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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

RELEASED

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B-169268



JUL 15 1971

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Dear Mrs. Mink:

In further response to your letter of May 26, 1970, and as indicated in our letter of December 17, 1970, we are reporting on the proposed transfer of the operations of the Hickam Air Force Base clothing sales store to the Hawaii Regional Exchange.

The earlier interim reply advised you of our intention to continue monitoring actions taken by the Air Force on the proposed transfer and of our intention to provide you, when sufficient data was available, with a final report dealing with the legal questions, cost determinations, treatment of employees, and the other matters cited in your request. 35

On June 8, 1971, we were notified by Air Force Headquarters that a letter had been sent to the Pacific Air Forces (PACAF) informing them that, as a result of an objection by the Judge Advocate General (JAG), a decision was made not to approve the implementation of the PACAF and Pacific Exchange System proposal to service test the Hickam Air Force Base clothing sales store operations by the Exchange Service.

The JAG's objection was twofold.

- The 20 percent management fee, that was to be levied by the Pacific Exchange System against the clothing sales store (chartered as an Air Force Stock Fund), exceeded the scope of the stock fund charter and violated Air Force regulations, which limit charges made against stock funds.
- The proposal would result in the replacement of the management function of a military service with the management function of a nonappropriated fund activity without express Congressional permission.

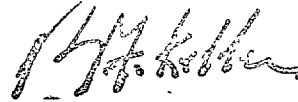
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Since the Air Force is not proceeding with the proposed transfer, we plan no additional work in this area. Please let us know if we can be of further assistance.

Sincerely yours,



[ Deputy Comptroller General  
of the United States

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The Honorable Patsy T. Mink  
House of Representatives

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RELEASE OF GAO REPORT

DATE: 12/14/78

No. 79-61

TITLE: Letter report concerning the proposed transfer of the operations of the Hickam Air Force Base clothing sales store to the Hawaii Regional Exchange

PUBLICATION NUMBER:

B-NUMBER: B-169268

DATE: 7/15/71

ADDRESSEE: The Honorable Patsy T. Mink  
House of Representatives

The above  report  letter report has been released as follows:

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\_\_\_\_\_

Authorization for Release:

The Congresswoman is no longer in office.

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