

UF 109-4

March 2, 1954

Mr. J. F. Byrne
1114 New York Avenue
Brooklyn 3, New York

Dear Mr. Byrne:

First, let me apologize for the length of time I have taken to answer your last letter of February 11th. Your comments in this letter have been the basis of much discussion among Howard Lewis, Jack, and myself, and it was not possible for me to reply with a definite proposal until today. We have, of course, been indirectly in touch by means of the letters which you and Jack have since exchanged.

It would not be convenient for either Howard Lewis or me to go east at this time, and we would therefore like to postpone making such a trip in the event that it is possible for us to do so. If a major reason for your suggestion was to make possible your further evaluation of us and our abilities, then it probably will be necessary for us to get together as you have suggested. But if the major reason was solely as you indicated - to make possible our complete understanding of the Chaocypher - then perhaps the following comments will serve to outline an alternative.

Jack is thoroughly convinced that he has sufficient knowledge of the Chaocypher to impart to us an intellectual understanding of both the principle and the device, and to convince us as to the fundamental validity of the concept. Since this is a requirement imposed by us, logically, I think, as a condition of our promoting the Chaocypher, we feel that we must be the judge of when we are intellectually convinced to the point of undertaking the project. Should it prove impossible for Jack to achieve this, then we, of course, would have to get together, but this appears to be an unlikely alternative, and no harm would be done by trying.

It must be remembered that we will not be in a position to discuss the Chaocypher in detail with a prospective purchaser until a good deal of work has been done over perhaps the best part of a year. At that time, it will be absolutely necessary for us to have as full an understanding of the Chaocypher as possible, which means, of course, a meeting with you. Because a full understanding is not required at this time, it does not seem necessary for us to get together at this time for this reason. Rather, it seems that Jack can accomplish our objective and we can get under way immediately. As pointed out above, however, you may have further reasons for our getting together at this time which make this line of reasoning only partially effective.

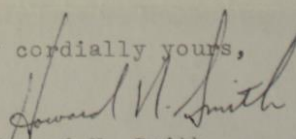
I would like to mention in connection with this that in my opinion it would be highly desirable, if possible, to demonstrate the Chaocypher to one and only one party, the ultimate purchaser. As I stated in my previous letter, I think that the Chaocypher's financial reward will stem from the exclusiveness of the sale as much as from the device itself, and every time you explain the essence of the device, you dilute the exclusiveness. Once a prospective purchaser is really interested, however, it should be possible to clearly define a number of claims for the device, draw up an agreement based upon these claims being substantiated, demonstrate the validity of the claims, and, in so doing, effect the agreement. This would be a difficult deal to put across, but by no means impossible.

In any event, to get back to the problem at hand, we have drawn up the enclosed agreement which is completely in accordance with the previous outline sent to you. We have discussed this agreement in detail with Jack, and to the best of our knowledge it meets with his approval. We propose that should you find the terms and conditions acceptable, you sign both copies, return one copy to us, and authorize Jack to explain the Chaocypher to us. As soon as this has been accomplished, we will notify you as provided in the agreement, and the agreement will be in effect. In the event that Jack is unable to satisfy the condition which we have imposed, the agreement will not be in effect until it is possible for us to get together and for you to satisfy the condition.

I would like to point out that should you decide to sign the agreement, it will be to your advantage and to ours for you to list as your contacts only those contacts which are currently active as we will not approach these contacts in any way.

Needless to say, we both regret that it is not more convenient for us to go to New York at this time to talk with you in person and to have the benefit of a complete demonstration of the Chaocypher. We hope that it will be possible for us to get started on this project immediately as we have proposed, and to postpone our meeting until such time as more tangible returns are in the offing.

Very cordially yours,


Howard N. Smith

41 Roosevelt Circle
Palo Alto, California