a. (S/NOFORN) Army withdraw from the Joint Service Program.

Advantages	Disadvantages
(1) Freedom to spend Army money when and where we desire.	(1) We get less for our money as Joint Service contracts provides benefits from DIA/USAF programs, i.e., exchange of information.
(2) Manage our program without coordination/approval of DIA.	(2) Prevents duplication of effort.
	(3) If SRI as presently staffed should be considered a very valuable asset to Army, the program would suffer if there is no joint service contract.

b. (S/NOFORN) Army remain in the Joint Service Program as it is ~~now operating~~ proposed in the original MOU.

Advantages	Disadvantages
(1) Most cost effective.	(1) Army cannot spend money where they feel it can obtain best results.
(2) Appears to be better managed/ organized (at least on paper).	(2) DIA makes unilateral decisions without regard to service needs. Decisions could prove not in best interest of Army.
(3) Keeps the SRI effort going as currently staffed which may or may not provide DOD with long term benefits.	

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c. (S/NOFORN) Army remain in the Joint Service Program but modified as follows:

(1) (S/NOFORN) As stated in our proposed MOU (TAB A).

(2) (S/NOFORN) Go on record to object to DIA's unilateral decision for sending the primary contract monitor to SRI for reasons listed in paragraph 2a,b,c,d.

(3) (S/NOFORN) Approve $50K end of year funds to go to DIA to ensure $120K Joint Service Contract for FY 81 continues as DIA believed or stated they believed Army had committed prior.

Advantages	Disadvantages
(a) Keeps the Joint Service Program alive at least for one year.	(a) Could anger DIA and cause them some embarrassment.
(b) Should be more cost effective.	
(c) Should be better managed/ organized.	
(d) Should eliminate duplication of effort.	
(e) Should provide better exchange of information.	
(f) Should eliminate unilateral decisions by DIA.	
(g) Should allow Army INSCOM to obtain training from contractors other than SRI.	
(h) Should allow advance RV training and other beneficial training for INSCOM with the SRI team.	
(i) Prevent possible outside DOD embarrassment for LTG Tighe and Dr. Verona.	

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6. (U) RECOMMENDATION: Option C; if DIA refuses, go with Option A.

MAJ Hay/50114