

Serial:

N 0003

3 JAN 1961

~~CONFIDENTIAL~~

SUBJECT: Proposed Action to Restore Reduction to Navy's Fiscal Year 1962
Cryptologic Budget (C)

TO: Director, Naval Communications
Department of the Navy
The Pentagon
Washington 25, D. C.

1. Reference your Memorandum, Serial 002083P94, subject as above, dated 23 December 1960.
2. The effects of the reduction as described in paragraph 2 of your Memorandum are concurred in.

/s/ L. H. FROST

L. H. FROST
Vice Admiral, USN
Director

cc: DIR ←
AG
Reading File
OPS
COMP
COMP-03
COMP-01

Declassified and
approved for release
by NSA on
10-25-2013
pursuant to E.O.
13526

M/R: The Memorandum referred to in para 1, basic communication, requested NSA concurrence in the effects of the budget reduction to the Navy Crypto Budget. PROD (Mr. Raven) concurs with SIGINT related portions of the memo. CSEC (Mr. Flaherty) concurs in general with the cryptographic portion but questions the validity of Army and Air Force link encryption equipment procurement figures, particularly the dollar amounts, used in referenced memo for comparison with related Navy procurement figures. (The Army Signal Communications Security Agency was unable to verify the figure of \$47.5 million cited for Army. No attempt was made to verify the figure attributed to the Air Force.)

Col Frank A. Rogers, Jr. /COMP/3467/30 Dec 60/dp

SECRET material attached.