

MOREHEAD:

Judgment against labs for \$90,000. Shaw sold Atlantic Radio Sales Co. \$55,000 tubes on \$2.25 basis (his son manager of company). Attached concern and sold the tubes.

British contract cost \$1.50 to make. Sold for \$3.50, paid 80¢ to Marconi, 80¢ to de Forest - \$1.60 royalty.

Morehead has actually got \$1.20 net for each and their cost was \$1.50.

They used 600,000 containers (Wallace) @ 7¢. Whitney guaranteed payment and met it. Williamson (Snyder?) Whitney probably buying stock now being sold.

Morehead to make tubes and sell to de Forest @ \$2.40, de Forest to sell Marconi @ \$3.20 and buy back for resale @ \$5.00, this gives de Forest 80¢ and Marconi 80¢ royalty plus \$1.00 sales profit.

Shaw was owed about \$30,000. Cunningham paid \$21,000 royalty and \$2.10 on each tube sold after agreement with General Electric Co. Possible sales including commercial amateur receiving and small sending about

\$100,000 to \$125,000 per year. Sell at \$5.00 less
(40%) ? = \$3.00.

Marconi had agreement with de Forest and Morehead (to run to July 31, 1920) to manufacture tubes if, as, and when ordered on specifications to be furnished by Marconi subject to cancellation on 6 months' notice with order for 20,000 tubes. Contract was cancelled but not order for tubes, cancellation taking effect July 31, 1920. de Forest furnished specifications and Morehead made 20,000 tubes which de Forest sold since May 1920. Morehead Labs have made 60,000 tubes. Are now thoroughly bankrupt (12-18-20). 12-16 Morehead Labs had sent 5,000 tubes to Mare Island and 3700 were rejected, 1,300 good. Their hard tubes are non-uniform and unsatisfactory.

12-18 Morehead got back all his autos, etc. except one and \$7,000 in bank which de Forest had attached. Morehead to leave for the East at the end of this week.

On the basis of the agreement between Marconi, de Forest and Morehead there was a fixed overhead on all tubes sold by de Forest of \$2.60.

80¢ royalty to de Forest
80¢ royalty to Marconi
1.00 selling profit to Marconi
Morehead got \$2.40
de Forest added .80 royalty
Marconi .80

1.00 Sales profit
5.00 - base cost to de Forest

for resale by him. All tubes had to be manufactured by Morehead for de Forest and sold through de Forest to Marconi and through Marconi to consumer.