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L.J. Wackett,
Care North American Aviation,
Inglewood, California.
March 24th, 1937.

Dear Brown,

There is a mail outward by the "Monterey" in a few days time so I have decided to write you a short letter.

Carroll duly arrived at Los Angeles and I have seen that he put in some useful work. I was not quite ready to go to Hartford, so that it was not possible to send him to the Pratt & Whitney works just yet. There has been an aircraft show here during last week, so that he had a chance to see lots of the latest accessories and both aircraft and engines. He has also had a chance to look into the installation of engines in the NA.16, also the N.A.A. machine shop (which section he will have to look after in the engine factory) and I also arranged visits to Pratt & Whitney's repair depot here and the Menasco Engine Factory. I hope to send him east as soon as the engine license is negotiated.

Smith and Bruce are here, and have started work. Air is doing his job also. I have now explained their duties to them, and showed them round everything, and have handed them all over for training to North American under the terms of the license now that it has been signed and finalised, and they are under an obligation to carry out this training for us.

N.A.A. License.

I sent copies of the final agreement as signed together with the sales agreement. It looks O.K. to me, and is the best deal we could get in my opinion.

Pratt & Whitney License.

Mr. Hamilton, Chairman of United Aircraft, was in Los Angeles for the show, and wanted to fix up the P. & W. License out here, and as soon as possible. We had lots of talks, and he served me with a very hot proposition, as you will see when I send you a copy of it (it is with our lawyers just now). They (United) are very nice people to deal with, but will try to put over a rough one if one will take it.

I gradually secured the elimination of all the most difficult clauses until it got into reasonable form. There are still a few points which I have referred to the Board by cable, and have taken up with our lawyers. They (United) were very clever at agreeing to points in conference and then wording the matter so that there was a catch in it. However, Lawler & Felix are very good and have pointed out all the snags, and have rewritten such passages as needed it to establish the clear meaning.

There is now only one real snag, and that is the point about retaining the right to deal direct with the Defence Dept. Apparently, they recently had a raw deal with their licensees the Fiat Coy. and Mussolini. They had given Fiats the license and Mussolini would not deal with them, but wanted to deal direct. United's refused in fairness to Fiat's, and Mussolini gave the whole of the business (large) to Curtiss-Wright's, another American firm. They say that if our Government likes us, we have nothing to fear, but they want the business direct if the Defence Dept. turns us down for any reason.

From our point of view, we are exposed to the possibility of dumping, and an unscrupulous Government might fall for it. To me this seems unlikely, seeing as how we are situated. If our Government did such a thing then we would not be likely to be doing any business with them at all.

I expect the Board will probably take the risk, but on the other hand they might not like to be exposed to it, and I would like them to consider it outright in the broadest sense.

I have now collected most of the details re the plant for the aircraft factory. As soon as I know you have them I will cable for advice as to whether we should order here, and if so for authority to order.

North American have agreed to supply us with raw material for 20 aeroplanes. This they have ordered in conjunction with their own orders, and we will therefore not be delayed in delivery. What we don't want we need not take, but it is a great asset to have this supply on top. This arrangement caused me not to worry about the initial stock of raw materials for aircraft construction, as we will be fixed up O.K. by North American. We agreed to pay 10% on cost for this service, but their discount on a big order with the suppliers was even greater and we get the benefit of this. Actually all costs have recently risen, everything is rising in price here. These orders for material were the last before the increase, so that the arrangement to get our initial stock from North American will be the cheapest as well as the most convenient. They will ship to our order any time after May, so that deliveries are ensured.

I am now beginning to turn my attention to the engine problem, and my next letter will be written from New York or Hartford.

I expect to get most of the details of the engine licence settled here, but we will have to finalise in New York I imagine, as there is some doubt as to whether all the details of the accompanying schedule can be supplied here.

Well, I must end off now. Everything is going well. I would like to hear how the factory is going.

Give my best wishes to the Directors and to Harrison, and accept same for yourself.

Yours sincerely,

(Sgd.) L.J. WACKETT