

Duplicate - JW

AIDE MEMOIRE

This is intended as an informal recapitulation of the conversations between Messrs. Brasch, Szilard, Vogelstein and Strauss, relative to the patents of Messrs. Brasch, Lange and Szilard with a view to developing for the fields of medicine, the arts, power purposes and the national defence, the science of high voltages and intensities and their resultant effects on matter. Drs. Brasch, Lange and Szilard are the inventors. Dr. Vogelstein is the intermediary, friend of the inventors and of Mr. Strauss, who represents the capital that it is proposed to interest. It is the intention of all the parties concerned that eventually understandings arrived at will be evidenced by documents in proper legal form and that meanwhile this memorandum, which is to constitute a record of the conversations to date, shall not be construed as a binding agreement.

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On behalf of friends, Mr. Strauss has expressed himself interested in subscribing an amount of from \$100,000. to \$200,000. as a contribution to a Foundation, to be created for the purpose, or to an existing University in order to construct an experimental plant based upon the Brasch-Lange-Szilard inventions and for the study of the possibilities that an installation producing high voltages may offer. It is contemplated that these contributions will be so made in accordance with law as to be deductible from individual income to the extent provided in Federal and State revenue statutes.

A business corporation is also contemplated for

simultaneous organization, which, by agreement with the Foundation or University, will possess the rights to all commercial development that may result from the patents.

The business corporation is envisaged as having two classifications of share capital - A and B. Initially, the A Stock would be issued to the individuals who had subscribed the initial funds for the construction of the experimental unit and in amounts proportionate to their subscriptions. An additional amount of A stock would be authorized for further requirements of capital and for issuance to such persons as may have advanced sums to cover expenses in obtaining the patents of Drs. Brasch, Lange and Szilard. It is contemplated that the B shares are to be divided between the original A stockholders, the inventors and other persons connected with the organization of the Company approximately as follows:

To the original A shareholders	- 45%
To the inventors (including persons who before the formation of the Company have assisted the inventors financially)	- 44 $\frac{1}{2}$ %
Messrs. Vogelstein and Strauss	- 10 $\frac{1}{2}$ %

It was pointed out that all patents covering the Brasch-Lange-Szilard processes (including applications for patents) must, prior to the negotiation of any agreements, be definitely and unencumbered in the hands of Drs. Brasch and Szilard, who are resident in the United States, or in the possession of an American company the control of which is held directly by persons residing in the United States, or by trustees under a deed of trust subject to the laws of

the United States of America. It is contemplated that these patents will be transferred to the business corporation, above mentioned, as soon as the funds for the erection of the experimental plant are contributed to the proposed Foundation or to the University.

Such new inventions and discoveries as may be made by the inventors in cooperation with the Foundation or the business corporation are to belong to the business corporation as long as that corporation shall continue to be willing to pay the expenses incident to the filing and maintaining of these patents. Such applications for patents as the business corporation does not desire to sponsor and maintain, shall belong to the inventors as shall also the right to apply for patents in any country in which the business corporation does not deem it desirable to make application for patents.

It is contemplated that during the building of the experimental plant Dr. Brasch will give his full time and will be compensated either by the Foundation or the business corporation in an amount to be subsequently determined, but understood to represent only his actual reasonable living expenses. It is contemplated that at a subsequent date, and if the business is profitable, Dr. Brasch will be compensated commensurately.

It was discussed and is contemplated that out of the profits of the business corporation, and assuming that the Federal and State tax laws then in force will permit, after a 6% dividend has been paid on the A stock a percentage of the earnings should be devoted to the retirement of the A stock. It is likewise contemplated that a proportion of the earnings

after dividends on the A stock should be paid, as a tantieme, to the inventors for as long as they are contracted to the company for services or advice.

It was also understood that in the event of voluntary liquidation or abandonment of the enterprise, patent rights would revert to the inventors.

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Arrangements must be completed, before any funds are available, providing for an option to acquire patents in the United Kingdom of Drs. Brasch, Lange and S zillard, this option to be exercised within a period of five years from the date of the completion of the first unit in the United States and the option amounts to be later determined. It was suggested, however, that the option should start at \$100,000. for the year 1939 assuming the first plant were to be in operation during that year.

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It was discussed and is contemplated that in the Foundation as well as in the business corporation or in any patent holding company, (if such should be formed as an intermediate step) that Dr. Brasch, Dr. Lange, Dr. Szilard, Dr. Vogelstein and _____ should be included on the Board of Directors, governing boards or whatever bodies may be formed for their administration, subject, of course, to the present and future laws of the United States regarding non-residents and non-citizens.